

Stock Code: 600057

Stock Abbreviation: Xiamen Xiangyu

Xiamen Xiangyu Co., Ltd.

2022 ANNUAL REPORT (Summary)

To Shareholders

In 2022, which marks the 10th year of the new era, China is full of oscillation and flowering. In the context of the high-quality development of China's economy, Xiangyu ushered a crucial year of "the 6th Five-Year Plan". In this year, the total revenue target of 500 billion yuan was achieved ahead of schedule, with a net profit exceeding 3.7 billion yuan, and a net profit attributable to parent shareholders beyond 2.6 billion yuan, and a ROE was over 18%. We have achieved a development 'acceleration', and also demonstrated to the market the vigorous and youthful image of Xiangyu.

"Different paths may converge at the same goal". We firmly believe that investment is a two-way rush between enterprise and the investors and that partners who believe in long-term value will eventually meet unexpectedly at the peak. Therefore, we are grateful for the long-term support and trust of our shareholders. To return gratitude, we have been continuously issue bonus to our shareholders for many years, and this year a new record breaking amount of over 1.3 billion yuan will be allocated for cash dividends. This not only represents our willingness to share growth dividends with investors, but also demonstrates that the Young Xiangyu has always been sincere and unwavering.

The current of the age is magnificent with hard challenges and severe risks. At present, momentous changes unseen in a century are accelerating across the world. China's development has entered a period where strategic opportunities and risks coexist. The era has given bulk commodity supply chain enterprises a new historical mission since the "Industrial and Supply Chains" concerned national interests and security. Service manufacturing enterprises are moving towards the goal of high-quality development. Xiangyu should think about how to understand and meet the changing service needs more deeply. This represents a crucial competitive advantage for industry leaders, as well as a reflection of the intellectual capabilities and innovative ideas of Xiangyu's personnel.

Just as water retains no constant shape, so in warfare there are no constant conditions. While benchmarking the leading foreign supply chain enterprises, we also emphasize on forging our unique advantages and taking the path of "logistics and trade linkage, industry and finance linkage"

with Xiangyu unique characteristics. The industry-leading logistics infrastructures enable us to have more scenarios to adapt the application of digitalization and intelligence technology in the supply chain service field, thus evolving advanced service models such as the "Yu Lian Tong Service" and "Industry-level Agricultural Service", allowing customers from different fields and industries to receive high-quality and high-efficiency responses within the Xiangyu service system.

Only in hard times can courage and perseverance be manifested, and only after polishing can a piece of jade be finer. On the new journey filled with glories and dreams, all Xiangyu people will firmly anchor the new direction of China's own development, with a strong spiritual power of momentum, forging ahead with enterprise and fortitude, and strive towards the vision of "Become the leader of the bulk supply chain industry and the world class supply chain service enterprise", to create greater values and benefits for all shareholders!

Xiamen Xiangyu Co., Ltd.

Qidong Deng

April 29, 2023

I. Key Accounting Data and Financial Indicators

1. Key Accounting Data and Financial Indicators over the Past Three Years

Unit: 10K, RMB

	2022	2021		Change (%)	2020	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Revenue	53,814,806.41	46,251,623.01	46,251,623.01	16.35	36,021,478.35	36,021,478.35
Net Profit Attributable to the Company's Shareholders	263,690.20	219,418.69	216,026.82	20.18	132,244.85	129,966.68
Net profits Attributable to the Company's Shareholders before Nonrecurring Gains and Losses	265,599.34	218,020.51	214,628.64	21.82	132,762.37	130,484.20
Net Cash Generated from Operating Activities	622,299.28	542,000.06	542,000.06	14.82	127,950.55	127,950.55
	The End of 2022	The End of 2021		Change (%)	The End of 2020	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Owners' Equity Attributable to the Company's Shareholders	1,709,156.57	1,721,425.75	1,721,425.75	-0.71	1,496,468.80	1,496,468.80
Total Assets	11,505,640.89	9,583,422.06	9,583,422.06	20.06	8,736,465.96	8,736,465.96

2. Major Financial Indicators

	2022	2021		Change (%)	2020	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Basic Earnings Per Share (EPS) (RMB/share)	1.10	0.93	0.93	18.28	0.54	0.54
Diluted Earnings Per Share (EPS) (RMB/share)	1.10	0.91	0.91	20.88	0.54	0.54
Basic Earnings Per Share (EPS) Excluding Non-Recurring Items (RMB/share)	1.10	0.92	0.92	19.57	0.54	0.54
Weighted Average Return on Net Assets (%)	18.06	17.14	17.14	Increased 0.92 percentage points	10.76	10.76
Weighted Average Return on Net Assets Excluding Non-Recurring Items (%)	18.20	17.02	17.02	Increased 1.18 percentage points	10.80	10.80

Explanation of the Company's Major Accounting Data and Financial Indicators over the last three years at the end of the reporting period

Applicable Not applicable

The net profit attributable to the shareholders of the listed Company in this reporting period includes interest of RMB 170 million attributable to perpetual bond holders. After deducting this amount, the net profit attributable to the shareholders of the listed company in this reporting period was RMB 2.47 billion. Basic earnings per share, diluted earnings per share, basic earnings per share after deducting non-recurring gains and losses, weighted average return on net assets, and weighted average return on net assets after deducting non-recurring gains and losses were all calculated after deducting perpetual bonds and interest.

The non-public offering of A shares by the Company in 2022 will not have a dilutive effect on the earnings per share of the company before the completion of the share registration for the project.

The Company implemented the accounting treatment related to income tax effects on financial instruments classified as equity instruments by the issuer according to Interpretation No. 16 of the Enterprise Accounting Standards, and retrospectively adjusted the profit and loss items of the income statement for 2021 and 2020.

The decrease in net assets attributable to the shareholders of the listed Company at the end of this reporting period compared to the same period last year was mainly due to the Company's decision not to exercise the renewal option and proactively redeem the perpetual bonds.

II. Bulk Supply Chain Market Development History and Future Trends Analysis

1. Industry Development History

Since the emergence of modern business civilization, the exploration of how to solve the problem of temporal and spatial allocation of resources to better match, stabilize and timely meet demands and supplies has been an ongoing endeavor. Different enterprises from different eras have provided different solutions, which have not only created a group of great enterprises but also promoted the progress of modern business civilization. Essentially, bulk supply chain services optimize the temporal and spatial allocation of various resources to help all partners improve efficiency, reduce costs, create value, and thus share benefits.

In the early stages of China's reform and opening-up, major supply chain enterprises primarily engaged in agent services such as freight forwarding, customs clearance, and simple trading to expand their market presence. However, with China's accession to the WTO in 2001, its manufacturing industry became one of the main driving forces behind the world's economic development. As a result, the scale of the major supply chain market rapidly expanded, and the business model quickly iterated, gradually developing into a group of major supply chain enterprises with nationwide and even global influence.

Through benchmarking with overseas leading bulk supply chain companies, we have found that:

(1) The concentration of China's bulk supply chain industry is showing an accelerating trend, with the top enterprises' business scale continuously expanding.

The concentration of overseas bulk supply chain market is much higher than that of the domestic market, and an oligopoly competition pattern has basically taken shape. Among them, the top five comprehensive trading companies in Japan accounted for 31% of Japan's total external trade volume in 2021, and the four major international grain traders have controlled 80% of the global grain trade. The four major crude oil and mineral traders had a revenue scale of over trillions of US dollars in 2022. In the past five years, the scale of China's bulk supply chain market has remained relatively stable at around 40-50 trillion yuan, however, the combined revenue scale of the top four

companies in the industry (CR4) has rapidly increased from around 900 billion yuan in 2018 to 2.3 trillion yuan in 2022, corresponding to a rapid growth in market share from 2.19% to 4.19% with an accelerating upward trend.

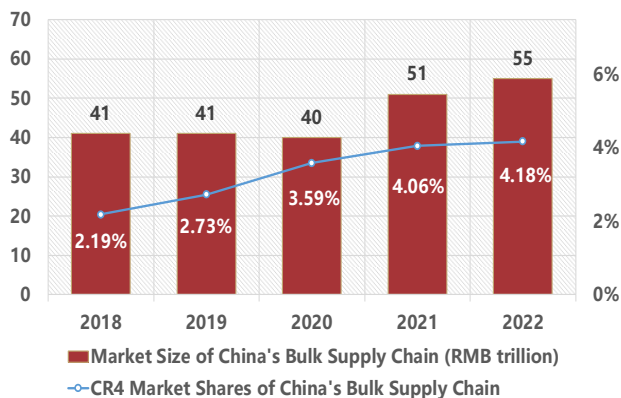


Chart1: China's Bulk Supply Chain Market Scale and CR4 Market Share

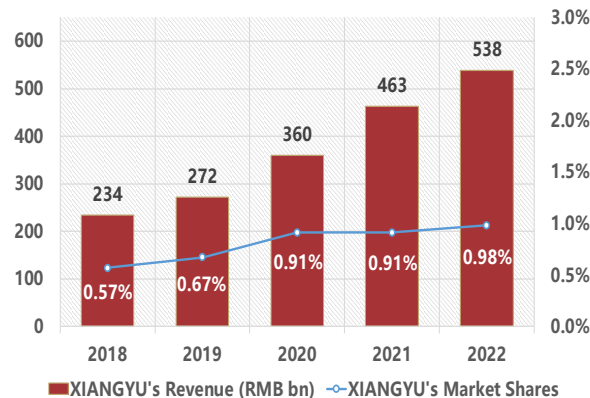


Chart2:the Total Operating Revenue and Market Share of the Company

(2) China's bulk supply chain industry is upgrading from traditional trade to industrial chain services and operations, leaving significant room for improvement in profit margins.

In terms of business models, overseas large-scale supply chain giants have a high degree of integration and involvement in the industrial chain. To illustrate, ADM has established an industrial chain operation model of "Farm-Storage-Processing-Transportation-Sales", while Glencore and Trafigura Group have taken "Upstream Mining Rights Resource Control" and "Industrial Chain + International Logistics Resource Integration" as the development main line, with the profit margin above 2%, significantly higher than that of domestic supply chain leading enterprises. China's bulk supply chain industry experienced events such as the "Financial Crisis" and "Steel Trade Incident", which unveiled systemic risks in the traditional trade model. As a result, leading supply chain enterprises have begun to transform from traditional "single-point services" to "comprehensive services" and then to "full-industry chain services", and have practiced the "industrial chain operation" model in some areas, with significant marginal improvement room for profit margins.

(3) Internationalization brings new opportunities to China's bulk supply chain industry

In terms of internationalization, overseas bulk supply chain giants mainly operate in the form of

multinational corporations and global resource deployment, while domestic bulk supply chain enterprises are accelerating their international presence and expanding their import and export business on the basis of deepening the domestic market. With the continuous deepening of the "Belt and Road" initiative and the deepening trend of global supply chain restructuring, the internationalization of China's bulk supply chain is ushering new opportunities.

(4) China's bulk supply chain industry is building its own distinctive competitive advantages.

Based on specific historical foundations and national differences, overseas leading companies in the bulk supply chain industry improve their market competitiveness through global resource integration, upstream resource control, and industrial chain operations. In contrast, China's leading companies in the bulk supply chain industry rely on the huge demand from China's manufacturing industry and build their own distinctive competitive advantages through integrated service capabilities (such as multimodal transport solutions, supply chain finance, secure logistics, and cost management) and technological applications.

2. Industry Development Trends

Over the past few years, the bulk supply chain industry in China has been influenced by various factors, including global geopolitical situations and changes in the macro environment. As a result, we predict that the industry will rely more heavily on technology-driven models in the future, with a greater focus on supply chain security and stability, in response to the evolving demands of manufacturing enterprises.

(1) The importance of bulk supply chain security and stability will be further highlighted

Given the unpredictable nature of the international situation and the growing complexity of the global economic environment, the security and stability of bulk supply chains are becoming increasingly crucial for economic growth. Both the 20th National Congress of the Communist Party of China and the "14th Five-Year Plan" for the development of modern logistics have outlined the need for more resilient and secure industrial and supply chains, with an emphasis on the development of a bulk supply chain service platform that can seamlessly connect production,

logistics, and trade. With the leading state-owned bulk supply chain industry playing a crucial role in ensuring resource acquisition and logistics security, its importance will continue to be highlighted going forward.

(2) The elevation of customer demands in the manufacturing enterprise will upgrade the supply chain industry to a new level

As China's economy growth shifts from high-speed growth to high-quality development, manufacturing enterprises are becoming more specialized and large-scale. Consequently, they are placing greater emphasis on the safety and efficiency of supply chains, demanding higher standards in the integration of raw and auxiliary material supplies, efficient distribution of finished products, optimized logistics costs, convenient financing channels, inventory safety, and improved turnover efficiency. Evolving customer demands have propelled supply chain enterprises to upgrade their service models from "single-category, single-link services" to "multi-category combination, link integration, chain extension, regional coordination, and other diversified services". This has led to diversified product combinations and logistics infrastructure becoming crucial factors, and "trade-logistics linkage" combining diverse commodity operations with multimodal transportation services has emerged as a core capability.

Against this backdrop, supply chain enterprises with supply chain solution design and integrated comprehensive service capabilities based on "trade-logistics linkage" have the opportunity to intervene in more service links of the industrial chain, and deepen customer stickiness, enhance market share and profitability levels through efficient resource allocation and networked logistics service capabilities.

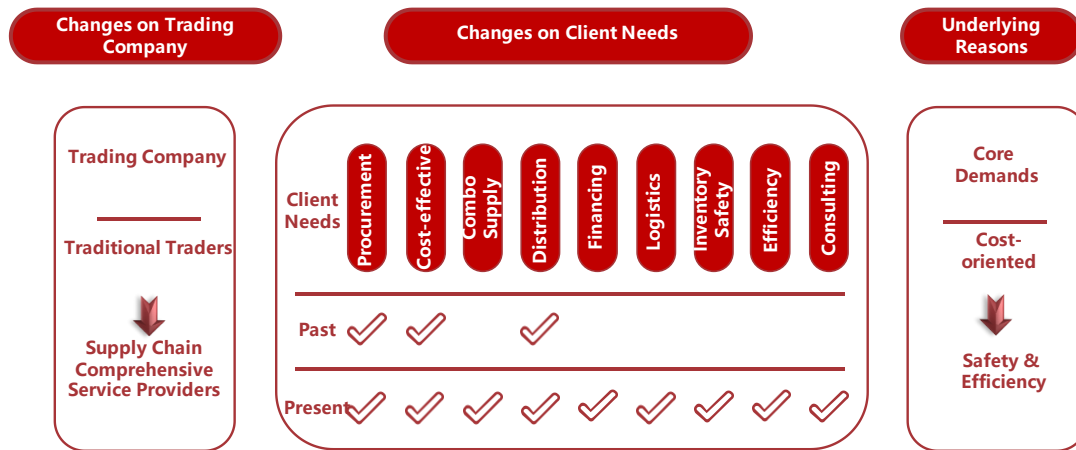


Chart3: Changes in Customer Demand and the Evolution of Service Providers

(3) Digital intelligence has the power to drive innovation in domestic bulk supply chain models.

In recent years, digital technologies such as cloud computing, big data, artificial intelligence, blockchain, and others have been rapidly expanding and infiltrating the bulk supply chain service industry. By incorporating online supply chain solution design with digital capabilities at its core, and offline integrated service capabilities, it can effectively enhance the collaborative efficiency of various links in the bulk supply chain. This will result in a platform-based sharing of logistics, commercial, information, and capital flows, and greatly expand the service space of the supply chain industry.

III. Business Model

The Company places emphasis on fulfilling the fundamental requirements of its manufacturing enterprise clients, consistently refining its product mix, enhancing its business approach, and bolstering its profitability framework, with the ultimate aim of becoming a frontrunner in the industry through model leadership.

1. Commodity Mix

To cater to both market demand and its own business philosophy, the company applies three criteria in selecting commodities. Firstly, the product must have high liquidity. Secondly, it must be highly standardized, with facilities for easy storage. Lastly, the product must experience high demand and there must be long supply chains within the industry, enabling comprehensive services across multiple levels.

Currently, the company mainly participates in bulk commodities market, forming four major categories under operations: metallic minerals, agricultural products, energy and chemicals, and new energy, including six core products - ferrous metals, aluminum, stainless steel, grains, coal, and new energy, which reflect the company's diversified business scope.

The Company is continuously expanding its range of products, and building its ability to provide a diversified portfolio of bulk commodities. It also actively adjusts its product mix in response to industry fluctuations, with better growth potential and cycle hedging capabilities.

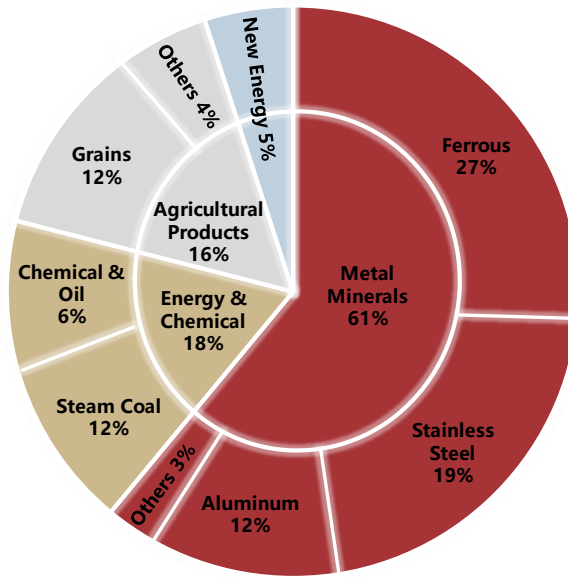


Chart4: 2022 Gross Profit Breakdown (Considering Effect of Hedging on Gross Profit with Usage of Future)

The Company has been strategically concentrating on key product categories, establishing a competitive edge in scale and market influence. The market shares for our core commodities within the supply chain is as follows:"

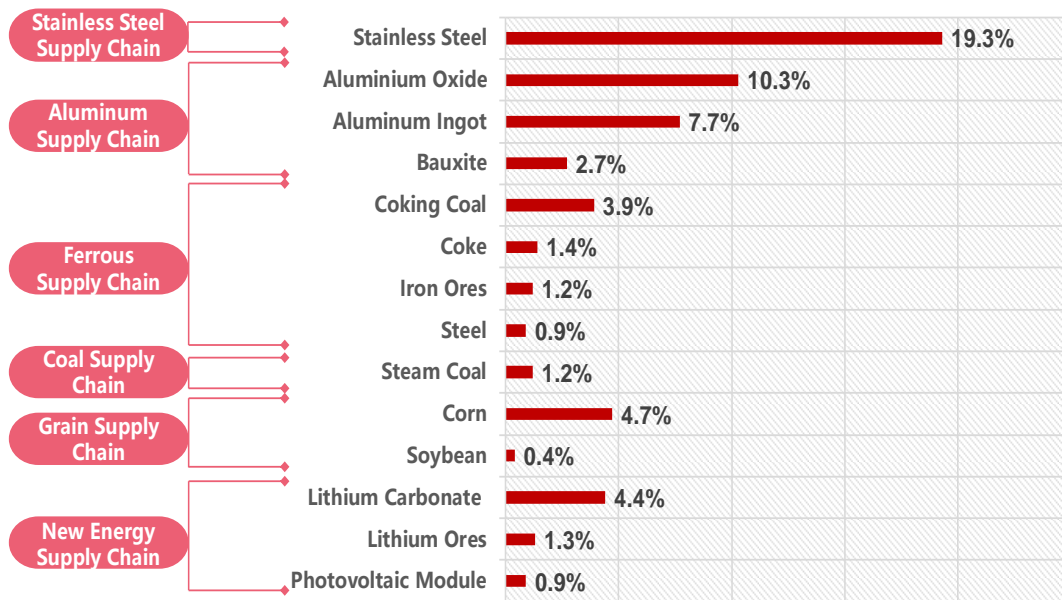


Chart 5: 2022 Supply Chain Core Product Market Share (Volume-Based)

Note:

- ① Market share is calculated as the company's operating volume divided by the total domestic production and import volume. The company's operating volume excludes entrecote trade.
- ② The market size of stainless steel is estimated by the sum of crude stainless steel production and import volume.

2. Customer Structure

Leveraging its brand reputation and top-notch service, the Company has successfully broadened its customer base through a dedicated sales team. As of December 31, 2022, the Company boasts over 14,000 loyal customers, reflecting a CAGR of 13% over the last three years. Of these customers, more than 400 are medium to large-sized businesses with annual business scale exceeding 300 million yuan, showing impressive expansion with a CAGR of over 30% across the same period.

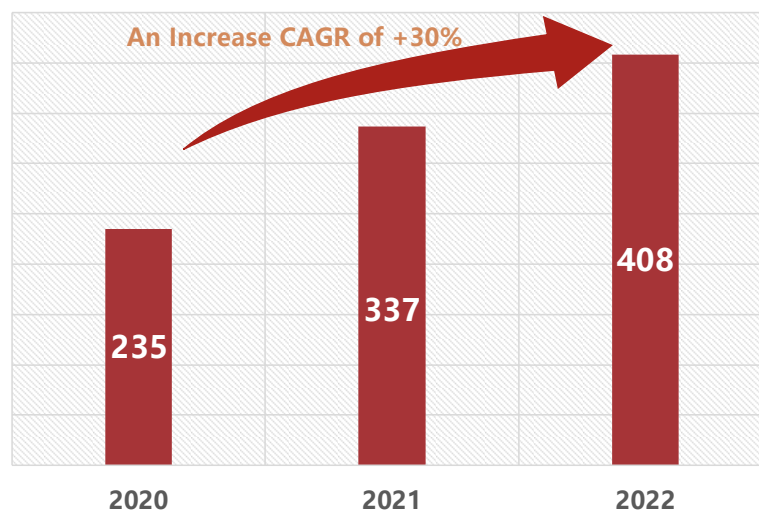


Chart6: Number of Medium to Large-sized Customers of the Company in the Last Three Years

Notes: The medium to large-scale customers referred to in this report are those whose annual business scale exceeds 300 million yuan.

In recent years, the Company has been consistently optimizing our customer structure by elevating the percentage of manufacturing enterprise customers and scaling up our service offerings. As of 2022, manufacturing enterprise customers make up more than 50% of our customer base and contribute 60% of our commodity business. Notably, the proportion of manufacturing enterprise customers in the new energy supply chain surpasses 90%, and this figure is over 60% in the black metal, stainless steel, aluminum, and coal supply chains. In addition, service provision to grain and raw materials supply chain customers surpasses 50%.

3. Operating Mode

In stage 1.0, the Company transitioned from a "Single-point Service" model to an "Integrated Service" approach, offering one-stop comprehensive services such as raw material procurement, finished product distribution, inventory management, warehousing and logistics, and supply chain finance. Through customizing and providing procurement and sales plans, cross-regional transportation, and other comprehensive services, the company successfully resolved the issue of spatial and temporal disparities for bulk commodities.

A prime illustration of this model is the virtual factory initiative, wherein the Company plays a full-fledged role in the critical manufacturing supply chain, furnishing customers with raw material procurement and supply, product distribution, as well as ancillary services such as logistics, finance, consulting, among others, thereby generating profit from the services we provide..

In stage 2.0, the Company had established customer loyalty and channel advantages by offering "Integrated Services" in a specific industrial chain segment. Building on this success, the Company extended its "Integrated Services" upstream and downstream along the industry chain, and initiated "Full-industry Chain Service Model". The model expands range of goods and growth potential.

In stage 3.0, after forming service and advantages of industry research throughout the full industry chain, the Company capitalized on the opportunity to enter the productive manufacturing links with value-adding potential, forming an industrial chain operation mode of "Supply Chain Services + Production Manufacturing", further improving the profitability of comprehensive revenue and smoothing cyclical fluctuations.

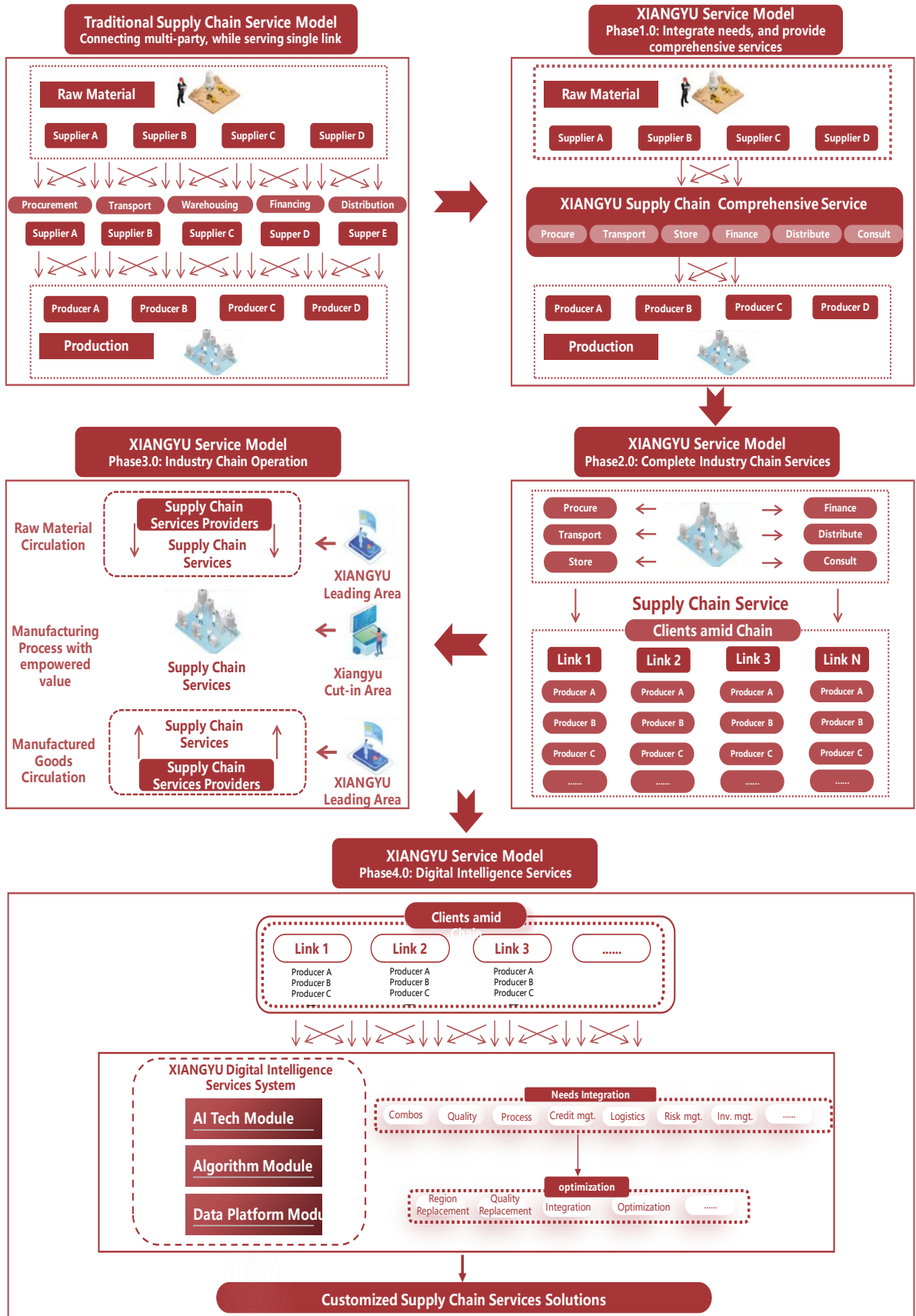


Chart7: The Evolution of the Company's Operating Mode

In the 4.0 phase, the Company has established a diverse range of comprehensive service capabilities, full-industry chain service capabilities, and industrial chain operation capabilities in the previous three phases. These services are provided either separately or in combination to cater to the needs of customers from various industries, regions, scales, and business natures.

In order to cater to the needs of our customers, the Company has established a range of service capabilities, including networked logistics, digital supply chain, risk management, global resource integration, as well as multidimensional industrial research capabilities and dedicated promotion service teams. These capabilities are interwoven, connected, and integrated onto a platform, which is continuously evolving into the "Xiangyu Smart Supply Chain Comprehensive Service Platform". Through leveraging a vast array of service cases and data gathered from specific business scenarios, our platform gains a profound understanding of the demands and needs of manufacturing enterprise customers. This enables us to swiftly analyze and integrate this information to recommend suitable products and services. By tailoring and customizing our output to each individual client, we deliver personalized supply chain solutions that are perfectly attuned to their unique requirements.

The "Xiangyu Smart Supply Chain Comprehensive Service Platform" has a core advantage in that it combines diverse commodity supply with efficient logistics services through its unique "trade-logistics linkage" system. By seamlessly integrating with the purchasing and sales systems of manufacturing enterprises, the Company utilizes multimodal transportation logistics capabilities, multi-channel commodity supply and sales channels, and big data mining and analysis to accurately predict customer inventory levels, match supply channels to products, and achieve seamless regional warehouse cross-region distribution and cross-period replenishment. This enables us to accurately and efficiently resolve all kinds of "time and space mismatch" issues, making us a leader in the industry.

4. Profit Model

The Company's profit model is centered on generating revenue from services and scale aggregation. This provides a solid foundation for stable profitability. By expanding into new regions, customer

segments, and commodity categories, as well as stacking services, the Company is able to consistently grow their business performance. Additionally, the Company leverage price differences to maximize profitability during commodity price fluctuations.

Table 1 Profit Structure and Definitions

Source of Revenue	Interpretation	the Correlation with Commodity Prices	Proportion
Service Revenues	<p>By leveraging the benefits of platformization and scaling our operations, the Company offer customers comprehensive services across the entire industry chain. The Company offerings include agency procurement and sales, processing, logistics and distribution, supply chain finance, and information consulting, for which the Company earn service fees (including Financial Service Revenue). Through the "Yuliantong" digital supply chain service platform, the Company upgrade supply chain finance service model, charging customers stable service fees without assuming guarantee responsibilities.</p> <p>By procuring directly from upstream sources and integrating services throughout the chain, the Company enhance circulation efficiency between links, reduce operating costs, and boost revenue levels.</p>	Weak Correlation	> 70%
Transaction Revenue	<p>Leveraging our extensive business volume, we strive to achieve cost advantage through centralized procurement and specialized operation, thereby reducing operational costs across all segments and contributing to trading revenue. As the Company continue to enhance our scale advantage and professional expertise, the sensitivity of</p>	Weak Correlation	< 30%

Source of Revenue		Interpretation	the Correlation with Commodity Prices	Proportion
		the Company's trading revenue to price fluctuations in commodities has also decreased. The Company strive for consistent and sturdy growth, improving revenue levels through physical-commerce and trade-trade linkage.		
	Profiting from Price Disparities	By leveraging the Company's expertise in professional analysis and judgment, the Company conduct trades by studying the trends of commodity price changes over time and the spatial differences in pricing across different regions to generate profitability. With a vast customer network and robust logistics infrastructure, the Company enhances its capabilities in industry research and supply-demand analysis, strategically managing positions to maximize returns.	Strong Correlation	

5. Innovation and Dimension Ascending

The Company focuses on the needs of manufacturing enterprises and leverages the "Xiangyu Smart Supply Chain Comprehensive Service Platform" to participate in more service processes, while addressing the long-standing pain points in the supply chain field. To address the difficulties faced by manufacturing enterprise clients in seeking financial support, such as difficulty in financing, high financing costs, and slow financing, the Company have introduced an external financial ecosystem and created the "Yuliangtong" Digital Supply Chain Service Platform, solving the problem of credit transmission within the bulk supply chain financial industry. Additionally, to address the long-standing problem of information asymmetry, multiple circulation links, and low efficiency in the agricultural sector, the Company have introduced information technology for internet transformation and built the Xiangyu Industry-level Agricultural Internet Platform.

(1) "Yu Lian Tong" Digital Supply Chain Service Platform

The "Yu Lian Tong" service platform leverages cutting-edge technologies like blockchain, artificial intelligence to establish a secure logistics ecosystem. It ensures complete visibility into transportation and warehousing operations, providing continuous tracking of goods on-the-way and within storage facilities, along with tamper-proof digital asset credentials. By bridging the credit gap between fund suppliers and demand side, the platform ensures the safety of goods and the reliability of transactions. The company could charge customers a stable service fee without assuming any guarantee responsibility.

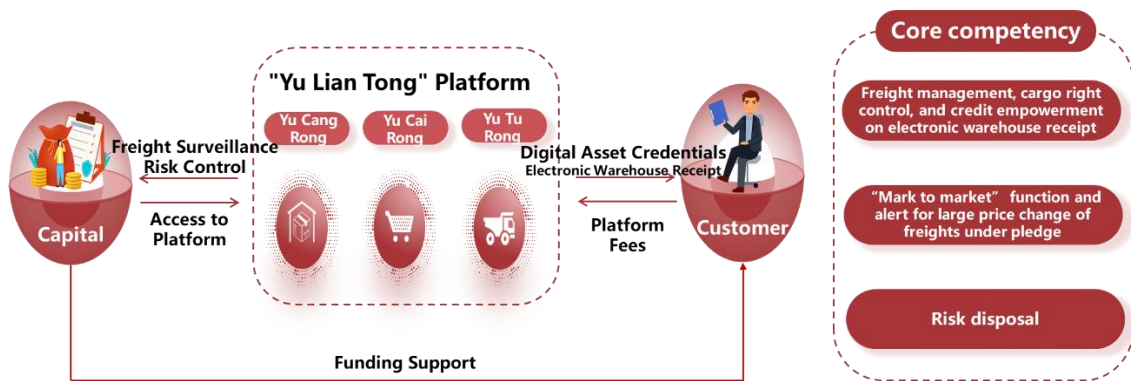


Chart8: Operating Mode of the "Yu Lian Tong" Service Platform

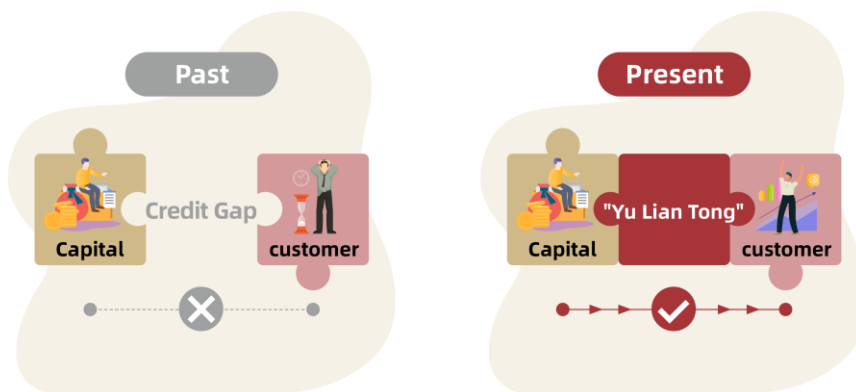


Chart9: Business Value of "Yu Lian Tong" Service Platform

As of the end of 2022, the "Yu Lian Tong" service platform has obtained special credit of nearly 9 billion yuan for its clients, with a cumulative credit usage of over 11 billion yuan. With the rapid development of "Yu Lian Tong" service platform business, the Company's asset-liability structure and overall income level are expected to continually improve, and the supply chain is anticipated to bring significant changes to the existing supply chain finance industry ecosystem.

(2) Industry-level Agriculture Internet Platform

The digital transformation journey of China's agricultural sector has faced significant hurdles in terms of information asymmetry, numerous intermediaries along the food supply chain, and overall inefficiencies. To address these challenges, the Company has joined forces with top-tier firms such as Alibaba to develop the "Xiangyu Industry Level Agriculture Internet Platform ". This groundbreaking platform has enabled end-to-end digitalization of all key phases in the process, including planting, warehousing, transportation, and processing. As a result, the Company has established an integrated service framework that encompasses critical offerings such as advice on planting, financial support, storage options. By achieving differentiated competitive advantages in areas such as primary grain acquisition, diversified grain operations, proprietary logistics infrastructure, and complete end-to-end industrial chain management, our company has positioned itself at the forefront of the industry.

In the front section, the Company has formed a grain planting industry alliance and launched the "XingXing XiangNong" app to offer farmers an array of crucial services, including agricultural material procurement and sales, agricultural technology consulting, and product storage solutions. This move aims to address the industry's common problems such as primitive channels, multiple trade links, and information asymmetry, thereby strengthening our ability to control first-hand sources of grain and expand our variety.

In the middle section, the Company has strategically built a grain warehouse point alliance in the midstream, consolidating various third-party storage nodes in other regions. This approach has significantly increased the Company's grain procurement network density, expanded coverage, and further penetrated deep into the industry. Moreover, with the resolution of the long-standing problems of selling and warehousing difficulties in the industry, the alliance is poised to

successfully serve a wider clientele, stretching from Heilongjiang to Jilin, Liaoning, and beyond.

In the later phase, the Company successfully established a highly efficient grain distribution industry alliance, which, in turn, enabled us to establish an extensive North-South transportation logistics service system, allowing us to achieve seamless cross-regional adjustments of diversified quality raw materials - effectively meeting the needs of feed, breeding, and deep processing enterprises within various regions. Our company supplies over ten million tons of raw materials annually to clients such as Wen's Foodstuff Group Co., Ltd., Shuangbaotai Group Co., Ltd., Haida Group Co., Ltd., and Yihaikerry Group Co., Ltd., making us the largest corn industry chain service provider in the A-share market.

Upon establishing a comprehensive service and channel infrastructure spanning the entire industrial chain, the Company decisively delved into the production manufacturing arena, setting up soybean crushing facilities and enhancing our operational competence throughout the industrial chain.

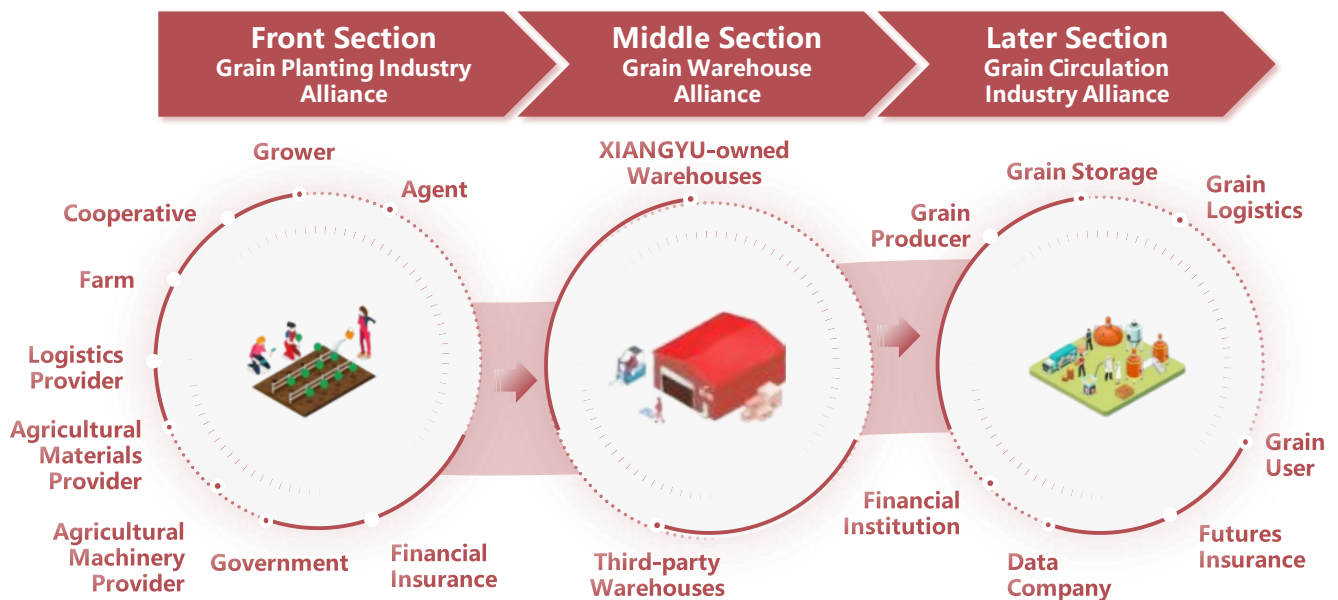


Chart10: Industry-level Agriculture Internet Platform

IV Analysis of Core Competitiveness in Reporting Period

1. Networked Logistics Service Capability

Ranking 3rd among China's top 100 warehousing enterprises, the Company holds a coveted 5A rating as a national logistics powerhouse. The Company's three logistics entities, Xiangyu Express, Xiangdao Logistics, and Xiangyu Agricultural Produce, are bolstered by a highly competent and market-savvy logistics service team of over a thousand professionals.

The Company have pioneered a networked logistics service system that centers on "highway, railway, waterway, and warehouse" and links domestic and overseas markets. This system comprises a railway transportation network that spans the east-west and north-south axes, a nationwide road transportation network, an ocean-bound water transportation network connecting to major domestic ports and countries along the "Belt and Road" initiative, a warehousing cluster that blankets the coastal areas in the east and the commodity hubs in the central and western regions, and logistics service capabilities in international chartering and block train services that bridge to overseas markets. Our customers can expect high-quality, customized, and full-process bulk commodity logistics services and multimodal transportation solutions.

The Company have also elevated its logistics service system's operational efficiency and market competitiveness by creating multiple multimodal transportation routes, like the "cross-province circulation of aluminum products," "north-to-south grain transportation," "west-to-east coal transportation," and "north-to-south coal transportation."

Table2 Logistics Resources and Capabilities

Category	Resources Capability
Railway	The Company boasts 14 state-of-the-art railway freight terminals, comprising 11 that are self-owned, two of which are leased, and one managed facility. These terminals are strategically located in central and western regions, and serve as pivotal distribution hubs for bulk commodities. The Company's infrastructure is further enhanced by its comprehensive network of 47 railway dedicated lines, a vast expanse of container yards and warehouses close to 2.2 million square meters, and an impressive fleet of more than 25,000 self-owned containers. With annual shipping capacity exceeding 35 million tons,

Category	Resources Capability
<p>Highway</p>	<p>we are the undisputed industry leaders in this domain, paving the way for high-quality coal and aluminum product transportation routes such as "Shandong/Henan-Xinjiang" and "Shaanxi-Yunnan/Guizhou/Sichuan".</p> <p>The Company currently boasts an impressive fleet of over 1,300 self-owned transportation vehicles, which are utilized to ensure seamless and efficient transportation of goods. In addition to its self-owned vehicles, the Company have also employed a state-of-the-art freight online platform, which seamlessly integrates with over 56,000 social vehicles to deliver exceptional transportation services. Through these combined efforts, the Company have achieved a remarkable transportation volume exceeding 9 million tons in 2022, further solidifying its position as industry leaders in the domain of logistics and transportation.</p>
<p>Waterway</p>	<p>To further enhance our capabilities in the maritime shipping sector, the Company has forged strategic partnerships with renowned port enterprises such as China Merchants Port Group Co., Ltd., Shandong Port Group Co., Ltd., COSCO, Qingdao Port Group Co., Ltd., Lianyungang Port Group Co., Ltd., Rizhao Port Group Co., Ltd., and others. By integrating shipping capacity and leveraging the strengths of its partners, the Company have achieved an impressive annual shipping volume of approximately 25 million tons along the domestic coast and the Yangtze River basin.</p> <p>As part of its efforts to bolster its maritime logistics capabilities, the Company have also invested in one self-owned ship for collection and distribution. Furthermore, in 2022, the Company unveiled a new online waterway platform that integrates more than 80 social vessels, with a commissioned volume of 1.3 million tons. Through this strategic combination of self-owned vessels and cooperative partnerships, the Company have established a robust waterway capacity configuration that is second to none.</p>
<p>Warehousing</p>	<p>In the area of grain procurement, our company has established a strong presence with 10 highly efficient procurement platforms that rank among the top in the industry. We also boast a significant self-owned storage capacity that exceeds 13 million tons, with the support of advanced equipment that includes 9 railway dedicated lines. In addition, we have built a network of 45 self-owned and leased warehouses, spanning close to 1.5 million square meters, providing ample storage space for our clients. To further enhance our storage capabilities, we have also established 8 storage yards, covering an area of nearly 450,000 square meters. Through these investments, we are well-equipped to support our clients' grain procurement, storage, and transportation needs, and to provide them with end-to-end supply chain solutions.</p>
<p>International Logistics</p>	<p>By relying on the global international chartering capacity for bulk dry cargo and the service capabilities of international train logistics channels, the Company have established channels such as the "China-Indonesia Logistics Channel," "China-Vietnam & Thailand Logistics Channel," and the "China-Europe Train" to develop international multimodal transportation capabilities and strengthen its overseas logistics localization capabilities.</p>

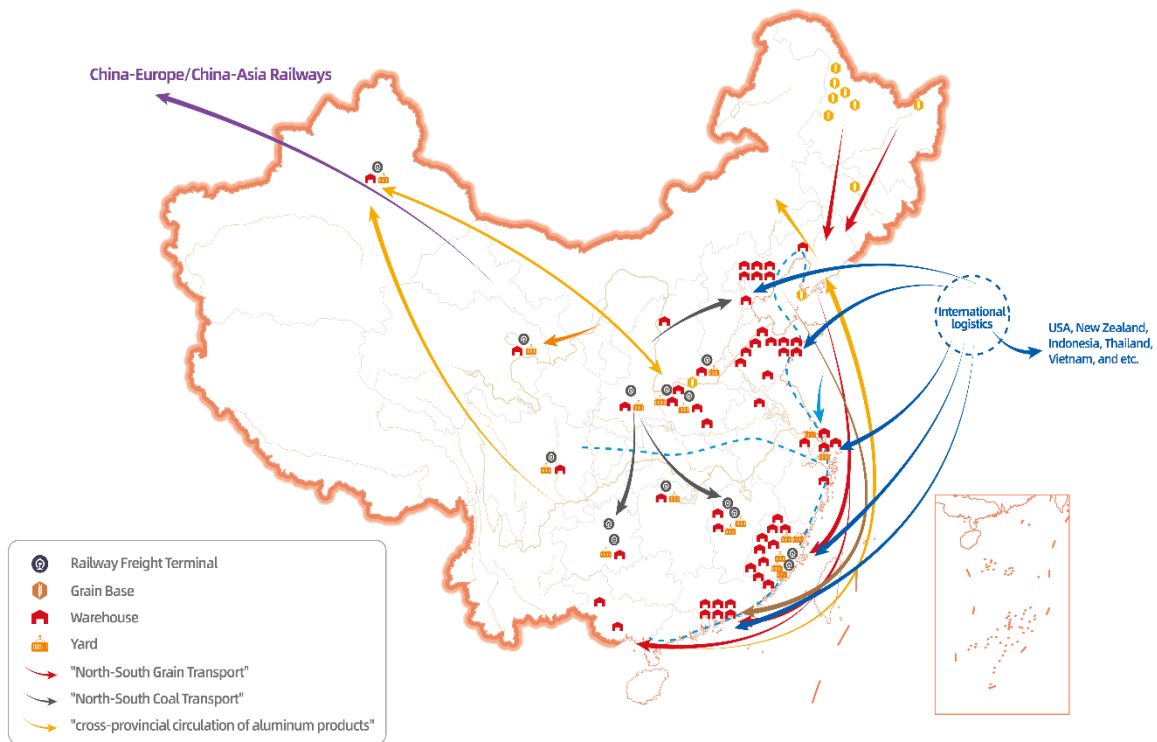


Chart11: The Company's Networked Logistics Services System Connects Domestic and Overseas Markets

Establishing a networked logistics service system is a key competence of the Company in serving clients within the manufacturing industry, while also representing a vital foundation for the Company's ability to exercise control over cargo rights, and to upgrade their business dimensions through digital empowerment.

2. Digitalized Supply Chain Service Capability

The Company's primary focus revolves around three core principles: expanding incremental markets, improving service efficiency, and upgrading maintenance business models. This is achieved through the utilization of extensive business data, an abundance of customer resources, and various applicable scenarios to construct an intelligent information technology system. The digitalization and implementation of intelligent systems within the Company is divided into three primary categories:

One of the critical aspects of the Company's digitalization and intelligence construction is the modernization of logistics infrastructure. This involves the transformation of warehouses into intelligent facilities, the establishment of a smart logistics service platform, the optimization of

logistics management processes to improve efficiency, the strengthening of cargo ownership control capabilities, and the development of multi-link series integration for multimodal transportation systems. The Company is committed to utilizing cutting-edge technology and advanced systems to ensure that its logistics operations are streamlined, efficient, and fully optimized.

Another crucial aspect of the Company's digitalization and intelligence efforts is the drive towards business model innovation. Leveraging its intelligent logistics platform, the Company has developed the "Yu Lian Tong" Digital Supply Chain Service Platform, which facilitates efficient connections between capital and customer needs. Additionally, in collaboration with the Alibaba team, the Company has established an "Industrial-level Agricultural Internet Platform" to promote integration and connectivity across the entire grain industry value chain, comprising the core alliances of the Grain Planting Industry, Grain Warehouse, and Grain Circulation Industry. Through these innovative business models, the Company is actively driving digitalization and intelligence-powered growth and fostering the development of an ecosystem that benefits all industry stakeholders.

Furthermore, the Company's information technology system provides robust functional protection and enhances management efficiency. A comprehensive guarantee system has been established to cover vital modules such as financial control, human resource management, customer relationship management, risk management, equipment and asset management, and others, thus providing all-round support for business operations. Additionally, through the utilization of enterprise operation analysis systems, customer analysis tools, and big data operations systems, the Company is able to sort, analyze, and strategically utilize vast amounts of business data and customer resources, to better serve its operational policies. In summary, the Company's sophisticated information technology systems empower it to achieve functional protection, streamline its operations, and capitalize on valuable data insights in a proactive and effective manner.

3.Systematic Risk management Capability

The Company has established a strong foundation for its risk control system by targeting extensive manufacturing enterprises as its main customers, and focusing on highly liquid and easily convertible bulk commodities as its primary products. Through the use of a multi-dimensional commodity portfolio, the Company is able to effectively mitigate systemic risks.

The Company has implemented a comprehensive three-line risk management approach, consisting of the first-line business department, headquarters risk control department, and headquarters audit department. To ensure stable operation, the Company focuses on pre-control system construction, in-process management, post-summary and system optimization, and creates risk management maps for major identified risks. These risks are then classified, layered, and managed through a hierarchical approach, with particular emphasis on areas such as credit risk and price risk. By leveraging digitalization, the Company also strengthens its approach to business model innovation.

In recent years, the Company has demonstrated a strong financial performance, with credit impairment losses as a proportion of total operating profits remaining below the industry average. Additionally, the Company has effectively controlled non-recurring gains and losses, resulting in a steadily increasing net profit attributable to parent shareholders and a continuously improving return on equity (ROE) level. These positive trends have led to a significant enhancement of profit stability, and the Company's risk management effectiveness has been demonstrated sustainably.

4.Global Channels and Resource Integration Capabilities

The Company has strategically partnered with a select group of high-quality industry leaders in metal minerals, agricultural products, energy and chemical, new energy, and other sectors, creating a sophisticated and stable global distribution network. Through close collaboration with upstream and downstream clients, fund providers, technical support, and logistics service providers - both domestically and internationally - the Company has accumulated a wealth of industry experience, information, logistics, and financial resources. The Company's resource

advantages are steadily strengthening, and its business model continues to mature, as evidenced by its increasing bargaining power upstream, improved distribution power downstream, and comprehensive supply chain service capabilities.

5. Multidimensional Industrial Research Capabilities

The Company has instituted a cutting-edge research framework, which includes a "headquarters research institute," dedicated subsidiary research departments, and frontline business entity research teams. These accomplished researchers provide insights on macroeconomic trends, industry sectors, and segmented products. Additionally, the Company has established a strategic partnership with the renowned investment research institution, Kaifeng Investment, creating a robust collective of research talent. To support its operations, finance, logistics, risk control, and human resources, the Company has meticulously constructed a comprehensive supply chain database, amassing massive data and empowering data processing models. The Company has also continuously strengthened its data mining capabilities to proactively prevent industry risk events, successfully navigate market price fluctuations, and ensure the smooth and efficient operation of the Company. The Company's industry research capabilities are fundamental to maintaining its competitive edge and fulfilling its operational objectives.

6. Professional Supply Chain Service Team

With a strong focus on talent cultivation and team building, the Company has established a series of market-oriented and highly specialized supply chain service teams. These teams possess rich operational experience, formidable market development abilities, and a high degree of professional expertise, granting them the capacity to design customized and professional supply chain solutions in response to clients' requirements. The Company's team management and incentives are keenly adapted to the market, with the launch of Stock Incentive Plan in 2020 and 2022, refining the company's long-term incentive structure to reward and motivate key talents. The total incentive grants amounted to almost 8% of the total share capital and are tilted towards core management personnel and frontline business teams, serving to attract and retain top-tier talent, and fully stimulating the enthusiasm of core personnel in the Company.

V. Management Discussion and Analysis

1. Business Performance in 2022

In 2022, in the face of the complex and challenging domestic and foreign environment, as well as the unexpected impact of multiple factors, the Company adhered to the principles of prioritizing the supply chain, fostering a service industry chain, and generating value through the creation chain. Through adherence to the guiding tenets of the "6th Five-Year Plan," the Company persisted in pursuing innovation and transformation, relentlessly expanding the boundaries of its service offerings, extending its reach across multiple service chains, augmenting its capabilities to deliver top-tier service, and sustaining a robust operating environment.

The company's brand influence continues to grow, as evidenced by its inclusion in the Fortune China 500 list for 11 consecutive years, with its ranking rising to 28th place. Additionally, the Company has been awarded several prestigious honors, including the 2022 National Supply Chain Innovation and Application Demonstration Enterprise, 5A-level Supply Chain Service Enterprise, Pioneer Award of Industrial Internet Digital Intelligence, and GoldenBee 2022 CSR China Honor Roll ESG Competitiveness Responsible Procurement Award List. In addition, the Company's main credit rating has been maintained at the AAA level.

(1) Major Financial Data

In 2022, the company achieved a business revenue of 538 billion yuan, an increase of 16.35% YoY; a net profit of 3.78 billion yuan, an increase of 37.18% YoY; a sales net profit margin of 0.70%, an increase of 0.10 percentage points YoY; a net profit attributable to shareholders of the parent company of 2.64 billion yuan, an increase of 20.18% YoY; and a net asset return rate of 18.06%, an increase of 0.92 percentage points YoY. At the end of 2022, the company's asset-liability ratio was 68.37%, an increase of 1.06 percentage points YoY.

In the past three years, the Company's business revenue, net profit, and net profit attributable to shareholders of the parent company have maintained a steady growth momentum, with a compound growth rate of 22.23%, 51.30%, and 41.21% respectively. Additionally, the net asset

return rate and sales net profit margin have continued to improve, achieving a reasonable growth in quantity and a steady improvement in quality.

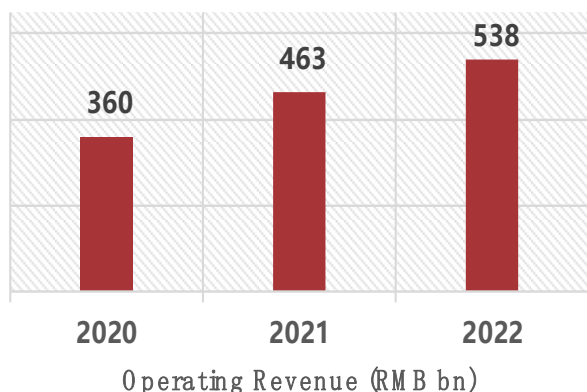


Chart12 : Three-Year Total Operating Revenue: A Detailed Overview

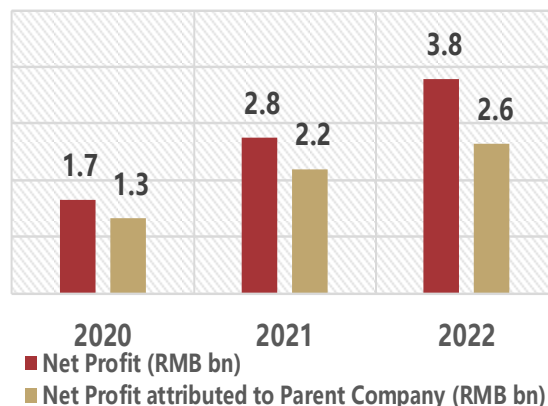


Chart13: Three-Year Net Profit and Net Profit Attributable to Parent Shareholders: A Detailed Overview

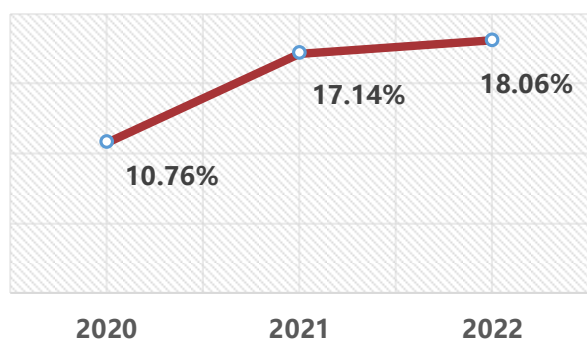


Chart14: Three-Year ROE: A Detailed Overview

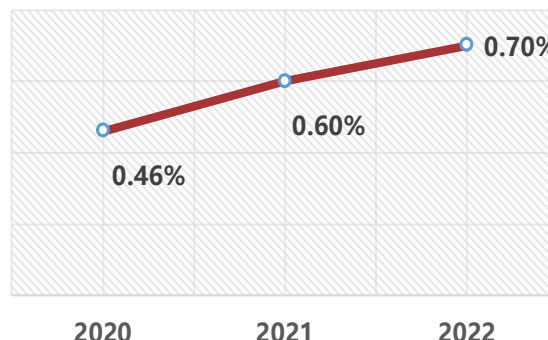


Chart15: Three-Year Gross Profit Margin: A Detailed Overview

Notes: In order to drive growth, the Company sought new business opportunities and strategic partnerships with other leading companies within the industry. By doing so, the Company was able to access high-quality resources and expand their business channels. However, due to the formation of minority shareholders' rights and interests resulting from those partnerships, net profit attributable to parent shareholders was impacted, resulting

(2) Primary Business Data

The Company has entered into a Blanket Purchase Agreement with its customers to furnish them with a comprehensive range of supply chain services encompassing procurement and distribution, logistics, supply chain finance, information consulting, processing, and so forth. In line with industry norms and practices, all aforesaid services were dependent on the bulk commodity supply

as the primary carrier, and their corresponding revenue and profits were manifested in the operating performance of core commodities, as articulated below:

Unit: 100M, RMB

Category	Total Operating Traded Volume		Total Operating Revenue		Gross Profit (Considered hedging impact of future)		Gross Profit Margin (Considered hedging impact of future)	
	Number (10K tons)	YOY	Amount	YOY	Amount	YOY	Value	YOY
Metallic Mineral	11,665	-5.65%	3,491	8.02%	54.90	30.85%	1.57%	Increase 0.27 percentage points
Among: Ferrous Metal	7,675	-10.40%	1,171	-14.17%	24.21	19.85%	2.07%	Increase 0.59 percentage points
Stainless Steel	1,606	19.07%	1,122	44.61%	17.29	15.47%	1.54%	Decrease 0.39 percentage points
Aluminum	2,174	-8.18%	1,033	4.89%	10.96	102.12%	1.06%	Increase 0.51 percentage points
Agricultural Products	1,764	19.39%	520	12.45%	14.12	-22.19%	2.72%	Decrease 1.21 percentage points
Among: Raw Grains	1,446	29.44%	341	26.87%	10.13	3.34%	2.97%	Decrease 0.68 percentage points
Energy and Chemical	6,345	19.56%	919	34.87%	16.25	13.60%	1.77%	Decrease 0.33 percentage points
Among : Coal	5,396	24.00%	467	68.98%	11.15	14.04%	2.39%	Decrease 1.15 percentage points
New Energy	21	22.21%	251	176.23%	4.76	162.65%	1.90%	Decrease 0.10 percentage points
Others	-	-	27	18.25%	-	-	-	-
Total	19,795	3.29%	5,207	16.00%	90.13	16.87%	1.73%	Increase 0.01 percentage points

Notes: ①The recategorization of coking coal and coke, which are supplementary materials for steelmaking, from the energy and chemical supply chain to the ferrous metal supply chain, has led to their inclusion in the black metal supply chain. Consequently, last year's data has been adjusted accordingly. ②The company hedges commodity price fluctuations with futures instruments, which may lead to gains or losses from fair value changes and disposals. By combining futures and spot profits and margins, the overall profit margin is determined, and gains and losses from hedging activities are factored in. This adjusted data represents the period's profits and profit margins.

Despite a decline in operating volume and revenue, the black metal supply chain achieved a significant increase in overall gross profit and gross profit margin by optimizing procurement channels and gradually increasing the proportion of coking coal and coke. After hedging on futures contracts, the aluminum supply chain doubled its gross profit, however, changes in product mix led to a decline in overall operating volume. Due to the increased proportion of market-oriented procurement of raw materials and a decrease in the proportion of competitive bidding, the agricultural supply chain experienced a slight decrease in gross profit and gross profit margin. The coal supply chain aggressively expanded domestic and international customer resources to

increase market share, resulting in a slight decrease in gross profit margin but a significant increase in operating volume and revenue.

In addition to fulfilling the needs of internal supply chain operations, our company's logistics system also offers market-driven services to external clients. This segment's financial performance is accounted for separately and includes the following services:

Unit: 100M, RMB

Category	Operating Revenue		Gross Profit		Gross Profit Margin	
	Amount	YOY	Amount	YOY	Value	YOY
Integrated Logistics	63.97	9.79%	6.38	21.78%	9.97%	Increase 0.98 percentage points
Agricultural Products Logistics	3.12	-16.08%	1.89	-0.08%	60.76%	Increase 9.73 percentage points
Railway Logistics	9.79	-15.33%	0.81	10.60%	8.31%	Increase 1.95 percentage points
Total	76.88	4.53%	9.08	15.47%	11.81%	Increase 1.12 percentage points

Notes: Integrated logistics, agricultural logistics, and railway logistics refer to the market-oriented logistics services provided by three subsidiaries of Xiangyu, namely Xiangyu Express, Xiangyu Farming, and Xiangdao Logistics. Integrated logistics mainly includes international routes, international trains, inland water transportation, road transportation, domestic and overseas warehousing, while agricultural logistics mainly includes grain national and provincial storage services.

The sector of agricultural product logistics has experienced a decline in operating volume and revenue, triggered by the decrease of the national grain storage business. However, the rapid expansion of higher gross margin provincial grain storage and futures delivery storage businesses has offset some of the revenue loss, leading to an increase in gross profit margins. On the other hand, railway logistics have suffered a significant revenue decline due to reduced demand in the construction material market and congestion in the domestic logistics. Nonetheless, the optimization of the business structure has resulted in remarkable growth in gross profit and gross profit margins.

2.Key Operating Results Overview for 2022

In 2022, the Company made ongoing efforts to optimize its customer structure and enhance its core competitiveness in comprehensive supply chain services through the elevation of its level of "Platformization, Internationalization, And Digitization".

(1) Optimization of Customer Structure

The Company is dedicated to targeting manufacturing enterprises as its primary customer, with the proportion of manufacturing enterprise clients and service volumes increasing to over 50% and 60% respectively. Furthermore, it also places special emphasis on securing strategic clients in the resources and industry sectors, having recently secured long-term agreements with major companies such as China Huadian, ADM, Rio Tinto Group, and Cargill, among others.

(2) Improvement of Platform Capabilities

The company emphasized on the construction of integrated platform capabilities, providing customers with a better comprehensive and one-stop supply chain service experience through the capacity building of channel, logistics, risk control and other aspects.

① Channel Resource Capability

In the field of metal mineral supply chain, the Company's full-service supply chain management project (virtual factory) has promoted quality and efficiency. With its channel advantage, the stainless steel supply chain has enriched the Company's product structure and maintained high-quality growth in its operations. The aluminum supply chain has maintained its market advantage in mature products like alumina and electrolytic aluminum while continuously exploring new products and new markets, with petroleum coke and alumina ranking among the top five imports in the industry. The Company's aluminum products' export value has also surpassed \$100 million for the first time, expanding its business to North America, the Middle East, Europe, and Southeast Asia.

In terms of agricultural product supply chain, the business layout has been accelerated through the asset-light cooperation model, and the number of peripheral warehouses increased by 50% to more than 160, covering many provinces in Northeast, North, Northwest and East China. For the first time, the purchase of summer grain wheat in North China was launched, and the purchase volume jumped to the third place in Henan Province, achieving a double breakthrough in regions and varieties, gradually forming a bipolar storage pattern in Northeast China and North China, and the total purchase volume of autumn grain in the 2021-2022 season reached 12 million tons. The Company has signed reserve agreements with Guangdong Provincial Reserve and Fujian Provincial Reserve to extend business space. The soybean crushing business capacity has been improved, with a production utilization rate of 94% and an annual processing capacity of more than 750k tons, increased by more than 90% YoY.

The Company's bold ventures into energy and chemical supply chains have taken us upstream and downstream, where the Company leverage an innovative and agile operating structure to maximize profitability. The Company's coal supply chain commands a 8% share of the national market, with a staggering year-on-year growth rate exceeding 115%. The Company have also increased the business contribution from non-electricity customers to 45%, solidifying the Company's position as the leading first-tier coal supplier in China, as recognized by the Chinese government. In the plastic supply chain, the Company have expanded its trans-continental and cross-oceanic channels, resulting in a remarkable 60% year-on-year increase in export volume.

In terms of new energy supply chains, the Company continue to specialize in the lithium-ion battery and photovoltaic supply chains. In the lithium-ion battery and nickel-cobalt plate segments, the Company have achieved full coverage of cooperation with mainstream producers of lithium iron phosphate cathode materials. The Company's market share of lithium carbonate ranks among the top five in the country, and its lithium salt operation volume is the third largest in China. The Company's cobalt import volume also occupies over 10% of the national market. In the photovoltaic segment, the Company provide multi-variety auxiliary materials for the entire industry chain. Using multi-link and full-product services, the Company have formed a multi-

dimensional business ecosystem covering domestic and international procurement and sales, EPC channels, power station development, and logistics services.

② Logistics Service Capability

The Company has taken the lead in the industry by building a networked logistics service system centered around "highway, railway, waterway, and warehouse", and accelerating its global logistics layout to provide strong support for building a global supply chain service system.

In domestic logistics, the Company's achievements include integrating 57,000 social vehicles for road transport, with a transportation volume surging more than 160% year on year. In terms of rail transport, the Company completed a shipment volume of 5.5 million tons with a year-on-year growth of 8%, and an arrival volume of 8.87 million tons with an annual growth of 15%. The Company have also established new stations in Xinjiang and Inner Mongolia and built stable outbound business for coal. For water transport, the Company have made progress in building inland waterway transport capacity, forming core domestic transport routes around the Yangtze River basin and the Beijing-Hangzhou canal. The Company's annual transport volume in coastal and Yangtze river basin exceeds 25 million tons, including a 90% year-on-year increase in the carrying capacity of Yangtze bulk shipping. In addition, the Company have launched an online water transport platform, combining self-owned and cooperation-based water transport capacity configuration. In warehousing development, the Company have introduced new approved designated delivery warehouses for pulp, industrial silica, and corn starch, with a total of 16 futures/commodity delivery warehouses, with an overall capacity exceeding one million tons.

In terms of international logistics, the Company have improved the capabilities of its international air routes and international train operations. The Company's international routes and trains include "China-Vietnam," "China-Thailand," and "China-Indonesia," with an annual volume exceeding 27,000 TEUs, 4.6 million tons, and a year-on-year growth of around 150% in export shipment volume of the "China-Europe" train route. The Company have also expanded new trans-oceanic routes to Northern Europe, North America, and West Africa, as well as several new international train routes, including "China-Europe" and "China-Laos."

③ Risk Control Capability

In 2022, the Company operated in a challenging domestic and foreign economic environment, marked by significant industry events such as the failure of aluminum ingot futures delivery warehouses and defaults on Qinhuangdao copper concentrate. These incidents created negative pressure on the bulk supply chain industry. Additionally, major political and economic changes, including geopolitical conflicts, international economic sanctions, and temporary export bans on Indonesian coal, had a profound impact on global commodity prices and supply-demand patterns.

Despite these circumstances, the Company was able to navigate these complex economic conditions successfully. This achievement was largely due to the comprehensive risk control system and rapid response capabilities that have been established over the years. These measures enabled the Company to weather the challenges and operate smoothly, with only minimal impact on the business.

(3) Expansion of Regional Layout

By focusing on core industry chains and expanding its presence in domestic and international markets, the Company has continued to enhance its supply chain network and service capabilities.

Firstly, the Company's multifaceted approach includes spearheading regional platforms, such as the establishment of its premium Hubei Chuxiang Supply Chain Group, as well as nurturing and optimizing its Southwest and Northwest headquarters platforms, and harnessing the potential of its American and Vietnamese platforms by leveraging the Company's overseas business incubation functionalities.

Secondly, the Company remain committed to delving deep into its stainless steel supply chain, leveraging the 2.5 million-ton stainless steel smelting project of the Xiangyu Group to cement its long-term contracts for raw materials with a stellar supply capacity of exceeding 23.3 million tons and burgeoning the Company's distributive channels with more profound efficiency.

Thirdly, having successfully expanded its international business with total international business volume of nearly USD 24.7 billion, the Company have emerged as a key player exporting to over 100 countries and regions with export business volume scaling a whopping 56%, with its aluminum supply chain exports witnessing a phenomenal year-on-year surge of more than 360%, while its black metal supply chain exports proliferated by 67%, plastic supply chain exports escalated by 60%, and its agricultural product supply chain imports surged twofold.

(4) Breakthroughs in Digital Innovation

The Company has been committed to implementing digital innovation from a strategic perspective, systematically promoting a series of digital projects, and establishing a supportive digital transformation system to empower enterprise development.

The Company's innovative use of cutting-edge technologies to establish a comprehensive grain planting industry alliance is a testament to its forward-thinking vision and strategic agility. The HuiNong Mall, Order System, Insurance, and Grain Chain Communication System represent a game-changing development for the industry. The success of the "Xing Xing Xiang Nong" app, with its registration of 38,000 planting households and input of 6.894 million acres of land, has reinforced the Company's position as a leader in the agricultural technology sector. Additionally, the WaaS system has proven to be an outstanding solution for data management, quality tracking, risk control, and on-site operation efficiency improvement, achieving remarkable results in enhancing harvesting efficiency in pilot areas such as Fujin and Suihua.

The second area of focus for the Company has embarked on a strategic trajectory with the launch of the cutting-edge "YuLianTong" app, which has significantly augmented the already diverse product matrix of "Yu Cang Rong", "Yu Cai Rong", and "Yu Tu Rong". This exceptional and innovative move has greatly accelerated the pace of the Company's business expansion, cementing its position as a leader in logistics and supply chain finance. As a result, the Company has obtained special credit of nearly 9 billion yuan for its esteemed customers. Ultimately, their commitment to providing top-notch services and unparalleled customer satisfaction has been recognized and rewarded, as evidenced by the prestigious recognition from the China Federation

of Logistics and Purchasing, who awarded the platform the title of "Excellent Case of China's Logistics and Supply Chain Finance in 2022".

The Company's third focal area has centered on the incessant refinement of its intelligent logistics service platform, coupled with an expeditious upgrading of its logistics stations to an intelligent mode. By integrating stations located in Shaanxi and Anyang into the intelligent logistics system, the Company has attained greater cargo management and control, resulting in significantly reduced costs and enhanced efficiency. The Company has also accomplished the transformation of 16 warehouses into intelligent facilities, causing the total number of digitally-optimized warehouses to surge to 34. Intrinsic to this is the augmentation of the firm's cargo management ability and customer experience.

Likewise, in the Company's focus area, the implementation of its 4A-grade network freight platform has taken center phase, complete with payment, risk control, location services, and an electronic fencing feature. Operating on a centralized technology architecture, this innovative platform has provided the Company with an overarching view of the entire logistics transportation process, as well as comprehensive monitoring and early warnings for its business operations. This has served to address the shortcomings of traditional freight markets in terms of information lag, cargo safety and risk control punctuality. Additionally, the Company has introduced a network water transport platform which has realized more than 90 successful transactions thus far.

3. Business Plan for 2023

In 2023, it is expected that international commodity prices will experience high volatility, and inflationary pressures from imports will continue to exist. However, the Company's country's economy has a solid foundation for steady growth. The Company will continue to adhere to the steady improvement of quality and reasonable growth in quantity, striving to achieve a revenue of 612.4 billion yuan, while controlling costs within 606.2 billion yuan. the Company will focus on the following key tasks:

In terms of digital transformation, the Company will establish a technology subsidiary responsible

for the research and operation of the "Yulian Tong" Digital Supply Chain Service Platform. The Company will set up a professional sales team and vigorously expand customer and financial institutions, seeking to achieve exponential growth in customer loan volume. Drawing from experience in operating Industry-level Agricultural Internet Platforms, the Company will accelerate the construction of an industrial alliance ecosystem on the basis of a stable profit model. the Company will make the food planting and warehouse alliance a reality in Suihua, the surrounding areas of Yian and Fujin, and promote the landing of the grain circulation alliance platform.

With respect to international expansion, on the one hand, the Company will closely focus on policies and situations related to the "Belt and Road," "BRICS," and "RCEP" initiatives to expand overseas channels and the scale of international business. On the other hand, the Company will deepen the full supply chain service of the "Xiangyu Group's Indonesia 2.5 million-ton stainless steel smelting-integrated project." The Company will upstream build stable overseas procurement channels for nickel, chromium, and coal, and downstream further expand overseas incremental customers. In addition, the Company will enhance international logistics channel construction and promote overseas warehouse layout expansion, thereby enhancing comprehensive service capabilities.

With regards to capital operations, the Company aim to strengthen its reserves by conducting a private placement of A-share stocks, while enhancing the contribution of its net profit attributable to shareholders to the Company's overall net profit figures.

In order to elevate its abilities, the Company intend to refine its systems for cultivating project-based businesses, driving productivity gains and value optimization. Furthermore, the Company plan to develop specialized, all-in-one supply chain logistics platforms, drawing upon both domestic and international logistics resources. In this vein, the Company will also shore up its risk management capabilities by advancing its digital risk control apparatus, embedding procedures for risk control, and establishing automated risk alerts.

Xiamen Xiangyu Co., Ltd.

April 27, 2023