

ZALL 卓尔智联

Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2098.HK

SUPPLY CHAIN FINANCE

DIGITAL CLOUD SERVICES

INDUSTRIAL E-COMMERCE

LOGISTICS

WAREHOUSING

LIVE STREAMING

WHOLESALE MARKET

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT **2024**

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About the Report

This report is the environmental, social and governance report (the “Report”) of Zall Smart Commerce Group Ltd. (the “Company”) and its subsidiaries (collectively, “Zall Smart Commerce Group”, “Zall Smart Commerce”, “we” or the “Group”) for the period from 1 January 2024 to 31 December 2024 (the “Reporting Period” or the “Year” or “FY2024”) to demonstrate the Group’s policies, measures and performance on environmental, social and governance (“ESG”) during the Reporting Period.

REPORTING PERIOD

This Report describes the Group’s overall environmental and social performance for the period from 1 January 2024 to 31 December 2024.

BUSINESS PROFILE AND SCOPE OF THE REPORT

Striving to become the world’s leading digital trading platform, Zall Smart Commerce Group has applied digital technologies such as big data, artificial intelligence, and blockchain to build a system of “B2B trading service + supply chain service + digital technology cloud service”, and is involved in property, transactions, cross-border trading, warehousing, logistics, finance, supply chain management and other comprehensive supply chain services. Its smart trading platforms include Sinoagri, HSH and Zall Steel, etc. Sinoagri is a comprehensive service platform for the whole agricultural industry chain. Its business involves diversified trading categories such as sweetener, feed, silk, pepper and coffee, and provides full circulation solutions for producers, processors, suppliers, and end sellers in the upstream and downstream of the industry. HSH is an integrated service platform for the chemical plastics industry chain. Through the accumulation of services and transaction data, it utilizes the advantages of its industrial experience and information technology to provide supply chain services suitable for chemicals and plastics industry customers, covering aspects such as information, transactions, finance, logistics and warehousing. Zall Steel is an Internet integrated service platform for the ferrous commodity industry. With “smart trading” as its mainstay and supply chain services and technology services as its two arms, it applied blockchain, big data and other technologies to build up six service platforms covering “smart trading, supply chain services, SaaS cloud services, warehouse IoT, smart logistics and data information”. In order to get involved in the “dual circulation” paradigm and facilitate smooth international trading, the Group’s Commodities Intelligence Centre Pte. Ltd. (“CIC”) provides digital trade matching, supply chain finance, market information and analysis services to global traders. In addition, the Group’s Zall International Trade Group provides one-stop comprehensive foreign trade and value-added services to import and export companies, so as to assist more domestic companies in expanding business overseas. The Group’s research institutions, represented by Zall Smart Commerce Research Institute, have continuously enhanced the R&D and application of digital technologies such as big data and artificial intelligence. As of 31 December 2024, the Group had 365 patent applications, 173 licenses, 207 software copyrights and 150 trademarks in aggregate.

During the Reporting Period, the Group continued to actively fulfill its social responsibility of “doing business for social good” with practical actions, and kept building an efficient modern supply chain service system to provide high-quality and efficient integrated supply chain services for more customers. On the back of its strong research and development capability in technology and industry presence in the sectors including agriculture, steel, chemicals and plastics, Zall Smart Commerce Group continued to apply digital technologies in the business scenarios to facilitate the organic integration of business flow, information flow, logistics and capital flow across platforms, connecting the links among all sections along the supply chain, and empowering the digital transformation of micro, small and medium enterprises, with an aim to achieve digital and smart trading.

About the Report (continued)

As the Group is mainly engaged in supply chain management and trading business, of which revenue from Shenzhen Sinoagri E-commerce Co., Ltd.* (深圳市中農網有限公司) (“Sinoagri”), HSH International Inc. (“HSH”) and Shanghai Zall Steel E-commerce Co., Ltd.* (上海卓鋼鏈電子商務有限公司) (“Zall Steel”) in aggregate accounted for approximately 54% of the total revenue recorded by the Group for the year ended 31 December 2024, and the revenue by business nature can directly reflect the operation scale and corresponding ESG risks, we will focus on the disclosure of ESG data of Sinoagri, HSH and Zall Steel. The Group is committed to continuously adjusting the reporting framework and disclosure principles to gradually cover the general disclosure and key performance indicators in different aspects in various environmental and social scopes in the new amendments to the ESG Guide. Any discrepancy in the scope and boundary of specific content has been specified in the relevant parts of the Report. Revenue distribution of the Group for the Year is set out below:

Subsidiaries of Zall Smart Commerce Group	Business	Percentage contribution to total Group revenue
Sinoagri	Agricultural products	25%
HSH	Chemicals/plastics	16%
Zall Steel	Ferrous metals	13%
Others		46%
Total		100%

REPORTING PRINCIPLES

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board (the “Main Board Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group has complied with all the “comply or explain” provisions as set out in the ESG Guide. We also prepare the Report in strict compliance with the following four reporting principles as set out in the ESG Guide:

Materiality:	We continuously collect opinions from stakeholders and determine the ESG issues to be covered and key points to be reported in the Report based on the results of materiality assessment, so as to provide important and meaningful information for stakeholders.
Quantitative:	We measure the key performance indicators with reference to the principles listed in the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including collecting environmental and social data from various departments, verifying documents, calculating and disclosing data, and finally submitting the Report to the Board for review after being verified by the management. Please refer to the relevant sections in the Report for the standards, methods and assumptions (if applicable) used in calculating all performance data.
Balance:	The Report truthfully discloses the ESG information of the Group to provide an unbiased picture of our ESG performance during the Year.
Consistency:	We followed the same data statistics and conversion methodologies as adopted in previous years. Previous relevant data have been disclosed in the Report, which enables stakeholders to have a clearer understanding and meaningful comparison of the Group’s ESG performance.

The final chapter of this Report sets out a complete index of contents for readers’ quick reference. This Report is prepared in both Chinese and English. In case of any contradiction or inconsistency, the Chinese version shall prevail.

Statement of the Board

Zall Smart Commerce Group Ltd. is pleased to present the Environmental, Social and Governance Report for the FY2024. We regard business sustainability as the core of our long-term development, and have incorporated climate-related issues and ESG elements into our long-term business strategy planning. Assuming the most important leadership role in the Group, the Board takes full responsibility for the sustainable operations of the Group, which is responsible for formulating the Group's overall sustainable development strategies, leads and monitors the Group's sustainable development performance, provides guidance to the management on relevant strategies, as well as assumes responsibility for the Group's ESG matters.

As a responsible corporate citizen, the Group has clearly specified its short-term and long-term sustainable development vision and goals to keep reducing emissions in line with the requirements of local governments. We have set targets and strategies to incorporate sustainability factors into the Group's strategic planning, business models and other decision-making processes. The Board regularly monitors and evaluates the effectiveness of the management approach, and adjusts the action plans based on the Group's ESG performance. Since the effective implementation of ESG policies depends on the cooperation and collaboration among various departments, we have established an inter-departmental risk management committee to take on responsibility for coordinating different departments to promote inter-departmental cooperation with the aim of delivering consistent performance that meets the expectations of stakeholders and to work together for the sustainable development goals. For details, please refer to the section headed "Environmental, Social and Governance Management Structure". The Group strives to ensure that appropriate and effective risk management and internal control systems are in place to monitor the identification and assessment of ESG and climate change-related risks and opportunities and address the challenges and impacts faced by various generations.

As the world is transforming to a low-carbon economy, we have been identifying the risks and opportunities for the Group, and have accelerated transformation and development since 2015. In formulating the sustainable development strategy, the Group has upgraded to an online commodity trading platform in the hope of effectively improving resource allocation in the market, and using the online trading model to change trading habits, so as to reduce environmental impact and increase resource utilization efficiency. During the Year, we continued to actively respond to the national strategy of "dual carbon" by constantly intensifying ESG practices, striving to build a sustainable modern supply chain that is green and low-carbon. We continued to cooperate with the professional carbon data quantification service provider, EC Digital, to optimize the green logistics supply system, and build a green supply chain in the agricultural products, chemicals and plastics, ferrous metals and other industries with the green trading service "Zall Zero Carbon (卓零碳)". By utilizing such industrial advantages, we aim to help enterprises to achieve green and low-carbon development, and create maximum value for society and other stakeholders. For more information on the measures and policies adopted by the Group in its low-carbon development strategy, please refer to the sections headed "Environmental Aspects" and "Sustainable Operation".

Adhering to the principle of "Business Ethics for Public Causes, Doing Business for Social Good", we have never forgotten our original intention, dedicating ourselves to serving the community. As a socially responsible enterprise, Zall Smart Commerce Group has always attached great importance to the fulfillment of its social responsibility, by actively engaging in public welfare undertakings, and continuously giving back to the community with concrete and practical actions, focusing on improving people's well-being, so as to promote social harmony and progress. We have also actively responded to and fully supported the national strategic plan for rural revitalization, contributing to promoting the high-quality development of rural industries. For more details, please refer to the section headed "Community Investment".

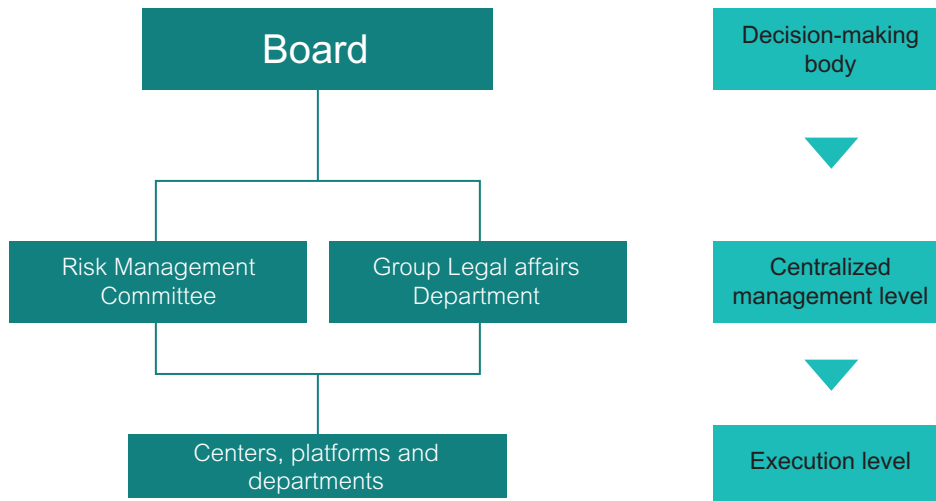
In view of the influence of its intensive efforts in developing digital trading over the years, and the achievements in undertaking public causes and promoting the digital transformation of traditional enterprises, the Group has received wide recognition from the market (including the capital market), the media and the public at large as well as a number of accolades and awards, including the "2024 KiloPeaks Award - Top 100 Industrial Internet Companies (2024 千峰獎 – 產業互聯網百強)", and ranked among the "China's Corporate Social Responsibility List (Top 300) (中國企業社會責任榜(300強))" and the "China's Top 100 Industrial Internet Companies 2024 (2024 中國產業互聯網百強企業)". For more details, please refer to the section headed "Awards and Honors".

Firmly holding onto its ideals and determined to innovate, the Group will continue to step up research and development as well as application of digital technologies, help enterprises further reduce costs and boost efficiency, and strengthen its capability in boosting the synergy of trading, warehousing, logistics and capital efficiency. Meanwhile, focusing on the vision of becoming a globally leading digital trading platform, we will continue to strengthen the digital, smart and international supply chain service capability of our digital trading and service platforms, persevere in intensive development of the industries and continue to expand the penetration and application of digital supply chains in the industries, so that we can truly achieve the goal of "making transactions smooth and simple, allowing essentials to flow without borders".

Looking ahead, the Board will review and monitor the Group's ESG performance on an ongoing basis and continue to work with stakeholders on a transparent and responsible basis to provide stakeholders with material ESG information that is reliable, consistent and comparable, so as to contribute to creating a better environment.

Environmental, Social and Governance Management Structure

Sustainable development has long been one of the key strategies of Zall Smart Commerce Group. In accordance with the requirements for listed company governance, the Group has constantly improved its sustainability governance structure, by gradually integrating the concept of sustainability into all sectors of the Company's operations, to facilitate the implementation of its sustainable development strategy.



RESPONSIBILITY OF THE BOARD

Sustainable development is a key integral part of the vision, mission and core values of Zall Smart Commerce Group, and is given high priority by the Group's Board. The Board is fully responsible for the Group's sustainable operations, and directly leads, manages and monitors the Group's ESG issues and the progress thereof.

The Board formulates the overall ESG management framework of the Group and delegates the governance and execution powers to the senior management of the Group and various departments. The management is required to incorporate the ESG elements into daily operations based on the Group's environmental, social and governance concepts, and is also required to identify and assess risks and opportunities concerning ESG issues involved in the operations under its supervision and then report the same to the Board.

To manage the Group's internal risks in a more systematic manner, we have established the risk management committee comprising certain Board members, and members of the risk management and monitoring team, as well as the legal affairs department to provide guidance on identifying, assessing and managing significant ESG risks. Through this mechanism, we ensure that risks arising from our operations are minimised and properly handled. The audit committee under the Board assesses overall risks for the Group at its annual meeting and ensures that an appropriate and effective internal control system is in place to manage them. For details, please refer to the Corporate Governance Report of the Group. The Board also reviews and approves the disclosures in the Group's ESG Report to ensure that an accurate, timely and comprehensive picture of its ESG performance is provided.

Environmental, Social and Governance Management Structure (continued)

RISK MANAGEMENT COMMITTEE

The Group's risk management committee is responsible for coordinating and handling all risk-related works, including ESG-related risks and climate-related management matters. The main functions and responsibilities of the risk management committee are:

- Overseeing the cultivation of a corporate risk management culture;
- Formulating risk management strategies;
- Reviewing and approving the plan to establish a risk management organisation and its responsibilities;
- Reviewing and approving the Group's risk management system and risk control process;
- Supervising senior management's implementation of comprehensive risk management;
- Reviewing and approving the comprehensive risk management report;
- Reviewing and approving the disclosure of comprehensive and significant risks;
- Reviewing and approving risk assessment reports for major decision-making and major events, as well as the operational mechanism and criteria for determination of key business processes; and
- Other responsibilities relating to risk management that should be undertaken by the Group's risk management committee.

The risk management committee holds regular meetings to report to the Board on the Group's performance and the latest developments relating to ESG risks and climate change, as well as discuss how to review and optimise current ESG management policies. The chairman of the risk management committee also convenes unscheduled meetings as necessary to ensure that the ESG related issues and risks are addressed in a timely and effective manner.

During the Year, the Group continued to intensify the construction of risk management system for each business platform, including, among others, strengthening the cultivation of a risk management culture, unifying, streamlining and improving the risk management rules and regulations for each business platform, assigning dedicated personnel in charge of risk management and clarifying their job responsibilities, as well as strengthening the Group's mechanism for collection and reporting of risk management information, to enhance the Group's ability to predict and address risks.

Environmental, Social and Governance Management Structure (continued)

GROUP LEGAL AFFAIRS DEPARTMENT

The Group takes corporate compliance seriously, and has set up a legal risk prevention mechanism. For business compliance, we have developed a legal risk accountability system which is led by the management and implemented by the legal affairs department, to seek professional advice from legal counsels, and engage all employees. In addition, the Group has set up an independent legal compliance department, which has further demonstrated the importance attached by the Group to legal compliance affairs. The legal compliance department comprises employees with a legal background to monitor the Group's compliance function and status. Its major responsibilities include:

- Drafting, reviewing and revising the Group's contract templates and legal documents (including but not limited to contracts, agreements, official letters, etc.);
- Identifying legal risks in business (including potential environmental, social and governance related legal risks);
- Providing legal advice and guidance as necessary to the Group's management, functional departments, subsidiaries and investees;
- Participating in the legal due diligence of the Group's external investment and M&A activities; and
- Liaising with and managing external lawyers and assisting external lawyers in legal proceedings.

The daily compliance management process of business departments mainly includes:

- All business contracts and agreements of business departments are required to be reviewed and approved by the relevant legal compliance department to reduce the contract performance risks;
- The legal affairs department organises training on laws and regulations to enhance the compliance awareness of business departments;
- The legal affairs department provides legal consultation and guidance to business departments, and contacts with external professional legal institutions to support business development; and
- The Group's risk control department conducts compliance checks on all departments, while the internal audit centre regularly audits the companies comprising the Group and proposes specific improvement suggestions, and then supervises the improvement performance.

Environmental, Social and Governance Concept and Vision

CONNECTING GLOBAL BUSINESS INTELLIGENTLY AND CREATING VALUE FOR CLIENTS

Committed to becoming the world's leading digital trading platform, Zall Smart Commerce Group taps into the "New Mode of Trading" and leverages digital technologies such as big data, artificial intelligence and blockchain to construct the "B2B trading service + supply chain service + digital technology cloud service" system, with a view to facilitate enterprises on cost reduction and increase efficiency, and further boost the synergy of, among others, transaction, warehousing, logistics and capital efficiency. We transform and upgrade traditional industries through core technologies and innovative models, make continuous efforts to promote infiltration of digital resources into each section of the industrial chain through multiple forms, and bridge the gap between the demand side and the supply side to achieve the upgrade from over-reliance on the demand side to attaching equal importance to demand increase and supply efficiency improvement, so as to release more value in the industrial chain. Zall Smart Commerce aims to lead the commodity trading industry towards sustainable operation, and procure enterprises to take into consideration environmental protection and social responsibility in pursuing economic benefits. We will continue to uphold our business motto of "Connecting global business intelligently and creating value for clients", and firmly adhere to the principle of "Business Ethics for Public Causes, Doing Business for Social Good". Through its global intelligent trading platform, the Group is fully advancing the integration of commercial value with social value, striving to build an ESG ecosystem where a harmonious development is achieved among enterprises, nature, employees and society. We firmly believe that this not only promotes sustainable growth of enterprises, but also brings shared value and positive impact to society, driving social progress and prosperity.

SUSTAINABLE DEVELOPMENT POLICY

At Zall Smart Commerce Group, our sustainable development policy is rooted in a full commitment to the environment, society and the economy. We are committed to integrating sustainability into our business operations, and effectively reducing resource consumption and carbon emissions while driving business growth, as well as actively fulfilling our social responsibilities.

DIGITAL TRADING PLATFORM

Zall Smart Commerce Group started business operations in the industrial real estate field and then changed to industrial trade wholesale, and now it has risen to be one of the largest operators of consumer goods trading market in China. Commencing from 2015, we have committed ourselves to the industrial Internet sector and strived for coordinated development between online and offline operations instead of mere offline operation, gradually shifting from a leading commercial logistics player to the constructor and operator of a global B2B intelligent trading platform. In the future, Zall Smart Commerce Group will continue to tap into the "New Mode of Trading" with respect to its core business segments, and fulfill the mission of "making transactions smooth and simple, allowing essentials to flow without borders", striving to become a creator of new trading modes.

SUPPLY CHAIN MANAGEMENT

To actively respond to the national "dual carbon" policy, the Group has been improving its supply chain management, including standardising management elements, conducting risk assessment, establishing evaluation and access mechanisms for suppliers, and supervising other aspects of the product lines, such as warehousing and logistics. In addition to improving basic supply chains, we also noticed the impact of the supply chain on the overall sustainable development process, including carbon emissions, material selection, employee rights and interests of the suppliers, etc. along the supply chain. Therefore, we dedicate ourselves to exploring the addition of more sustainable elements to the current supply chain management framework, and further strengthening and improving the supervision and transparency of the supply chain, in a bid to enhance the management effectiveness. Details are described in the section headed "Sustainable Supply Chain Management" of this Report.

CLIMATE CHANGE

Climate change not only exerts a visible impact on the environment and ecology, but also changes the mode of social operation and business management. According to the report released by the United Nations Intergovernmental Panel on Climate Change (IPCC) in 2018, we must work together to reduce carbon emissions by 45% by 2030 and achieve net zero carbon emissions by 2050, in order to prevent serious disasters caused by climate change. As a leader of the supply chain industry, the Group undertakes the mission of becoming an industry model. We will closely control the impact of business operations on the environment, and continue to conduct research on climate change solutions in order to achieve the national "dual carbon" goal, so as to facilitate transforming crisis to opportunities. Details of the Group's climate change related issues are described in the section headed "Climate Change-Related Issues" of this Report.

Environmental, Social and Governance Concept and Vision (continued)

SOCIAL INVESTMENT

Following the principle of “taking from society and using for society”, the Group has been actively engaging in various charitable undertakings and offering help to those in need in the society leveraging the resources of the Group, aiming to improve and enhance overall social well-being. We have also actively responded to the national strategy on rural revitalization, contributing to promoting the high-quality development of rural industries. For details on the social investment by the Group during the Reporting Period, please refer to the section headed “Community Investment”.

CORPORATE GOVERNANCE

The Group always maintains high-standard corporate governance principles and operates in a clean and honest manner to ensure that the Group operates under a framework of compliance and legality. The Group also strictly follows national policies and initiatives on sustainability, formulates its green development strategy, seeks energy conservation, pollution reduction and energy efficiency improvement in day-to-day operations, and incorporates environmental protection into its values and corporate culture. In terms of business operations, we care for our employees and strive to create a safe, equal and inclusive workplace for employees to give full play to their strengths, while maintaining good relations with business partners. Looking ahead, the Group will continue to improve its industrial chain ecosystem, in a drive to create greater value for the environment, society and stakeholders.

Stakeholder Engagement

Stakeholder participation is vital to the Group's achievement of sustainable development. As such, the Group has established a variety of channels to maintain continuous communication with its relevant departments and external stakeholders, so as to gain a thorough understanding of its business operations' impact on stakeholders and the community's expectations regarding environmental, social and governance matters of the Group.

Through regular communications, surveys, community activities and other means, we are able to promptly identify potential business risks, opportunities and areas for improvement, which helps us meet the needs of stakeholders. We categorise key stakeholders into six groups, and list below the methods to communicate with them:

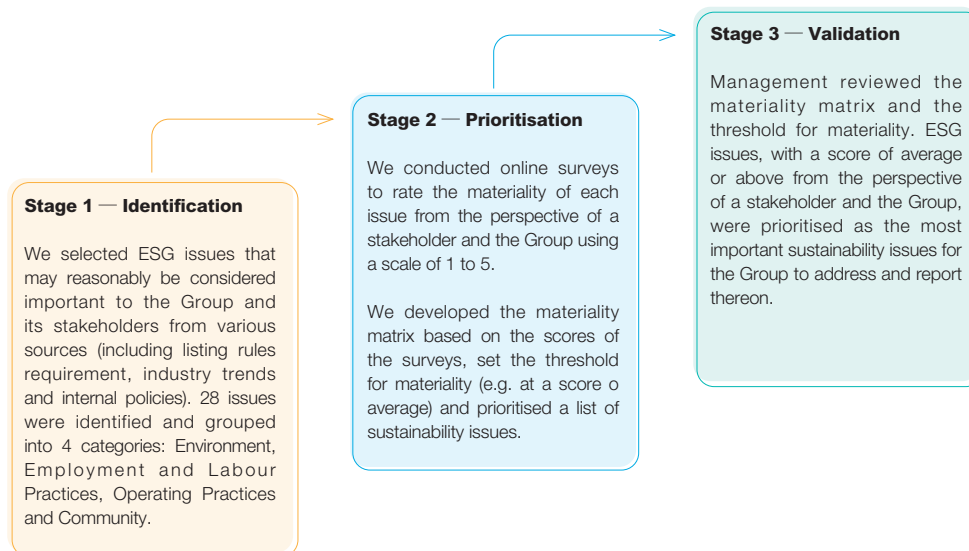
Stakeholders	Significance of stakeholders	Communication channels
Investors and shareholders	<ul style="list-style-type: none"> Respond to the expectations of investors and shareholders; pursue and create long-term and stable financial returns 	<ul style="list-style-type: none"> Company annual general meetings Annual reports, interim reports, ESG reports and other publicly available information Press releases and announcements Investor relations website
Employees	<ul style="list-style-type: none"> As employees are the most valuable assets of the Company, we pay close attention to the sustainable development issues of concern to the employees 	<ul style="list-style-type: none"> Internal emails and publications Group website and social media Meetings Job performance assessment Networking activities
Customers	<ul style="list-style-type: none"> Meeting the sustainable development expectations of customers may consolidate the cooperative relationship and achieve long-term win-win results 	<ul style="list-style-type: none"> Group website Customer service hotline Customer questionnaire survey Interviews and meetings
Suppliers	<ul style="list-style-type: none"> As the performance of suppliers has a great impact on the overall sustainable development performance of the Group, we must work together with suppliers and business partners on important issues 	<ul style="list-style-type: none"> Annual and interim reports Business meetings Audit and evaluation Field inspection ESG report
Government and regulatory authorities	<ul style="list-style-type: none"> As a responsible enterprise, we maintain close contact with relevant authorities as the policies and regulations of the government and regulatory authorities are critical to us 	<ul style="list-style-type: none"> Government regulations and websites Government public consultation Email communication with regulatory authorities
Community organisations, media and public	<ul style="list-style-type: none"> We value the voices in the community, and hope to improve the quality of people's life through the Group's business activities and community investment 	<ul style="list-style-type: none"> Group website and social media Press releases Corporate social responsibility activities

Stakeholder Engagement (continued)

MATERIALITY ASSESSMENT

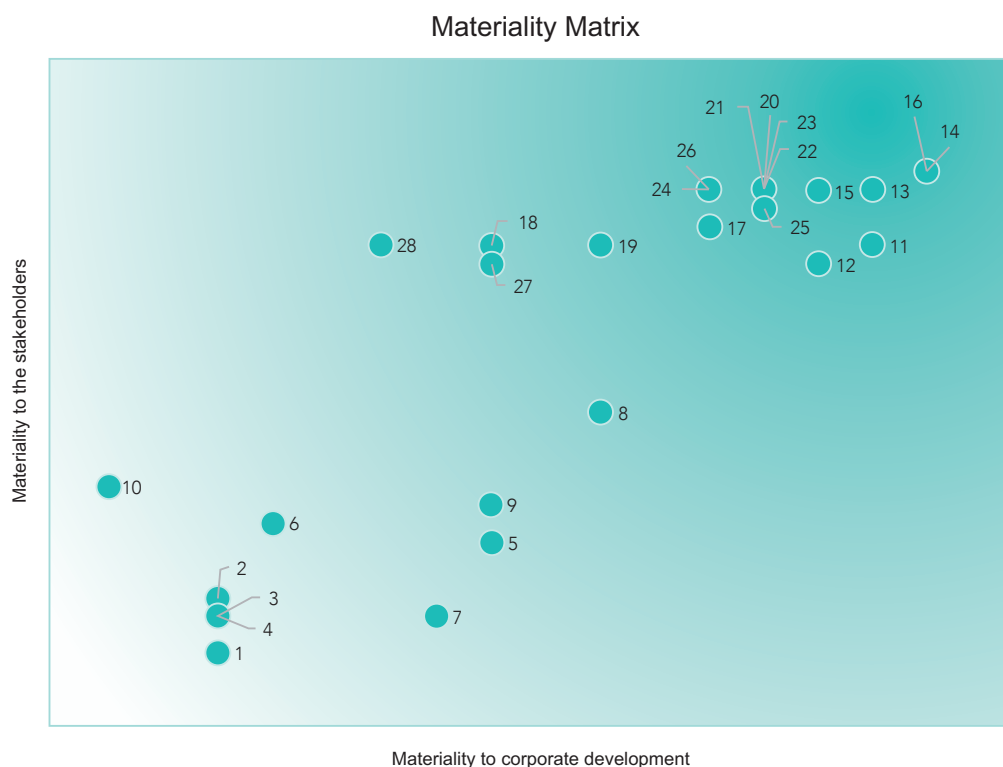
In preparing this Report, the Group directly engaged with the following stakeholder groups as part of the materiality assessment process to identify and prioritise the issues to be covered in this Report that have a significant impact on the business and stakeholders of the Group.

PROCESS



MATERIALITY MATRIX

Based on the materiality matrix, the Board considers the most pertinent sustainability issues which are material to both the Group and its stakeholders include the following:



Stakeholder Engagement (continued)

In 2024, the identified important issues are as follows:

Highly important issues	11 Employment practices
	12 Employee diversity and equal opportunities
	13 Anti-discrimination
	14 Staff occupational health and safety
	15 Staff development and training
	16 Prevention of child labour or forced labour
	17 Responsible supply chain management
	19 Compliance with laws and regulations relating to marketing and product and service labeling
	20 Customer privacy and data confidentiality
	21 Customer satisfaction
	22 Intellectual property
	23 Service/product safety
	24 Service/product quality
	25 Business ethics
	26 Anti-corruption training for management and staff
Moderately important issues	8 Environmental compliance
	18 Environmental friendliness on procured products and services
	27 Contributions to the community
	28 Communication and connection with local community
Less important issues	1 Air emissions
	2 Greenhouse gas emissions
	3 Effluents management
	4 Waste management
	5 Energy efficiency
	6 Water use efficiency
	7 Use of raw materials and packaging materials
	9 Land use, pollution and restoration
	10 Climate change

Environmental Aspects

ENVIRONMENTAL PROTECTION

Environmental protection has become the new mainstream of global government regulation and market development. China is currently striding towards sustainable and balanced development. According to President Xi Jinping's speech at the Climate Ambition Summit, China will increase its nationally determined contributions, adopt more powerful policies and measures, and strive to achieve the peak of carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060.

Since Zall Smart Commerce profoundly understands its social responsibilities as a listed company, it will proactively contribute to the country's green development in line with the direction of national development. To this end, we have set clear targets to reduce all emissions (including air pollutants, greenhouse gases, hazardous and non-hazardous waste and sewage), energy use (including electricity and heat) and resource consumption (including water consumption and paper usage) by 3% before 2026 taking 2022 as the base year. The Group's commitment to green development is by no means "empty talk". We actively incorporate the concept of green development into our daily operations to ensure the realization of sustainable development by balancing economic, environmental and social needs. In addition, the Group has developed a systematic framework for environmental management to reduce negative impacts on the environment, improve resource efficiency, and reduce waste and emissions. Since 2021, the Group has obtained the environmental management system certification of GB/T 24001-2016/ISO14001:2015, covering pre-packaged food, chemical products, steel sales, ferrous commodity e-commerce and sales, and computer application software development, among others. The system and related certifications not only help improve the Company's environmental performance, but has also laid down a solid foundation for the Group's environmental sustainability and business success. Furthermore, we are committed to facilitating the country to achieve the green development goal and advancing the process of carbon emissions reduction towards the vision of carbon neutrality.

Through the joint efforts of the Group, our customers and stakeholders, we hope to develop and implement more sustainable solutions that meet the needs of the society, and strive to harmonize economic growth with the consumption of resources and the environment, thus achieving a win-win situation for both development and the environment.

Environmental Aspects (continued)

GREEN OFFICE

In accordance with the requirements of relevant laws, regulations and policies, Zall Smart Commerce has formulated a 7S Management System (《7S管理制度》) with Sort, Straighten, Sweep, Sanitary, Sentiment, Safety and Save as the seven major principles. It has established a 7S Implementation Team, and has clarified the responsibilities of the team leader, each member and specialist, to effectively guide the resource conservation and management efforts. At the same time, the Group has established the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》) based on the principles of environment protection, to reduce resource consumption by effectively and rationally utilizing the Company's energy and resources. In addition, in order to create a green office environment, we have adopted a series of specific measures relating to green office and energy conservation as follows:

Saving electricity

- Switch off computers, printers, photocopiers, air-conditioner, water dispenser and other office equipment immediately after work to reduce standby time.
- The air-conditioning shall be set at not lower than 26° C in summer and the indoor heating shall be set at not higher than 20° C in winter, and should be turned off half hour before closing time.
- Minimise use of artificial lighting during daytime, or in vacant office spaces. Lighting shall be switched off in sunny day, when fewer employees are in office or at the end of the workday. Desks should be positioned to maximise exposure to natural light.
- Replace with energy-efficient products where possible, such as energy-efficient lightings and air conditioners.
- Reasonably adjust the number and configuration of electric water dispensers in the office building with reasonable operating time, and reduce ineffective power consumption.
- Use central air-conditioning control system in the office; the administrative department sets upper and lower limits of air-conditioning temperature according to weather conditions.
- Reminders are posted next to power-consuming equipment and power switches to remind users to save energy.
- Obsolete high power consumption equipment in favour of new energy-saving technologies and equipment, such as installation of LED lightings and energy-saving air-conditioners.

Saving administrative resources

- Each department makes monthly applications in advance for office supply procurement and sets targets for reasonable use of office supplies.
- Strictly implement reception standards, control the scale of official activities, and practise simplicity and saving.
- Strengthen management of equipment; promote sharing of high-quality resources.
- The person who is the last to leave work must ensure that non-essential lighting facilities and electronic equipment in the office area are turned off.

Indoor air quality

- Engage a professional indoor air quality testing company to conduct testing in accordance with the national Indoor Air Quality Standard, in order to ensure that the indoor air quality is up to standard.
- The administration department inspects the sanitary conditions of each office every week, and plants green plants to a certain density in each office to regulate the indoor air quality.
- For any newly renovated office, air quality testing must be conducted before working in the office, and the office can only be used after the air quality is up to standard.

Saving paper

- Proactively promote office automation and networking and advocate the revision of manuscripts through electronic media, and encourage the use of digital documents and electronic business cards to reduce paper consumption.
- Advocate double-sided printing which is the default for printing of all computer files to save paper.
- The printing room is equipped with a recycling box to collect single-sided printed paper for secondary printing of non-important documents.
- Simplify documents. Matters for which there is no need to issue printed documents should be handled through meetings if possible. When printed documents are needed, the printing quantity shall be accurately calculated to avoid excess printing.

Environmental protection and waste reduction

- Eliminate waste of water resources and strengthen the daily inspection, maintenance and management of water equipment.
- Set up dry and wet garbage bins in offices according to the national garbage classification policy.
- Use cloth bags and environment-friendly bags instead of plastic bags in response to the plastic restriction order.
- Maximise the use of recyclable or reusable items and reduce the use of disposable items such as paper cups.
- Continuously publicise the benefits and methods of energy conservation and emission reduction to current and new employees, so as to form a corporate culture in this regard.
- Set up staff canteen and promote "Clean Plate Campaign (光碟行動)", reduce takeout "white waste" and avoid food wastes.
- Put up reminds next to faucets to remind users to save water.
- Properly dispose of damaged and scrapped equipment and reuse old parts.
- Provide public transportation subsidies and electric vehicle charging piles to encourage green travel, thus reducing pollutants and carbon emissions.
- Managers shall strictly review and control the purchase and use of materials to avoid wasting resources.

Environmental Aspects (continued)

In addition, the Group has formulated Management Measures for Environmental Sanitation and Greening (《環境衛生與綠化管理辦法》) to clarify the management rules and regulations for office environment greening, as well as the responsibilities of relevant departments and personnel. Through such management measures, the Group conducts the relevant planning and design of offices according to their features to ensure full utilization and decoration of the green area, and at the same time to familiarize personnel with the varieties and characteristics of various greeneries for the purpose of improving their knowledge and skills in greening maintenance and management, so as to implement timely cultivation and planting.

EMISSIONS MANAGEMENT

As China's leading supply chain management business operator, Zall Smart Commerce is committed to enhancing the efficiency of the traditional supply chain utilizing technologies and regards promoting green business awareness as its responsibility. As our principal activity is to connect buyers and vendors of merchandise through online platforms, the environmental impact of its operations is minimal. Nonetheless, we still expect to further reduce emissions and resource use in our business operations and mitigate the environmental impacts in other areas by applying advanced skills and innovative technologies.

The Group strictly complies with the environmental protection laws and regulations of the Chinese government at all levels, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and so on, to ensure that the Group achieves its sustainable development objectives while meeting its obligations to protect the environment. In order to adapt to the changing policy requirements, the Group conducts self-analysis in house every year, closely monitors the policies and laws and regulations newly promulgated by the government, and updates its corresponding management measures in a timely manner for distributing to all departments. The Group also maintains awareness of energy conservation and emission reduction and ensures the compliance with environmental protection regulations by inspecting and monitoring its departments through trainings and regular internal audits, which fully reflects our commitment to mitigating environmental impacts. During the Reporting Period, the Group had not identified any material violations of the laws and regulations relating to environmental protection.

WASTE GAS AND SEWAGE EMISSIONS

Air emissions directly generated by the Group mainly come from the use of fuel for vehicles for logistics and administrative use. Sewage emissions mainly originate from water consumed during inventory inspection and the testing of agricultural products. During the Reporting Period, the Group actively promoted the use of public transport for external visits and used personal vehicles for some businesses, resulting in a significant reduction in air emissions for the Year.

During the Reporting Period, direct waste gas and sewage emissions from the Group's business operations were as follows:

Waste gas and sewage emissions

Type of emissions ¹	Unit	2024	2023	2022
Nitrogen oxides (NO _x)	Kg	7.17	10.3	9.17
Sulphur dioxide (SO _x)	Kg	0.42	0.56	0.41
Particulate matter (PM)	Kg	0.83	1.23	1.05
Sewage	Tonne	3,418	5,409	5,406

We have set clear emission reduction targets and strived to reduce air pollutant and sewage emissions by 3% as compared with 2022 by 2026. The Group has made great efforts to reduce emissions from logistics vehicle fleets and has incorporated this into its sustainable development business practice plan. We require vehicles of third-party logistics suppliers as well as our own vehicles to meet national vehicle emission standards in order to ensure high fuel efficiency and minimise pollutant emissions.

¹ The calculation method of the corresponding air emission assessment figures and the emission factors used in the calculation are based on "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "Technical Guide for Air Pollutant Emission Inventory for On-road Vehicles (Trial Implementation)" issued by the Ministry of Ecology and Environment of the People's Republic of China, and the "Energy Statistics Manual" and the "Oil Information: Database Document (July 2024 Edition)" issued by the International Energy Agency.

Environmental Aspects (continued)

The Group has always advocated for public transportation and has provided public transportation subsidies. It also encourages walking for short distances to reduce vehicle use. In addition, the Group has implemented the “Vehicle Management Measures” (《車輛管理辦法》) to clearly stipulate the requirements of vehicle insurance, maintenance, and repair, etc., and kept detailed vehicle records to better manage fuel consumption to improve fuel efficiency for vehicles. With the popularity of new energy vehicles, the Group has provided electric vehicle charging piles and other facilities to encourage employees to use new energy vehicles for transportation, in order to further reduce the use of fuel-burning vehicles, and promote sustainable travel ways. During the Reporting Period, the Group did not find any violation of laws and regulations relating to waste gas.

In terms of sewage treatment, the Group has set up recycling pipelines to collect and filter sewage to ensure that the sewage discharge meets the statutory standards. We also recycle a proportion of purified water and usable sewage to reduce sewage emissions. During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to sewage discharge.

GREENHOUSE GAS EMISSIONS DATA

The business of Zall Smart Commerce covers all of China, mainly centred in Shanghai, Changzhou and Shenzhen. During the Reporting Period, the Group's direct greenhouse gas emissions (Scope 1) were mainly generated from the use of transportation fuels, while indirect greenhouse gas emissions (Scope 2) were mainly generated from office electricity consumption. Scope 2 greenhouse gas emissions accounted for approximately 83% of the total emissions. During the Reporting Period, the total amount and intensity of direct or indirect greenhouse gas emissions generated by the Group (calculated based on the total number of employees of the Group within the scope of the Report)² were as follows:

Greenhouse gas emission ³	Unit	2024	2023	2022
Scope 1 ⁴				
Transportation energy	Tonne (CO ₂ e)	62	86	62
Scope 2 ⁵				
Electricity energy	Tonne (CO ₂ e)	311	498	512
Total greenhouse gas emissions	Tonne (CO ₂ e)	374	584	574
Greenhouse gas emissions intensity	Tonne (CO ₂ e)/employee ⁶	0.39	0.55	0.59

During the Year, as we actively controlled the use of electricity and energy and reduced vehicle use, and benefited from the reduction in emissions from China's power grid, the greenhouse gas emissions decreased as compared to last year. We have set clear emission reduction targets and strived to reduce greenhouse gas emissions by 3% as compared with 2022 figures by 2026. In order to reduce the Group's greenhouse gas emissions, we have implemented emission reduction measures at different levels with the goal of reducing the Group's electricity consumption. Please refer to the section headed “Energy Consumption Management” for details.

² As the figures are subject to rounding, the total is different from the sum of the figures presented.

³ The data covers direct and indirect greenhouse gas emissions primarily from the Group's offices in Shanghai, Changzhou and Shenzhen. The calculation method of the corresponding emission figures and the emission factors used in the calculation are estimated according to “How to Prepare an ESG Report” and its attachment “Appendix II: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange of Hong Kong, the “Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial Edition) (工業其他行業企業溫室氣體排放核算方法與報告指南(試行))” published by National Development and Reform Commission of the PRC, “2021 Carbon Dioxide Emission Factors of Electricity” jointly published by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics of the People's Republic of China, “China Energy Statistical Yearbook 2023” published by the National Bureau of Statistics of the People's Republic of China, the “Sixth Assessment Report on Climate Change by IPCC” and the “GHG Protocol Tool for Energy Consumption in China”.

⁴ Scope 1: emissions directly generated from the business operations owned or controlled by the Group, including emissions generated from mobile source fuels.

⁵ Scope 2: “indirect energy” emissions from the consumption of purchased electricity within the Group.

⁶ As at 31 December 2024, the number of employees within the scope of this Report is 965; the number of employees is 1,057 in 2023; and the number of employees is 980 in 2022.

Environmental Aspects (continued)

HAZARDOUS WASTE EMISSIONS

Laboratory hazardous waste

The Group strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and other environmental laws and regulations to deal with hazardous wastes. As the Group's quality inspection that involved sulphuric acid and hydrochloric acid was outsourced to third parties during the Year, the Group did not generate significant hazardous waste emissions during the Year. During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to hazardous waste.

NON-HAZARDOUS WASTE EMISSIONS

Office waste

The day-to-day operation of the Group's administrative offices generates a small amount of waste, mainly non-hazardous waste. During the Reporting Period, the types and quantities of major office waste generated by Group were as follows:

Type of waste	Unit	2024	2023	2022
Hazardous				
Ink cartridges	tonnes	0.109	0.115	0.114
Toner cartridges	tonnes	0.005	0.000	0.000
Intensity of hazardous waste	tonnes/employee ⁷	0.00012	0.00011	0.00012
Non-hazardous				
Paper	tonnes	2.925	3.874	3.721
General waste	tonnes	6.001	6.578	5.410
Intensity of non-hazardous waste	tonnes/employee ⁸	0.00925	0.00989	0.00932

The total waste emissions during the Year decreased by approximately 14% as compared to last year. We have set clear emission reduction targets and strived to reduce hazardous and non-hazardous waste emissions by 3% as compared with 2022 figures by 2026. The Group has formulated a 7S Management System (《7S管理制度》), the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》) in order to manage its office waste emissions more effectively. A number of measures for waste reduction have been implemented in the administrative office, starting from reduction at the source and recycling. In particular, we reduced the number of indoor waste collection bins to encourage employees to reduce waste emissions; advocated the reuse of waste and encouraged employees to make rational use of discarded cartons as express packaging where applicable. For more information on the Group's office waste reduction measures and policies, please refer to the "Green Office" section.

Since 2019, Zall Steel has made every effort to comply with the Regulations of Shanghai Municipality on the Management of Domestic Waste (《上海市生活垃圾管理條例》), to strictly implement the "four categories" of waste, and dispose of and discard domestic waste by "recyclable waste", "harmful waste", "wet waste" and "dry waste" categories. In addition, regarding internal management, Zall Steel adopted online office management to basically realise paperless office, which not only improved the efficiency of information transmission in internal management, but also reduced the use of office supplies, thereby implementing the energy saving and emission reduction initiative effectively. During the Reporting Period, the Group did not find any violation of laws and regulations relating to non-hazardous waste and discharge into land.

⁷ As at 31 December 2024, the number of employees within the scope of this Report is 965; the number of employees is 1,057 in 2023; and the number of employees is 980 in 2022.

⁸ As at 31 December 2024, the number of employees within the scope of this Report is 965; the number of employees is 1,057 in 2023; and the number of employees is 980 in 2022.

Environmental Aspects (continued)

RESOURCE USE

MANAGEMENT FRAMEWORK

The Group has formulated the Energy and Resource Management System, which requires each operation center or department to establish a management framework for environmental protection and resource conservation covering the management personnel of the operation centers and the members of all teams and groups. The persons in charge in each framework shall carry out environmental protection and resource conservation tasks within their jurisdictions in accordance with the provisions. Under such management framework, the head of each operation center or department is the primary responsible person for environmental protection and resource conservation management, and is responsible for arranging and implementing relevant work of the units under his/her supervision and shall assume responsibility therefor. The property manager of each department is responsible for implementing specific management measures for environmental protection and resource conservation of the units. In addition, the system clarifies that all employees have the responsibility to contribute to energy saving and consumption reduction in their respective positions, thus forming a good atmosphere of full participation and jointly promoting the construction of green offices.

ENERGY CONSUMPTION MANAGEMENT

The major sources of energy used by the Group include electricity used in day-to-day office operation and transportation emissions. During the Reporting Period, the Group's energy consumption was as follows:

Energy consumption ⁹	Unit	2024	2023	2022
Direct energy consumption	MWh	253	348	253
Gasoline	Litre	28,595	37,739	27,394
Indirect energy consumption	MWh	595	624	642
Purchased electricity	MWh	595	624	642
Total energy consumption	MWh	848	972	894
Total energy consumption intensity	MWh/employee ¹⁰	0.88	0.92	0.91

We actively advocate the use of public transport for external visits, resulting in a decrease in vehicle usage during the Year as compared to last year. To achieve sustainable energy consumption savings more effectively in the future, the Group has implemented the following internal measures.

Reducing transportation emissions

In order to reduce energy consumption during transportation, we have actively monitored the fuel efficiency of our logistics fleet and pay close attention to vehicle performance. We also regularly maintain and repair vehicles to ensure they are in optimal operation. When vehicles travel, we will plan routes to minimise travel distance, so as to reduce travel time and energy consumption of vehicles, thus improving transportation efficiency. The Group's Vehicle Management Measures (《車輛管理辦法》) requires Grade 1 vehicle maintenance to be conducted every 5,000 km — an exercise that includes changing the oil, oil filter, air filter, auto filter and other parts, if necessary, to ensure that vehicles travel at maximum efficiency, so as to minimize emissions. Meanwhile, the Group has strengthened its fuel consumption management, implemented a fixed-point refueling management system, kept records of license plate numbers and fuel cards, and conducted monthly audit. Such measures not only facilitated to save vehicle costs, but also effectively monitored and controlled vehicle fuel consumption and emissions, further advancing the achievement of our sustainable development goals.

⁹ The data covers direct and indirect energy consumption primarily from the Group's offices in Shanghai, Changzhou and Shenzhen. The calculation method of the corresponding energy consumption figures and the emission factors used in the calculation are estimated according to "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "China Energy Statistical Yearbook 2023" published by the National Bureau of Statistics of the People's Republic of China and the "Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial Edition) (工業其他行業企業溫室氣體排放核算方法與報告指南(試行)) issued by the National Development and Reform Commission of the PRC.

¹⁰ As at 31 December 2024, the number of employees within the scope of this Report is 965; the number of employees is 1,057 in 2023; and the number of employees is 980 in 2022.

Environmental Aspects (continued)

Reducing electricity consumption

In order to reduce the damage caused by greenhouse gas emissions to the environment, the Group has implemented a series of comprehensive emission reduction measures, covering management at source, control during process and post-evaluation. We have set clear emission reduction targets and strived to reduce energy usage (including electricity and thermal energy) by 3% as compared with 2022 figures by 2026. To systematically protect the environment, fully utilise energy and resources and reduce resources consumption, the Group established the 7S Management System (《7S管理制度》), the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》), which systematises the reasonable utilisation, management and control of energy and resources consumed by its departments. By strengthening energy usage management and adopting measures which are technically feasible, financially reasonable and acceptable to the environment and society, the Group has eradicated waste and reduced its energy consumption to reduce its loss, so as to effectively and reasonably use resources and lower greenhouse gas emissions. In addition, we have also preached such management measures to enhance the environmental awareness of departments and promote orderly use of electricity. For more information on specific emissions reduction measures and policies of the Group's offices, please refer to the section headed "Green Office".

WATER CONSUMPTION MANAGEMENT

The Group's water is mainly used for routine office activities. During the Reporting Period, the Group's direct water consumption was as follows:

Water consumption

Water resources ¹¹	Unit	2024	2023	2022
Water consumption	m ³	4,175	6,161	6,158
Water consumption intensity	m ³ /employee ¹²	4.33	5.83	6.28

Since the Group fully appreciates the importance of water resources to the earth's resources and environment, the Group focuses on reducing the water consumed in office activities, despite its business does not involve water intensive operation. To this end, the Group has formulated the Energy and Resource Management System (《能源、資源管理制度》) to implement relevant water-saving measures effectively, including posting reminders next to faucet to remind users to save water. In addition, the Group usually encourages employees to use recycled water or grey water when feasible for flushing toilets, irrigation and other purposes to raise their water-saving awareness. We control the water flow of faucets with different functions to further reduce waste of water, and also regularly examine and maintain water flow devices to avoid water leakage. The Group's offices use municipal water supply and have no problems in sourcing water. Water consumption for the Year was decreased by approximately 32% as compared to that of last year.

PACKAGING MATERIALS

Our supply chain business seldom involves the use of packaging materials such as packaging paper and carton boxes. Upholding the principles of simplicity and environmental protection, we use recyclable materials whenever possible, when we need to use packaging materials. During the Reporting Period, our consumption of packaging materials is as follows:

Type	Unit	2024	2023	2022
Packaging cartons	tonnes	0	0	0
Carton boxes	tonnes	0	0	0
Adhesive tape	tonnes	0	0	0

¹¹ The data covers the water consumption of the Group's offices in Shanghai, Changzhou and Shenzhen

¹² As at 31 December 2024, the number of employees within the scope of this Report is 965; the number of employees is 1,057 in 2023; and the number of employees is 980 in 2022.

Environmental Aspects (continued)

THE ENVIRONMENT AND NATURAL RESOURCES

Save for the above mentioned emissions, Zall Smart Commerce's supply chain management business did not have any other material impacts on the environment or natural resources. However, in the traditional wholesale market development business, the Group's project developments will have certain impacts on the surrounding environment. As such, while formulating business development and investment plans, the Group ensures that the impact of development of new projects on the ecological environment and natural resources where the business is developed is minimised and meets all local laws and regulations. To this end, we have formulated the following project development evaluation framework and each subsidiary is required to follow such framework.

1. In evaluating new business development project approval, evaluate and ensure that the project meets the requirements of social and environmental development
2. Appoint professional advisors to conduct feasibility studies to ensure the project meets local policies and development requirements
3. In the process of project implementation, define the responsibilities of each functional department, supervise and manage the project process, and prevent and control disharmonious events
4. Project audits and post-evaluations cover environmental and social impacts, and evaluation results are adopted as the basis for project reward and accountability

Environmental protection is the responsibility of every employee of the Group. The Group is committed to sustainable development and the provision of high-quality products while minimizing the impact of our business activities on the environment. In addition to the details disclosed in the sections headed "Environmental Management Policies", "Green Office", "Emissions Management" and "Resource Use" above, the Group has taken the following measures to put our environmental protection concepts into practice:

ELECTRICITY CONSUMPTION

- Increasing the installation of electricity meters to monitor electricity consumption and detect and prevent abnormal usage as early as possible;
- Promoting energy-saving habits and introducing measures such as turning off lights, computers and air conditioning system when not in use;
- Promoting video conferencing to reduce transport energy consumption arising from commuting; and
- Inspecting old air conditioning systems and replacing them with energy-efficient inverter air conditioners.

WATER CONSUMPTION

- Increasing the installation of water meters to monitor water consumption and detect and prevent abnormal usage as early as possible; and
- Regularly inspecting pipelines to check and timely repair water seepage to avoid waste resulting from leakage.

REDUCING PLASTIC BOTTLE WASTE

- Cutting back on plastic bottled water consumption by installing drinking water facilities in offices, and encouraging employees to bring reusable cups.

Environmental Aspects (continued)

CLIMATE CHANGE-RELATED ISSUES

Climate change is one of the major global challenges of the society today. We must act immediately, actively respond to climate change, and strive to protect the ecological environment and the sustainable development of communities. Extreme weather such as strong winds and heavy rainfall, as well as tides and floods, has become media focus in recent years. Logistics and supply chains are susceptible to climate change, as losses may occur due to severe damage caused by extreme rainfall, rising tides and flooding to assets such as buildings, warehouses and goods. Although such incidents are beyond anyone's control, the Group believes that all stakeholders shall make concerted efforts to tackle climate change, one of the biggest threats facing the world over the next few years.

In response to the Paris Agreement, the Hong Kong government has issued the Hong Kong's Climate Action Plan to lay down plans and actions, set the vision of "Zero-carbon Emissions, Liveable City, Sustainable Development", and commit to a more aggressive medium-term target to reduce total carbon emissions of Hong Kong by half against the 2005 level by 2035. The government of Hong Kong has pledged to achieve carbon neutrality by 2050, while the Mainland China to achieve by 2060.

In response to the advocacy of local governments and the national "dual carbon" policy, and complying with their emission reduction requirements, the Group expects to reduce emissions by 3% by 2026, ensures that the Group's greenhouse gas emissions meet the increasingly stringent regulatory requirements of local governments in or before 2030, and strives to achieve operational carbon neutrality by 2050.

The Group has identified a range of climate change-related risks and opportunities related to our assets and services to understand the scenarios in which such risks and opportunities may have a greater impact. These transition and physical risks are discussed in the following sections.

	Risks	Opportunities
Short term (0–1 year)	<ul style="list-style-type: none"> Physical risks arising from extreme weather incidents Acquiring the skills and capabilities required for implementing climate strategies 	<ul style="list-style-type: none"> New products and services to help communities reduce carbon emissions New technologies to improve operational and energy efficiency
Medium term (5 years)	<ul style="list-style-type: none"> Transition risk — implementing policies for low carbon operations Transition risk — supply and demand for certain goods, products and services may change in line with the increasing attention paid to climate change-related risks and opportunities 	<ul style="list-style-type: none"> The markets in which our business operates are transiting towards low-carbon economy to meet the carbon reduction goals set by the governments Opportunities arising from factors facilitating transformation
Medium and long term (5 years)	<ul style="list-style-type: none"> Transition risk — potential new regulations and policies Transition risk — the development and use of emerging technologies may increase operating costs and hurt the Group's competitiveness Transition risk — the Group's reputation may be affected by the changes in the customers' or communities' perception towards the Group's contribution to or detriment to the transition to a low carbon economy 	<ul style="list-style-type: none"> Market transition to a low carbon economy to meet governments' carbon neutral goals Opportunities arising from factors facilitating transformation Becoming an industry leader and building up reputation

Environmental Aspects (continued)

As climate change exacerbates extreme weather conditions, bad weather is more likely to affect logistics efficiency, resulting in delayed transportation or damaged goods. The Group has formulated logistics guidance under severe weather conditions and established an extensive and close communication network with the logistics team to promptly respond and take actions according to the transportation conditions, so as to ensure service quality and maintain the reliability of the service platform. In addition, some of our operating bases are located in coastal areas and therefore exposed to severe weather conditions such as heavy rain, typhoons, and severe thunderstorm. The Group has put in place preventive and contingency measures, with protecting the safety of employees as the top priority. In severe weather conditions, we provide early warnings, reduce employee travels, and prohibit outdoor works. Meanwhile, the Group has formulated the relevant internal policies, including the Energy and Resource Management System (《能源、資源管理制度》), the Office Civility Convention (《辦公樓文明公約》) and the Vehicle Management Measures (《車輛管理辦法》), so as to effectively control the Group's emissions and resource usage, thus to minimize the impact of our operations on the environment and climate change.

Over the years, we have seized opportunities to expand our business and accelerated transformation to make the Group's business smarter and greener, our employees and product users safer (e.g. proactively promote office automation and networking), and our operations more sustainable, so as to deliver on our commitment to resource management and environmental protection.

Social Aspects

TALENT MANAGEMENT

COMPENSATION AND DISMISSAL, RECRUITMENT AND PROMOTION, WORKING HOURS AND LEAVES

The Group values talent and advocates people- and performance-oriented management principles with an emphasis on reward, fairness, openness and impartiality. To attract and retain the best, the Group offers industry-competitive remuneration packages, maintains a system of performance-oriented rewards and internal equity, and provides employees with on-the-job training and long-term development opportunities.

The Group complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), and other applicable laws and regulations relating to recruitment, dismissal, working hours and holidays, and ensures that each procedure is legal and reasonable. These rules are fully reflected in the Group's Management Measures for Recruitment (《招聘管理辦法》) and Employee Manual (《員工手冊》), all of which are designed to ensure a healthy work-life balance for each employee. For departing employees, we also ensure that they receive their due benefits and compensation in accordance with the Employee Resignation Management System (《員工離職管理制度》).

HUMAN RESOURCES MANAGEMENT MECHANISM

The Company Rules and Regulations (《公司規章制度》) established by the Group clearly define a human resources management mechanism with "value" as its core, and have set up a "3P" system, which comprises Value Creation System (Position), Value Return System (Payment), and Value Evaluation System (Performance), with an aim to promote all-round development of employees. Through this system, our employees clearly recognize their goals and are provided pathways for enhancing professional skills and capabilities, thereby achieving better performance in the workplace. Also, our employees are able to gain recognition from the Company and fully capitalize on their potential to achieve mutual growth by closely aligning their personal growth with corporate development.

VALUE CREATION SYSTEM (POSITION) – POSITION LEVEL MANAGEMENT

The Management Measures for Recruitment (《招聘管理辦法》) formulated by the Group outlines our recruitment principles, including the "three suitability" principle, the principle of openness, fairness and justice, and the principle of merit-based recruitment. The "three suitability" principle refers to the person who is best suited for the Company's values, job requirements and growth and development within the Company, which is designed to ensure that the people we recruit fit the Company's culture and business needs. To realize such principles, the Group would recruit suitable employees through social recruitment, internal recruitment, campus recruitment and other channels, and publish all recruitment information on major recruitment platforms, when there are budgeted vacancies or personnel needs. In addition, the Group will select candidates according to processes and regulations, ensuring that job applicants have a fair chance of competition.

The Company Rules and Regulations (《公司規章制度》) established by the Group specify the matters relating to position level system, promotion process and conditions. The Company would comply with the specific requirements of different ranks and job promotions to conduct assessments on capabilities and other aspects as a basis for further promotion assessment and review. The Company would issue a promotion notice to relevant employees to confirm that the promotion has taken effect. The Employee Manual (《員工手冊》) and Employee Resignation Management System (《員工離職管理制度》) formulated by the Group also set out the principles and rules regarding resignation and dismissal. Employees should submit a written resignation application to the Company in advance, and hand over work matters in accordance with relevant regulations after approval by the Company. After the resignation procedures are completed, employees may apply for a departure certificate from the Company. If an employee seriously violates rules and disciplines, such as being absent from work continuously, the Company may dismiss them according to relevant regulations based on the disciplinary violation.

Social Aspects (continued)

VALUE RETURN SYSTEM (PAYMENT) - SALARY MANAGEMENT

In determining employees' remuneration by the management, the Group set up the Remuneration Management System (《薪酬管理制度》), which has optimized the structure of and the authority over their salaries, clearly defined remuneration, quarterly performance bonuses and other terms, and standardized related approval process. The system has also comprehensively considered external economic conditions and industry pay levels to ensure that the Group's compensation packages are competitive in the market and attractive in the industry to a certain extent, meanwhile the fairness over, differences and competitiveness of the same position within the Company are also taken into consideration, with an aim to develop a fair remuneration system to attract and retain outstanding talents.

In addition, the Company Rules and Regulations (《公司規章制度》) standardize employees' attendance and leave management, work discipline and requirements relating to formal employment and resignation, etc. The Group operates with the five-day work system, and ensures reasonable working hours and leaves for each employee, including, among others, statutory holidays, marriage leave, maternity leave, prenatal tests leave, paternity leave, childcare leave, breastfeeding leave, annual leave and paid sick leave.

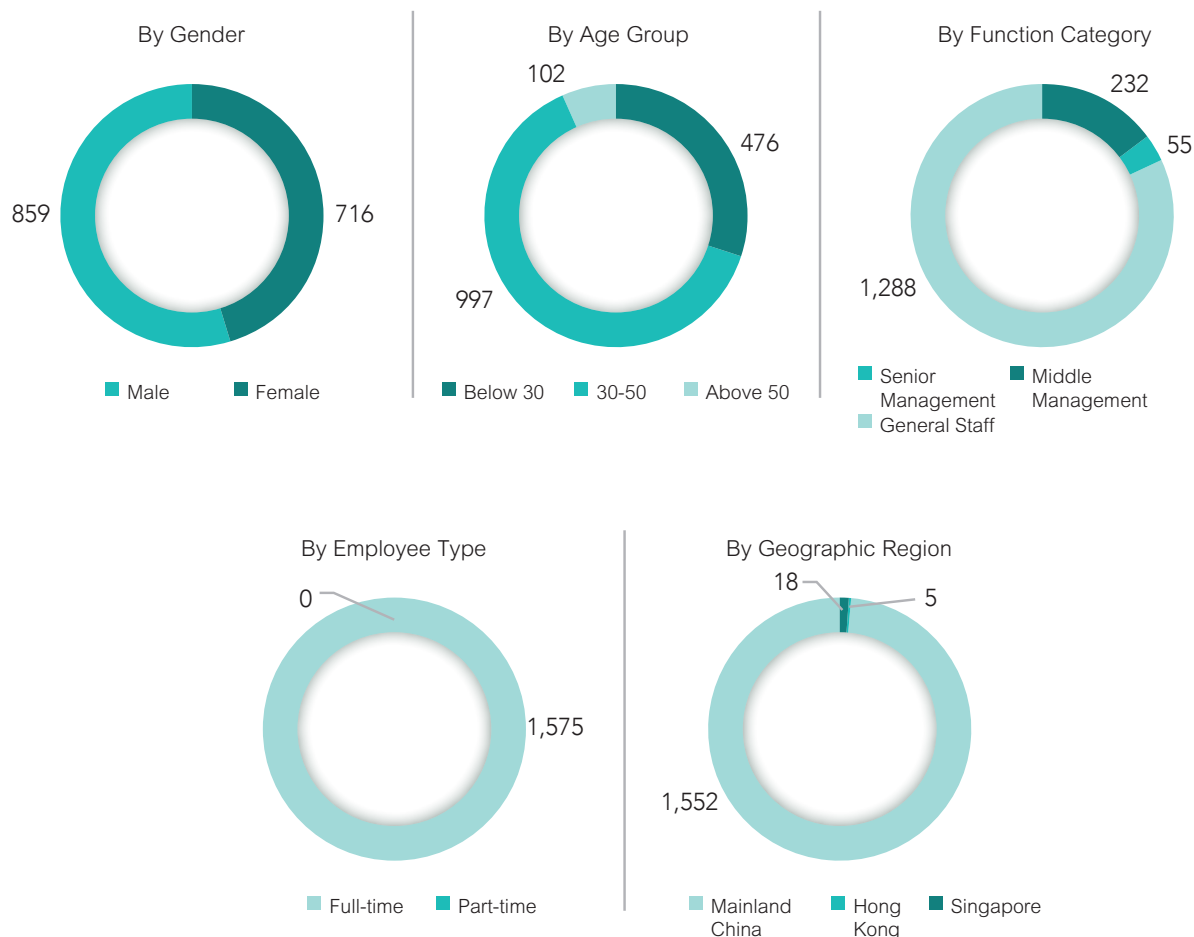
VALUE EVALUATION SYSTEM (PERFORMANCE) - PERFORMANCE MANAGEMENT

In the Employee Manual (《員工手冊》), in terms of remuneration and performance management, personal performance are evaluated by combining annual and monthly assessments, and tools for performance appraisal are also established to assess the performance capabilities of employees in all respects. The results thereof will then be considered in determining salaries and bonus, fully motivating employees to work actively. In addition, the Group also focuses on communication and guidance on performance. After the performance appraisal is completed, the appraiser must promptly release the performance appraisal results to the appraisee, and provide guidance on and interviews for their performance based on the actual situation to help them identify their shortcomings and thus to improve their performance. Besides, the Group has formulated a Performance Management Plan for Managers (《職能人員績效管理方案》) and a Performance Management Plan for Operational Staff (《業務人員績效管理方案》), which clearly set out the directions and requirements for performance planning, guidance, evaluation and improvement, as well as determine the matters such as business accounting and job level evaluation.

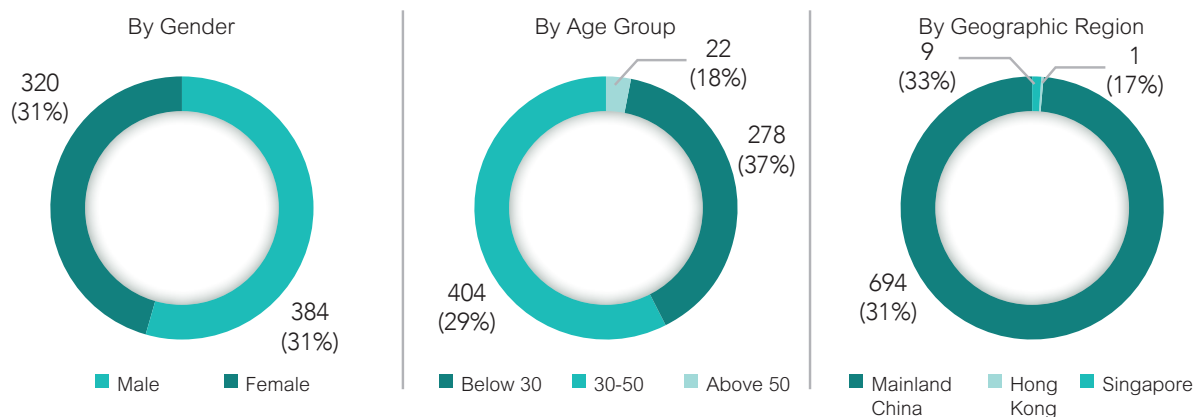
Social Aspects (continued)

During the Reporting Period, the total number of employees of the Group was 1,575 (2023: 1,655; 2022: 1,615). The number of employees and turnover figures of the Group by category during the Reporting Period are as follows:

TOTAL NUMBER OF EMPLOYEES 1,575



TOTAL NUMBER OF EMPLOYEE TURNOVER (TURNOVER RATE¹³) 704 (31%)



¹³ Turnover rate = Number of employees who left the Group in that category for the Year/the sum of total number of employees at year-end and the number of employees who left the Group in that category.

Social Aspects (continued)

EQUAL OPPORTUNITIES, DIVERSITY AND NON-DISCRIMINATION

The Group advocates fair competition and encourages a diverse workforce. It does not discriminate or dismiss any employee due to race, gender, age or marital status. The Group has formulated its Management Measures for Recruitment (《招聘管理辦法》) and the Company Rules and Regulations (《公司規章制度》), which describes its principles of equal opportunity, diversity and non-discrimination. The Group's principle of equality applies to various aspects, including employees' recruitment and dismissal, probation, rest periods, equal opportunities, career development and promotion, as well as other benefits and welfare system. Established fair procedures and objective criteria are implemented in all these aspects to ensure that all employees and job applicants are treated fairly. The Group also provides a feedback mechanism to allow employees to report any defects regarding the principles of equal opportunity, diversity and non-discrimination. Such channels include regular seminars and interviews and e-mail communications, etc. After receiving feedback, management will assign personnel to investigate the matter in an objective, impartial, practical and realistic manner according to the situations. Reports on the investigation's progress will be made in a timely manner, and appeasement work will be done as appropriate. Furthermore, the Group has also established the Probation Management Measures (Trial Version) (《試用期管理辦法(試行版)》) to regulate the probation and formal employment management of its employees. The measures clarify relevant process and requirements, procedures and work responsibilities of relevant departments, so as to satisfy the needs of the Group for sustainability, while ensuring that every new employee would have equal opportunities and treatment.

Furthermore, in response to the requirements of the Code on Corporate Governance Practice of the Hong Kong Stock Exchange and the global ESG trends, the Group has formulated the Board Diversity Policy (《董事會成員多元化政策》), which aims to set out the Board's policies to achieve diversity. The Group will consider the diversity of Board members from various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and service tenure.

The above management measures are in strict compliance with laws and regulations related to human resources, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》), the Trade Union Law of the People's Republic of China (《中華人民共和國工會法》), and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》). The Group maintains close contact with social security authorities, and cares about and protects the human rights, development and safety of employees.

During the Reporting Period, the Group had not identified any violation of laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

HEALTH AND SAFETY

For the Group, it is our top priority to protect the health and safety of every employee. To create a healthy and safe work environment, we have developed a comprehensive health and safety policy, and put up posters and instructions on occupational safety. We provide physical check benefit for our employees, by making physical check arrangement for them annually. In addition, the Group also holds occupational safety meetings on a regular basis, sets the goal of "nil major safety incidents and diminishing general safety accidents", and determines the person in charge of occupational safety, so as to continuously improve the occupational safety performance of the Group.

In terms of daily occupational health and safety affairs, the Group's supply chain management business does not involve high-risk jobs, and employees mostly work in the Group's offices and certain off-site locations. As such, the Group has established a Fire Contingency Plan (《消防應急預案》) to strengthen the fire safety awareness of office employees and standardise fire safety management of the Group. It also regularly inspects workplaces and conducts emergency fire drills. In order to more effectively cope with emergencies during fires, the Group has set up different action teams, including the fire-fighting action team, the communication liaison team, the evacuation guidance team and the safety protection and rescue team, which coordinate with each other with reference to the orders made by the headquarters. Besides, we have established a sound fire safety inspection process for all workplaces and office areas. Before leaving work, the administrative and human resources department shall check whether the sockets, computers, water dispensers, doors and windows in each department have been switched off or closed. If it is found that any electrical appliance, door or window is yet to be turned off or closed, the relevant person in charge shall be issued a warning and be required to rectify the situation. Those who violate the rules twice will be punished. In addition to routine fire inspections in office premises, the Group will regularly contact local fire control authorities to arrange fire drills to boost employees' awareness of crisis. At the same time, the Group's Company Rules and Regulations (《公司規章制度》) prescribe the safe environment management in offices. For example, obsolete and aging electrical appliances and wires will be reported and sent to technicians for repair to prevent danger. Since 2021, it has obtained GB/T 45001-2020/ISO 45001:2018 occupational health and safety management system certification covering prepackaged food, chemical products, steel sales, e-commerce and sales of ferrous commodities, development of computer applications and software and so on to ensure a safe working environment for employees.

Social Aspects (continued)

Protecting the mental health of our employees is also an extremely important part of the Group's daily operations. The Group and its affiliated platforms regularly organize a variety of staff activities, such as sports campaigns, visits, festival celebrations, reading sharing sessions, etc., aiming to facilitate team building in a pleasant and harmonious way, enhance employees' sense of belonging to the Group, promote communication and enhance cohesion among them, as well as ease their work pressure. Meanwhile, the Group also organized a commendation ceremony in recognition of the dedication and efforts of its employees and their contributions to the Company. Through such measures, the Group is committed to creating a positive and healthy working environment where every employee is able to tap his/her potential.



The Commendation Ceremony



The Company's Team Building Activity in Spring



The Sports Campaign



The Basketball Game



The Floral Decoration Activity on the Women's Day



The Reading Sharing Session

Social Aspects (continued)

In terms of projects, the Group and its subsidiaries strictly follow the internal Implementation Guidelines on Construction Quality and Safety Management (《工程質量安全管理實施指引》) of the Group, which contains, among others, a quantitative evaluation form on project safety and occupational health management, along with the guidelines for behaviour management, standardised on-site management, accident emergency management, construction site safety management, and management and use of personal protective equipment. The Group also inspects the safety work of construction projects, such as whether smoke detectors are installed, regular maintenance of firefighting equipment is conducted and emergency lighting equipment is installed according to the requirements of building fire protection. Regulations of the Group on engineering management stipulate that employees must wear safety helmets when entering a construction site, and dangerous goods are prohibited from being brought into the construction site.

The Group has formulated Office Regulations (《辦公規範》) in the Employee Manual (《員工手冊》) in accordance with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) and other relevant laws and regulations. These Regulations describe various office safety matters and contingency response measures, to protect the interests and physical and mental health of employees together with the abovementioned systems of the Group. During the Reporting Period, the Group had not identified any violation of laws and regulations relating to the provision of a safe working environment and protection of employees from occupational hazards.

Through the above measures, we have effectively ensured the safety of our employees. During the Reporting Period, there were no major accidents of work-related injuries and deaths or loss of working days due to work-related injuries. We have recorded zero case of work-related injuries or deaths for three consecutive years.

During the Reporting Period, the Group's data on work-related injuries and deaths in the past three reporting years are summarized as follows:

	2024	2023	2022
Number of work-related deaths	0	0	0
Ratio of work-related deaths	0%	0%	0%
Number of work-related injuries	0	0	0
Working days lost due to work-related injuries	0	0	0

Social Aspects (continued)

DEVELOPMENT AND TRAINING

The Group has formulated Staff Education and Training System (《員工教育與培訓體系》), which, focusing on the development, position, business and other demand of the training targets, mainly uses internal training to provide educational training and development courses, including induction training for new entrants, professional development training, job skills training, management skills training and other trainings. The Group also organizes some external training activities from time to time to enable employees to absorb new industry knowledge and enhance their own abilities. Moreover, we encourage employees to obtain professional certificates related to their posts by offering relevant subsidies. In addition, in order to further improve training quality, we have also established the Lecturer Management System (《講師管理制度》) to regulate the qualification requirements on lecturers as well as their selection and engagement process, and to establish a team of lecturers by utilizing the in-house resources of the Company for the purposes of cultivating more outstanding talents for the Group. These measures are designed to promote continuous learning and development of employees, and in turn enhance the core competitiveness of the Group.

The Group maintains a strict system of training attendance and record management. Training results are closely linked with career development, individual employees' performance appraisals, career promotions and salary adjustments, to record and monitor the effects of their training. After the completion of each training course, we will also review the learning effect and effectiveness of the course by questionnaire surveys and other means, so as to improve and adjust the subsequent training arrangements, thereby enhancing the training quality and effectiveness on an ongoing basis.

In addition, the Group has formulated the Employee Rotation Management Measures (《員工輪崗管理辦法》) to procure the trained employees to optimize their knowledge structure, expand their horizons and improve their comprehensive qualities through job rotation training and learning, thereby realizing their full potential.

During the Reporting Period, our training activities were all conducted offline, including corporate management training, compliance training, product and operating process training and management training camp, among others.





Compliance Training on Warehouse Management



2024 Elite Workshop – Management Talents Training Camp

Social Aspects (continued)

During the Reporting Period, the Group's relevant data on training is as follows:

		2024	2023	2022
Training percentage¹⁴ 	By gender			
	Male	85%	92%	79%
	Female	100%	94%	86%
	By position			
	Senior management	62%	70%	71%
	Mid-level employees and management	68%	77%	71%
	General employees	97%	96%	85%
Average training hours¹⁵ (Hours/employee) 	By gender			
	Male	38.19	41.55	40.05
	Female	45.00	42.65	40.19
	By position			
	Senior management	27.82	31.60	34.38
	Mid-level employees and management	30.65	34.77	32.08
	General employees	43.78	43.45	41.68

LABOUR STANDARDS

PREVENTION OF CHILD OR FORCED LABOUR

The Group strictly prohibits labour exploitation and use of child labour, and strictly abides by all applicable labour laws, so that each and every employee is able to grow and develop in a fair and respectful environment. The Group has not employed child labour under the age of 16 in its business operations, and has a strict provision that no child labour shall be employed in any form. As a necessary part of our human resources policy, we will verify the age of employees before employment to ensure that all employees meet the legal age requirements. In addition, the Labour Contract (《勞動合同》) of the Group specify that no forced labour shall be used by threats of violence or illegal restriction of personal freedom. We also regularly assign independent persons to thoroughly investigate suspicious indications of potential forced labour. If any incident of forced labour is identified, any employee who is involved in the substantiated forced labour may apply for financial compensation, and the employee(s) forcing others to work shall be subject to punishment or other legal consequences.

Our commitment to preventing child or forced labor is not limited to our own business operations. The Group has also popularised and extended these standards to suppliers, requiring them to comply with the same standards and prohibit the employment of any child labor or arrangement of any form of forced labor. Once discovered, we will conduct an investigation into the violation. The Group may terminate partnerships with suppliers if they were found accountable for such violations.

Our systems and rules relating to anti-child labour and labour exploitation are all in compliance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulations on Special Protection of Underage Labour (《未成年工特殊保護規定》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), the Regulations on the Prohibition of Child Labour (《禁止使用童工規定》) and other regulations and requirements. During the Reporting Period, the Group had not identified any violation of applicable laws and regulations relating to the prevention of child labour and forced labour.

¹⁴ Percentage of employees trained = The number of employees trained during the Reporting Period/the number of employees at the end of the Reporting Period.

¹⁵ Average training hours = Total number of training hours during the Reporting Period/total number of employees at the end of the Reporting Period.

Social Aspects (continued)

SUSTAINABLE OPERATION

BUSINESS PRACTICES

Sustainable Supply Chain Management

We attach great emphasis on sustainable supply chain management, with a view to improving efficiency and value of processes such as sourcing, packaging, logistics and delivery. Our sound supply chain management system enables us to quickly source all kinds of quality, reasonably-priced and sufficient goods for supply to hundreds of thousands of customers in the Group's ecosystem, whilst maintaining the reputation and quality standard of our brand. The stability and sustainability of a supply chain also depend on suppliers' business quality, supply performance and environmental and social management measures, which include carbon emissions in the supply chain, materials selection, and the rights and interests of suppliers' workers, among others. We have been improving supply chain management, including standardizing management elements, conducting risk assessment, establishing evaluation and access mechanisms for all suppliers, and supervising other aspects of the product lifecycle, such as warehousing and logistics.

We also focus on the impact of our supply chain on neighboring environments and communities. During on-site due diligence, we will conduct on-site inspections of the enterprises' production and operations, including operation premises, office areas, production workshops, machine and equipment operating conditions, employees' working environment and social security payment status, environmental protection facilities and fire-fighting facilities, and relevant qualifications and licenses to assess the enterprises' performance on the compliance with laws and regulations relating to environmental protection, fire protection, labour rights and other aspects. During evaluation, any enterprises that do not comply with the requirements of national industrial policies, environmental policies, and regional development policies or that are included in the list of companies with eliminated production capabilities and without rectification before deadline will be rejected by the Group and any business dealings with them will be discontinued. During production, we will adjust production volume in response to changes in market demand, and adopt intelligent technologies and electronic records to save resources and detect environmental impact. Through such initiatives, the Group hopes to demonstrate its commitment to fulfilling environmental and social responsibility in respect of the supply chain management.

Green Procurement

The Group fully supports the national sustainability policies and concepts, and integrates environmental elements into supply chain management. We require our suppliers to furnish relevant environmental licenses, quality certificates and other proofs. In terms of logistics and transportation, we will consign goods to professional and qualified logistics companies to reduce emissions during transportation and promote green supply chain services. We also support green procurement in daily operations. The administrative department's staff will give priority to products that are environmentally friendly and energy-efficient, such as the items with low pollution and emission that are easy to recycle, durable, made of recycled materials, non-toxic and easy to decompose, and minimize the purchase of unnecessary items.

Supply Chain Quality and Risk Management

The Group's risk management centre has set up the Business and Product Management Method (《業務產品管理方法》) to standardize the requirements for the supplier management system, conduct screening of all upstream suppliers for admission and establish a supplier management and review system. The Group has also established the Business Compliance Inspection and Management Measures (《業務合規檢查管理辦法》) to improve its risk prevention capabilities and risk management levels for ensuring the compliance of its business operations and management, and the effectiveness of risk management by means of compliance inspection based on the four principles of comprehensiveness, independence, flexibility and dynamic management.

Moreover, as the Group's subsidiaries have different operating models and product categories, each subsidiary has its own supply chain management system. Overall, we will conduct comprehensive background checks on all potential suppliers and consult professional third-party credit databases to select those with outstanding products and business performance, formulate clear contract provisions to protect the rights and interests of the Group, regularly inspect the quality of incoming goods through spot checks, continuously monitor the performance of suppliers, update risk assessment results and take appropriate risk mitigation measures in a timely manner.

Social Aspects (continued)

Each subsidiary under the Group has a risk management department to review the results of due diligence on suppliers, gather complete supplier information based on the results of queries to third-party databases, and enter the supplier information into the subsidiary's credit evaluation model to calculate each supplier's credit score and feasible transaction limit. Finally, the head of the risk management department will determine the actual transaction limit for each supplier. In addition, the Group will closely monitor market price changes and margin ratios to ensure that upstream and downstream players perform their contracts on schedule. For customers with good trading track records and stable performance, the Group will offer them a grace period as appropriate after assessing their risk tolerance. Listed below are the supply chain management policies of our major subsidiaries.

Sinoagri

At Sinoagri, the supplier evaluation team has been effectively ensuring the quality and safety of agricultural products, and all suppliers must present a statutory Food Circulation Permit before obtaining online trading qualification. Following basic qualification review, the Company carries out sampling inspection on sugar purchased in accordance with the national standard GBT317-2018 "White Sugar" and prepares a report thereon. The Company will then perform a series of approval procedures to ensure that each supplier complies with the Group's supplier management policy. In addition, the Company regularly evaluates and reviews the qualification of suppliers, and terminates partnership with unqualified suppliers.

Zall Steel

Zall Steel has formulated the "Supplier Management Measures (《供應商管理辦法》)" and established a comprehensive evaluation system for suppliers and customers to strictly control the risks of suppliers and product quality. Suppliers and customers with good performance will be admitted to the white list, and the Company will regularly review the security of enterprises listed thereon. In addition, the Company has specified matters such as supplier classification and grading standards, credit evaluation models and review criteria. The Company guides the suppliers to join the trading platform of Zall Steel, make the sale price of goods public and receive public supervision. In addition, we will strictly examine the price of each transaction on Zall Steel to ensure that the purchase price remains consistent with the market price in order to avoid discrimination to the rights and interests of platform users.

HSH

HSH screens raw material suppliers in a strict manner and it usually selects companies that have high market awareness, large size and stable product quality, or middle- and large-sized traders for procurement cooperation. As all products procured are up-to-standard chemical plastics manufactured by large plants, their quality is secured to a certain degree. Where a customer disputes product quality, the Company will promptly coordinate for handling. The Company will also rate suppliers on a regular basis, and then terminate the contract with any supplier which is rated unqualified.

Social Aspects (continued)

During the Year, we further expanded our supply chains and refined the criteria for admission of suppliers. Below is a breakdown of suppliers of the Group by relevant geographic distribution during the Reporting Period:

Region	2024	2023	2022
North China	518	588	497
Northeast China	209	195	247
East China	6,120	5,014	5,040
Central China	455	478	475
Northwest China	173	170	173
South China	2,562	1,024	997

Sustainable Business Development

In order to encourage the development of green economy, Zall Smart Commerce integrates environmental, social and economic factors into operations, production and sales as well as other aspects, and has developed comprehensive strategies in all respects, with a view to lessening the burden to the environment and improving the well-being of the society. In recent years, in response to the national "dual carbon" policy, the Group has launched a number of innovative measures focusing on green and sustainable development and digital supply chain construction, with an aim of continuously improving resource utilization efficiency, reducing environmental impact, and promoting the synergistic development of upstream and downstream sectors of the industry. In particular, we are working with partners in the industry to develop sustainable technologies and carbon footprint reduction solutions in the supply chain to address current environmental challenges. For more details on our specific practices, please refer to the "Case" section below.

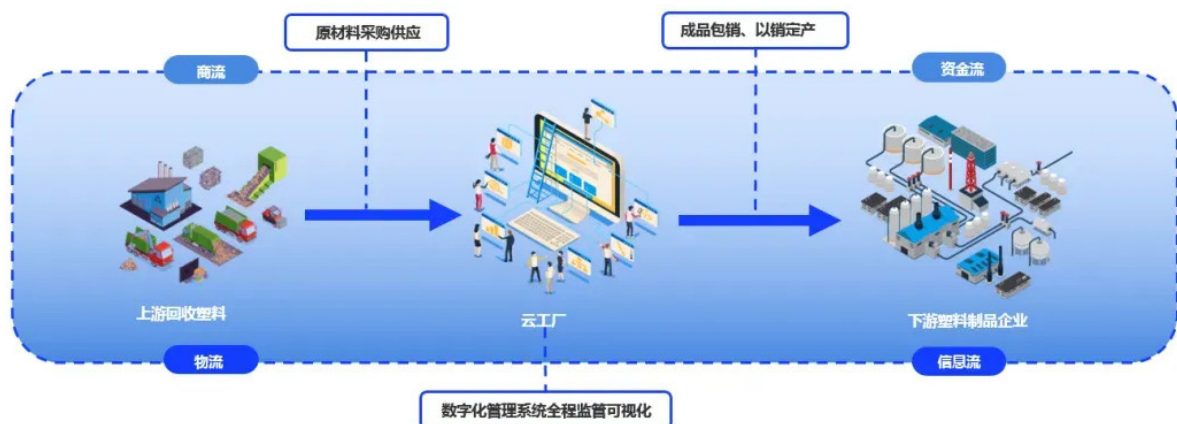
Social Aspects (continued)

Case: Low Carbon Solution for Supply Chain - Zall Zero Carbon (卓零碳)



The Group teamed up with EC Digital, a professional tool and service provider for carbon data quantification in the PRC, to launch the “Zall Zero Carbon (卓零碳)”, a green trading service, aiming at systematically improving the green and low-carbon competitiveness of its products and continuously optimizing its green logistics supply system, so as to promote digital trade and supply chain management and to improve the efficiency and effectiveness. The “Zall Zero Carbon (卓零碳)” adopts the life cycle assessment method based on the ISO14067 international standard, to provide diversified comprehensive solutions for upstream and downstream customers in industries such as agricultural products, chemical plastics and ferrous metals with innovative models of “sorting of production process data, calculation model for building block process and internet deployment for industry” in combination of digital and intelligent technologies.

Case: Facilitating to Build a Sustainable Supply Chain - The Criteria of Production According to Sales



Social Aspects (continued)

Our HSH has built the industry's first digital cloud factory for recycled plastics using digital technologies, vigorously advancing the establishment of a green and low-carbon supply chain. This cloud factory integrates the entire process from waste plastic recycling and classification at the source, grading of raw materials and supply to the factory, standardized production management in the factory and platform sales to delivery from the back-end and front-end warehouses, etc., which has successfully engaged over 300 upstream recyclers and 200 downstream enterprises. Through such process, enterprises have transformed from the traditional inventory-based production mode to a sustainable order-based production mode of "Production According to Sales" (以銷定產) to minimize resource waste and environmental impact. So far, it has supplied nearly 30,000 tonnes of raw materials to enterprises, and its products have passed multiple ISO management system certifications and GRS global recycled standard certifications.

Case: Launching eCOAL, the Consulting Service for Operation of Carbon Rights

In order to keep up with the trend of dual-carbon economy, the Group has vigorously developed new energy products for trading such as lithium mines in recent years. It has also actively discussed the carbon point (碳積分) transactions and carbon asset management rights with partners, and launched eCOAL, the consulting service for operation of carbon rights, so that purchasing customers are able to inquire about coal prices, specifications and other information efficiently. At the same time, through the trades along the chain and electronic carbon right records, enterprises are enabled to achieve their goals of green and low-carbon development.

Promoting the Economy of Digital Trade

The Group's subsidiaries attach great importance to digital transformation, relying on industrial digitization to promote industrial structure adjustment and upgrading, putting into practice the online signing of electronic contracts and electronic bills of lading, improving per capita efficiency through the digitalization of processes and organizations, and enhancing the in-depth connection between front-end sales departments and customers, so as to facilitate the rapid implementation of businesses. The Group continued to deeply promote the business model of online and offline combination. In particular, Zall Steel established a "multi-bank, multi-product" supply chain service supermarket in collaboration with external financial institutions, enabling corporate users to access one-stop supply chain financial services of the entire process by logging into an online platform, thereby better solving their financial difficulties. In addition, the Group's subsidiaries further optimised the multi-dimensional and integrated smart warehousing and logistics system, which has avoided close contact between people and reduced the use of paper materials by electronic warehouse receipts and paperless delivery to facilitate the green development of the industry.

Social Aspects (continued)

PRODUCT LIABILITY

Product Health and Safety Management

The Group has established a systematic framework for quality management, with the purpose of improving product quality as well as health and safety, to set up processes in relation to quality management and control as well as risk management, so that customers could be provided with products meeting standards and requirements. The Group has obtained the GB/T 19001-2016/ISO 9001:2015 quality management system certification, covering prepackaged food, chemical products, steel sales, software development, e-commerce platform for agricultural products, e-commerce and sales of ferrous commodities, computer applications and other areas. This system and related certifications are not only helpful to improve the quality performance of the Company, but also can enhance customers' confidence in its products and services and protect their health and safety.

Sinoagri

The quality management system established by Sinoagri has obtained ISO9001 certification, and passed relevant international standard certifications in respect of prepackaged food sales, software design and development and agricultural products information services. Since agricultural products traded online (mainly sugar) involve food safety risks, we are particularly concerned with product health and safety issues, and undertake to assume responsibility for the safety of such products. Although the sugar provided by upstream suppliers has reached national standards, the Group conducts at least two tests on the sugar to further improve food safety before the goods are delivered to customers. The Company will conduct quality inspections in its laboratory to ensure that the sugar meets national standards and contains no harmful impurities. Moreover, the Group's headquarters in Shenzhen conducts random spot checks every month. So far, no major quality problems have been found.

Zall Steel

Zall Steel has established a quality management system, which has obtained the ISO9001 certification, covering, among others, e-commerce of ferrous commodities (steel), sales of ferrous commodities and computer applications and software development. The steel itself comes with a warranty, and each coil of rolled plate has a coil number which can be traced to the manufacturer from the upstream supplier. Although Zall Steel does not directly participate in product quality inspections, it will entrust a third-party warehouse to examine the number of pieces, weight, material, model and quality of the products and put them into storage if no inconsistency is identified. If concerns about the quality of the steel being sold are raised, Zall Steel will compensate the customer for loss following the authentication by a third-party institution, and then claim compensation from the supplier. The Company tracks market price movements and market trends on a daily basis to ensure that the steel price and quantity on the platform are reasonable and meet market demands.

HSH

Chemical plastic materials and finished products are found in all walks of life. As such, the Company has rigorous restrictions on suppliers and sourcing channels, and requires strict performance of contracts in respect of product performance, standards and designations to ensure product quality from all aspects. Upstream suppliers of HSH must be large manufacturers, whose products shall meet national and market standards, and which maintain long-term partnerships with professional logistics companies. As for now, no major quality or transportation safety issues have been identified by HSH. Product quality inspection is completed by customers. If there is any quality issue raised, the Company will report it to the upstream supplier, and the supplier will re-examine the product concerned and issue an investigation report.

During the Reporting Period, none of our products were subject to recall for health and safety reasons, and we did not receive any complaint on our products and services. To provide high-quality products for customers, we strictly implement all quality assurance procedures. Should any product problems occur, we have a set of procedures as illustrated above to respond and a variety of channels in place for customers to contact us, and we will provide solutions in a timely manner.

Social Aspects (continued)

Service Complaints

The Group has formulated the Customer Service Management Measures (《客戶服務工作管理辦法》) which specifies work processes, mechanisms and principles relating to customer service, so that deficiencies could be identified through customers' inquiries, complaints and suggestions, thereby improving product quality and enhancing its reputation and recognition. In addition, where customers encounter any problems during transactions, the Group has a 24-hour customer service centre to provide online consulting services. In each region, there is a regional account manager who provides face-to-face assistance and problem solving services for customers. In case of customer complaints, the operation department will collect and record them, assist in investigating the causes of complaints, inform each complainant of the investigation process, and follow up with how the complaints are handled and the outcomes thereof, so as to ensure that the customer is satisfied and the complaint handling process is unbiased, fair and open. The Group also regularly reviews customers' comments, and implements improvement measures when necessary. During the Reporting Period, the Group had not identified any violation of laws and regulations related to product health and safety and service complaints.

MARKETING ETHICS

Advertising and labelling

To maintain mutual trust and sincere business relations with customers, the Group strictly follows up on the marketing, advertising and sales activities of its subsidiaries to ensure that its products and services are described in a legal, fair and honest manner. All formal advertising and publicity activities must be approved by the managers of public relations departments of the Group or its subsidiaries. We strictly prohibit the use of any false, misleading or deceptive means for publicity. The Group understands and emphasises the importance of business reputation, and is in strict compliance with the requirements of laws and regulations including the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Interim Measures for the Trading of Commodities and Services Through the Internet (《網絡商品交易及有關服務行為管理暫行辦法》) and the Service Norms for Third-party E-commerce Transaction Platforms (《第三方電子商務交易平台服務規範》). During the Reporting Period, the Group did not identify any violation of laws and regulations related to product advertising and labelling.

Data Privacy Protection

The Group attaches great emphasis on the protection of personal information, including the personal and corporate data of employees, customers and suppliers, and understands that effective data privacy protection measures can guarantee its honest operation and the healthy development of customer relations. Given the necessity to collect and use personal data of customers or consumers when conducting business, the Group attaches great importance to the management and maintenance of personal data. We will sign confidentiality agreements with customers, and never transfer or disclose customer information without consent. The Group has developed a sound data privacy protection system featuring hierarchical management over the access, viewing and modification of data in the data system with clear administration authorities among relevant employees, and built up an information database protected by multiple passwords and firewall to ensure the security of private information. At the same time, the Group has signed confidentiality agreements with its employees to ensure that employees would abide by their confidentiality obligations during and after their employment and would protect the technical, commercial, management and other information of the Group and its customers. Furthermore, the personal data of all employees, customers and related parties are protected by the General Principles of the Civil Law of the People's Republic of China (《中華人民共和國民法總則》), the Personal Information Protection Law (《個人信息保護法》) and other laws and regulations that protect the right to use and privacy of personal data. During the Reporting Period, the Group had not identified any violation of laws and regulations related to data privacy.

Social Aspects (continued)

Intellectual Property Rights

As the pioneer of digital technology in China, the Group was granted 530 intellectual property rights in 2024, of which 173 were authorised patents, 150 were trademarks, and 207 were software copyrights.

Intellectual property is essential to us. The Group respects and protects intellectual property rights to support fair competition and enhance economic and social benefits. The Group has established the Management Measures for Patents (《專利管理辦法》) to protect its unique R&D achievements. Once we find any infringement of the Group's patents, we will request the infringer to make compensation or pay royalties for the use of our intellectual property. If the case is serious, the Group will hold the infringer accountable by legal means to protect the legitimate rights and interests of the Company. In addition, we require all employees to protect tangible and intangible assets. In using others' R&D achievements, authorisation must be obtained, otherwise the employees involved will be punished.

ANTI-CORRUPTION

Corporate Principles of Honesty and Integrity

Since its inception, Zall Smart Commerce has incorporated "stability and credibility" into its core values, striving to build a clean, fair and transparent corporate ecosystem.

By formulating the Employee Manual (《員工手冊》), the Administrative Provisions for Supervision (Trial Version) (《監察工作管理規定(試行)》), the Administrative Measures for Acceptance of Gifts and Cash by Employees (Trial Version) (《員工收受禮品禮金管理辦法(試行)》), the Measures for Handling of Employee Disciplinary Offences and Violations (Trial Version) (《員工違紀違規行為處理辦法(試行)》), and the Administrative Measures for Declaration of Conflicts of Interests (Trial Version) (《利益衝突申報管理辦法(試行)》), the Group regulates the behaviours and disciplinary standards of its employees in the areas of project management, personnel management, administrative management and financial management, and it reviews such regulations on a regular basis to ensure that they are designed in compliance with national and industry standards. The Group fully complies with relevant national laws and regulations including the Supervision Law of the People's Republic of China (《中華人民共和國監察法》), the Regulations of the People's Republic of China for Suppression of Corruption (《中華人民共和國懲治貪污條例》), the General Rules of the Civil Law of the People's Republic of China (《中華人民共和國民法總則》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). During the Reporting Period, the Group also established a Discipline Supervision Committee, which is responsible for overseeing and reviewing the compliance with the policies, standards and other systems of the Group, building a compliance monitoring system, conducting anti-corruption education, handling reports and complaints, and dealing with disciplinary cases, incorporating anti-corruption and integrity policies into the Group's management systems, which has demonstrated the Group's operational principles for practising honesty and integrity.

The Group strictly abides by the anti-corruption and anti-bribery principles, and strictly prohibits employees from using illegal means, including but not limited to conspiracy, misappropriation, theft, money laundering, collusion, extortion and corruption, to seek illegitimate personal interests and harm the legitimate economic interests of shareholders and the Company, or seek illegitimate economic interests for the Company while bringing illegitimate benefits to individuals, as well as seek for any form of personal gains or cause losses to others. The Group strictly implements employee discipline supervision, focusing on reviewing its purchases of assets, bidding, engineering construction, personnel management, investment attraction, reimbursement, and receipt of gifts and gift money, and supervising personnel in key positions, so as to strengthen the development of the anti-corruption and anti-fraud system. In particular, all employees must declare their personal interests before joining the Company or when participating in procurement and other key business processes in accordance with the Administrative Measures for Declaration of Conflicts of Interests (Trial Version) (《利益衝突申報管理辦法(試行)》), so as to avoid conflicts of interest.

Before joining the Group, every employee must sign the Integrity Agreement (《廉潔協議書》), which regulates employees' disciplinary behaviors by including strict prohibition on the receipt of kickbacks and rebates, cash gifts, red pockets, negotiable securities, valuables and property rights, etc. given by partners. We expect that by signing this legally binding agreement, employees can understand and comply with the integrity requirements of the Group, to prevent professional ethics risks and protect the legitimate rights and interests of the Group and its employees. In order to maintain a clean and self-disciplined working environment, the Group has also signed the "Cooperation Agreement with Integrity" with its partners to maintain a fair and impartial trading environment and prevent the occurrence of business bribery and other misconducts.

During the Reporting Period, the Group had not identified any violation of applicable laws or regulations relating to bribery, extortion, fraud and money laundering and no concluded legal case regarding corrupt practices was brought against the Group or its employees.

Social Aspects (continued)

ANTI-CORRUPTION TRAINING

During the Reporting Period, the Group organized anti-corruption training courses covering a number of topics for its directors and employees, with a total of 1,445 employees participating. These trainings aimed to enable employees to fully understand the Group's integrity requirements and remind them to maintain a high standard of ethical conduct. For example, in the integrity culture seminar themed "Practicing Compliance with Integrity", we provided detailed introductions to the anti-corruption laws and regulations in Mainland China, the Group's anti-corruption monitoring system and rules, case studies on bribery, reporting methods and etc. Combining the promotional videos on integrity and the actual cases of violations, we also vividly elaborated how employees put into practice the principles of integrity and self-discipline in their daily work and strictly adhered to professional ethics. The training materials have been uploaded to the Intranet, so that employees can have access to and learn the materials at all times to enhance their awareness of integrity and anti-corruption. Such trainings helped employees to thoroughly understand the legal norms and internal policies on anti-corruption, which not only improved their compliance awareness, but also enhanced their ability to identify and fight against corrupt practices at work. Through these trainings, the employees have established good professional habits and ethical concept, promoting the cultivation of integrity culture across the Group, and ensuring the long-term development of the organization. In the future, Zall Smart Commerce will actively put into practice the compliance culture of "Transparency, Integrity and Honesty", by launching anti-corruption classes and other events on an ongoing basis and providing guidance in establishing the awareness of clean business practices, to create a healthy, transparent and efficient working environment, thus to promote the compliant, healthy and sustainable development of the organization.



2024 Anti-corruption Training
– The Integrity Culture Seminar Themed
"Practicing Compliance with Integrity"



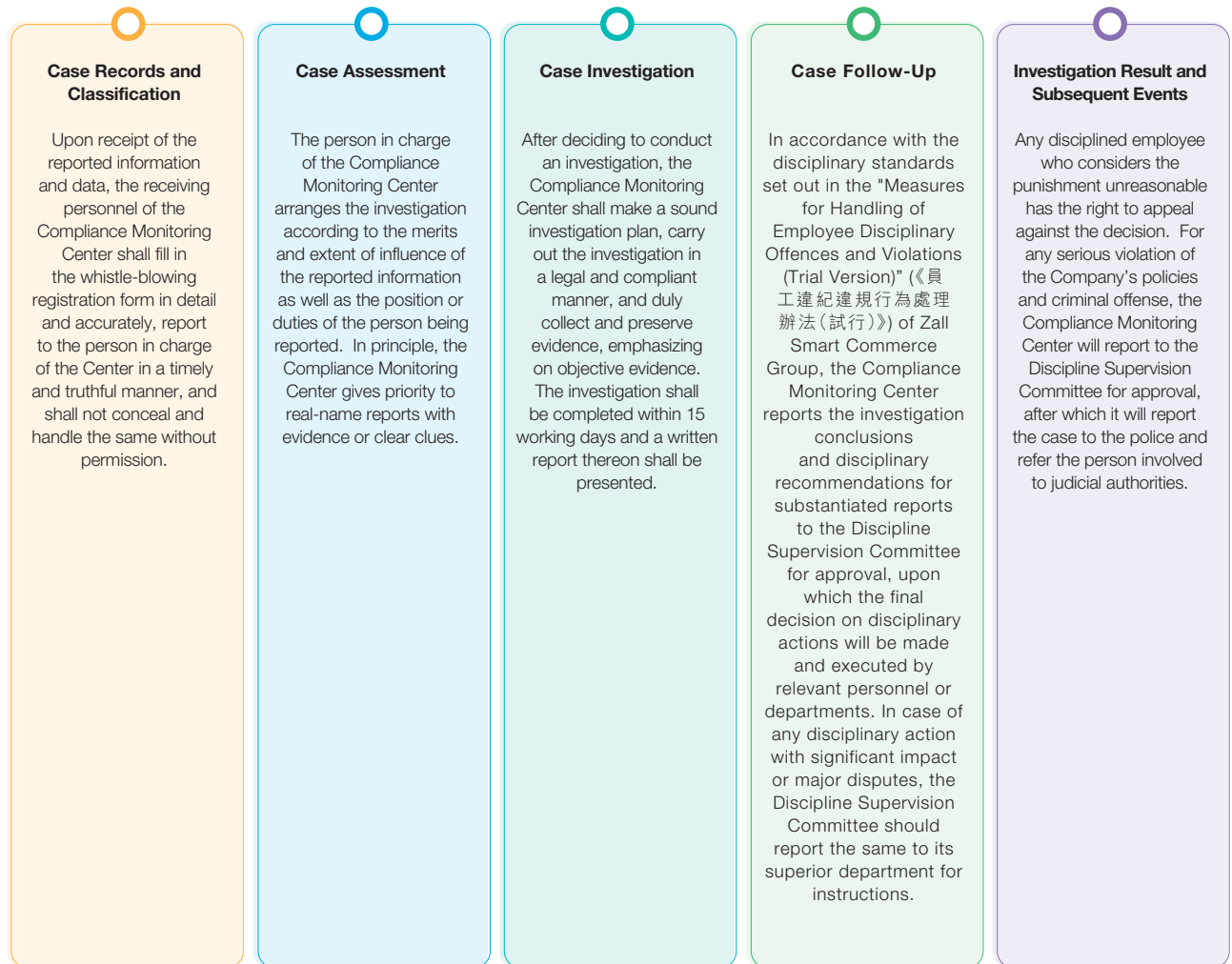
The Anti-corruption Class of
"Practicing Compliance with Integrity" for HSH

WHISTLE-BLOWING SYSTEM

To strengthen the Company's integrity building, we actively promote the establishment of a reporting mechanism for disciplinary offences and violations, ensuring that information reported by internal employees and external partners is responded effectively. During the Reporting Period, the Group developed the "Regulations on Reporting Management (Trial Version)" (《舉報管理規定(試行)》), allowing employees within the Group and its subsidiaries, suppliers, partners, and the informants concerned to directly report illegal and non-compliant incidents, if any, to the Compliance Monitoring Center under the Group's Discipline Supervision Committee.

Social Aspects (continued)

The Group adheres to the policy of “defending the bottom line, not stepping on the border and never relenting upon thorough investigation”, and with independence and principle as the two major supervisory principles, comprehensively supervises and checks its all business and management activities, as well as investigates and deals with violations of regulations and disciplines. The Integrity Agreement signed by each employee before joining the Group also stipulates that the employee shall actively assist in investigating the violations of regulations and disciplines by the Group’s Compliance Monitoring Center. In general, the Group will handle reported cases according to the following investigation procedures.



The Group's policy clearly sets out the protection of whistleblowers to ensure that they are treated fairly and to protect them from unfair dismissal, harm or unreasonable punishment. The Compliance Monitoring Center and relevant departments shall keep the personal data of the whistleblowers and reported contents strictly confidential. Without the permission of the person in charge of the Compliance Monitoring Center, no person shall consult, copy or disclose the reported information and investigation materials.

Social Aspects (continued)

COMMUNITY INVESTMENT

Zall Smart Commerce Group, since its establishment, has recognised public welfare and social responsibility as the cornerstone for continuous corporate growth while exploring innovative business models and developing and expanding business scale, and proactively participated in public welfare undertakings. It rolled out a variety of public welfare projects in fields such as environmental protection, charity donation, rural revitalization and community contribution to practice the social responsibility of private enterprises.

ENVIRONMENTAL PROTECTION

The Baer's Pochard, being a national first-class protected animal, is listed on the Red List of Endangered Species of the International Union for Conservation of Nature as a "critically endangered" bird. Since 2017, Zall Smart Commerce has been engaging in the environmental public welfare activity of "Protecting the Home of Baer's Pochard" jointly held by the Zall Foundation with Yangtze River Project Centre of SEE Conservation (阿拉善SEE長江項目中心), Society of Entrepreneurs and Ecology Foundation (the "SEE Foundation") (北京市企業家環保基金會) and Hubei Changjiang Conservation Foundation (the "CCF"). We have supported scientific study on the Baer's Pochards, bird monitoring, wetland protection, nature education, publicity and other tasks together with our employees and the public, achieving remarkable results. These efforts have significantly improved the ecological environment of Wuhan, and the habitat of the Baer's Pochards in Wuhan has also been expanding.

In addition, since 2015, the North Hankou party committee, the party branch and the industry chamber of commerce under Zall Smart Commerce have regularly organized green tree planting activities for employees and party members as well as merchants during the Arbor Day every year to take the concept of green development into practical actions. Nearly a hundred party members and merchants actively participate in the event every year, planting more than a hundred green saplings to add green vitality to the earth.



2024 Arbor Day Activity at North Hankou

Social Aspects (continued)

CHARITABLE DONATION

In early 2024, Wuhan was hit by extreme weather with freezing rain. In response, North Hankou International Trade Centre, under Zall Smart Commerce, opened 15,000 parking spaces free of charge to car owners affected by the freezing rain, providing necessary support and helping them cope with the cold wave.

Since 2019, North Hankou under the Group, has organised charity blood donation activities for six consecutive years, in which employees, merchants and people from nearby communities participated to fulfil their social responsibility and commitment. This year, a large-scale blood donation event took place at North Hankou Branded Clothing City, where nearly 200 people donated blood, making valuable contributions to securing the supply of blood for clinical use. The blood donation activity conveyed warmth and compassion to the society through actions and provided vital support to countless lives.



Charity Blood Donation Event

Social Aspects (continued)

RURAL REVITALIZATION

We fully support the nation's rural revitalization strategy by leveraging our business to help upgrade the agricultural industry, accelerate the pace of rural development and drive significant income growth for farmers.

The “Huizhubao” (惠猪宝) platform, offered by Shenzhen Sinoagri under Zall Smart Commerce, combines supply chain services with low-carbon digital farming to ensure that farmers have efficient and reliable access to essential farming materials, thereby alleviating their short-term purchasing pressure for feed and animal protection products. The platform integrates core data management and analysis functions, including feed procurement, real-time inventory, smart sales, market price analysis and online veterinary consultation, optimising the farming environment and conditions and providing comprehensive support to farmers. At present, “Huizhubao” serves nearly 700 stable cooperative customers across more than 20 key farming provinces, including Sichuan, Yunnan, Henan. With the platform, RMB10-20 of feed waste can be saved for every pig, increasing the farms' profits by RMB30,000 for every 1,000 pigs.

In addition, HSH under Zall Smartlink, launched the Yunnan Substrate Pot Project in Yuxi in October this year, focusing on building a digital supply chain service system for substrate pots that integrates direct sourcing, inventory management, intelligent logistics, access to supply chain financing and data management. By effectively solving the three major problems of the substrate pot industry, i.e. liquidity difficulties, urgent demand and slow supply, contributing to the development of local special industry in substrate pots and accelerating the construction of a modern agricultural system that aligns with new quality productivity.

COMMUNITY BUILDING

Seizing the development opportunities of digitalization of the new era, Zall Steel e-Commerce under Zall Smart Commerce has been actively promoting the integrated application of “Photovoltaic+”, providing support in the implementation of large-scale photovoltaic projects, including the construction of China Three Gorges's 1,000MW photovoltaic power generation plant in Golmud, Qinghai, and the 80MW agrivoltaic power generation and storage project in Shihua, Gucheng County. It also supplies customers with high-quality solar panels, photovoltaic mounts, cables and other essential materials. By leveraging the high-quality supply chain services of Zall Steel e-Commerce, we facilitate the efficient construction of livelihood projects, contributing to energy-savings, emission reductions and green development in the region.

Since 2010, the Group has held the large-scale Wuhan (North Hankou) Commodities Fair (“Hankou Fair”) for 15 consecutive years, which attracted tens of thousands of businessmen, making contributions to the development of the regional economy as well as the promotion of consumption and prosperity. Focusing on the theme of “Global Shipment of Goods through Smart Links to the World”, this year's Hankou Fair featured major exhibition zones such as Industrial Internet, Imported Goods, Intelligent Manufacturing, ASEAN Agricultural Products, International Flowers, and New Force Automobiles, etc., which not only attracted domestic and overseas merchants and citizens to participate, gave strong impetus to market consumption, but also fostered trade co-operation and comprehensively demonstrated Wuhan's latest achievements in the areas of commerce, trade and logistics, as well as digital trade.

Highlights of this Year's Hankou Fair



Domestic and Overseas Exhibitors

28,000+



Visitors

200,000+

Amount in Trade Co-operation

RMB150 Billion+

Awards and Honours

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
ZALL SMART COMMERCE GROUP LTD. (卓爾智聯集團 有限公司)	Outstanding Company in ESG Sustainable Development	Gelonghui (格隆匯)	Listed company honour
	China Corporate Social Responsibility List (Top 300)	Southern Weekend (南方周末)	Listed company honour
	Fortune China 500	Fortune magazine	Listed company honour
	2024 "Top 100" Industrial Internet Enterprises of China	B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Academy of Industrial Internet Innovation (產業互聯網創新研究院)	Industrial honour
	Excellent Cases of Social Responsibility of Listed Companies in Hubei	Jointly by Hubei Daily Media Group (湖北日報傳媒集團), Hubei Changjiang Industrial Investment Group (長江產業投資集團), Chushang Federation of Hubei Province (楚商聯合會)	Listed company honour
	"Annual Social Responsibility Award" of the Gurucub Awards (金格獎“年度社會責任獎”)	Gelonghui	Listed company honour
	"Top 100 Industrial Internet Enterprises" of the 2024 KiloPeaks Awards (千峰獎)	Ebrun (億邦動力)	Industrial honour
	2024 Listed Companies with Excellent Value	hexun.com (和訊網)	Listed company honour
	2024 "ESG Pioneer 60" Award of Excellence in Social Responsibility	Shanghai United Media Group Interface News (上海報業集團 界面新聞)	Listed company honour
	List of the Most Influential Enterprises of the Year – Innovation and Sustainability Development Award	Caillianpress (財聯社)	Listed company honour

Awards and Honours (continued)

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
ZALL INTERNATIONAL TRADE GROUP CO. LTD. (卓爾國際貿易集團有限公司)	China-ASEAN Enterprise Summit Outstanding Enterprise Award "the Best Group Company of the Year Award"	ASEAN Retail Chains and Franchise Federation (ARFF)	Regional Honour
ZALL SMART COMMERCE (WUHAN) RESEARCH INSTITUTE CO. LTD. (卓爾智聯(武漢)研究院有限公司)	Hubei Data-driven Enterprise (First Batch) Registration List (Data Technology Enterprise)	Hubei Provincial Data Bureau	Provincial honour
	Hubei Science and Innovation "New Breed" Enterprises (Gazelle Enterprises)	Hubei Provincial Science and Technology Department	Provincial honour
SHENZHEN SINOAGRI E-COMMERCE CO. LTD. (深圳市中農網有限公司)	Top 20 Leading Agricultural Enterprises in Shenzhen by Revenue	Shenzhen Leading Enterprises Association of Agricultural Industrialization	Municipal honour
	Shenzhen Name Brands - Outstanding Brand Building Enterprises	Shenzhen Top Brands Evaluation Committee	Municipal honour
	Futian Caring Enterprise	Shenzhen Futian Federation of Trade Unions, Shenzhen Employees' Development Foundation	Municipal honour
	2024 Top 500 Services Enterprises in China – No. 185th	China Enterprise Confederation, China Enterprise Directors Association	Industrial honour
	2024 "Top 100" Industrial Internet Enterprises of China	B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Academy of Industrial Internet Innovation (產業互聯網創新研究院)	Industrial honour
	2024 Top 500 Enterprises in Guangdong	Guangdong Enterprise Confederation (廣東省企業聯合會), Guangdong Entrepreneurs Association (廣東省企業家協會)	Provincial honour
	2024 Top 500 Enterprise in Shenzhen	Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneurs Association (深圳市企業家協會)	Municipal honour
	Guangdong Top 50 Agricultural Enterprises by Brand Value	Nanfang Media Group (南方報業傳媒集團), China Advertising Association (中國廣告協會)	Industrial honour
	"Top 100 Industrial Internet Enterprises" of the 2024 KiloPeaks Awards (千峰獎)	Ebrun (億邦動力)	Industrial honour
	2024 Top 500 Agricultural Enterprises in China – No. 17th	Farmers' Daily (農民日報社)	Industrial honour
SHANGHAI SUSHENG E-COMMERCE CO., LTD. (上海塑盛電子商務有限公司)	Excellent Cases of E-Commerce in Guangdong Province	Department of Commerce, Guangdong	Provincial honour
	Shanghai SMEs List of Top 100 Enterprises of Growing Brands	Shanghai Municipal Economic and Information Technology Commission, Shanghai Municipal Intellectual Property Bureau, Shanghai Federation of Industrial Economics	Municipal honour
	2024 Shanghai Technology Innovation Fund for SME-sized Technology Enterprises	Shanghai Science and Technology Commission	Municipal honour

Awards and Honours (continued)

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
SHANGHAI SHULAI INFORMATION TECHNOLOGY CO., LTD. (上海塑來信息技術有限公司)	Shanghai Industrial Internet Demonstration Platform	Shanghai Municipal Economic and Information Technology Commission	Municipal honour
	SFEO Shanghai Productive Services Industry Brand Value Ranking (No. 7th)	Shanghai Federation of Industrial Economics, Shanghai Federation of Economic Organisations	Municipal honour
	2024 Pioneers of Industrial Product Digitalisation	www.2b.cn (托比網)	Industrial honour
	Social Responsibility Award	Shanghai Information Service Industry Association	Municipal honour
	"Leaders of Industrial Value Chain" Nurturing Enterprise	Shanghai Municipal Economic and Information Technology Commission	Municipal honour
	Supporting Enterprises of Shanghai Special Fund for High-Quality Development of Business (Productive Internet Service Platform)	Shanghai Municipal Commission of Commerce	Municipal honour
	2024 Top 100 Enterprises in Shanghai – No. 68th	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations	Municipal honour
	2024 Top 500 Services Enterprises in China	China Enterprise Confederation, China Enterprise Directors Association	Industrial honour
	2024 "Top 100" Industrial Internet Enterprises of China	B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Academy of Industrial Internet Innovation (產業互聯網創新研究院)	Industrial honour
	2024 Shanghai Standardisation Pilot Project	Shanghai Market Supervision Bureau	Municipal honour
	Excellent Cases of Supply Chain Innovation and Application in Shanghai 2024	Shanghai Supply Chain Development Promotion Association	Municipal honour
	Top 100 Service Enterprises in the Yangtze River Delta in 2024 – No. 95th	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiangsu Enterprises Confederation, Zhejiang Enterprises Confederation and Anhui Enterprises Confederation	Provincial honour
	Social Responsibility Report Release Certificate (社會責任報告發布證書)	Shanghai Federation of Economic Organisations, Shanghai Federation of Industrial Economics	Municipal honour
	2024 Development of Industrial Services	Shanghai Municipal Economic and Information Technology Commission	Municipal honour
	"Top 100 Industrial Internet Enterprises" of the 2024 KiloPeaks Awards (千峰獎)	Ebrun (億邦動力)	Industrial honour
	2024 Top 100 Industrial Digital Enterprises in China	www.2b.cn (托比網)	Industrial honour

Awards and Honours (continued)

AWARDED ENTITY	AWARDS AND RECOGNITIONS	ISSUING INSTITUTION OR AUTHORITY	NATURE
SHANGHAI ZALL STEEL E-COMMERCE CO., LTD. (上海卓鋼鏈電子商務有限公司)	Shanghai E-Commerce Demonstration Enterprise	Shanghai commission of Commerce	Municipal honour
	Shanghai Enterprise with Good Credit in Honoring Contracts	Shanghai Contract and Credit Promotion Association	Municipal honour
	2024 Pioneer of Digitalisation of Industrial Products in China	www.2b.cn (托比網)	Industrial honour
	Supporting Enterprises of Shanghai Special Fund for High-Quality Development of Business (Productive Internet Service Platform)	Shanghai Municipal Commission of Commerce	Municipal honour
	2024 Top 100 Enterprises in Shanghai – No. 67th	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations	Municipal honour
	2024 “Top 100” Industrial Internet Enterprises of China	B2B Insider (B2B 內參), Industrial Internet Vision (產業互聯網大視野), Academy of Industrial Internet Innovation (產業互聯網創新研究院)	Industrial honour
	Excellent Cases of Supply Chain Innovation and Application in Shanghai 2024	Shanghai Supply Chain Development Promotion Association	Municipal honour
	Top 100 Service Enterprises in the Yangtze River Delta in 2024 – No. 94th	Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Jiangsu Enterprises Confederation, Zhejiang Enterprises Confederation and Anhui Enterprises Confederation	Provincial honour
	“Top 100 Industrial Internet Enterprises” of the 2024 KiloPeaks Awards (千峰獎)	Ebrun (億邦動力)	Industrial honour
	2024 Top 100 Industrial Digital Enterprises in China	www.2b.cn (托比網)	Industrial honour
SHANGHAI ZALL STEEL TECHNOLOGY CO. LTD. (上海卓鋼鏈科技有限公司)	2024 Shanghai New Specialised SMEs	Shanghai Municipal Economic and Information Technology Commission	Municipal honour
LIVE-STREAMING E-COMMERCE BASE AT NORTH HANKOU INTERNATIONAL TRADE CENTER (漢口北國際貿易城直播電商基地)	Grade-A E-commerce Live Streaming Cluster in Wuhan	Wuhan Bureau of Commerce	Municipal honour
NORTH HANKOU INTERNATIONAL TRADE CENTER (漢口北國際貿易城)	The Fourth Batch of Provincial Featured Commercial Streets Hubei Department of Commerce in Hubei Province 2024		Provincial honour
THE COMMODITIES INTELLIGENCE CENTER (CIC)	Certified Tripartite Standards Adopter	Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) in Singapore	Regional honour

ESG Reporting Guide Content Index of the Stock Exchange

Main Scope, Aspect, KPI		Section/ Statement
Main Scope A — Environmental		
Aspect 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.	Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Emissions Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resource Use
KPI 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).	Resource Use
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Use
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Use
KPI 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.	Resource Use
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Use

ESG Reporting Guide Content Index of the Stock Exchange (continued)

Main Scope, Aspect, KPI		Section/ Statement
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect 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.	Climate Change-Related Issues
KPI 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.	Climate Change-Related Issues
Main Scope B — Social		
Employment and Labour Practices		
Aspect 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, anti-discrimination, and other benefits and welfare.	Staff, Compensation and Dismissal, Recruitment and Promotion, Working Hours and Leaves
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Staff, Compensation and Dismissal, Recruitment and Promotion, Working Hours and Leaves
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Staff, Compensation and Dismissal, Recruitment and Promotion, Working Hours and Leaves
Aspect 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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

ESG Reporting Guide Content Index of the Stock Exchange (continued)

Main Scope, Aspect, KPI		Section/ Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
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 preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Operation
KPI B5.1	Number of suppliers by geographical region.	Sustainable Operation
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Operation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Operation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Operation

ESG Reporting Guide Content Index of the Stock Exchange (continued)

Main Scope, Aspect, KPI		Section/ Statement
Aspect 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.	Product Liability
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Liability
KPI B6.2	Number of products- and service-related complaints received and how they are dealt with.	Product Liability
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Liability
KPI B6.4	Description of quality assurance process and recall procedures.	Product Liability
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Liability
Aspect 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.	Anti-corruption
KPI 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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community		
Aspect 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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment