

Shiyue Daotian Group Co., Ltd.

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

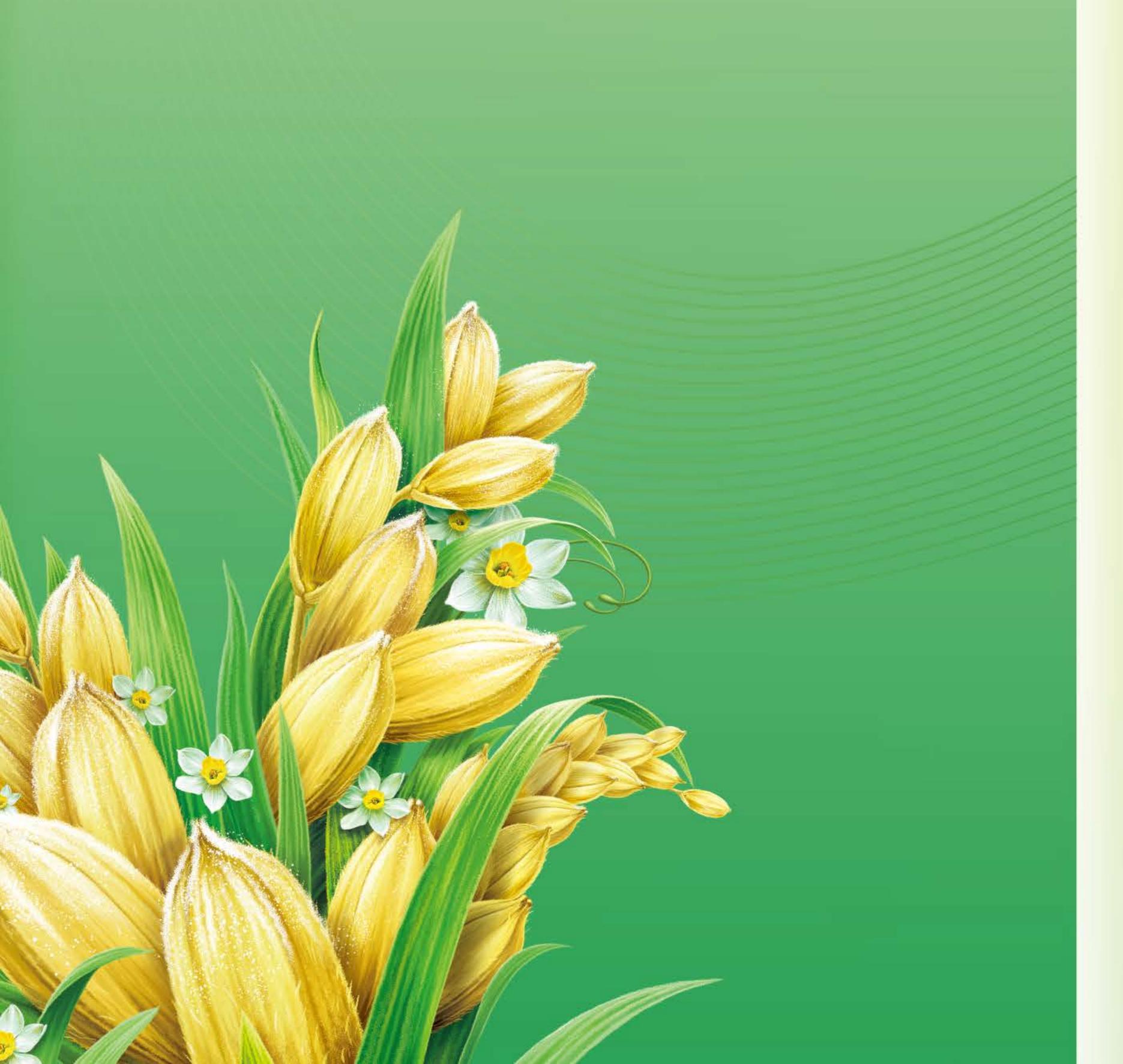
Stock Code: 9676



2023 Environmental, Social and Governance Report



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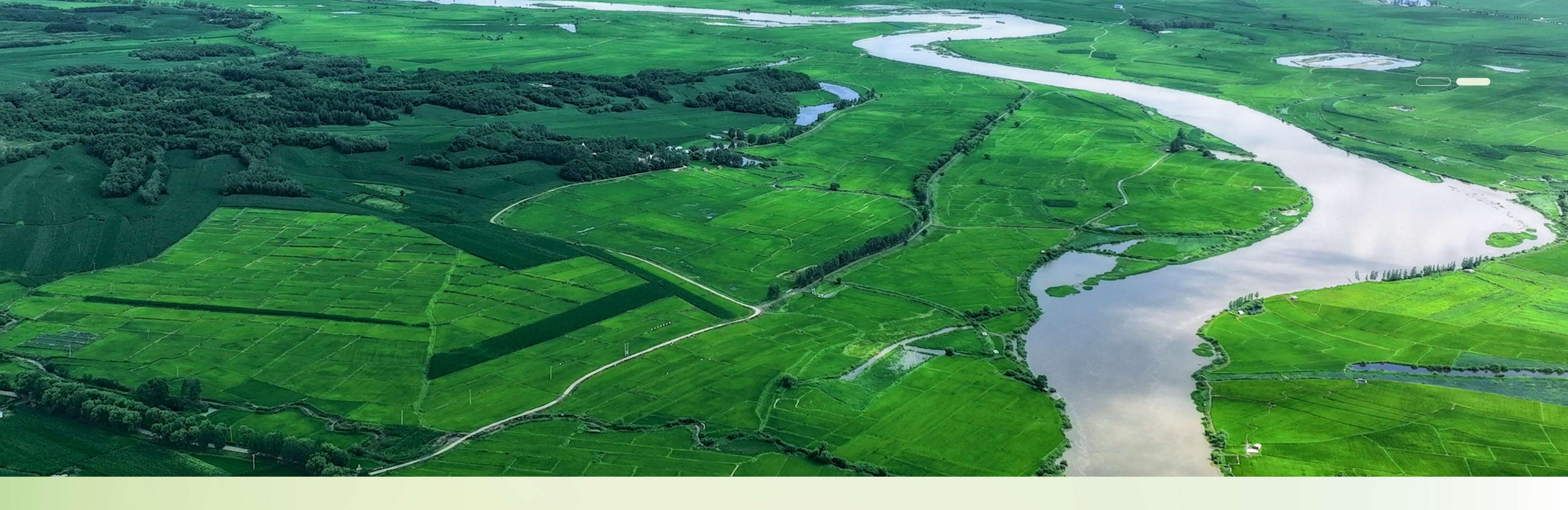
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About the Report

REPORT OVERVIEW

This report marks the inaugural Environmental, Social, and Governance ("ESG") publication by Shiyue Daotian Group Co., Ltd. (hereinafter referred to as "Shiyue Daotian", "the Company", "the Group", or "we"). It outlines our endeavors in environmental stewardship, social responsibility, and corporate governance throughout 2023, addressing the expectations and concerns of our stakeholders.

Reporting Period

The report covers the period from January 1 to December 31, 2023, and certain content may extend beyond the above timeframe.

Organizational Scope

The report encompasses Shiyue Daotian and its subsidiaries.

Preparation Criteria

The report is compiled in accordance with the Environmental, Social, and Governance Reporting Guide (the "ESG Reporting Guide") issued by the Hong Kong Stock Exchange ("HKEX").

Reporting Principles

In line with the HKEX ESG Reporting Guide, this report adheres to the principles of materiality, quantitative, balance, and consistency:

- Materiality: Key ESG topics are identified through stakeholders engagement and disclosed herein;
- Quantitative: The ESG performance of the Company is objectively assessed using quantitative data;
- Balance: The report presents a fair and objective view of the Company's ESG management;
- Consistency: Consistent methodologies and metrics are employed in the report's preparation.

Data and Currency Unit

The data presented in this report are sourced from our official documents, statistical reports, and the aggregated data of our subsidiaries. Financial information in this report is extracted from the 2023 annual financial report. Monetary values in this report are expressed in Renminbi (RMB), except where explicitly stated otherwise.

Language Versions

The report is available in Simplified Chinese, Traditional Chinese and English. In case of inconsistent understanding of the contents, please refer to the simplified Chinese version of the report.

Report Access

The report is available in electronic format on the Company's website.



Board Statement

The Board of Directors of Shiyue Daotian Group Co., Ltd. hereby declares in accordance with the requirements of the HKEX ESG Reporting Guide:

We, the Board of Shiyue Daotian, are committed to adhering to the Corporate Governance Code and the ESG Reporting Guide of the HKEX. We continuously strive to enhance our governance system in ESG matters, strengthen our oversight and involvement in ESG affairs, and proactively integrate ESG principles into our development strategies, major decisions, and operational activities.

We serve as the highest governing organization for the Company's ESG initiatives and assume ultimate responsibility for ESG governance at Shiyue Daotian, setting the sustainable development strategy, target framework, and major policies. We regularly review and oversee the Company's commitments and performance in key areas such as safety management, environmental protection, climate change, and business ethics, as well as the annual ESG reports released by the Company.

We place a high priority on ESG management. We conduct ESG risk and opportunity analyses based on macro policies, socio-economic environment, strategic planning, operational conditions, and stakeholder engagement. Through stakeholder surveys and the identification of material issues, we assess materiality, define focus areas and key topics in ESG, and continuously refine and enhance our ESG management practices.

Shiyue Daotian promotes the improvement of ESG management efficiency oriented by goal management. Based on actual circumstances arising in its operations and management, and the focus of stakeholders, the Company has set specific environmental targets for key business segments and regularly monitored the achievement of key goals, and timely communicated and dynamically adjusted with relevant business departments to pragmatically promote the achievement of sustainable development goals.



Message from Our Chairman

Dear stakeholders

Thank you for reading our inaugural ESG Report. As a leading and rapidly growing pantry staple food company in China, Shiyue Daotian has always prioritized responsibility and viewed sustainable development as a key management principle. Throughout our growth, we have committed to safeguarding national food safety and aimed to enhance economic, environmental, and social benefits. We respond to consumer demands for healthy and diverse diets, and through our harmonious corporate development, we continuously promote social responsibility and create value for our customers, employees, and society.

Enhancing Governance and Operating with Integrity

We are dedicated to fostering a corporate governance framework characterized by transparency, coordination, and effective checks and balances. We adhere to prudent management, strengthen risk prevention and control, and improve our business ethics mechanisms. Our goal is to create a fair, just, and open operating environment, driving high-quality development through exemplary corporate governance.

Focusing on Core Responsibilities and Providing Quality Food

We remain committed to our core value of "providing Chinese consumers with high-quality, healthy, and fresh food". Our aim is to build a valuable and influential food brand in China and be the top choice for our customers. We uphold stringent standards for food safety and quality, ensuring control across the entire supply chain from raw materials to post-sale. We continuously expand and enrich our product range, enhancing the health attributes of our products and showcasing the diversity of balanced and healthy diets. We are committed to elevating customer service, implementing responsible marketing, addressing the root causes of customer complaints, and safeguarding customer privacy and data security, all to create an unparalleled customer experience.

Advancing Ecological Civilization for Green Development

We firmly believe in the principle that "lucid waters and lush mountains are invaluable assets" and place great importance on ecological and environmental protection. We have incorporated goals for carbon dioxide peaking and carbon neutrality into our development strategy, actively addressing the challenges posed by climate change. Our daily operations embrace the principles of green practices, low-carbon initiatives and sustainability. We proactively identify and assess climate-related risks and opportunities, exploring ways to integrate climate change management into all aspects of our operations. We prioritize energy management and efficiency, enhance emissions control, and actively protect land and biodiversity, contributing to the construction of a low-carbon society.

Fostering Employee Growth with a People-Centric Approach

We are committed to win-win cooperation, actively fostering collaboration and communication with all stakeholders. We continuously explore management practices from supply to demand, maintaining close connections with our partners in the supply chain to promote responsible sourcing. We adhere to a people-centric philosophy, cultivating a culture that values individuals. We strive to provide our employees with a fair and equitable employment system, competitive compensation and benefits, clear and accessible career advancement opportunities, and comprehensive training programs. We pay close attention to the physical and mental well-being of our employees, promoting a happy and healthy work-life balance through a variety of cultural and recreational activities.

Active Responsibility and Dedication for a Better Home

We are committed to implementing national strategies for comprehensively promoting rural revitalization and accelerating the modernization of agriculture and rural areas. Strategically, we have established five production bases in the core regions of rice, whole grains, and beans in Northeast China and Inner Mongolia to actively support the modernization of agriculture in these areas. We maintain stable relationships with raw material suppliers at our core bases and foster cooperative partnerships with local rural cooperatives, professional agricultural suppliers, and individual farmers. By actively giving back to the farmers in our production areas, we contribute to the local economic and social development with tangible actions. In response to the call for "common prosperity", we aim to share the fruits of our development with the community. We engage in multi-dimensional social welfare activities, stay alert to current events and risks, conduct regular volunteer services, and support those in need, conveying the warmth and strength of Shiyue Daotian.

Moving Forward with Determination and Collaboration: "Stars shine brightest for those who travel the night, and rivers favor those who row with vigor". Looking ahead, Shiyue Daotian will continue to leverage our strengths and expertise. With renewed spirit, we will embark on a new journey from a fresh starting point. Embracing our mission with courage, we are determined to forge ahead and collaborate with all stakeholders to build a sustainable future.

Shiyue Daotian Group Co., Ltd.

Wang Bing Chairman



About Us

Shiyue Daotian Group is a leading and rapidly growing pantry staple food company in China, enjoying a robust omnichannel brand presence.

Since our inception, Shiyue Daotian Group has been dedicated to providing our consumers with pre-packaged premium rice, whole grain, bean, and dried food products. By maintaining omnichannel sales coverage and addressing evolving consumer needs, we have established a range of household brands for Chinese families.

Our Products

Shiyue Daotian strives to be the preferred brand for our customers in China. With a commitment to offering a diverse range of products, we have cultivated strong brand recognition and successfully established and operated several highly regarded brands, including Shiyue Daotian (十月稻田), Firewood Courtyard (柴火大院) and Sunshine Family (福享人家).

Our brands are well-received in China, thanks to our deep understanding of customer needs, integrated operational model, strategic sourcing from premium grain regions, and extensive multi-channel distribution network. According to Frost & Sullivan, we have led the national sales of northeastern Chinese rice for four consecutive years.

Guided by our corporate mission to "provide Chinese consumers with high-quality, healthy, and fresh food", we are dedicated to offering a diverse range of product categories for Chinese families. Our goal is to enable consumers to enjoy modern quality consumption and share delightful meals with their loved ones.



¹Data source: Frost & Sullivan (Beijing); Calculated based on the annual retail volume (in tonnes) of pre-packaged Northeast rice products within the industry in mainland China from 2019 to 2022; Northeast rice is a kind of japonica rice produced in northeast China; Research completed in June 2023.





Embracing the philosophy of harmony with nature, we prioritize sourcing grains from top-quality origins. Our brand, Firewood Courtyard, embodies the concept of "firing the wood to cook the rice", promoting a lifestyle that is natural, simple, and healthy.



We are dedicated to providing Chinese families with value-for-money, high-quality rice products, and expanding our reach to cater to the needs of an increasingly diverse customer base.



Our Strategies



01

Enrich our multi-brand portfolio and enhance our brand awareness to solidify our leading position



02

Broaden and deepen our multichannel network to enlarge our consumer base with high operational efficiency



03

Expand multi-category product offerings to achieve sustainable growth



04

Strengthen our "from farm to table" supply chain management capabilities to build integrated operation barriers



05

Keep optimizing digitalized operation system, investing in talent pool and fostering cohesive corporate culture

Our Culture

Vision



Build a Valuable and Influential Food Brand in China

Mission



Provide Chinese Consumers with Quality, Healthy and Fresh **Food Products**

Value



Customer First, Solidarity & Teamwork, Good faith & Professionalism, Pioneering & Innovation

History of Development

2015

Wuchang rice.

Our modernized produc-

commenced operations,

offering products such as

tion base in Wuchang

We completed Series C Financing. On October 12, Shiyue Daotian was officially listed on the HKEX, with the stock code 9676.HK.

2017

We extended our product lines to include dried food products, catering to diverse consumer dietary needs.

2018

We introduced the brand of

"Sunshine Family" (福享人

家), providing Chinese fami-

lies with value-for-money

We launched a modernized production base in

Xinmin, Shenyang.

2021

125 M

2022

We were recognized by the Hurun Research Institute as one of the "Hurun China Food Industry Top 100". We completed the strategic layout of five major production bases in Xinmin (Shenyang), Wuchang (Harbin), Tonghe (Harbin), Songyuan (Jilin Province), and Aohan Banner (Chifeng).

2005

Our founders entered the pantry staple food industry, initiating grain trading operations.

2016

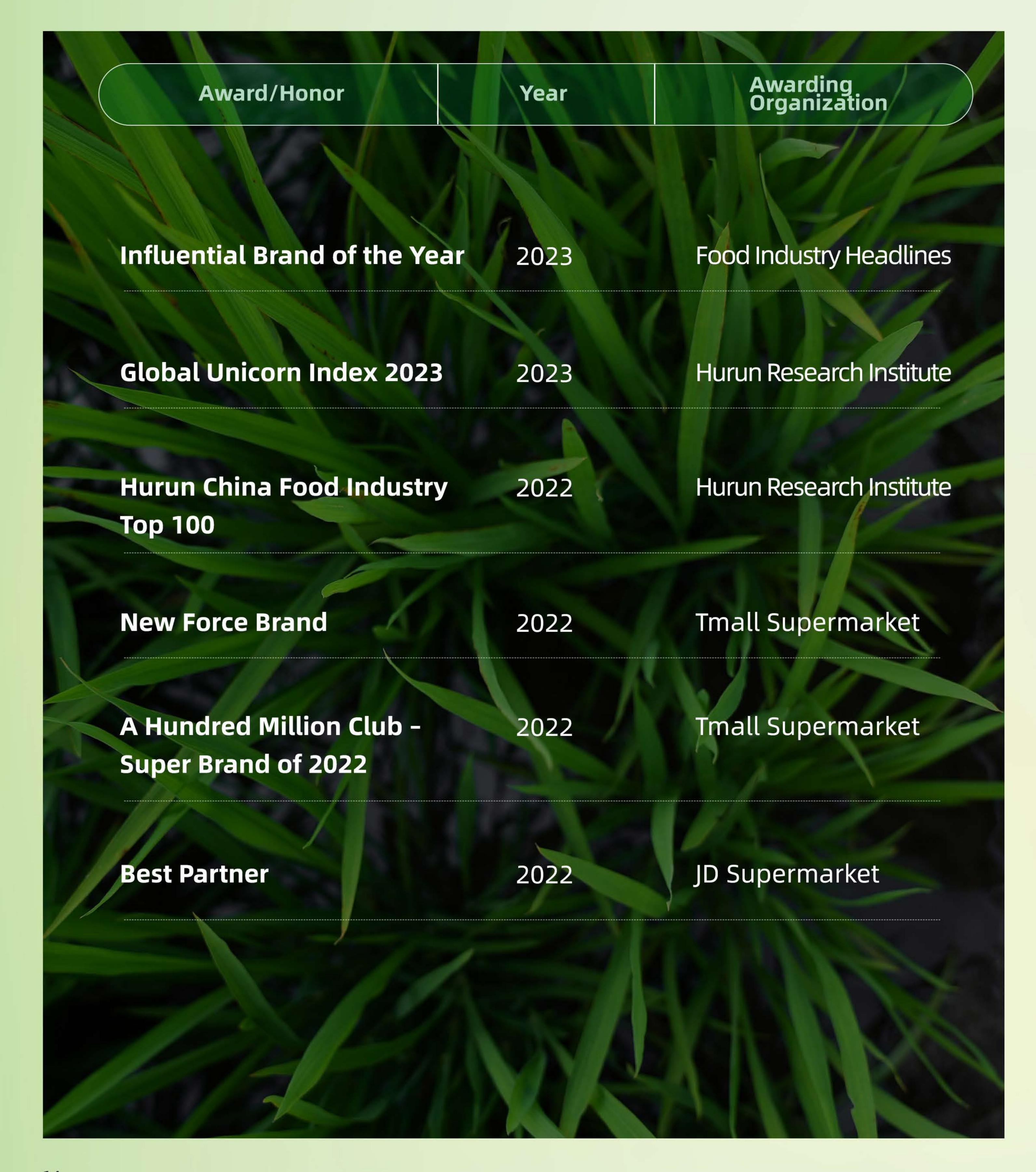
We expanded our product range to include whole grains and beans, in addi-

2011

We launched the brands of "Shiyue Daotian" (十月稻田) and "Firewood Courtyard"(柴火大院). We began collaborating with JD.com to sell products through e-commerce platforms.

rice products. tion to rice.

Awards and Honors



Industrialization Top 500 Agricultural Enterprise in China 2021 Farmer's Daily Enterprise in China	Award/Honor	Year	Awarding Organization
Enterprise in Agricultural Industrialization Top 500 Agricultural Enterprise in China Most Potential Supplier 2021 and Rural Affairs of the Pectople's Republic of China, and the National Development and Reform Commission Farmer's Daily Pagoda Pagoda	Excellent Partner	2022	Meituan Instashopping
Enterprise in China Most Potential Supplier 2021 Pagoda	Enterprise in Agricultural	2021	and Rural Affairs of the People's Republic of China, and the National Development
	Enterprise in China		
		2021	

ESG Strategy and Management

ESG is integral to our long-term sustainable development. We are committed to operating responsibly across economic, employee, environmental, and social dimensions. We have also steadily advanced the establishment of our ESG governance framework to enhance our ESG practices and performance.

ESG Governance Structure

We recognize the potential impact of ESG and climate change on our business and acknowledge our environmental and social responsibilities. To address this, we have fully integrated the principles of sustainable development into our corporate strategy and daily operations. We have established an ESG governance framework in accordance with the HKEX ESG Reporting Guide, defining the roles and responsibilities of the Board of Directors, management, and executives in ESG matters.

Our Board of Directors, as the highest goving body for ESG governance, is responible for formulating the Company's sustainble development strategy, objectives, and ajor policies.



Decision-Making Level



Management Level

An ESG Leadership Team has been established at the management level of the company, consisting of the general manager and heads of the major departments and plants. The team's primary responsibilities include formulating the Company's ESG strategy, defining the ESG assessment framework and indicators, identifying the content, steps and overseeing the implementation of the Company's ESG improvements.

To effectively coordinate ESG-related activities, we have set up an ESG Working Group at the execution level, composed of representatives from various functional departments, business units, and plants.



Level

Their duties involve researching international and domestic ESG policies and standards, developing the Company's ESG assessment framework and indicators, conducting continuous ESG management diagnostics, providing improvement recommendations to the management, and ensuring all departments and plants achieve the Company's ESG performance objectives.

ESG Focus Areas

Focus Areas

High-quality, Healthy

and Fresh Food

Action Points

- Ensure high product quality by implementing strict food safety and product quality standards and measures throughout our operations, from procurement and production to storage and
- Develop nutritionally balanced products to meet the growing customer demand for healthy food.
- Provide customers with fresh products that retain natural flavors and aromas through a full-chain business model covering the entire value chain.



Agricultural Value

Chain Development

- Empower local farmers by creating more job opportunities and providing agricultural technology training.
- Continuously optimize the modern agricultural industrial system and promote agricultural transformation and upgrading.
- Actively promote eco-agriculture to foster economic and social development.



Talent Employment and Growth

- Actively provide employment opportunities for university students and farmers to promote employment.
- Implement a comprehensive training system and offer diverse and thorough training to enhance the technical skills and overall performance of our employees.
- Use a merit-based incentive system to encourage sustainable development.

Stakeholder Communication

Stakeholder communication is a crucial component of our ESG management strategy. We have identified six key stakeholders: shareholders and investors, government and regulatory agencies, customers, employees, suppliers and partners, and the community. We actively enhance communication with stakeholders across all aspects of our daily operations and services. We have established a variety of communication channels, such as shareholder meetings, research and discussion sessions, consumer satisfaction surveys, customer complaint hotlines, supplier visits, employee interviews, and volunteer activities. Through these channels, we listen attentively to the feedback and concerns of our stakeholders and respond proactively, aiming to improve the effectiveness of our communication and build harmonious and stable relationships with our stakeholders.

Stakeholders	Issues of Concern	Communication Channels
Shareholders and Investors	 Economic performance Sound development Risk management ESG performance 	 General meetings Investor research and communication meetings Regular communication and feedback
Government and Regulatory Agencies	 Compliance Integrity Support for local development Protection of customer rights 	 Policy research and implementation Regular reporting and approvals Research and discussion sessions Periodic information disclosure
Customers	 Product quality and safety Innovation in products and services Protection of customer rights Enhancement of customer experience 	 Official website and WeChat and other interactive platforms Consumer satisfaction surveys Customer complaint hotline Product promotion and services Regular communication
Employees	 Protection of employee rights Health and safety Career development 	 Employee interviews Performance discussions Suggestions and complaints mechanisms
Suppliers and Partners	 Responsible supply chain management Product quality and safety Stakeholder engagement 	 Procurement and tendering processes Supplier visits Communication meetings Regular interaction
Community	 Serving society and people's livelihood Supporting rural revitalization Contributing to social welfare 	 Charitable donations Community project construction Volunteer activities.

Materiality Analysis

To better identify and assess the priority of ESG issues, we engaged external professional consultants to assist the Company in conducting a materiality assessment. The main steps of the assessment are as follows:



Referring to standards and guidelines such as the HKEX *ESG Reporting Guide* and the *Sustainability Accounting Standards Board (SASB) Standards*, we considered relevant requirements for ESG management and information disclosure. Taking into account macro policies and industry trends, we identified 17 ESG priority issues.

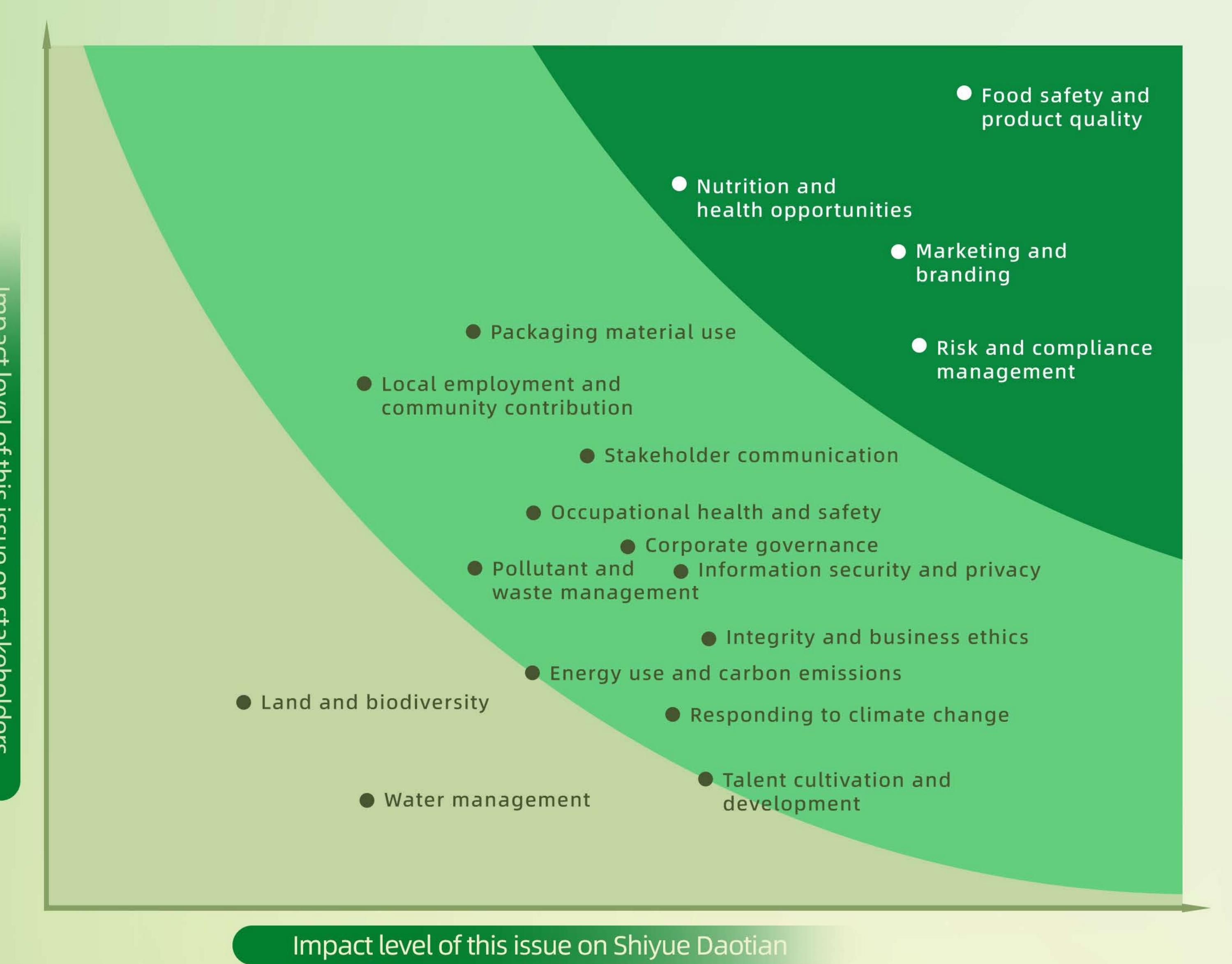


We evaluated the ESG issues based on their impact on stakeholders and their influence on Shiyue Daotian, clarifying the level of importance of each issue.



Using a two-dimensional matrix based on the evaluation of importance, we categorized ESG issues into three priority levels: highly important, important, and routine.





	9	Occupational health and safety	Social				
	n addition	n, to establish a comprehensive ESG	policy and instit	utional fr	amework, we have	developed the	Environmental,
10	Social, an	d Corporate Governance Managem	ent System, whic	ch coordi	nates and standard	izes the conten	t and details of
	ESG practices. We have also formulated key policies on critical issues such as food safety and product quality, integrity and						
	business ethics, and information security and privacy protection, enabling the systematic implementation of ESG practices.						

No.	Issue	Category	No.	Issue	Category
1	Corporate governance	Governance	10	Talent cultivation and development	Social
2	Integrity and business ethics	Governance	Local employment and Soci		Social
3	Risk and compliance management	Governance	12 Energy use and carbon emissions Environm		Environmental
4	Stakeholder communication	Governance	13	Water management	Environmental
5	Information security and privacy	Governance	14	Packaging material use	Environmental
6	Marketing and branding	Social	15	Pollutant and waste management	Environmental
7	Food safety and product quality	Social	16	Responding to climate change	Environmental
8	Nutrition and health opportunities	Social	17	Land and biodiversity	Environmental
9	Occupational health and safety	Social			





Shiyue Daotian is committed to establishing a corporate governance mechanism characterized by clear responsibilities, collaborative efficiency, and effective checks and balances. We continuously optimize the structure of our Board of Directors and enhance its composition to drive comprehensive improvement in our industry standing, overall strength, quality, efficiency, and governance level. This solid governance foundation injects new momentum into our high-quality development.

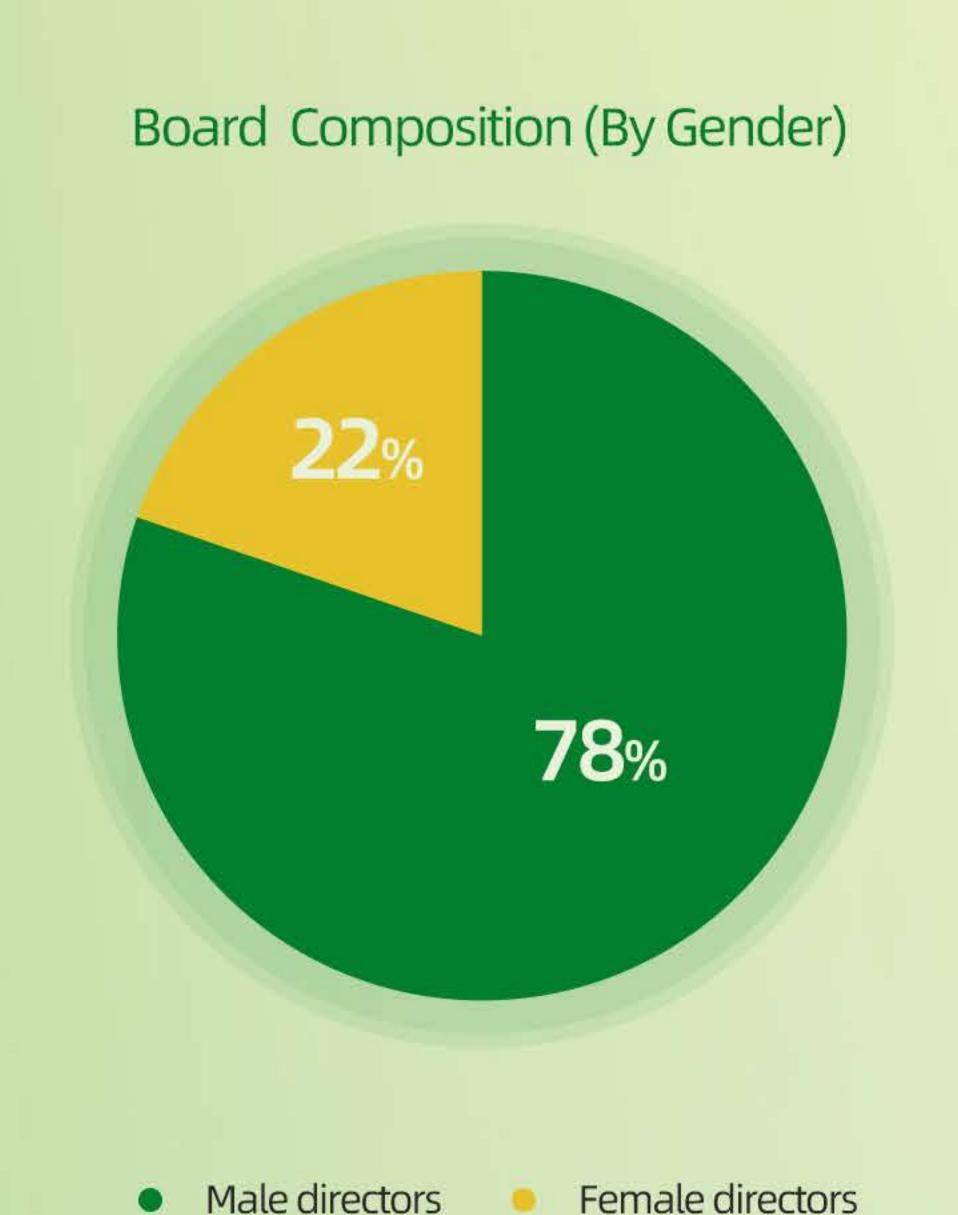
1.1 Improving Governance Structure

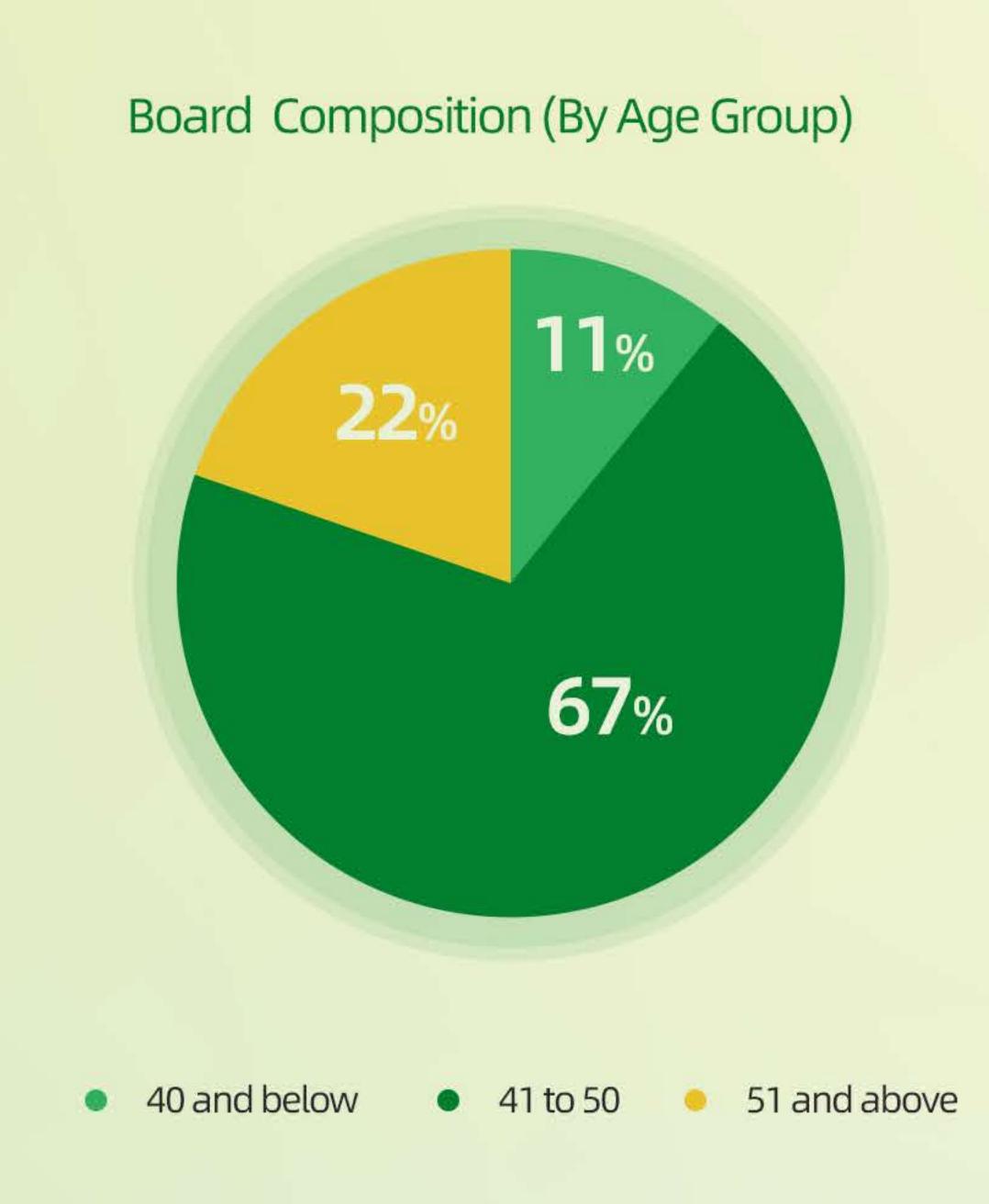
We constantly enhance our corporate governance structure, promoting its standardization and effectiveness. We ensure the Board of Directors and Supervisory Committee function effectively, boosting the efficiency of our governance and laying a strong foundation for stable development. Our governance structure, comprising the General Meeting of Shareholders, Board of Directors, Supervisory Committee, and Senior Management, operates in a coordinated manner, with each level performing its duties impartially to protect the interests of the Company and all shareholders.

Board Diversity

We prioritize diversity in the members of our Board of Directors, develop and adhere to our *Board Diversity Policy*. This policy specifies that board candidate nominations are based on various diversity indicators, including gender, age, cultural and educational backgrounds, industry experience, technical skills, professional qualifications, knowledge, tenure, and other relevant factors. Our Board members' diverse backgrounds in management, strategic development, finance, accounting, and risk management bring a range of perspectives to our corporate governance and decision-making processes.

We are also committed to gender diversity on our Board, maintain and strive to increase the number and proportion of female directors. As of the end of 2023, two of our Board members were female, representing 22.2% of the Board.





Board Independence

Our Board has a balanced composition of executive, non-executive, and independent non-executive directors, with one-third being independent non-executive directors. Our independent directors have extensive expertise in their fields and provide impartial, professional advice to assist the Board in making effective, independent decisions and offering independent counsel to shareholders.

1.2 Risk and Internal Control Management

We are committed to lawful and honest operations, continuously standardizing our business practices, and advancing our risk management system to enhance its effectiveness. This strengthens our ability to manage various risks and ensures the Company's stable and sustainable growth.

Risk Management

We have established a robust risk management framework, with the Audit Committee under the Board overseeing significant risk management issues, the effectiveness of risk response measures, and the work related to risk management. This includes reviewing the risk management system, the responsibilities of different departments for risk management, and overseeing audit-related activities. Each business and functional department executes specific risk management measures.

We support our risk management and control processes with systematic measures, actively identifying and assessing risks. By developing and reinforcing management policies, we manage and monitor various risks, including strategic, operational, financial, and legal risks. This ensures the continuous implementation of our risk management policies and corporate governance measures.

Internal Control

We prioritize the balance between efficiency and risk and continuously establish and operate our Group's internal control framework. This framework encompasses all operational activities and is adhered to by the Board of Directors, management, and all employees. It is supported by enhanced internal control policies, systems, and standardized processes. We have established a professional internal control team responsible for comprehensive risk inspection and assessments of the Company, evaluating internal controls in various departments and subsidiaries, and effectively strengthening substantive monitoring and auditing of internal business processes and workflows.

ESG Risks and Opportunities

We proactively identify, analyze, and assess potential ESG risk factors, regularly reporting and discussing them with the Board of Directors and the ESG Leadership Team. We take proactive measures to address these risks, aiming to enhance our business resilience and competitive edge in the market.

Risk Factors	Potential Impact	Countermeasures
Climate Change	Our operations and supply chain are significantly affected by climate conditions. Extreme weather such as heavy rainfall and freezing temperatures can lead to crop losses and warehouse damage, causing losses or increased operating costs. However, climate change may also bring increased thermal resources to Northeast China, benefiting crop growth.	Implement extreme weather monitoring and early warning systems; develop and update emergency plans for disasters; strategically locate production bases based on agricultural climate conditions.
Food Safety	Negative food safety events can lead to regulatory penalties and market backlash. Maintaining a good quality and food safety record, however, can help gain consumer trust and enhance our competitive advantage in the industry.	Adhere to high standards of food safety and quality; strictly control the quality of raw material and packaging materials; pursue food safety certifications and conduct thorough pre-market testing and routine product sampling.
Occupational Health	Our production processes are exposed to hazards such as dust and noise, which could lead to occupational health incidents. However, by improving working conditions and enhancing employees' awareness of protection and adherence to operating standards, we can help prevent occupational hazards and maintain a good record of occupational health.	Conduct regular testing and daily monitoring of occupational hazards, ensure adequate labor protection measures, perform annual employee health check-ups, and elevate the level of occupational safety protection through hierarchical management, hidden danger investigation, and safety training.
Human Resources	A shortage of labor and significant increases in employee costs could adversely affect our long-term operations. However, effective talent retention and incentive measures can help us build a positive employer reputation, ensuring a stable and sufficient talent pool and accumulating talent advantages.	Optimize the employee compensation system, career advancement channels, and training system; increase the recruitment and induction of outstanding graduates; conduct regular talent reviews, improve management talent selection and development pathways, and foster the rapid growth of outstanding talents.
Information Security	Our information technology systems are used in various aspects of raw material supply, production, operation, and logistics. Vulnerabilities such as software and hardware defects or system flaws could lead to data asset loss, business interruption, and other consequences if exploited by hackers.	Implement systematic construction of network security, host security, and endpoint security; manage data assets with graded and classified controls; enhance information security emergency management measures to vigorously prevent information security incidents.

1.3 Integrity and Business Ethics

We adhere strictly to applicable laws and regulations, continuously standardizing our production and operational practices. Within the Group, we foster a culture of risk management and compliance, upholding business ethics in our transactions and conducting our business activities based on the principles of fairness, honesty, trustworthiness, and transparency.

Integrity and Anti-Corruption

We are dedicated to fostering a fair, just, and transparent business management environment and have a zero-tolerance policy toward non-compliant behaviors such as bribery, corruption, and commercial fraud. We have established a comprehensive corporate governance framework to ensure transparency, coordination, and effective management and oversight. Our daily operations incorporate compliance requirements for anti-bribery and anti-fraud measures. We conduct regular internal compliance checks and enforce strict internal accountability. Furthermore, we clearly define non-compliant behaviors in our Code of Business Ethics and Conduct and provide anti-corruption and anti-bribery training to senior management and employees.

In key areas like procurement, bidding, and external collaboration, we continuously strengthen our anti-corruption measures to prevent regulatory and disciplinary violations. We also mandate that our suppliers sign the *Shiyue Daotian Integrity Agreement*, which sets forth clear standards for business conduct and integrity, prohibiting bribery, corruption, and commercial fraud to ensure orderly and honest cooperation between parties. This agreement includes reporting channels and outlines consequences for suppliers who violate its terms. Over the course of the year, the Company was not involved in any concluded corruption lawsuits against the Company or its employees.

Employee Code of Conduct

We have formulated and published the *Shiyue Daotian Employee Code of Conduct Management System*, which includes a section on "Work Discipline and Business Conduct" that requires employees to strictly comply with laws, social ethics, and professional ethics. Employees are expected to uphold the commercial bottom line, prohibit personal gain, corruption, and bribery, and avoid conflicts of interest with customers. Additionally, employees should maintain honesty and integrity, safeguard the Company's interests, and protect its confidential information.

We have clearly stipulated the measures for handling violations related to work records and business conduct and have implemented a graded management system for such violations. If an employee is found to have committed a verified violation, the type and severity of the violation will be identified and judged, and different measures will be taken accordingly. Specifically, violations of "Work Discipline and Business Conduct" will be classified as "Category A Behavior", and the corresponding penalties may include, but are not limited to, demotion and salary reduction, deduction of annual bonuses, unilateral termination of the labor contract by the Company, and legal accountability.

Reporting and Compliant Management

We provide complaint and reporting channels for customers, employees, and suppliers, detailing contact information such as reporting mailboxes and telephone numbers in relevant agreements and documents. Upon receiving a report, our internal audit team promptly conducts a review and assigns a dedicated person for follow-up. We also have measures in place to protect whistleblowers, ensuring confidentiality and prohibiting any form of retaliation.

Email for reporting: jiandu@shiyuedaotian.com

Phone for reporting: 400-0188-975

Mailing address for reporting: Audit Department of Shiyue Daotian, Building A, Yisha

Wenxin Plaza, Chaoyang District, Beijing

Intellectual Property Protection

We recognize the critical importance of intellectual property rights to our success and competitiveness. We adhere strictly to laws and regulations such as the Trademark Law of the People's Republic of China, the Regulation on the Implementation of the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, and the Patent Law of the People's Republic of China and have established an Intellectual Property Rights Management System to prevent infringement and strengthen protection of our intellectual property rights.

Internal Management

External

Monitoring

- Appoint specialized personnel to handle IP-related matters, including monitoring IP applications and conducting routine checks on public trademark registration platforms.
- Engage intellectual property experts and legal advisors to assist in IP protection matters and ensure that our intellectual property rights are not infringed by third parties.

Assign sales teams to conduct market visits.

 Establish a customer service hotline to collect customer complaints and feedback on intellectual property.

 In the event of IP infringement, issue a notice to the infringer with the assistance of legal advisors, demanding the cessation of production and sales of the infringing product, and file complaints and reports with regulatory authorities as necessary.



2.Providing Quality and Healthy Food

As people's quality of life improves and health consciousness increases, there is a rising demand for high-quality and nutritious food, with consumption trends becoming more diverse. Leveraging the unique natural environment and geographical advantages of Northeast China, Shiyue Daotian is dedicated to fulfilling its mission of providing Chinese consumers with high-quality, healthy, and fresh food. We adhere to stringent food safety and quality standards, continuously expanding and enriching our product line to showcase the diversity of balanced and healthy food from multiple dimensions.

2.1 Product Safety and Quality

We strictly comply with the Food Safety Law of the People's Republic of China and the Regulation on the Implementation of the Food Safety Law of the People's Republic of China, establishing a professional, standardized, and high-standard food safety and product quality control system. This system covers procurement, production, storage, delivery, sales, and after-sales service, ensuring comprehensive product safety and quality and safeguarding consumer safety.

We have established food safety teams at each production base to identify and investigate food safety risks and ensure the implementation of effective food safety measures. Our quality assurance team is dedicated to implementing and maintaining a quality control system to ensure quality control planning.

We have set management goals such as a "100% product pass rate" and "customer satisfaction rate above 95%", linking these goals to factory management performance to ensure practical product safety management. In 2023, we had no major quality incidents or product recalls.

Quality Control of Raw Materials

To ensure the quality of raw materials and packaging materials, we have implemented a supplier access, evaluation, and cancellation system and established a supplier directory. We comprehensively consider factors such as product quality, production capacity, business status, and supply chain management capabilities when selecting and evaluating suppliers. For all incoming materials, we require factory inspection reports and type inspection reports, conducting incoming inspections by batch. We only accept materials that meet national standards and our procurement criteria. If the materials do not comply with the procurement agreement's standards, we will terminate the agreement and seek compensation for damages.

Furthermore, we select raw materials from high-quality origins and establish long-term stable relationships with various product suppliers. We strategically positioned five production bases in Xinmin (Shenyang), Wuchang (Harbin), Songyuan (Jilin Province), Tonghe (Harbin) and Aohan Banner (Chifeng), focusing on creating a complete industry chain from farm to table. Among these, Wuchang rice and Aohan millet are recognized as Geographical Indication Products. Additionally, we source raw materials for whole grains, beans, and dried food products from other high-quality regions, such as red beans from Daqing, Heilongjiang Province, mung beans from Inner Mongolia, and peanuts from Fuyu, Jilin Province.

Case

Enhancing Raw Grain Procurement Standards to Eliminate Pesticide Residue Risks

We have thoroughly identified food safety risks throughout the entire lifecycle of raw grain production. The primary hazards for raw grains sourced upstream are chemical risks due to excessive pesticide residues and heavy metals. To address this, we strictly adhere to the *National Food Safety Standard-Maximum Residue Limits for Pesticides in Food* (GB2763-2021) and other relevant laws, regulations, and standards. We have established acceptance criteria for various raw materials, which include specific requirements for pesticide residues from suppliers. We conduct commissioned testing on different rice varieties each season, requiring suppliers to provide inspection reports. We only procure rice from designated agricultural regions, rejecting rice with poor maturity or a high number of imperfect grains, which may result from excessive fertilization or illegal medication use.

Quality Control in the Production Process

We regularly conduct comprehensive equipment inspections and establish food safety and product quality control points at all critical stages of the production process. Our production procedures strictly comply with applicable Chinese laws and regulations, as well as national and industry standards related to food production and sales. This includes certifications such as ISO 9001 Quality Management System, HACCP System, and FSSC 22000 Food Safety Management System.

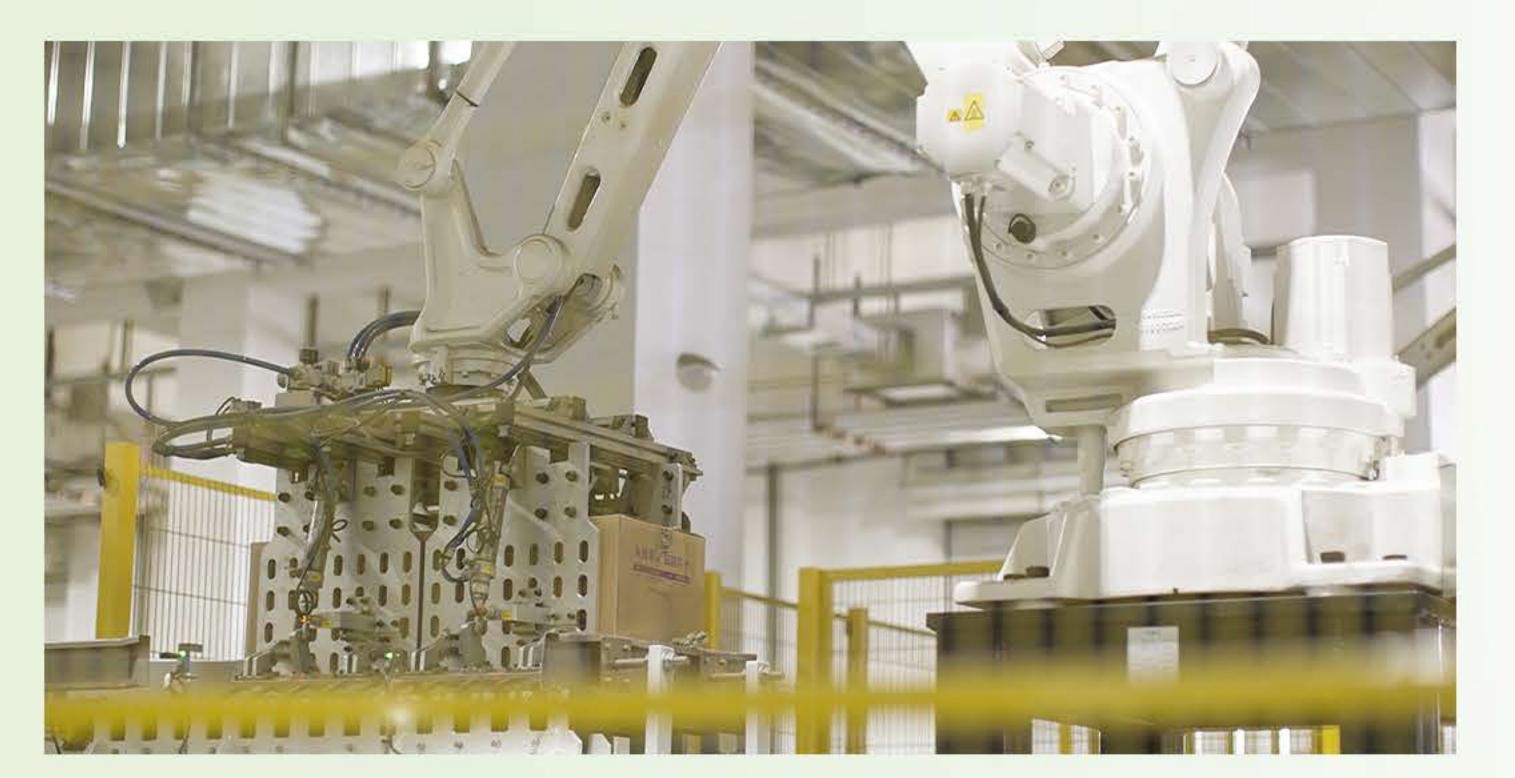
We enforce strict hygiene standards for personnel involved in production activities. Our production staff must change into clean work attire, including hats and boots, and undergo thorough cleaning before entering the production area. Additionally, we ensure that equipment and machinery are used and maintained according to detailed cleaning and disinfection requirements based on their function and purpose to guarantee product safety.

For chemical agents used in product testing, we have implemented chemical management control procedures to standardize the purchasing, receiving, storage, and labeling of chemicals, ensuring their safe usage.









Our production bases

Professional Certifications Obtained by Shenyang Xinchang Factory







Professional Certifications Obtained by Wuchang Caiqiao Factory







Professional
Certifications Obtained by
Aohan
Banner
Factory





Professional Certifications Obtained by Songyuan Factory







Professional Certifications Obtained by Each Factory (Partial)

Product Quality Testing

Our quality control team is tasked with managing the quality of our products throughout the storage, delivery, and sales processes. This includes monitoring the quality of products during storage, transportation, and sales stages to ensure our products are stored, transported, and sold in optimal condition, preventing any quality issues during distribution.

We have established quality inspection departments at our major production bases and developed a quality inspection management system and inspection process standards. We rigorously control the quality of processed finished products based on standards for incoming inspection, process inspection, and product inspection. Regular and systematic quality inspections are conducted on our Company's finished rice, semi-products, by-products, finished packaging, purchased packaging materials, and purchased rice. We maintain detailed records of the inspection process and results and conduct data analysis to continuously improve our quality management system.

Additionally, we conduct regular random sampling inspections of products sold in the market to comprehensively track the quality of our products throughout their lifecycle, identifying potential risks and ensuring stable product quality. Through our after-sales service mechanism, we maintain timely communication with customers to promptly confirm any detected product quality issues or risks, conduct internal investigations, and control risks. We also actively cooperate with market regulatory authorities and partners in product sampling to jointly safeguard the "safety on the tip of the tongue" of consumers.

We have developed *Product Withdrawal/Recall Control Procedures* to ensure that if products with quality or food safety issues are found in the market, we will promptly initiate the relevant procedures for product withdrawal/recall and properly dispose of the problematic products.

2.2 Nutrition and Health Opportunities

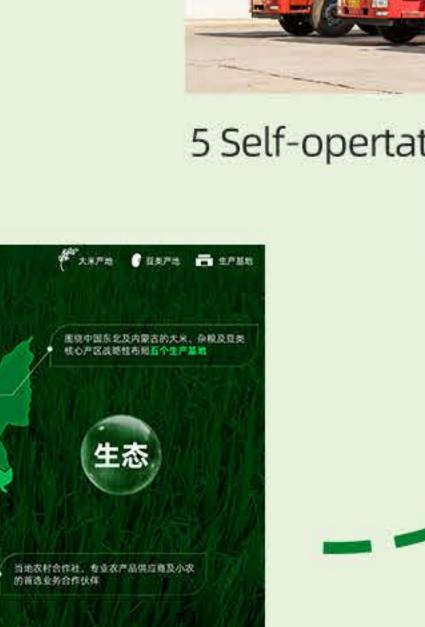
In response to customers' growing demands for nutritional and healthy food, we are committed to continuously providing high-quality, healthy food that balances taste and nutrition. We strive to improve the health attributes and investment in our products to meet the nutritional and health needs of various groups.

We focus on developing and producing more nutritious and healthier products. From procurement, production, and storage to sales, we ensure the high quality of our products to provide customers with high-quality grains that they can trust and purchase with confidence. In terms of rice products, we source premium raw materials from Northeast China, one of the world's three major black soil agricultural regions. To maximize freshness, we strategically locate five production bases around the core production areas of rice, whole grains, and beans in Northeast China and Inner Mongolia. The production is highly standardized and automated, allowing us to timely purchase and store fresh raw materials after maturation, achieving efficient and flexible supply chain management.

By the end of 2023, we had established a modern warehousing and distribution system through five self-operated regional distribution centers (RDCs) in Shanghai, Tianjin, Chengdu, Shenyang, and Dongguan, as well as dozens of third-party transit warehouses. This ensures a steady supply of our products and allows us to deliver high-quality products to our customers' tables as quickly as possible.



Direct procurement from the source of origin



5 Production bases





20+Platforms 600+Distributors

Additionally, we employ advanced grain storage technology. Upon receiving bulk orders, the rice undergoes processing and screening steps to retain the moisture and nutrients. Vacuum packaging is used to preserve freshness and ensure that our customers receive fresh and high-quality rice products. We also offer a variety of mixed brown rice, millet, red beans, and corn to help customers obtain essential nutrients like protein and dietary fiber from their diets.



Diverse product categories of Shiyue Daotian

We adhere to the *Food Nutrition Labeling Standards* by clearly labeling nutritional information such as protein and dietary fiber content on our product packaging. This helps our customers understand the nutritional value of our products. We regularly conduct nutritional element testing on our products through professional third parties and update the nutrition label information based on the test results. For new product categories, we also require third-party certified nutritional element testing reports before market launch.

2.3 Providing Quality Customer Service

At Shiyue Daotian, we prioritize our customers' legal rights and interests and comply with laws and regulations such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the E-commerce Law of the People's Republic of China, and the Advertising Law of the People's Republic of China. We are committed to providing customers with high-quality, healthy food that balances taste and nutrition. We practice responsible marketing, strictly review advertising materials to ensure there is no false or misleading information, value and collect customer feedback extensively, and handle customer complaints diligently. We are dedicated to protecting our customers' privacy and information security.

Responsible Marketing

We prioritize truthfulness in our product promotion, aiming to avoid any marketing practices that could harm consumers. We believe that adhering to responsible marketing principles helps us build a loyal customer base that trusts and respects our brand.

In our marketing activities, we strictly adhere to laws and regulations such as the Advertising Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and the Food Safety Law of the People's Republic of China. Our product labels comply with regulations set forth in the Food Safety Law of the People's Republic of China, the Regulation on the Implementation of the Food Safety Law of the People's Republic of China, and the National Food Safety Standard-General Rules for Nutrition Labeling of Prepackaged Foods (GB7718-2011). We ensure honest and fair dealings with all our customers, guiding them towards rational consumption and avoiding any misleading or deceptive advertising or marketing activities.

To ensure our marketing activities meet these standards, we have strict approval processes in place for product packaging design and labeling, product detail page reviews, advertising compliance, and comprehensive product quality control checks and sampling mechanisms.

We regularly conduct training sessions on advertising laws and compliance promotion for product pages to raise our employees' awareness and ensure our marketing activities are compliant, fostering a culture of responsible marketing.

Customer Communication and Feedback

We value market feedback and our customers' voices, actively listening and expanding our communication channels to offer a variety of ways for customers to connect with us, including a 400 hotline, after-sales phone service, online reception, and online after-sales processing. We aim to promptly understand and address customers' suggestions and requirements. Furthermore, we continuously improve our pre-sales, sales, and after-sales service processes and have established a dedicated customer service team to ensure timely responses to customer needs, enhancing service quality and customer satisfaction. To standardize the handling of customer feedback and ensure timely and effective resolution, we have developed a *Customer Complaint Management System*. This system regularly summarizes customer complaints, their handling processes, and requirements, establishing a practical, efficient, and unified complaint management system. It clarifies departmental responsibilities, categorizes major complaints, and provides appropriate handling suggestions to ensure customer issues and concerns are resolved swiftly, achieving customer satisfaction. In 2023, we proactively addressed customer complaints, promptly handling and improving upon them, responding to all complaints, and achieving a complaint satisfaction rate of over 90%.

Information Security Protection

We adhere strictly to laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and the *Information Security Technology-Personal Information Security Specification*. We take full responsibility for network and information security by establishing comprehensive information security management measures, manuals, and systems. These efforts aim to standardize our information business management processes and ensure the security of information during usage, circulation, and storage.

Our information security management measures mandate full participation from all employees and define a clear organizational structure and responsibilities for information security. The general manager appoints a person in charge of information security, who oversees a management committee, a control committee, and an executive working group. This structure ensures that information security responsibilities are clearly delineated from top management to department heads, facilitating orderly and efficient information security operations across all levels.

To address network security incidents, we have established a Network Security Emergency Response Team responsible for coordinating and conducting emergency responses. We have developed and implemented a Network Security Emergency Response Plan and a Data Security Incident Emergency Response Plan, which clearly outline the procedures for responding to and handling information security incidents. Emphasizing the importance of regular prevention and management, we conduct annual drills to test and refine our plans, integrating emergency response knowledge into the training for managers and relevant personnel to continually enhance their information security awareness and skills.

Privacy and Data Security Protection

At Shiyue Daotian, we prioritize the protection of customer privacy and data security management. We have enhanced our privacy and data security management management management framework, established and rigorously implemented regulations for handling customer information, and carefully processed customer data. We ensure compliance with legal and regulatory requirements for personal information protection, data sourcing, processing, storage, and usage, striving to safeguard customer privacy and personal information security comprehensively.

As of the end of 2023, the Company has not been involved in any penalties or legal cases due to breaches of customer privacy.

2.4 Innovating New Food Possibilities

We keep pace with the evolving habits and trends of the new generation of food consumers, continuously strengthening our "farm-to-table" supply chain management capabilities. We penetrate into premium production areas for rice, whole grains, beans, and other products, innovating and expanding our quality product range. We also constantly refine our grain storage and processing technologies to meet consumers' growing demands for quality and health. Leveraging our robust brand assets and innovative sales channel operations, we continuously introduce and upgrade products to build a competitive brand advantage and achieve sustainable development.

Expanding Diverse Products in Premium Production Areas

Focusing on our role in the food processing industry, which bridges industry and agriculture, urban and rural areas, and encompasses production, distribution, and consumption, we leverage our corporate influence and supply chain advantages. We are dedicated to creating a comprehensive industry chain from farm to table. By the end of 2023, we have established five production bases, five self-operated RDCs, and dozens of third-party transit warehouses nationwide. Adapting to regional conditions, we have set up and operationalized production lines for rice products, whole grains, beans, and dry goods in the Shenyang area. Furthermore, we continue to refine our grain storage and processing technologies, adopting advanced production equipment and processes from both domestic and international sources, to ensure our products remain in optimal condition throughout storage and processing, providing consumers with safe and healthy food options.

We cater to the health-conscious, nutrition-focused consumption trends of younger demographics. We have introduced products such as Nine-Color Brown Rice, Mixed Grain Porridge Ingredients, and Fresh Corn, offering consumers a variety of healthy and balanced dietary options.





Advocating for Healthy Diets and Delivering Health Care

We actively respond to the "Healthy China" strategy, providing consumers with balanced dietary experiences. In product labeling, promotion, and customer communication, we actively advocate for healthy dietary concepts, guiding and encouraging families to practice scientifically sound dietary and nutritional behaviors.

In November 2023, we signed a strategic cooperation agreement with Ping An Healthcare and Technology Co., Ltd. Together, we aim to offer consumers safe, effective, and high-quality health care through a combined service model of "Healthy Eating + Health Management", integrating scientific dietary and nutritional management.



3. Practicing Green and Low-Carbon Development

As China rapidly advances towards its "carbon dioxide peaking and carbon neutrality" goals, green development has become a core element of economic and social progress. Shiyue Daotian closely aligns with national policies, deepens its commitment to ecological and environmental protection, actively implements green development principles, integrates "carbon peaking and carbon neutrality" into its development plans, and strives to address the challenges of climate change. We adhere to environmentally friendly business practices, adopt professional environmental measures, and enhance our environmental performance to contribute to the construction of a global community for life and a cleaner, more beautiful world.

3.1 Responding to Climate Change

Climate change is intensifying the frequency and unpredictability of extreme weather disasters in China, posing challenges to agriculture. Our production bases and upstream sources are primarily located in Northeast China, a region significantly affected by climate change due to its mid-to-high latitude position and location at the eastern end of the Eurasian continent. Extreme weather events in Northeast China, such as heavy rains, droughts, extreme cold, and frosts, can destabilize agricultural production, leading to losses or increased operational costs. However, in the medium to long term, climate change may also increase thermal resources in Northeast China, including trends of rising accumulated temperatures and longer growing seasons, as well as reduced probabilities of frosts and cold waves, all of which will benefit crop growth.

Considering this, we proactively identify and assess climate risks and opportunities, incorporating climate risk identification, adaptation, and mitigation into our decision-making process. We continuously monitor and warn against extreme weather, formulate and update disaster emergency plans to enhance our climate disaster prevention and management capabilities. Additionally, we closely monitor climate change trends and design our production bases in a manner suited to agricultural climatic conditions.

Climate Physical Risks

- Increased frequency of catastrophic weather events like heavy rain, blizzards, droughts, and extreme cold may pose severe physical climate risks, leading to business operation disruptions or increased operational costs.
- Medium to long-term climate changes can impact climatic conditions in primary raw grain production areas such
 as Wuchang City, potentially altering crop quality due to changes in effective active accumulated temperatures
 and shorter crop growth periods.

Climate
Transition Risks

• In the context of energy transition, we may face risks such as power outages and electricity restrictions due to energy supply issues, leading to short- to medium-term operational disruptions or increased investments in energy facility upgrades and higher operational costs.

Climaterelated Opportunities

- A decrease in agricultural meteorological disasters like frost damage, cold damage, cold waves, floods, and hailstorms could extend the suitable growth period for crops, accelerating their development and potentially increasing crop yields.
- The widespread adoption of green consumption concepts can boost the popularity of green, organic, and healthy food products, aiding the sales of our healthy dietary products.

Despite the high uncertainty of climate change, historical statistics from the national meteorological department indicate a significant warming trend in the temperature changes in Northeast China over the past decades, with noticeable northward and eastward shifts in the accumulated temperature zone. For example, Wuchang City in Heilongjiang Province has moved from the province's second to the first accumulated temperature zone, benefiting rice growth with more sunlight exposure, leading to better rice flavor. In the future, we will closely monitor climate change trends, fully consider the production and climatic characteristics of each crop, and optimize our processing and raw grain procurement layout to enhance the overall climate resilience of our supply chain.

3.2 Practicing Green Operations

Shiyue Daotian consistently integrates the concept of green operations throughout its activities, ensuring rice quality and protecting the ecological environment through measures such as improving energy utilization efficiency, reducing energy consumption and emissions, and recycling waste. This approach injects new momentum into the Company's sustainable development.

Efficient Use of Energy

We prioritize energy management and efficient usage, establishing energy management teams at our main production bases. Each team, coordinated by the respective base's general manager, oversees energy supply, equipment management, and the statistics of energy and water consumption, etc., promoting the establishment of a comprehensive environmental management system. As of the end of 2023, our Shenyang Xinchang and Wuchang Caiqiao production bases have obtained ISO 14001 environmental management system certification.

Energy Consumption

We are dedicated to enhancing energy efficiency and reducing emissions. To achieve this, we have established energy management teams at our main production bases. Each team is led by the general manager, who is responsible for coordinating energy supply, equipment management, energy consumption statistics, and other related tasks. Our daily operations primarily utilize electricity, diesel, natural gas, and coal. Diesel consumption mainly stems from forklifts and other raw grain handling equipment, as well as a few of our own transport vehicles. Natural gas and coal are primarily used for drying raw grains and providing heating for the plant and residential use. Gasoline consumption is mainly attributed to our own transport vehicles.

Indicator	Unit	2023
Total comprehensive energy consumption	MWh	71,257.9
Electricity	MWh	54,588.9
Diesel	Kiloliters	449.5
Gasoline	Kiloliters	106.3
Natural gas	Thousand standard cubic meters	756.7
Coal	Tonnes	357.2
Comprehensive energy consumption per unit product	kWh/tonne product	115.4
Comprehensive energy consumption per unit product	MWh/million RMB revenue	14.6

Notes:
(1) Our energy consumption statistics encompass our five production bases in Shenyang Xinmin, Wuchang, Tonghe, Songyuan, and Aohan, as well as the Beijing administrative center and four regional branches (Tianjin, Shanghai, Guangzhou, and Chengdu).

(2) Our total comprehensive energy consumption is calculated based on the actual physical quantities of various energy types consumed by the Company during the reporting period, converted using the prescribed method. Conversion factors for different energy types to standard coal are referenced from the General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020).

(3) The comprehensive energy consumption intensity per unit product only includes products produced by the Company and does not encompass OEM products. The comprehensive energy consumption intensity per unit of output value is calculated as comprehensive energy consumption divided by operating revenue, which includes revenue from the sale of OEM products.



- Optimizing Energy Structure and Advancing Electrification: By the end of 2025, we aim to increase the proportion of electricity in our total energy consumption to 80%. Replacing fossil energy sources such as coal, gasoline, and diesel with electricity will help reduce emissions of pollutants like sulfur oxides and nitrogen oxides, etc. and control GHG emissions. Our measures to achieve this goal include using energy-efficient drying equipment instead of traditional coal-fired ones, replacing some diesel vehicles with electric ones to cut down on diesel consumption and exhaust emissions, increasing the use of air-source heating equipment, and primarily using rice husks for drying. These actions will also aid in reducing our GHG emissions.
- Enhancing Statistical Monitoring to Control Emission Intensity: By the end of 2025, we plan to further refine the energy consumption and carbon emission statistics mechanisms for all existing and planned production bases. We will establish performance management indicators for energy management to better assess the effectiveness of our energy-saving and emission-reduction efforts.

Water Resource Utilization

We strictly adhere to the Water Law of the Peoples Republic of China, the Measures for the Administration of Groundwater Protection and Utilization, and other relevant laws and regulations, enhancing our water resource management system, and strengthening the management and protection of water resources to promote their conservation and rational use. Our water consumption primarily originates from production processes such as rice milling and daily operations, with municipal tap water and a small amount of groundwater being the main sources.

We promote water-saving concepts among our employees, display water conservation signs in each water usage area, and conduct periodic inspections to prevent water waste. We also check the implementation of water extraction and water-saving measures to ensure efficient use of this vital resource.

Indicator	Unit	2023
Total water consumption	Tonnes	165,465.5

Note:

(1) Our water consumption statistics cover our five production bases in Shenyang Xinmin, Wuchang, Tonghe, Songyuan, and Aohan, our administrative center in Beijing, and our four regional branches (Tianjin, Shanghai, Guangzhou, and Chengdu).

To effectively manage water usage, we have identified potential risks associated with water scarcity and set the following targets to further reduce water consumption:

- Controlling water usage in the production process: We implement a production water standard, consuming no more than 13 liters of water per tonne of processed rice.
- Reducing water usage for employee living: We set a benchmark of 7.2 tonnes of domestic water per employee per year. We regularly inspect and promptly replace aged or damaged pipe networks and replace some sensor taps. We advocate and encourage our employees to develop a sense of water conservation.

GHG Emissions

Our GHG emissions mainly come from energy consumption in production, administrative offices, and owned vehicles. There are no GHG emissions from intermediate processes in the food production and processing chain. We have taken relevant energy-saving and emission-reduction measures to control and reduce our own GHG emissions.

Indicator	Unit	2023
Total GHG emissions (Scope 1 and 2)	Tonnes of CO₂e	36,011.8
Scope 1 GHG emissions	Tonnes of CO₂e	3,119.5
Scope 2 GHG emissions	Tonnes of CO₂e	32,892.3
GHG emissions per unit product	kg CO₂e/tonne of product	58.31
GHG emissions per unit of output value	Tonnes of CO₂e/million RMB revenue	7.40

Notes:

(1) The scope of our GHG emissions statistics includes our five production bases in Shenyang Xinmin, Wuchang, Tonghe, Songyuan, and Aohan, our administrative center in Beijing, and four regional branches (Tianjin, Shanghai, Guangzhou, and Chengdu).

(2) Our GHG emissions are calculated based on our energy consumption. For Scope 1 direct GHG emissions, the carbon dioxide emission factors and GHG emission factors are sourced from Appendix 4 of the China Energy Statistical Yearbook 2021, the Guidelines for Accounting and Reporting GHG Emissions of Public Building Operating Enterprises, and the GHG Protocol Tool for Energy Consumption in China (Version 2.1). For Scope 2 indirect GHG emissions, the calculation refers to the emission factor of 0.5703 tCO2e/MWh as published in the Notice on the Reporting and Verification of GHG Emissions from Enterprises in Selected Key Industries for 2023-2025 by the Ministry of Ecology and Environment.

(3) Our GHG emissions per unit product is calculated based on the Company's internal production volume, excluding OEM products.

In terms of value chain GHG emissions (Scope 3), we have referenced the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* to preliminarily identify the main Scope 3 emission categories, including "transportation of purchased raw materials or commodities", "transportation of products for sale", and "business travel". We have optimized our logistics and transportation routes by deploying warehousing and logistics systems and applying transportation management systems, thereby enhancing logistics and transportation efficiency and reducing energy consumption and GHG emissions caused by upstream and downstream logistics and transportation. Specific measures include encouraging logistics service partners to adopt a "road+rail/sea" mixed transportation mode and utilizing big data to optimize transportation and distribution efficiency to reduce potential emissions.

We have reduced the transportation distance between us and our customers by constructing our own RDCs and local warehouses, thereby lowering carbon emissions during the product transportation process. In 2023, our total inbound rail transportation exceeded 75,000 tonnes, involving 34 destination cities. We also encourage employees to collaborate through remote video conferencing and other means to reduce unnecessary business travel, further reducing Scope 3 GHG emissions. In the future, we plan to gradually carry out statistical and monitoring work for Scope 3 emissions according to the *Guidance on Climate Disclosures* and expand the disclosure of Scope 3 emissions over time.

Waste Management

Our sources of exhaust pollution primarily include dust (particulate matter) generated during raw grain processing, sulfur dioxide, nitrogen oxides, soot, and dust from coal-fired and gas-fired boilers, as well as exhaust emissions from our own vehicles. We strictly adhere to the *Integrated Emission Standard of Air Pollutants* and *Emission Standard of Air Pollutants from Boilers*, ensuring compliance with the prescribed limits for pollutant emissions. Furthermore, we have developed management policies and systems related to environmental protection and hazardous waste management to appropriately handle various types of waste. Specifically, we have installed dust removal equipment, exhaust pipes, and dust collectors at our production facilities to ensure proper collection and treatment of dust particles. Additionally, we have equipped our facilities with integrated waste management systems and engage third-party organizations to regularly monitor the concentration of air pollutants in the exhaust gases, ensuring they remain within permissible limits.

Indicator	Unit	2023
Sulfur oxides	Kg	3,223.92
Nitrogen oxides	Kg	6,387.2
Particulate matter	Kg	7,894.7

Notes:

(1) Our air pollutant emission statistics encompass our five production bases in Shenyang Xinmin, Wuchang, Tonghe, Songyuan, and Aohan, the administrative center in Beijing, and four regional branches (Tianjin, Shanghai, Guang-zhou, and Chengdu).

(2) Our sulfur dioxide emissions primarily originate from coal combustion, gasoline, diesel, and natural gas. Specifically, the sulfur oxide emission factor for coal is 8.62 kg/tonne; for natural gas, it is 0.17935 kg/thousand cubic meters; and for gasoline and diesel, the factors are 0.0147 g/l and 0.0161 g/l, respectively, as referenced from the HKEX How to Prepare an ESG Report - Appendix 2: Reporting Guidelines on Environmental KPIs.

(3) Our nitrogen oxide emissions mainly arise from natural gas consumption and vehicle travel.

According to the Environmental Assessment Report, our production process does not generate any industrial wastewater. The wastewater we discharge primarily consists of domestic and cafeteria wastewater. After treatment by a separator, the cafeteria wastewater is combined with domestic wastewater and discharged into impermeable septic tanks. The treated wastewater is then discharged into the local sewage treatment plant through the municipal sewer system.

We adhere strictly to the regulations for the centralized disposal of hazardous waste. For the small quantities of waste engine oil and testing reagents produced, we have entered into a hazardous waste disposal agreement with a professional waste disposal company and have completed the hazardous waste transfer documentation. Additionally, organic waste materials such as rice husks and broken rice generated during production are repurposed for use as insulation materials, fillers, or fuel.

Packaging Material Use

We select packaging materials based on the specific characteristics and requirements of our products. Our packaging materials include packaging bags and woven bags. We require our packaging material suppliers to provide relevant certifications and product testing reports and to issue quality assurance certificates for the packaging materials. We also conduct periodic inspections to ensure the safety and quality of our packaging materials, especially those that come into contact with food.

Our primary packaging materials are plastic bags, plastic woven bags, and plastic bottles made from PE and PET, which are generally recyclable. In 2023, recyclable packaging materials accounted for 62.9% of our total packaging materials.

Given that the external packaging of our products can become waste after consumer use, we are committed to a green transformation of our packaging materials. This includes reducing packaging volume and using single-material packaging where possible. We have widely adopted PE material for plastic bags and woven bags in our rice products, increased the use of PET plastic bottles for grains, beans, and other products, reduced the number of composite layers in our woven bags from three to two, and plan to decrease the use of composite packaging materials such as aluminum-plastic bags. Additionally, we aim to reduce the procurement of non-recyclable paper-plastic materials while increasing the purchase of recyclable materials.

Indicator	Unit	2022	2023
Total packaging material usage for finished products	Tonnes	13,876	13,494
Plastic bags (PE)	Tonnes	5,357	7,411
Plastic paper bags	Tonnes	5,339	4,113
Aluminum plastic bags	Tonnes	1,097	479

Indicator	Unit	2022	2023
Woven plastic bags (OPP)	Tonnes	899	749
Plastic bottles (PET)	Tonnes	519	326
Other packaging materials	Tonnes	664	418
Packaging material usage per tonne of finished product	Kg/tonne of product	20.51	18.32

Note:

(1) Our total packaging material usage for finished products represents the total amount of packaging used for all types of products produced and sold by the Company during the reporting period, including both the Company's own products and those supplied by OEM partners.

3.3 Protecting Ecological Environment

In response to the *National Black Land Protection Project Implementation Plan (2021–2025)*, we have established multiple production bases in Northeast China. By signing "order-based farming" cooperation agreements with local farmers, we aim to promote high-quality agricultural development and the modernization of agriculture and rural areas in the region, protecting the arable land in the typical black soil areas of Northeast China.

Our production bases prepare environmental impact reports in compliance with regulations, ensuring that site selection adheres strictly to the national ecological red line and environmental quality baseline. The land use for our projects is designated as industrial, avoiding encroachment on basic farmland, forest land, ecological protection red zones, drinking water protection zones, nature reserves, and other areas requiring special protection. Additionally, we collaborate with local farmers to foster ecological agricultural practices, protecting soil and water resources. We advocate for the reduction of chemical fertilizers and pesticides, promoting soil and water health. Together, we strive to maintain a healthy and sustainable agricultural ecosystem, avoiding the expansion of agricultural land into natural habitats that could harm biodiversity.



4. Growing Together with Employees

Employees are an important driving force for companies to realize sustainable development. Shiyue Daotian adheres to the people-oriented approach, comprehensively protects the rights and interests of employees, builds a fair and just employment management system, pays attention to the physical and mental health and safety of employees, and creates a healthy and efficient workplace environment. We provide employees with a scientifically sound training system and a fair and smooth promotion channel to stimulate their potential, offer good welfare benefits, care for employees' needs, and continuously improve their sense of belonging and well-being, promoting the common development of employees and the enterprise.

4.1 Respecting and Protecting Rights and Interests

We are committed to providing equal opportunities in all aspects of employment and to upholding a workplace free from discrimination, physical, or verbal harassment based on race, religion, color, gender, physical or mental disability, age, nationality, marital status, or sexual orientation. We adhere to the *United Nations' Guiding Principles on Business and Human Rights* and other international conventions on human rights protection, comply with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other national laws and regulations. We have established systems such as the *Recruitment Management System* and the *Labor Contract Management System*, which clearly stipulate that we do not employ individuals below the legal working age and require verification of employees' identity information upon hiring to prevent child labor, and there are no discriminatory clauses. Work hours and leave are in compliance with relevant laws and regulations. Additionally, the Employee Behavior Management System includes a clause for employee complaints, clarifying that employees can report and file complaints through appropriate channels in the event of harassment, discrimination, and other issues. As of the end of 2023, we have not received any complaints or reports related to discrimination or harassment.

To strengthen democratic management within the Company, protect employees' legal rights, and build harmonious labor relations, we have established the Employee Representative Assembly System. We have organized assemblies, elections for representatives, and publicized the list of representatives, among other activities.

We strive to be an exemplary employer by attracting and nurturing top talent, building a high-quality and dynamic team. Through recruitment websites, job fairs, our Company's website, local newspapers, and our WeChat official account, etc., we disseminate recruitment information promptly, accurately, and clearly, providing candidates with authentic employer details and establishing effective communication between candidates and the employer. In 2023, we conducted various recruitment activities, such as online and offline campus seminars at multiple universities, and continuously expanded channels for talent acquisition, including internal referrals and social recruitment.

Case School-Enterprise Collaboration for Student Employment

We actively assist college students in finding employment, establishing an employment base at Heilongjiang University, and forming partnerships with the School of Life Sciences at Liaoning University and the School of Economics at Shenyang University of Technology. We have set up off-campus employment guidance practice units at these institutions, helping students develop proper career and employment perspectives.



Appointment letter from the School of Life Sciences at Liaoning University



Appointment letter from the School of Economics at Shenyang University of Technology



Employment Base
Agreement at Heilongjiang
University

As of the end of 2023, our Company has 1,926 full-time employees, with a balanced gender distribution of 48% male and 52% female. The age distribution includes 28% under 30,64% between 31 and 50, and 8% over 51. Additionally, we prioritize the employment of individuals with disabilities, having provided jobs for five disabled persons this year.

Employee Composition

Indicator	Unit	2023		
Total employees	Persons	1,926		
	Employees by gender			
Male employees	Persons	920		
Female employees	Persons	1,006		
Employees by employment type				
Full-time employees	Persons	1,898		
Part-time employees	Persons	28		
Employees by age group				
30 and below	Persons	548		
31-50	Persons	1,230		
51 and above	Persons	148		
	Employees by geographical region			
Beijing	Persons	411		
Others	Persons	1,515		

Employee Turnover

Indicator	Unit	2023
Total number of new hires	Persons	1,163
Total turnover	Persons	1,364
Employee turnover rate	%	41%
	Turnover by gender	
Male employees	Persons	686
Female employees	Persons	678
	Turnover by age group	
30 and below	Persons	452
31-50	Persons	808
51 and above	Persons	104
	Turnover by geographical region	
Beijing	%	53%
Others	%	37%

Note: Our employee turnover rate = (number of turnovers / (total number of employees + number of turnovers)) * 100%

4.2 Employee Health and Safety

We adhere to China's occupational health and safety laws and regulations, developing the Production Safety Accident Management System, the Occupational Health and Safety Management Manual, and other rules and regulations related to production safety and occupational health. Each of our production bases has established a safety committee, led by the general manager, responsible for coordinating significant safety issues in production and daily management. We have implemented occupational health and safety management systems at our Wuchang Caiqiao and Shenyang Xinchang production bases, conforming to the ISO 45001/OHSAS 18001 standards and encompassing all employees and operational activities.

To address occupational hazards in our factories, we have developed a Hazard Identification and Risk Assessment Form as per the OHSAS management system construction requirements. We have engaged professional organizations to assess occupational disease hazards in our factories and taken appropriate measures based on the identified hazards. This includes providing dust masks, protective earplugs, and other protective equipment to employees in key areas, conducting regular health check-ups for occupational hazards, and issuing health certificates. We also focus on updating equipment to prevent leaks and spills.

To enhance employee safety awareness, we have implemented comprehensive safety measures. These include regular safety production education, occupational health and safety training, and safety lectures. We collaborate with local fire brigades for joint fire drills to improve our response to fires and other emergency safety incidents. Additionally, we have established fire safety and production safety leadership groups, conducting safety inspections twice a week, and holding special meetings on factory-wide safety production and workshop team safety meetings. We have also taken employees' suggestions into account, equipping the canteen with a TV to broadcast safety promotional videos, and providing material rewards for employees who offer constructive suggestions or make significant contributions to safety.

Case

Wuchang Caiqiao - Conducting Multiple Fire Emergency Drills

To enhance employees' fire prevention awareness, the Wuchang Caiqiao Factory organized three fire-related safety training sessions and lectures in 2023, covering 85% of the personnel. These sessions aimed to equip employees with the knowledge to efficiently handle emergency firefighting and rescue operations at fire accident sites, fostering a strong sense of fire safety and enabling safe and rapid evacuation. Employees also learned the correct use of fire extinguishers and fire engines for extinguishing fires.



Factory fire safety training



Fire emergency drill



Fire emergency drill

Case

Shenyang Xinchang - Conducting Diverse Safety Training and Emergency Drills

To ensure employee safety, Shenyang Xinchang carried out diverse safety protection activities, including first aid, flood prevention, dust explosion, and fire protection, tailored for employees at different levels. These activities effectively heightened employees' safety awareness and emergency response capabilities.



Flood control emergency drill on May 24, 2023



Dust explosion emergency drill



Fire emergency drill

In 2021, 2022 and 2023, we did not experience any work-related fatalities, nor were we subject to any significant claims, lawsuits, penalties, or disciplinary actions due to any major accidents.

Indicator	Unit	2023
Number of participations in safety and environmental protection training activities	Person-times	3,179
Duration of safety and environmental protection training	Hours	64
Number of employee work-related injuries ¹	Cases	30
Workdays lost due to work-related injuries	Days	1,383
Number of work-related fatalities	Persons	0

Note

(1) Our work-related injury incidents primarily consist of minor sprains and contusions caused by mishandling and accidents. The affected employees have all returned to their positions after recovery and rest.

4.3 Training and Career Development

We are committed to developing a comprehensive and inclusive talent cultivation system to ensure our Company's future sustainability. We fully nurture and empower employees with outstanding performance and managerial capabilities. Regular talent assessments and interviews are conducted to identify potential future leaders through a "2-7-1" approach. We motivate exceptional employees with a combination of salary adjustments and annual bonuses. In 2023, we identified approximately 130 "future stars" for targeted development plans, creating a structured talent pipeline across all levels. Moving forward, we aim to refine our dual-channel career advancement pathways, promoting based on "competence, responsibility, and contribution", enabling more talents to excel.

To enhance our team's technical and managerial skills, we've established comprehensive training systems at both the group and departmental levels. Group-level training focuses on corporate culture, transferable skills, and leadership development, while department-level training concentrates on specialized knowledge and operational expertise. We continuously offer a range of training programs, including internships, orientation sessions, and ongoing professional development, to foster a professional mindset and good work habits among employees, and acquire strong business-related knowledge. Additionally, we've implemented a mentorship program to support employees' career progression.

- Systematic training for management trainees, with more specific and detailed training plans for internship training and more detailed programmers for post-entry training mentors;
- Emphasis on new employee training in corporate culture and integration, with eight major training events organized annually;
- Streamlining the training process with mandatory sign-ins, Q&A sessions, tests, and evaluations, integrating training outcomes with probationary management.



Job description training



The eighth new employee onboarding training



Information system training

In 2023, we focused on specialized training for talents in key areas. For reserve talents, we continued to refine our management trainee program, shift from "wide and broad" to "small and precise", recruiting 21 individuals and retaining 19 in 2023. We organized training during internships and probationary periods, ensuring all trainees could independently handle their responsibilities after six months. For key position reserve cadres, we emphasized "learning by doing" and participation in major projects.

Employee Training

Indicator	Unit	2023
Number of training programs conducted	Number	252
Total employee training participation	Person-times	5,047
Total training duration per employee	Hours	4,203
	Training hours by gender	
Male employees	Hours	2,277
Female employees	Hours	1,926
Tr	aining hours by employee category	
Senior management	Hours	126
Middle management	Hours	504
General staff	Hours	3,573

To further facilitate employee career development, we have streamlined our organizational structure and broken down each business unit into smaller teams, reducing the layers of reporting and decision-making processes. This approach provides more opportunities for talent at all levels to emerge and shine. Additionally, we have standardized job titles, detailed job descriptions, and clarified the direction and path for talent development in each position.

4.4 Salary and Benefits

We strictly adhere to the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, planning employee salaries and standards in accordance with relevant laws and regulations. We consider employee satisfaction in setting salaries, referencing local government wage standards, ensuring our compensation exceeds the minimum wage standards of the employees' work locations. We provide salary adjustment mechanisms and annual bonuses as incentives, ensuring employees fully share in the Company's success and aligning compensation with performance to motivate our workforce.

Short-term Incentives

- Celebrating the Company's listing on the HKEX, 35 employees were invited to attend the listing ceremony at the HKEX to share in the sense of honor.
- Honorary certificates were awarded on the Company's brand day based on employees' tenure and performance: 57 Pioneers, 38 Cultivators, and 33 Guardians.
- Salary adjustments were implemented as incentives for employees with outstanding daily work performance.

Medium-term
Incentives

- An annual bonus incentive plan was implemented.
- A Hangzhou branch was established, managed by young talent.

Long-term Incentives

Veteran employee medals were awarded to individuals who have served the Company for three, five, and eight years or more.

we strictly comply with relevant legal requirements to provide "five social insurances and one housing fund" for employees, and offer maternity leave, paternity leave, and annual leave to ensure that employees' working hours and vacations meet legal standards. We also provide diverse welfare benefits, including medical check-ups and festival benefits, to ensure employee welfare and enhance their sense of happiness and belonging.

We value employee feedback and continuously strengthen communication to listen to their voices. Through initiatives like the "7-1-3" interview plan for new employees and exit interviews, we gain a deeper understanding of employee needs and make corresponding improvements, responding to their needs and suggestions with practical actions.

Case

Shiyue Daotian Brand Day Event

On October 18, 2023, the Beijing headquarters organized a Brand Day event for employees.







Shiyue Daotian Brand Day Event.

Case

Songyuan Factory holiday comfort and care initiatives

In 2023, the Songyuan Plant provided warmth and comfort to frontline employees during the holidays, distributing essential items such as rice, flour, and oil.







Songyuan Factory holiday comfort and care initiatives

Case

Wuchang Caiqiao Factory 2023 Dragon Boat Festival team-building activities

The Wuchang Caiqiao Factory organized team-building activities for all employees during the Dragon Boat Festival in 2023, including basketball and badminton competitions and dance performances, achieving an 80% participation rate.







Wuchang Caiqiao Factory 2023 Dragon Boat Festival team-building activities

5. Practicing Corporate Citizenship

Shiyue Daotian actively practices corporate citizenship, actively promoting the construction of responsible supply chains, fostering rural revitalization, and contributing to social welfare initiatives. By leveraging its resources and influence, Shiyue Daotian provides assistance to those in need and conveys warmth and strength to the public and society.

5.1 Building Harmonious Partnerships

Shiyue Daotian continuously explores management and practices from the supply to the demand side, maintaining close ties with industry chain partners. It accelerates the development of responsible supply chains, jointly fostering prosperity and growth in the grain industry.

Sustainable Procurement Practices

We adhere to responsible procurement principles, advancing sustainable procurement management, enhancing supplier oversight, and continuously refining our responsible supply chain. By extending our sustainability requirements to the entire supply chain, we ensure the long-term, sustainable supply of high-quality products, reduce supply risks, and collaborate with stakeholders to achieve sustainable procurement goals.

To ensure the effective procurement of high-quality raw materials and packaging, providing customers with superior products, we conduct procurement planning and control at the group level. We base our procurement decisions on past sales performance and customer demand.

Localized Sourcing

Since our inception, Shiyue Daotian has committed to establishing and maintaining stable relationships with core base raw material suppliers. We foster collaborative partnerships with rural cooperatives, professional agricultural suppliers, and individual farmers. This not only ensures a sustainable supply of high-quality raw materials but also supports stable income growth for local farmers.

Adhering to the principles of voluntary participation, equality, and mutual benefit, we engage in framework purchasing agreements or one-time purchasing agreements with local suppliers for raw materials such as rice, paddy, and grains. These agreements specify quality standards for the raw materials, pricing principles, and responsibilities in case of breach. We employ a market-driven mechanism for purchasing raw grains to safeguard the interests of local suppliers and farmers. Moreover, we clearly stipulate payment terms with local suppliers, ensuring timely payment after reconciliation, thus protecting the interests of our suppliers.

Responsible Procurement

In our procurement process, we have specific requirements for different types of suppliers regarding sustainability certifications, prioritizing suppliers with relevant certifications to ensure the quality and sustainability of their products. As of the end of 2023, several of our suppliers have obtained ISO14001 environmental management system and ISO45001 occupational health and safety management system certifications.

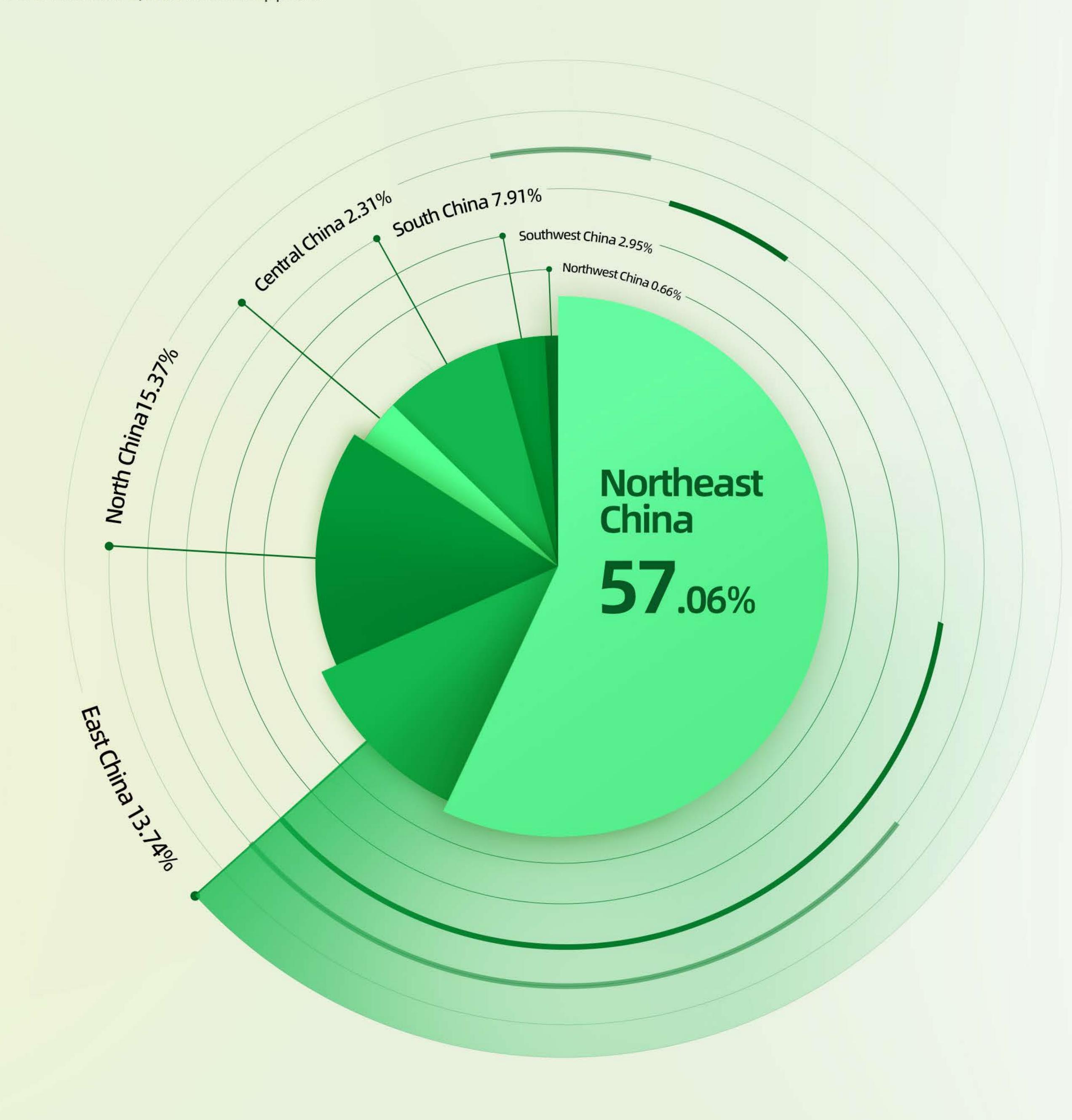
During the audit of primary food material and food contact packaging material suppliers, we focus on their practices in health and safety and environmental protection.

- We value and encourage suppliers to integrate environmental management into their operations to prevent or mitigate adverse environmental impacts and enhance beneficial environmental impacts.
- We focus on reviewing suppliers external and internal environmental management, including sources of pollution such as dust and harmful gases, waste management, and drainage management.
- We examine suppliers' efforts to provide healthy and safe workplaces, prevent work-related injuries and health impairments, and time of supply of necessary protective equipment.

Additionally, we regularly hold supplier meetings, providing guidance and training, and organizing on-site exchanges and inspections of anomalies at production facilities.

Enhancing Supplier Management

Our exceptional supply chain management capabilities provide assurance for our business growth, and a stable supply chain is the cornerstone of our ability to consistently, steadily, and swiftly supply products. To enhance oversight of the supply chain, we have developed and implemented comprehensive supplier management policies and systems. For critical areas such as packaging materials and contract manufacturing, we have established entry systems, tender management systems, and quality assessment and penalty systems. As of the end of 2023, the Company boasts a network of more than 5,000 diverse suppliers.



Supplier Audit and Admission Standards

We rigorously enforce the Supplier Audit System, applicable to all supplier audit management, to regulate supplier admission, continuously monitor suppliers' self-management, production, and quality capabilities, and dynamically manage supplier selection to better meet our quality requirements. This approach enhances the overall rationalization level of our supply and ensures fairness and reasonableness in our supply management practices.

We have clarified the audit process for suppliers, which includes pre-audit, admission audit, inspection audit, annual audit, and special approval. We conduct regular audits of suppliers to ensure that the product standards of each supplier and business partner comply with safety standards and regulatory requirements. The frequency of supplier quality audits is determined by factors such as material risk level, supplier site risk level, supply quality performance, material importance, and includes monthly, semi-annual, and annual audits. We perform factory inspections to assess suppliers' qualifications, scale, equipment, and environment. If a supplier's raw materials or products fail to meet national or our standards or policies, we reserve the right to terminate the cooperation. In case of quality issues caused by supply of goods, our suppliers are responsible for compensation.

For logistics suppliers, we implement a strict admission review system, requiring suppliers to provide essential information and qualifications, ensuring transportation capabilities, and conducting monthly evaluations of logistics suppliers. If any violations or improper conduct are detected, cooperation will be terminated and the supplier will be removed from our supplier database as appropriate. To enhance the delivery safety of logistics suppliers, we have established and implemented a code of conduct for external personnel to raise the safety awareness of delivery drivers and encourage safe driving.

Standardizing the Bidding and Procurement Process

To ensure the fairness, justice, transparency, honesty, and credibility of our bidding and procurement activities, and to align them with our strategic goals, we have optimized our bidding management system. The Bidding Committee is fully responsible for the leadership and decision-making of the Group's bidding and procurement activities, while the Bidding Working Group is tasked with organizing and implementing the management and execution of bidding projects.

Three key bidding principles

Qualification Review Principle	All bidding entities must undergo a pre-qualification review, and only those that meet the project requirements are allowed to participate in the bidding process.
Transparency and Fairness Principle	The entire bidding process must maintain complete transparency, with all departments actively cooperating, enhancing communication, sharing information, and eliminating any form of secretive manipulation.
Confidentiality Principle	Proper confidentiality measures must be in place for bidding documents, bid evaluations, and award decisions to prevent any impact on the fairness and effectiveness of the bidding process.

Supplier Assessment and Sanctions

To ensure the quality of materials and outsourced products, we have developed a comprehensive supplier management system for packaging suppliers. This system includes a monthly performance evaluation to enhance quality awareness and improve the supply quality. The evaluation covers seven areas: qualifications, orders, production, delivery, invoicing, quality, and packaging specifications. In case of quality issues, the Quality Control Department classifies the problem's severity and records demerits for the supplier. These are reflected in the monthly supplier performance assessment and contribute to the annual evaluation.

We continuously monitor the daily cumulative pass rate data for our active suppliers and categorize them into A, B, or C tiers based on their annual performance appraisal scores. For subsequent purchasing plans, priority is given to A-tier suppliers, while B and C-tier suppliers are considered based on specific circumstances. Furthermore, B and C-tier suppliers are subjected to more rigorous spot inspections to ensure compliance with our quality standards.

Fostering Industry-wide Mutual Benefit Cooperation

We continue to deepen our multi-channel ecosystem, establishing a broad and diverse sales network that spans both online and offline channels. We maintain strong partnerships with leading e-commerce platforms and leverage our offline operational capabilities to enhance product and service accessibility. This multi-channel approach allows us to stay attuned to customer experiences and evolving preferences.

Online Channels

E-commerce Platforms

We mainly sell our products through e-commerce platforms, which in turn offer our products to customers. We have established partnerships with comprehensive e-commerce platforms such as JD.com and Tmall, as well as community group-buying platforms.

Online Self-operated Stores

We operate our own stores on third-party e-commerce platforms, directly selling our products to customers. This direct sales approach allows us to gather customer feedback, gain timely and accurate customer insights, and refine our products and sales strategies.

Offline Channels

Modern Supermarket Channels

Leveraging our experience in online sales, comprehensive service capabilities, efficient supply chain management, and strong brand recognition, we have established an extensive sales network in modern supermarket channels.

B Distribution Network

We collaborate with distributors to enhance the accessibility of our products.

5.2 Promoting Rural Revitalization

We are committed to implementing national strategies for comprehensive rural revitalization and accelerating the modernization of agriculture and rural areas. We locate our production bases in agricultural regions to explore local specialty agricultural products. By introducing modern agricultural technologies and optimizing planting structures, we provide industrial support to contribute to local economic and social development.

Building on an integrated full-chain approach, we focus on key aspects such as farmer cultivation, procurement, production, processing, warehousing, logistics, sales, brand experience, repurchase, and services. This approach aims to enhance the stability of the industrial system comprehensively.

Additionally, we actively promote ecological agriculture, explore the added value of staple agricultural products like rice, expand the development scope of agricultural products, and support the sustainable development of rural industries.

Case

Implementing the "Order-based Farming" Model to Motivate Farmers' Enthusiasm for Grain Cultivation

Since 2017, we have implemented the "order-based farming" model in Northeast China. Each year, during the spring planting season, we sign Rice Purchase Intention Agreements with local agricultural cooperatives and farmers. By providing rice seeds for free and signing recycling contracts, we have expanded the contracted land area.

We partner with rural communities to actively engage in rural revitalization and targeted assistance, using our brand and operational model to effectively connect rural areas with customers. Our integrated brand matrix, backed by high-quality products, supports local economic growth and increases market demand, benefiting upstream farmers.

Additionally, we provide agricultural technology guidance to local farmers, promoting sustainable farming methods and sharing high-quality seedlings for guidance and management, helping farmers achieve stable increases in production and income. We also closely monitor the development process of rural communities, hoping to accelerate their progress with the support of Shiyue Daotian. We actively take actions to support the construction of various rural communities, such as repairing village offices and providing office computers and other supplies for Zaojiaoshu Village and Yanjiawobao Village in Jinwutaizi Town, Xinmin City.

5.3 Contributing to Social Welfare Initiatives

Philanthropy is a symbol of societal advancement and a fundamental responsibility for corporate citizens. We are dedicated to extending the benefits of our growth to the wider community, actively engaging in a variety of social welfare initiatives, and contributing to the betterment of people's lives.

Caring Donations

We are attentive to social emergencies, always ready to fulfill our social responsibilities by extending support to those in critical need. In 2020, we donated over 60 tonnes of rice valued at over RMB 1 million to Wuhan during the COVID-19 outbreak. In 2021, we provided 30 tonnes of Wuchang rice to aid extreme torrential rain and flood victims in Zhengzhou, Henan. In 2023, we contributed RMB 300,000 for road repairs in Shanhe Town, Wuchang City, donated RMB 500,000 for flood relief in Wuchang, and provided around RMB 103,000 worth of relief materials to Ping'an Village and Shanhe Town government.



Shiyue Daotian donated RMB 500,000 for flood relief in Wuchang City



Donation of RMB 300,000 for road repairs in Shanhe Town, Wuchang

In October 2021, the Shenyang Xinchang production base actively responded to the Xinmin City government's initiative to build a "City Book Room" and donated RMB 500,000 to construct the first city book room in Xinmin City. This contribution aims to integrate the library with the city book room, providing convenient access for residents to read nearby, enhancing the reading volume and cultural literacy of community residents, and adding cultural depth to the city.

Volunteer Service

We regularly organize visits to nursing homes to comfort and provide warmth to local elderly residents who are alone, delivering gifts, cash, and essential supplies. We are committed to supporting women's development. Leveraging our business characteristics and strengths, we collaborate with the local Women's Federation to provide employment opportunities for women and actively support rural women in enhancing their family status and participating in social activities.



In 2023, we visited six families in need in Shanhe Town and organized voluntary tree-planting activities.







Voluntary tree planting

Appendix

Content Index of the HKEX ESG Reporting Guide

	Subject A	Areas, Aspects, General Disclosures and KPIs	Related Chapters
A. Environm	ent		
	that have a sigr	sure: (a) the policies; and(b) compliance with relevant laws and regulations nificant impact on the issuer relating to air and greenhouse gas emissions, water and land, and generation of hazardous and non-hazardous waste.	
	KPI A1.1	The types of emissions and respective emissions data.	
Aspect A1:	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).	3. Practicing Green and Low-Carbon Develop-
Emissions	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	- Practicing Green Oper- ations
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	
	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.	
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		
	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).	
Aspect A2: Use of	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3. Practicing Green and Low-Carbon Develop-ment
Resources	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	- Practicing Green Oper- ations
	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.	
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
Aspect A3: The Environ- ment and Natural Re- sources	General Disclos Policies on mini ural resources.	sure imizing the issuer's significant impacts on the environment and nat-	3. Practicing Green and Low-Carbon Develop-ment
	KPI A3.1	Description of the significant impacts of activities on the envi- ronment and natural resources and the actions taken to manage them.	- Practicing Green Oper- ations
Aspect A4:	General Disclos	ure	3. Practicing Green

Climate		entification and mitigation of significant climate-related issues which have I those which may impact, the issuer.	and Low-Carbon Devel- opment
Change	Description of the significant climate-related issues which may impact, the issuer, and to manage them. Description of the significant climate-related issues which may impact, the issuer, and to manage them.		- Practicing Green Oper- ations
B. Social			
Employme	nt and Labour	Practices	
Aspect	tions that have missal, recruit	osure n:(a) the policies; and(b) compliance with relevant laws and regula- e a significant impact on the issuer relating to compensation and dis- ement and promotion, working hours, rest periods, equal opportunity, ediscrimination, and other benefits and welfare.	4.Growing Together with Employees
B1: Employ- ment	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.Growing Together with Employees Respecting and Pro-
	KPI B1.2	Employee turnover rate by gender, age group and geographi- cal region.	tecting Rights and Inter- ests
	tions that have	osure n:(a) the policies; and(b) compliance with relevant laws and regula- e a significant impact on the issuer relating to providing a safe work- ent and protecting employees from occupational hazards.	
Aspect B2: Health	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.Growing Together with Employees - Employee Health and Safety
and Safety	KPI B2.2	Lost days due to work injury.	
	KPI B2.3	Description of occupational health and safety measures adopt- ed, and how they are implemented and monitored.	
Aspect	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		
B3: Devel- opment and	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.Growing Together with Employees - Training and Career Development
Training	KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Stan- dards	The same and the same	n:(a) the policies; and(b) compliance with relevant laws and regula- e a significant impact on the Issuer relating to preventing child and	4.Growing Together
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	- Respecting and Pro- tecting Rights and Inter-
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	ests
Operating	Practices		
Aspect B5: Supply	1	sure anaging environmental and social risks of the supply chain.	5.Practicing Corporate Citizenship
Chain Manage- ment	KPI B5.1	Number of suppliers by geographical region.	- Building Harmonious Partnerships

			T .	
	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.		
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		
	KPI B5.4	Description of practices used to promote environmentally prefera- ble products and services when selecting suppliers, and how they are implemented and monitored.		
Aspect B6: Product Respon- sibility	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.		2.Providing Quality and Healthy Food - Product Safety and Quality	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.Providing Quality and Healthy Food - Product Safety and Quality	
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.Providing Quality and Healthy Food - Providing Quality Customer Service	
	KPI B6.3	Description of practices relating to observing and protecting in- tellectual property rights.	1.Building Integrity and Robust Governance - Integrity and Business Ethics	
	KPI B6.4	Description of quality assurance process and recall procedures.	2.Providing Quality and Healthy Food - Product Safety and Quality	
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	2.Providing Quality and Healthy Food - Providing Quality Cus- tomer Service	
Aspect B7: Anti-cor- ruption	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.			
	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.	1.Building Integrity and Robust Governance - Integrity and Business Ethics	
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.		
	KPI B7.3	Description of anti-corruption training provided to directors and staff.		
Community				
Aspect B8: Commu- nity In- vestment	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.		5.Practicing Corporate Citizenship	
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	 Promoting Rural Revi- talization Contributing to Social Welfare Initiatives 	
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.		

Reader Feedback Form

Thank you for reading this report. In order to continuously improve our reporting work, we would like to hear your opinions and suggestions. Please assist us by completing the feedback form below and choose one of the following methods to provide your feedback:

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Email: jiandu@shiyuedaotian.com

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luui	inform	auvii

2 Name:	Position:	☐ Fax:
ி Organization:	© Tel.:	

Multiple choice questions(Please tick the appropriate box)

Options	Excellent Go	od Average	Poor Very Poor	
This report comprehensively and accurately reflects the Company's significant impact on the economy, society, and environment.				
2. This report responds to and discloses issues of concern to stakeholders.				
3. The information, indicators, and data disclosed in this report are clear, accurate, and complete.				
4. The readability of this report, including the logical flow, content design, language, and layout.				

Open-ended questions

1. What additional information do you believe should be included in this report?

2. Do you have any suggestions for our future ESG reports?

We sincerely thank you for your interest and support for Shiyue Daotian!





Shiyue Daotian Group Co., Ltd.