

2024

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT



Tel: 025-85668787

Fax: 025-85668989

Email: njshhy@njshshipping.com

Address: Building 7, No. 12, Xinglong Road, Nanjing Area, China (Jiangsu) Pilot Free Trade Zone



NANJING SHENGHANG SHIPPING CO., LTD.

CONTENTS

Preface	01	SUSTAINABLE DEVELOPMENT GOVERNANCE	21	DEEPENING GREEN SHIPPING	47	ENSURING SHIPPING SAFETY	99
ABOUT THIS REPORT	01	SDGs and vision	23	Response to climate change	49	Improving the safety management system	101
COPORATE ADDRESS	03	Sustainable development system	24	Environment management	53	Identifying risks and opportunities	103
SUSTAINABILITY HIGHLIGHTS IN 2024	05	Communication with stakeholders	25	Energy management	65	Build a solid safety risk defense line	104
FOCUSING ON THE SHIPPING OF BULK	07	Materiality issue management	27	Water source management	71	Strengthening safety objective management	t 108
LIQUID CHEMICAL AND STRENGTHENING THE SAFE				Diverse ecology maintenance	72	Implementing safety management measures	s 109
TRANSPORTATION CONTROL SYSTEM				Circular economy	75		
INNOVATING SMART SHIPPING AND STRIVING FOR LEADERSHIP IN SHIPPING TECHNOLOGY	09	STRENGTNENING CORPORATE GOVERNANCE	31	LEADING INDUSTRIAL VALUE	77	PROTECTING EMPLOYEES' RIGHT AND INTERESTS	TS 115
EXPANDING GREEN OPPORTUNITIES	10						
AND DEVELOPING CLEAN ENERGY WATERBORNE TRANSPORTATION		Three Bodies governance	33	Innovation drive	79	Labor rights and interests management	117
BUSINESS		Risk management	36	Customer service improvement	88	Occupational health management	125
		Investors' rights and interests	39	Supply chain management	92	Employee training and development	129
		Business ethics	42	Data security and privacy protection	96	Harmonious society building	134
About Shenghang Group	11					APPENDICES	135
Company profile	13		4				
Corporate culture	17					Index Table	135
Strategic planning	17					Feedback Form	137
History	18					المارية	
Glories and recognition	19		· 英 化 化 5 Sens HANG HA			NO SMOKING SAFETY FIRST	
9	- 11. Int. A		madestal of a lite in		6		W.
			1995年 1996年 19				
			•				



Preface

ABOUT THIS REPORT

This is the first Environmental, Social, and Governance (ESG) Report (hereinafter referred to as "ESG Report" or "this Report") issued by NANJING SHENGHANG SHIPPING CO., LTD. (hereinafter referred to as "Shenghang Group," "the Company," "we," or "us"). This Report provides a detailed disclosure of the Company's ESG practices and performance for 2024 based on the principles of objectivity, standardization, transparency, and comprehensiveness.



Reporting Scope

Unless otherwise stated, the scope of this Report, which covers Shenghang Group and its subsidiaries, is the same as that of the Company's annual report.

Reporting Period

The reporting period is from January 1, 2024 to December 31, 2024 (the "Reporting Period"). To enhance the comparability and foresight of this Report, some contents are appropriately retrospective to previous years or forward-looking. This Report is issued on an annual basis, consistent with the financial year.

Preparation Basis

- Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (for Trial Implementation) issued by the Shenzhen Stock Exchange
- Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI Standards)
- · China Corporate Sustainability Reporting Guidelines (CASS-ESG6.0) issued by the China Enterprise Reform and Development Society
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- United Nations Sustainable Development Goals (SDGs)
- Sustainability Accounting Standards Board (SASB) Standards

Data Description

The data used in this Report include the original data of the Company's actual operation, publicly available government data, annual financial data, relevant internal statistical statements, and third-party questionnaires. The financial data in this Report are denominated in RMB. In case of any inconsistency with the financial report, the financial report shall prevail.

Abbreviations

Abbreviation	Full name
Shenghang Group, the Company, we, or us	NANJING SHENGHANG SHIPPING CO., LTD.
Shenghang Haoyuan	Shenghang Haoyuan (Shenzhen) Shipping Co., Ltd.
IMO	International Maritime Organization
EEXI	Energy Efficiency Existing Ship Index
EEDI	Energy Efficiency Design Index
EEOI	Energy Efficiency Operational Indicator
CII	Carbon Intensity Indicator
NSM	Administrative Rules of the People's Republic of China for the Safe Operation of Ships and for Pollution Prevention
ISM	International Management Code for the Safe Operation of Ships and for Pollution Prevention
MARPOL	International Convention for the Prevention of Pollution from Ships
IMDG	International Maritime Dangerous Goods Code
DPA	Designated Person Ashore
PSC	Port State Control
FSC	Flag State Control
SIRE	Ship Inspection Report Programme
USCG	United States Coast Guard

Confirmation and approval

This Report was approved by the Board of Directors of the Company on April 25, 2025 and released together with the annual report. The Board of Directors commits to supervising the content of this Report and ensuring that it does not contain any false presentations or misleading statements, and is responsible for the authenticity, accuracy, and completeness of the content.

Access to this Report

This Report is available for viewing and downloading on the official website of the Company (http://www.njshsh.com) and the website of the Shenzhen Stock Exchange (www.szse.cn).

If you have any feedback or suggestions about our sustainability, please feel free to give us your feedback via the contact details below to help us continually improve this Report.

Tel: 025-85668787 Email: njshhy@njshshipping.com

Fax: 025-85668989 Address: Building 7, No. 12, Xinglong Road, Nanjing Area, China (Jiangsu) Pilot Free Trade Zone



COPORATE ADDRESS

66

/////

In the wave of global sustainable development, the ESG philosophy has gone deep into the core of enterprise development and has become a key criterion to guide the strategic direction of enterprises and measure the performance of social responsibilities. Shenghang Group has always upheld a high sense of ESG responsibility, has unswervingly practiced the ESG philosophy, and is committed to becoming a model of sustainable development in the industry.

77

Protecting our blue planet and fulfilling environmental responsibilities

The shipping industry is closely linked to the natural environment. We are deeply aware that environmental protection is not only an important requirement for the development of the industry, but also our inescapable responsibility. In the process of actively participating in the shipping industry, we have consistently incorporated the concept of environmental protection into every aspect of corporate operations. Specifically, we actively drive technological upgrading and transformation in ship operations, adopt advanced energy-saving equipment and eco-friendly technologies, optimize power systems, effectively improve energy efficiency, and reduce both carbon and pollutant emissions. In addition, all operating ships of the Company are equipped with advanced anti-pollution equipment as required by regulations, and we have established a strict maintenance and dynamic supervision mechanism to quarantee the safe and standardized handling of all waste materials and pollutants.

Delivering warmth and embracing social responsibility

The development of an enterprise is inseparable from societal support. While enhancing its environmental management capabilities, Shenghang Group remains mindful of its social responsibilities and weaves social value creation into every facet of corporate development. As a people-oriented enterprise, we have established a sound mechanism for protecting the rights and interests of employees and are committed to creating a safe and comfortable operational environment for employees. We provide rich training and career development opportunities to help employees realize their personal value and career growth. In terms of serving the society, we focus on vulnerable groups and actively participate in the Port–Party Co-Construction initiative to support rural revitalization. Meanwhile, guided by the customer-centric philosophy, we continuously optimize the service process, improve the service quality, provide customers with safe, high-quality, and efficient shipping solutions, and collaborate with partners to drive the sustainable development of the industrial chain

Building a firm foundation for development and improving corporate governance

While assuming its environmental and social responsibilities, Shenghang Group acknowledges that sound corporate governance serves as the foundation for sustainable development. To this end, we have established a sound corporate governance structure that explicitly defines the responsibilities and authority of each governing body to ensure a scientifically-grounded and impartial decision-making process. The Board of Directors fully exercised its strategic decision-making and oversight functions, and actively promoted the formulation and implementation of the Company's ESG strategy. The Company has also established a rigorous internal control and risk management system to strengthen compliance management and ensure that its operations comply with laws, regulations and regulatory requirements. We attach great importance to information disclosure, and uphold the principles of truthfulness, accuracy, completeness, timeliness, and fairness in disclosing ESG-related information to investors and the public, thereby enhancing the Company's transparency and credibility.

Working together for a shared future and envisioning our vision for development

Looking back, Shenghang Group has taken solid steps in the ESG practices; looking ahead, we are full of confidence and expectations. We will continue to deepen our ESG practices and integrate the ESG philosophy into all processes of the Company's strategic planning and daily operations. We will increase expenditure on green shipping technology R&D, talent training, and social responsibility fulfillment oursuing more ambitious sustainability goals. We are confident that through the collective efforts of all Shenghang employees and close cooperation with partners across sectors, Shenghang Group will achieve even greater sustainable development results and create greater social value.



SUSTAINABILITY HIGHLIGHTS IN 2024

Economic performance

Operating Revenue

1,499,612,411.64_{RMB}

Net profit attributable to shareholders of the parent company

137,151,234.79_{RMB}

Total amount of tax paid

34,335,339.54_{RMB}

Environmental performance

Environmental protection expenditure

2.95 million RMB



Photovoltaic power generation

39,446.37 kWh

Carbon emissions reduction

32.38tco2e



Number of environmental pollution accidents

Social performance

36.84 million RMB

15.59% YOY

Number of R&D personnel

75 persons



Cumulative number of authorized patents

42

Work safety expenditure

20.07 million RMB

FOCUSING ON THE SHIPPING OF BULK LIQUID CHEMICAL AND STRENGTHENING THE SAFE TRANSPORTATION CONTROL SYSTEM



"

With more than ten years of rich experience in domestic shipping of bulk liquid chemical, Shenghang Group provides customers with safe and high-quality chemical shipping services through strict shipping management and full use of modern information technology. The Company attaches great importance to transportation safety risk management and has established a high-standard and professional transportation safety management and control system. Based on excellent safety management performance, the Company has been recognized as a "Transportation Enterprise with Grade-A Certification in Work Safety Standardization" by the Ministry of Transport, and many ships have been rated as "safe and trustworthy ships" by the maritime department.

"



Professional operation lays a solid foundation for safety

The Company attaches great importance to transportation safety risk management. It has established and improved the work safety responsibility system for all employees, deepened the guiding principle of "Safety First, Prevention Priority, Comprehensive Management," and effectively implemented the double prevention mechanism. Dynamic control of safety risks has been achieved through the implementation of rigorous ship visits, red and yellow line warning mechanisms, visual operating procedures, lockout/tagout and other standardized processes.



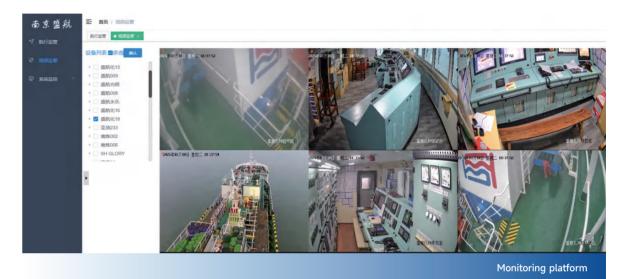


Signing of the safety responsibility letter



Technology empowers the construction of safety lines of defense

We fully utilize modern information technology to establish an intelligent safety management platform for the fleet. Through the information system, we dynamically track the status of ships, and provide real-time guidance and monitoring of ship navigation safety, equipment troubleshooting, and emergency response, to ensure safe and stable ship production and operation.





Service collaboration creates multi-dimensional value

By leveraging ship inspections of large petrochemical companies as the starting point for safety management, and a high-standard, professional safety transportation control system as the cornerstone of customer service, we deeply integrate safety management into the customer service chain. This fosters a mutually reinforcing relationship between safety management and customer service, driving a virtuous cycle of "safety control-service optimization-customer retention."



Shenghang Group will continue to improve the three-dimensional safety ecology of "human defense + technical defense," and lead the high-quality development of bulk liquid chemical shipping with a high-standard safety control system.

INNOVATING SMART SHIPPING AND STRIVING FOR LEADERSHIP IN SHIPPING **TECHNOLOGY**



As a technology leader in the field of hazardous chemical shipping, Shenghang Group adheres to the core philosophy of "innovation drives safety, technology empowers the future," and has built a digital technology matrix covering the entire business chain. Since winning the national high-tech enterprise certification in 2017, the Company has continued to increase R&D expenditure and has created a patent technology cluster comprising 42 patents with fully independent intellectual property. The Company has maintained the national high-tech enterprise certification for 8 consecutive years, and is one of the few liquid chemical shipping enterprises to win this honor. It has successively obtained the national certification as a "Specialized, Refined, Unique, and Innovative" (SRUI) "Little Giant" enterprise, been recognized as a Jiangsu provincial SRUI small and medium-sized enterprise, and earned the honors of Jiangsu Provincial Enterprise Technology Center and Nanjing Municipal Innovation Studio.







南方成航海运股份有限公司

小企业,有效期为2023年至2026年







By deeply integrating core scenarios such as intelligent shipping management, safety dynamic monitoring, and low-carbon path optimization, the Company has built an innovative full-stack self-developed system and developed an independent and controllable technical architecture. On this basis, the Company has successfully built a smart shipping platform integrating order and contract management, ship scheduling, cargo supervision, safe navigation, emergency response, and other functions. Relying on the triple-layer technical architecture of the Internet of Things perception layer, intelligent decision-making center and full integration of application data, the platform realizes full lifecycle management, and fully demonstrates the responsibility of a technology-based shipping enterprise to protect the blue artery with innovation and drive the sustainable development of the industry.

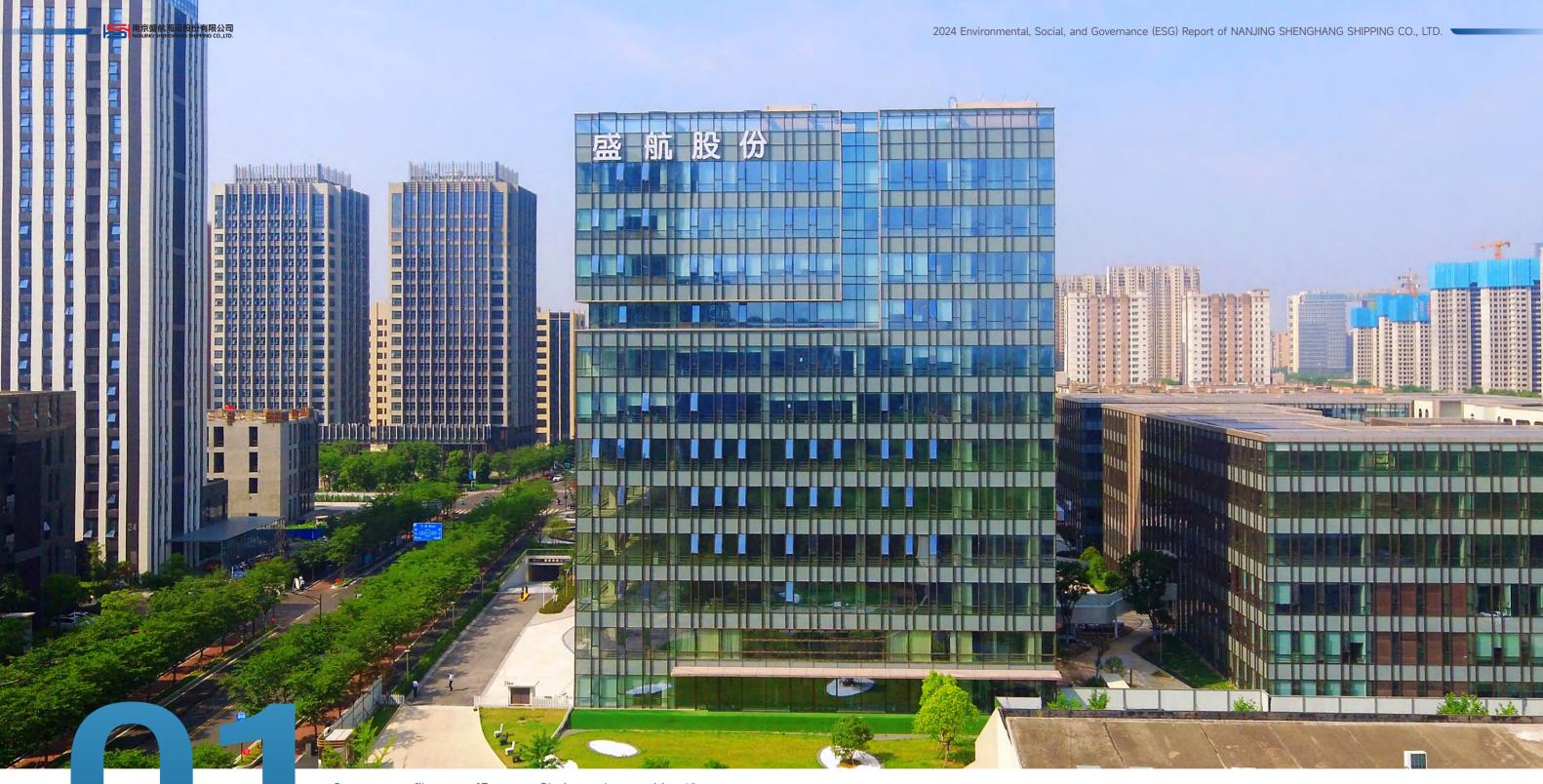
EXPANDING GREEN OPPORTUNITIES AND DEVELOPING CLEAN ENERGY WATERBORNE TRANSPORTATION BUSINESS



Under the pledged dual goal planning of carbon peaking and carbon neutrality, green ammonia will continue to be promoted and applied. Shenghang Group actively explores the field of green and clean energy and takes the lead in the development of clean energy waterborne transportation business. In August 2024, the Company's newbuild semi-ref LPG/NH3/VCM gas carrier "SHENG HANG YONG LE" was officially put into operation. It is mainly engaged in the waterborne transportation of clean energy liquid ammonia, with a total capacity of 4,626 DWT (approximately 5.546.80CBM). It is the first Chinese flag semi-refrigerated LPG/NH3/VCM gas carrier that has achieved EEDI Phase III fulfillment in advance. It is designed following international unlimited navigation and has the full ability to fulfill domestic and international trade requirements. The minimum designed temperature of its cargo is minus 48 Celsius degree, and the maximum allowable tank pressure is 5 bar. The cargo tanks is made of low-temperature carbon manganese steel and be insulated with polyurethane spray foam. It is fitted with technically advanced low-temperature oil-free cargo compressor units including the reliquefication system. The ship is able to provide the fitness of not only low-temperature cargo such as ammonia, propylene, propane, and butadiene but also those ambient-temperature cargoes. The high cargo adaptability and operational flexibility can very much effectively meet the multi-complex demands of customers regarding high-end liquefied gas carriers.







Company profile 1

.....

Corporate culture 17
Strategic planning 17

18

History

Glories and recognition 19

About Shenghang Group



Company overview

Company profile 🛱

NANJING SHENGHANG SHIPPING CO., LTD., founded on November 7, 1994, was listed on the Shenzhen Stock Exchange on May 13, 2021 (stock for short: Shenghang Group; stock code: 001205). Specializing in the hazardous chemical shipping sector, we provide supporting logistics services for large chemical enterprises. Our core business covers the shipping of liquid chemicals, liquefied petroleum gas (LPG), and refined oil products across international routes, China's coastal waters, and the Yangtze River's middle and lower reaches, positioning us among China's foremost liquid chemical shipping enterprises.

Distribution of transportation routes 🕹

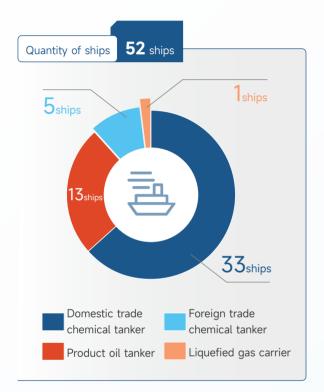
The Company has established a transportation network comprising 36 major coastal ports and over 20 Yangtze River and Pearl River ports as logistics nodes, with the Wuhan-Shanghai Yangtze River route serving as the horizontal axis and the Bohai Bay-Hainan coastal route as the vertical axis. This network covers China's major chemical production bases, including Bohai Bay, Yangtze River Delta, Pearl River Delta, and Beibu Gulf. With the development of its international hazardous chemical transportation business, the Company takes advantage of its own strengths and vigorously enters the foreign trade market. At present, its shipping routes have formed a transportation network centered on Singapore, covering Southeast Asia, Northeast Asia, India, and other regions.

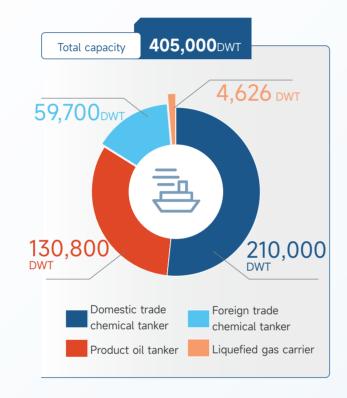


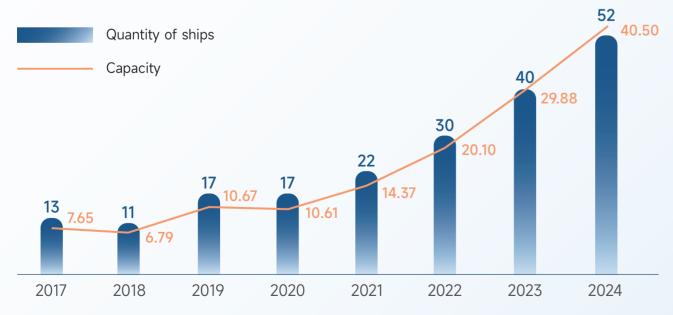


The Company's capacity ₺

The Company operates a diversified fleet ranging from 2,000 to 27,500 tons. As of the end of the Reporting Period, according to the types of ships recorded in the Company's ship registration certificates, the Company (including its subsidiaries) controlled a total of 52 domestic and foreign trade ships with a total capacity of 405,000 DWT, including 33 domestic chemical ships with a total capacity of 210,000 DWT; 13 refined oil ships with a total capacity of 130,700 DWT; and 5 foreign trade chemical ships with a total capacity of 59,700 DWT, and 1 liquefied gas ship with a total capacity of 4,626 DWT (5,546.80 cubic meters). The Company and its subsidiaries have 5 other ships under construction, with a total capacity of 46,700 DWT.







Quantity and capacity of ships of the Company in 2017-2024

Capacity put into operation in 2024



















Corporate culture 🛱

Integrity drives prosperity, faith ensures sustainability



Values

Utmost sincerity and integrity are the key to our prosperity in business. Good faith and belief pave the way to our sustainable development



Mission

To provide quality service to customers, maximize the value of customers, shareholders, employees and enterprises



Vision

To be a trustworthy and influential new logistics chain enterprise group world-wide



Safety management philosophy

All incidents can be prevented, and safety is obviously valuable



Service philosophy

More professional and thoughtful, faster



Talent philosophy

Making the best possible use of people and talents being made good use



Business philosophy

Integrous, safe, environment-friendly, pragmatic, efficient and innovative



Development philosophy

Interior continuity, exterior extension, deep exploiting and wide cultivation



Strategic planning 🛱

The Company firmly adheres to its long-term strategic development plan. With the domestic chemical waterway transportation business as its core business, the Company gradually expands its capacity scale through new capacity applications and the purchase of market stock ships, deepens customer cooperation, and strengthens market development. In addition, the Company is actively shaping its international hazardous chemical waterway transportation business and continuously improving its core competitiveness. Through these initiatives, we strive to develop into a new logistics chain enterprise group with global influence.

Focus on the field of bulk bulk liquid chemical transportation and enhance the Company's core competitiveness

Continuously promote international liquid chemicals business and expand LPG waterway transportation business

History 🛱

1994

Co., LTD was established.

2021

The Company was listed on the

2024

- By acquiring a controlling stake in Shenghang Haoyuan, the Company has further enhanced its market share and core competitiveness in China's coastal and inter-provincial refined oil and chemical transportation markets;
- The Company was granted the Operating License for Liquefied Gas Carrier Transportation

The Company completed the NANJING SHENGHANG SHIPPING CO., LTD.

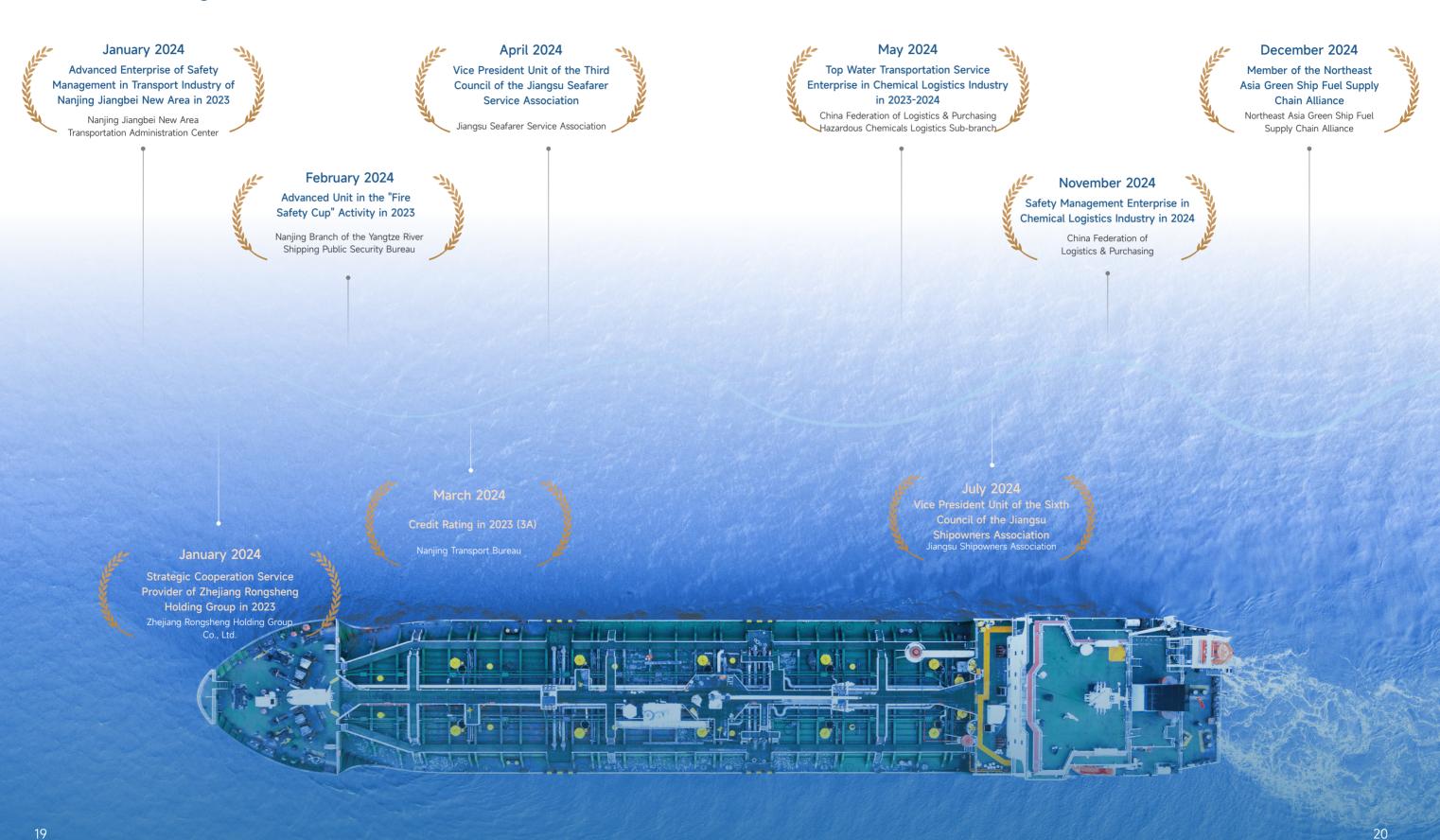
2023

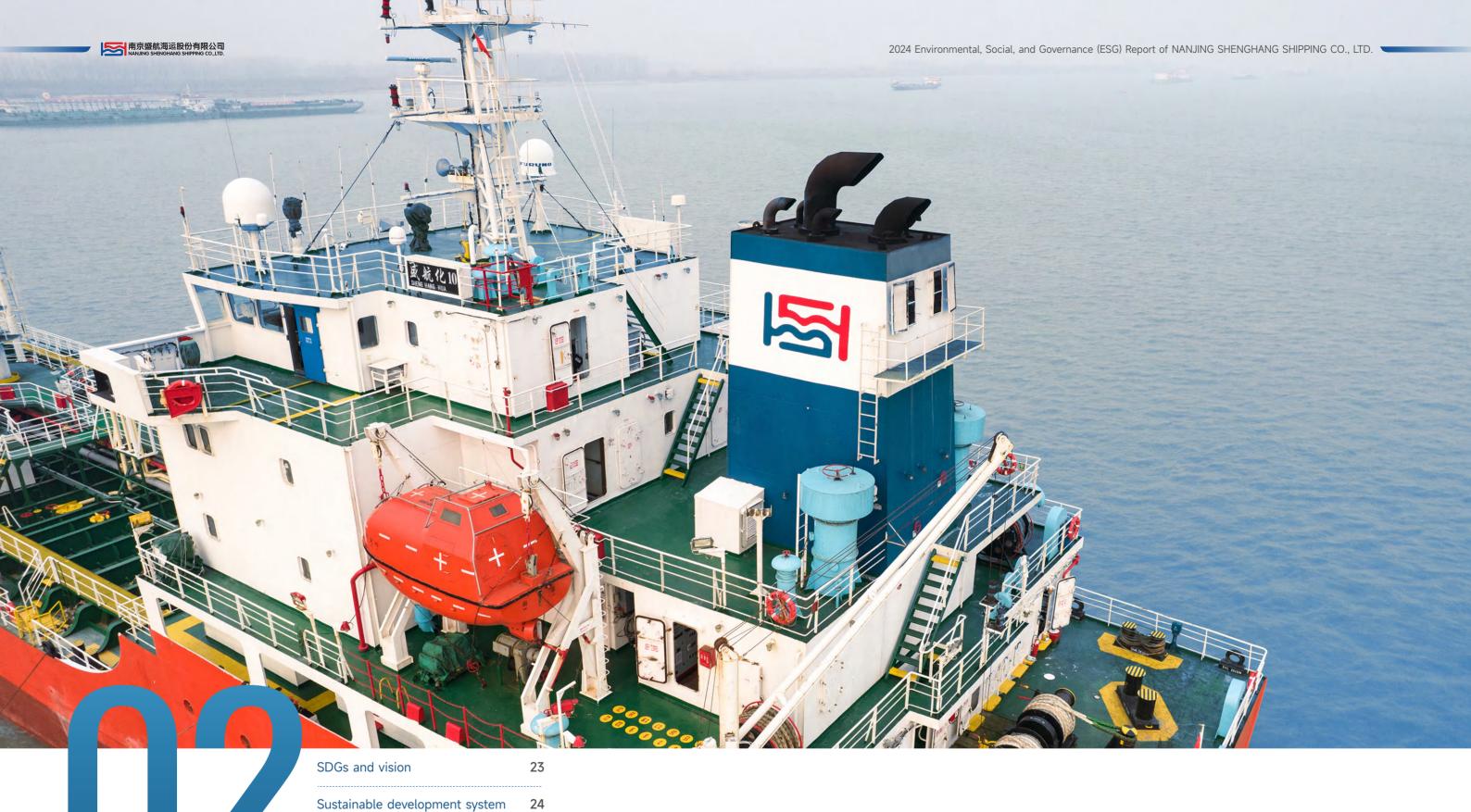
• The Company completed the issuance and listing of convertible corporate bonds.





Glories and recognition $\mathring{\mathbb{D}}$





Sustainable Development Governance

21

Communication with stakeholders 25

27

Materiality issue management



SDGs and vision

enghang Group actively implements the new philosophy of innovative, coordinated, green, open, and shared development. gned with carbon peaking and neutrality goals, we adhere to green and low-carbon shipping transformation, integrating this ilosophy throughout our corporate development. We continuously advance ESG initiatives and drive high-quality development ough efforts and practices in standardized operation, compliance development, green innovation, work safety, intelligent pping, and talent training.



Response to SDGs

Sustainable development system

Shenghang Group has integrated sustainable development into the overall governance structure, establishing a sustainable development management structure consisting of the Board of Directors, the Strategy and Sustainable Development Committee under the Board of Directors and the ESG Management Leading Group. We have formulated the ESG Management System and the Working Rules of the Strategy and Sustainable Development Committee under the Board of Directors, clarifying the working rules at all levels, and integrated ESG concepts and requirements into the Company's risk management and decision-making processes. In the process of strategy implementation, risk management, and major decision-making, we shall take into full account ESG-related impacts, risks, and opportunities, and shall strengthen our control over non-financial risks.

Governing body

Duties



- Review and approve the Company's strategic ESG planning and plans;
- · Review and approve the ESG governance structure and important ESG systems;
- Review and approve the Company's ESG-related information disclosure reports;
- Review and approve the public disclosure of material information related to the Company's ESG governance;
- Review response plans for ESG-related risks that have a material impact on the Company and material adverse ESG events.



- Research and make recommendations on the Company's long-term development strategy;
- Identify the Company's sustainable development-related risks and opportunities, conduct research, analysis, and risk assessment on ESG-related matters, guide and supervise the formulation and implementation of ESG systems and goals, and provide decision-making consulting advice:
- Organize and coordinate the supervision and inspection of the Company's ESG-related policies, management, performance, and target progress and make recommendations;
- Review the Company's ESG management strategies, risks, implementation, etc. and make recommendations;
- Study other major issues affecting the Company's development and make recommendations;
- Handle other matters authorized by the Board of Directors.



- Formulate strategic plans and related institutional policies, build management and indicator systems, and conduct information disclosure;
- Implement ESG strategies and responsibilities, communicate with stakeholders regularly, and identify material topics;
- Continuously focus on ESG development trends and policy developments, organize the relevant training, and implement other matters required by the board's special committees.



ESG training



The Company hires external experts to provide ESG training for the Company's management and various departments, including the ESG philosophy, interpretation of ESG-related policies, interpretation of ESG standards, and key points in the preparation of ESG reports, so as to strengthen the understanding of ESG by the Company's management and various departments and improve the professional skills and level of all employees.



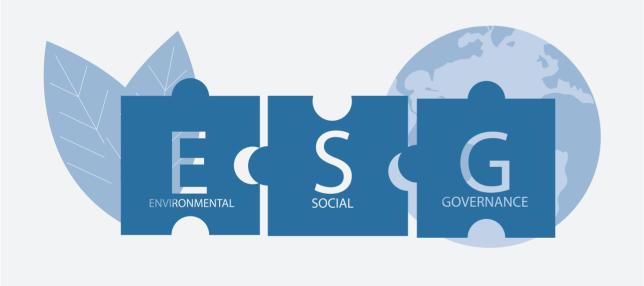




Exchange ESG training

ESG training

ESG Kick-off meeting



Communication with stakeholders

Shenghang Group always attaches great importance to communication with all stakeholders, actively builds regular communication channels, uses diversified communication methods to quickly capture the expectations and demands of all parties, and gives professional responses to steadily improve the Company's sustainable development.

Stakeholder category **Expectations and demands** Communication methods and channels Performance growth General Meeting of Shareholders Sustainable development Shareholders (investors) Periodic announcement Protection of shareholders' rights Performance roadshow and interests Compliance operation Information disclosure Government/regulatory authorities Surveys and symposiums Risk management Employee rights and interests Workers' congress **Employees** Training and education Trade union Employee care Win-win cooperation **Partners** Communication summit Public mailbox Quality services Safety assurance Information bulletin Customers Increased efficiency Customer satisfaction survey Common development Suppliers Compliance with business ethics Anti-unfair competition Public welfare activities Community organizations Public welfare and charity Community communication and exchange

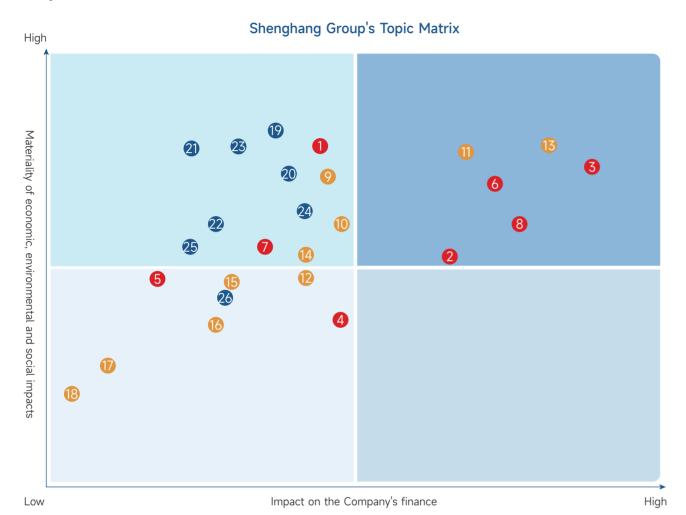
Material topic management

Assessment process and method $\stackrel{\frown}{\square}$

By reference to the assessment methods set out in domestic and foreign disclosure standards such as the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (for Trial Implementation) and the GRI 3: Material Topics, and in combination with its own development strategy, the Company introduces the dual assessment perspectives of impact materiality and financial materiality, carries out questionnaire surveys, and has in-depth insight into the needs of stakeholders to identify and assess materiality topics.

Analyze the Topic assessment Establish a Assess topic Topic Company process topic database materiality confirmation background Assessment of impact materiality Sort out the potential or actual positive or negative impacts of Analyze the macro environment of each topic on the external environment, society, and economy, global trends and China's industrial and conduct stakeholder research and analysis in the form of Develop a list of topics of Establish a database of sustainable impact materiality and development trends from political, questionnaires in the form of questionnaires, with 194 development-related topics by financial materiality, and economic, and social perspectives; questionnaires collected. reference to the Global Reporting ensure the transparent, Analytical method identify the impact, risks, and opportunities faced by the Initiative (GRI), the United Nations balanced, and complete Assessment of financial materiality Company's stakeholders and the SDGs, SASB, and related topics in the disclosure of relevant Company based on the industry same industry at home and abroad. topics in the report. Identify and assess the risks and opportunities under the relevant development trend and the topics and identify the topics with financial materiality through Company's business model. the analysis of influence, dependence, and other factors, and in combination with the questionnaire results, expert judgment, and the risk identification and assessment list of each department of the Company.

Topic assessment results $\stackrel{\triangle}{\Box}$



Protection of shareholders' Protection of employees' 1 Environment compliance management legitimate rights and interests rights and interests Employee training and development 2 Energy utilization Standardization of corporate governance Response to climate change Anti-commercial bribery and corruption 4 Circular economy Innovation drive Anti-unfair competition (Shipping safety assurance) 6 Water resource utilization 6 Pollutant emission 14 Customer rights protection Tax compliance Information security and privacy Waste disposal Risk management protection 8 Biodiversity conservation 16 Responsible supply chain Communication with stakeholders Social contribution **26** ESG governance Rural revitalization

Materiality description Topic

Dual materiality

Response to climate change, energy utilization, pollutant emission, biodiversity conservation, occupational health and safety, and shipping safety assurance

Impact materiality Environment compliance management, water resources utilization, waste disposal, protection of employees' legitimate rights and interests, employee training and development, protection of customers' rights and interests, innovation drive, information security, and privacy protection, responsible supply chain, standardization of corporate governance, protection of shareholders' rights and interests, risk management, anti-commercial bribery and anti-corruption, ESG governance, and tax compliance

Relevance

Circular economy, social contribution, rural revitalization, stakeholder communication and anti-unfair competition

Not applicable topic	Description
Science and technology ethics	The Company's business scope does not involve scientific research, technology development, and other activities in ethically sensitive areas of science and technology such as life sciences and artificial intelligence, and this topic is not applicable to the Company.
Equal treatment of SMEs	The disclosure of this topic is applicable to enterprises with the balance of accounts payable (including notes payable) exceeding RMB30 billion or accounting for more than 50% of total assets at the end of the Reporting Period; This topic is not applicable to enterprises that disclose overdue payments to SMEs through the National Enterprise Credit Information Publicity System, either by themselves or through their controlling subsidiaries.



36

42

Risk management

Business ethics

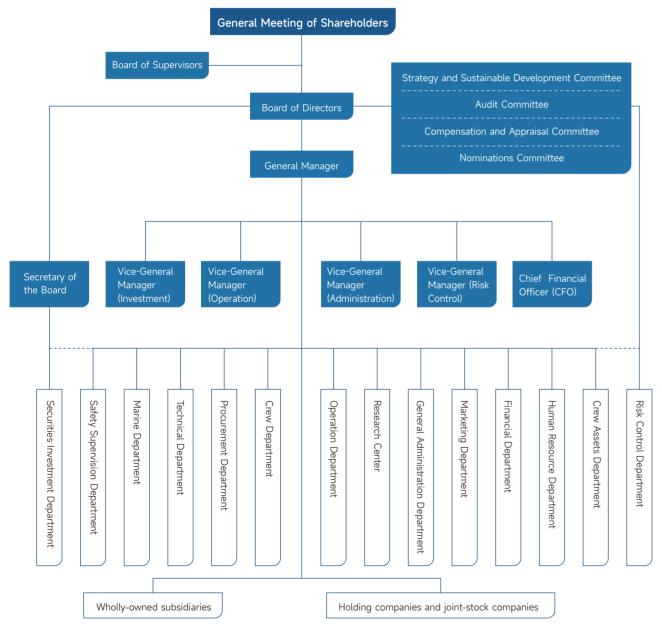
Investors' rights and interests

STRENGTHENING CORPORATE GOVERNANCE



Three Bodies governance

In order to establish and improve a scientific, standardized, and effective governance system, Shenghang Group strictly abides by the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code for Governance of Listed Companies, and the relevant laws and regulations, and continues to improve and optimize its management systems and management structure. During the Reporting Period, the Company revised the Articles of Association of NANJING SHENGHANG SHIPPING CO., LTD. and the Rules of Procedure of the General Meeting of Shareholders of NANJING SHENGHANG SHIPPING CO., LTD. and other governance systems and formulated the governance systems including the ESG Management System of NANJING SHENGHANG SHIPPING CO., LTD., the Public Opinion Management System of NANJING SHENGHANG SHIPPING CO., LTD. in accordance with the latest provisions of the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange—Standardized Operation of Main Board Listed Companies, and other relevant laws and regulations and normative documents, and in combination with the actual situation of the Company.



Shenghang Group's organizational structure

Key performance

During the Reporting Period:

The General Meetings of Shareholders held 7 meetings, with a total of 24 proposals reviewed and adopted.

The Board of Directors held 18 meetings and reviewed and adopted a total of 56 proposals, with the full attendance of all required directors.

The Board of Supervisors held 13 meetings and reviewed and adopted a total of 32 proposals, with the full attendance of all required supervisors.

General Meeting of Shareholders 🛱

As the Company's highest authority, the General Meeting of Shareholders shall be convened by Shenghang Group in strict accordance with the relevant laws, administrative regulations, the Rules of Procedure of the General Meeting of Shareholders of NANJING SHENGHANG SHIPPING CO., LTD., and the Articles of Association of NANJING SHENGHANG SHIPPING CO., LTD. to ensure that the shareholders can exercise their rights in accordance with the law. The Company fully guarantees the rights of all shareholders to know, participate, and make decisions. When the General Meeting of Shareholders reviews major matters affecting the interests of small and medium-sized investors, the votes of small and medium-sized investors shall be counted separately, and the results of the separate counting shall be disclosed in a timely manner.

Board of Directors 🛱

The Board of Directors is the Company's operating decision-maker and is responsible to the General Meeting of Shareholders. Shenghang Group shall, in accordance with the Articles of Association of NANJING SHENGHANG SHIPPING CO., LTD., the Rules of Procedure of the Board of Directors of NANJING SHENGHANG SHIPPING CO., LTD., the Work System of Independent Directors of NANJING SHENGHANG SHIPPING CO., LTD., and other systems, standardize the discussion and decision-making procedures of the Board of Directors, urge directors to earnestly perform their duties, strengthen the restriction and supervision mechanism for internal directors and management, protect the interests of minority shareholders and creditors, and improve the decision-making fairness and scientificity.

Key performance

The Company has 8 directors, including 3 independent directors, accounting for 37.5%; and 2 female directors, accounting for 25%.



The Board of Directors has the Audit Committee, the Strategy and Sustainable Development Committee, the Compensation and Appraisal Committee and the Nominations Committee, all of which perform their duties in accordance with the relevant regulations.

Committee	Number of meetings
Audit Committee	15
Strategy and Sustainable Development Committee	9
Compensation and Appraisal Committee	3
Nominations Committee	2

Board of Supervisors 🛱

Shenghang Group elects supervisors in strict compliance with the selection and appointment procedures stipulated in the Company Law of the People's Republic of China and the Articles of Association of NANJING SHENGHANG SHIPPING CO., LTD. All supervisors shall conscientiously perform their duties, and supervise the major matters and financial status of the Company and the legality and compliance of the duty performance by directors and senior officers.

The Board of Supervisors of the Company consists of 3 supervisors, including 2 non-employee representative supervisors and 1 employee representative supervisor. During the Reporting Period, the convening procedures, qualifications of participants, and voting procedures of the Board of Supervisors complied with the relevant regulations.

Management of the compensation of directors, supervisors, and senior officers $\stackrel{\wedge}{\square}$

In order to drive performance growth, mobilize the enthusiasm of directors, supervisors, and senior officers, and continuously promote the standardized operation and improve the governance level of the Company, during the Reporting Period, Shenghang Group reviewed and approved the Proposal on Determining the Compensation of Directors and Senior Officers of the Company in 2024 and the Proposal on Determining the Compensation of Supervisors of the Company in 2024. An annual compensation system was implemented for non-independent directors, supervisors, and senior officers, in combination with the duties and importance of the position, and by reference to the compensation levels of other relevant enterprises and the relevant positions in the same industry, and was linked to their actual performance in the Company's assessment, and the base salary was paid on a monthly basis; an allowance system was implemented for the independent directors and disclosed publicly.



Risk management

Risk management system 🛱

Shenghang Group attaches great importance to the development of the risk compliance governance system. With risk management at the core, it has formulated the Risk Management Measures and established a risk management mechanism with unified leadership, division of responsibilities, and participation by all, and improve the level of operation and management, ensuring the compliance of business operations and maintain the level of risk management. The Board of Directors of the Company gives full play to the function of risk prevention and control, and subordinate entities, departments of the headquarters and Risk Control Department form the "three lines of defense" for risk management.

First line

Responsible body:Subordinate entities

Duties: Formulate and continuously improve risk management systems and internal control management;

- Proactively carry out risk identification and hidden hazard screening, promptly handle risk information, and ensure proper reporting and response;
- Perform risk management duties, participate in each stage of work and submit the relevant information as required by the Company and superiors.

Second line

Responsible body:Departments of the headquarters

Duties: Improve business management systems and processes;

- * Collect major risk information managed by the respective department and line;
- Provide support, guidance and oversight to all units in handling risks in their own areas, and promptly
- initiate emergency response plans based on risk changes;

Set a full-time or part-time risk management coordinator position within the department to be responsible for coordinating the specific risk management work of the department and line.

Third line

Responsible body:Risk Control Department

Duties: Formulate basic risk management systems and supervise the implementation of risk management;

• Guide and supervise all subordinate entities and departments of the headquarters to carry out risk identification, investigation, and early warning, study major risk response plans, comprehensively assess risk disposal results, and make improvement suggestions.



Internal control audit 🛱

The Company strictly abides by the Guidelines for Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange—Standardized Operation of Main Board Listed Companies, the Audit Law of the People's Republic of China, and other laws and regulations, continuously improves the internal control governance systems and audit supervision mechanisms, and actively promotes the integrated management of internal control audits. We develop audit plans based on the Audit Management System, carry out internal supervision and audits through the Risk Control Department, and have established an audit reporting mechanism to ensure full-process risk control across all business activities. Meanwhile, the Company focuses on the publicity and implementation of various systems, ensures the effective implementation of management systems and control requirements through special meetings, training, inspections, and other means, and improves the efficiency of internal audit supervision.

In 2024, the Company conducted a self-assessment of internal control and implemented special audit. After the self-assessment, inspection, and supervision of internal control, the procurement contract and the ship repair contract were revised and improved. During the Reporting Period, there is no major internal control defects and related accountability events.

Key performance

During the Reporting Period, the Company completed a total of 15 internal audits, including 9 internal audits of the Company and 6 departmental audits; the Company issued 15 copies of supervision and audit reports, and the rectification rate of key issues reached 100%.

Carry out a ship repair audit to promote cost reduction and efficiency improvement



Shenghang Group continues to deepen the full-cycle risk control management of ship maintenance business. In 2024, the Company's Risk Control Department fully led and coordinated third-party professional institutions to launch a special audit on the Company's ship repair settlement matters. During the audit process, the internal audit team prioritized contractual compliance, built a standardized audit verification model by systematically sorting out multi-dimensional information such as settlement lists, technical acceptance documents, and market price comparison data, and strengthened the look-through verification of the cost composition of maintenance projects. In response to the common overestimation and reckoning risks in the industry, the Company pioneered the "audit reduction accountability traceability mechanism" and set a stepped constraint clause for the repair party: when the reduction ratio exceeds the preset threshold, the audit cost corresponding to the excess reduction shall be borne by the responsible party, and market means shall be adopted to enforce contractual compliance. Through the organic combination of pre-risk prevention and control and back-end closed-loop management, this special work significantly improved the compliance quality and efficiency of maintenance business operation, systematically promoted the implementation of enterprise cost reduction and efficiency improvement goals, and highlighted the advanced empowerment of the internal review system from business supervision to value creation.

Risk culture cultivation 🛱

The Company strives to cultivate a compliance culture, improve employees' risk awareness, revise and improve the Employee Handbook (Shore-based) and Regulations on Rewards and Punishments for Employees, Regulations on Rewards and Punishments in the Employee Handbook (Crew), and other internal risk control systems, and carry out publicity through regular morning meetings and training to ensure the effective implementation of the systems.





Quarterly work report of the Risk Control Department

Internal audit training



Dissemination of the risk management system

Key performance

During the Reporting Period, the Company conducted a total of $\bf 6$ internal risk training sessions, with a total of $\bf 18$ trainees and a total training duration of $\bf 5.4$ hours..



Tax risk management 🛱

The Company resolutely implements the relevant national and local tax laws and regulations, and formulates and improves its tax management rules and regulations in combination with its actual situation. The Company sets up special tax management positions, clearly defining their responsibilities and authority with full delegation, and conducts regular professional training in accounting and tax practices to enhance team competency. Meanwhile, according to the characteristics of tax types and its business characteristics, the Company has developed the tax treatment process of economic business, and effective risk management and control strategies to create a good tax environment.

Special training of the Financial Department



In 2024, the Financial Department of Shenghang Group held a total of 7 special issues in 18 training sessions for the Company and its subsidiaries, covering personal financial management capabilities, tax management, business analysis, and software applications.



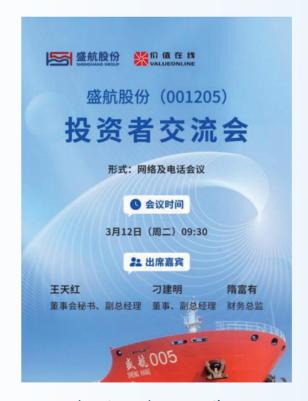
Investors' rights and interests

Investor relations management 🛱

Shenghang Group attaches great importance to investor relations. In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for the Management of Investor Relations of Listed Companies, and other relevant laws, regulations, and normative documents, and in combination with the actual situation of the Company, the Investor Relations Management System of NANJING SHENGHANG SHIPPING CO., LTD. has been formulated. Adhering to the principles of compliance, equality, and initiative, the Company has built rich and diversified communication channels, actively communicated with investors, and responded to them in a timely manner.











Performance briefing



Return to shareholders 🛱

The Company has reasonably formulated its annual profit distribution plan based on its overall operating conditions and in combination with its future development strategy and cash expenditure arrangements in strict accordance with the relevant provisions on profit distribution, especially cash dividends, in the No.3 Guideline for the Supervision of Listed Companies—Cash Dividend Distribution of Listed Companies and the CSRC's Further Regulations on Shareholding Reductions, as well as the relevant content of the Articles of Association and the Shareholder Dividend Return Plan for the Next Three Years (2023-2025) of NANJING SHENGHANG SHIPPING CO., LTD. After accounting, the cumulative amount of cash dividends issued by the Company in the past three years is not less than 30% of the average annual net profit of the past three years. Meanwhile, the profit distributed in cash by the Company in a single year is not less than 10% of the distributable profit realized in the current year, which effectively guarantees the reasonable return on investment of shareholders and conforms to the relevant profit distribution guidelines and the Company's established dividend plan.

Indicator	Unit	2022	2023	Proposed dividends for 2024	Total cumulative cash dividends from 2022 to 2024
Cash dividends (including tax)	million RMB	17.09	19.90	22.25	59.24
Net profit attributable to shareholders of the parent company	million RMB	169.08	182.06	137.15	J7.Z4

Information disclosure 🛱

In order to standardize the information disclosure behavior, ensure the authenticity, accuracy, completeness, and timeliness of the Company's information disclosure, and effectively protect the legitimate rights and interests of the Company, shareholders, and investors, the Company has formulated the Information Disclosure Management System of NANJING SHENGHANG SHIPPING CO., LTD. in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for Information Disclosure of Listed Companies, the Code of Corporate Governance of Listed Companies, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 5 for Companies Listed on Shenzhen Stock Exchange—Information Disclosure Affairs Management and other relevant laws, regulations, normative documents, and the Articles of Association of NANJING SHENGHANG SHIPPING CO., LTD. to actively perform the information disclosure obligations.

Shenghang Group always adheres to the principle of "true, accurate, complete, timely, and fair" information disclosure, and continuously improves the quality of information disclosure, standardized operation, and corporate governance. The Company has received the highest disclosure rating of "A" for two consecutive years in 2022-2023 and 2023-2024, which fully reflects the regulators' recognition of the Company's work in information disclosure, standardized operations, and investor relations management.

During the Reporting Period, the Company has received the highest information disclosure rating from Shenzhen Stock Exchange of Grand



Key performance

During the Reporting Period, the Company disclosed $\bf 6$ regular reports and $\bf 286$ interim reports.

Management of related party transactions 🛱



The Company has formulated the Decision-making System for Related Party Transactions of NANJING SHENGHANG SHIPPING CO., LTD. in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Self-Regulatory Guidelines No. 7 for Companies Listed on Shenzhen Stock Exchange—Transactions and Related Party Transactions, the Accounting Standards for Business Enterprises No. 36—Disclosure of Related Parties, and other relevant laws and regulations, normative documents, and the Articles of Association of NANJING SHENGHANG SHIPPING CO., LTD. and in combination with the actual situation of the Company.

During the meetings of the Board of Directors and the General Meeting of Shareholders, the Company has always adhered to a rigorous attitude and strictly implemented the requirements for avoidance of voting. When a director of the Company has an interest in a resolution of the Board of Directors or a shareholder has an interest in a resolution of the General Meeting of Shareholders, in order to effectively safeguard the legitimate rights and interests of minority shareholders, the director and the shareholder and his/its agent will consciously abide by the regulations and will not exercise their voting rights on the resolution.

Business ethics

The Company regards integrity and compliance as the lifeline of corporate development, abides by the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and anti-commercial bribery and other regulatory requirements, attaches importance to developing and maintaining a good market environment with fair competition, and strictly prohibits unreasonable restrictions on partners or unreasonable differential treatment of customers. Taking transparent operation as the starting point, the Company continues to improve the business ethics constraint mechanism of the whole chain, and is committed to shaping the image of a world-class energy transportation service enterprise with integrity and transparency.

Key performance

During the Reporting Period, the Company did not receive any lawsuit against the Company related to commercial bribery, corruption, and unfair competition.

Anti-commercial bribery management 🛱

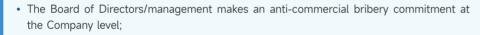
The Company has established and continuously improved the anti-commercial bribery management system, integrated the anti-commercial bribery work into the overall compliance management framework, and formulated the Anti-Commercial Bribery Management Manual. By appointing the Chief Anti-Commercial Bribery Compliance Officer to head the Risk Control Department in the Company's anti-commercial bribery supervision and management, the Company has developed an anti-commercial bribery coordination mechanism. During the Reporting Period, the Company drafted the Anti-Commercial Bribery Management Measures to strengthen the code of conduct and standards for employees.



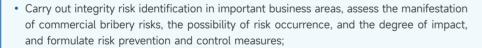
Promote the establishment and improvement of the Company's anti-commercial bribery management system, approve the anti-commercial bribe management system, and supervise its implementation. Formulate the Company's anti-commercial bribery-related systems, work plans, and implementation plans, urge the relevant departments to implement the anti-commercial bribes implementation plans, coordinate anti-commercial bribe training, and investigate and handle commercial bribery. Implement the Company's anti-commercial bribery management system, identify commercial bribery risks, formulate prevention and control measures, and implement the anti-commercial bribe implementation plan.

Integrity risk prevention and control 🐧

Specific measures







- · Incorporate integrity into performance appraisals;
- Anti-commercial bribery training shall be organized at least once a year.
- External management

nternal control

- Conduct anti-commercial bribery due diligence on new business partners;
- Organize suppliers and brokers to sign the Anti-Commercial Bribery Commitment;
- Establish a "commercial bribery blacklist" of customers and suppliers;
- Incorporate anti-commercial bribery clauses into bidding documents and business contracts;
- · Carry out anti-commercial bribery publicity and communication.

Key performance

The signing rate of the Integrity Commitment is The signing rate of the Integrity Practice Agreement is

100%

100%



Business ethics training



In order to further strengthen the integrity and integrity development of the Company, the Risk Control Department of the Company organized an anti-corruption publicity and implementation meeting on December 2, 2024 to educate employees on anti-commercial bribery and enhance their awareness of anti-commercial bribes.



Training on anti-commercial bribery and anti-corruption

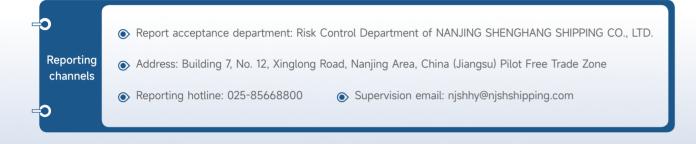
Indicator	Unit	2024
Total number of training sessions	Session	1
Total training duration	Hour	6.75
Proportion of employees participating in training	%	20.93

Note: The statistical scope of the proportion of employees participating in training covers shore-based employees of Shenghang Group.



Anti-commercial bribery reporting mechanism 🕆

The Company has established a strict and effective anti-commercial bribery reporting mechanism to encourage employees, partners, third parties, and social persons to report the commercial bribery of the Company and its affiliates by telephone, letter, e-mail or directly to the relevant acceptance department and provide the relevant evidence. The Company undertakes to keep the personal information of the reporter and the content of the report strictly confidential, and it is strictly forbidden for the relevant investigators to disclose the name, identity, and any other information of the reporter to anyone.

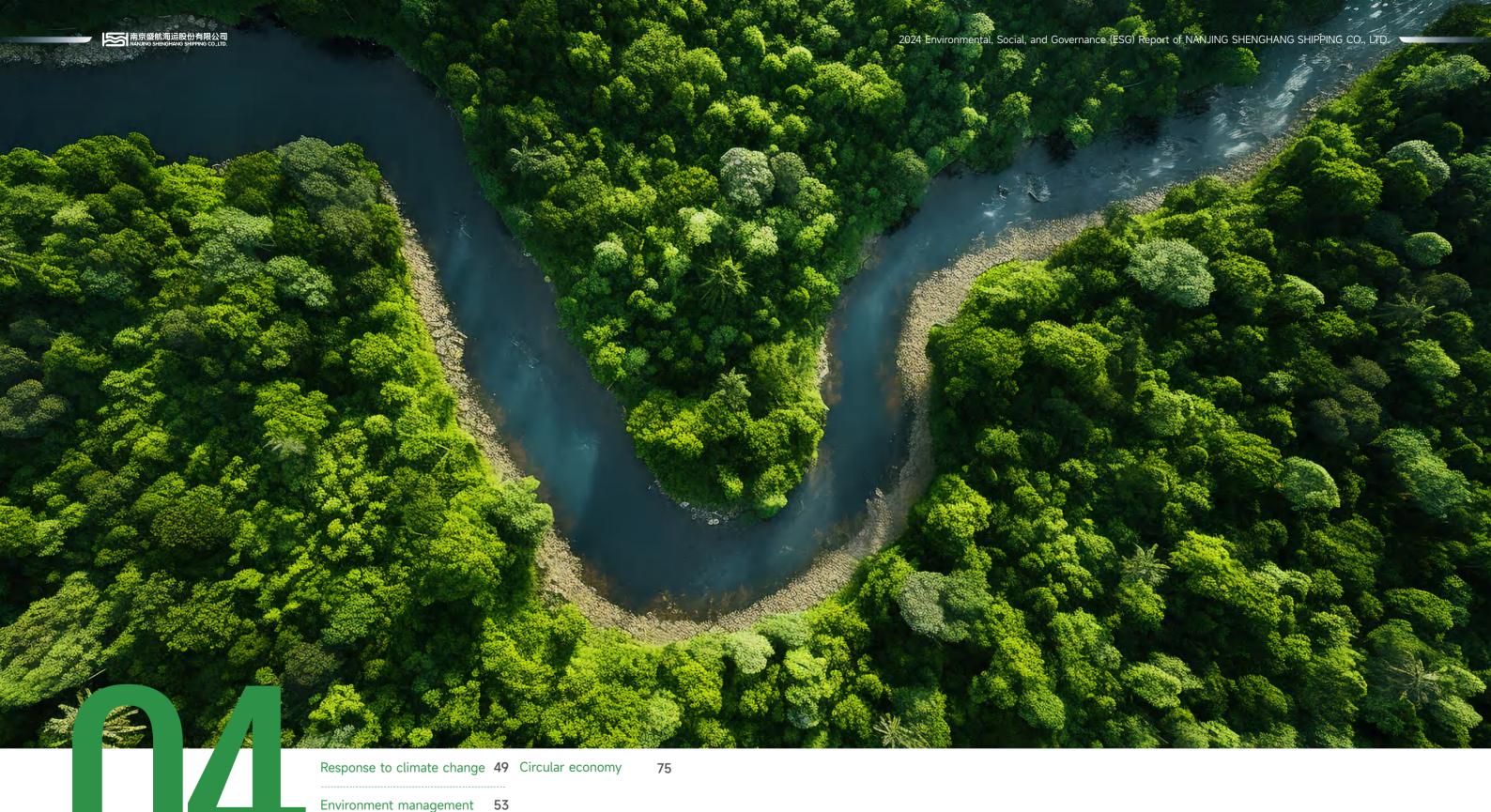


Anti-unfair competition and anti-money laundering 🛱



The Company strictly abides by the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China, and other relevant laws and regulations, treats market entities equally, and is committed to promoting the development of a free market and maintaining a good competition order; Employees are strictly prohibited from participating in money laundering schemes and deliberately and illegally evading tax obligations. Meanwhile, the Company actively strengthens risk control capacity building and management, carries out all-round internal and external publicity and training, firmly promotes compliance construction, and comprehensively improves the prevention and control level of anti-unfair competition, anti-monopoly, and anti-money laundering related risks.





DEEPENING GREEN SHIPPING

47

Energy management

Water source management 71

Diverse ecology maintenance 72



Response to climate change

Governance structure $\mathring{\Omega}$



In the process of coping with climate change, the Company attaches great importance to the relevant work, and by reference to TCFD elements, has built an ESG governance system structure with the Board of Directors as the core guidance and the ESG Working Group as the specific implementation support. Among them, the Board of Directors is responsible for leading and supervising climate change matters, formulating climate change-related strategies and institutional policies, and regularly assessing and effectively supervising the work results. The ESG Working Group is responsible for specific implementation and actively building an efficient cross-departmental coordination mechanism, including assessing climate change-related risks and opportunities, and formulating and implementing climate change response measures.

Strategy formulation 🛱

The strategic direction of Shenghang Group to cope with climate change is to maintain and actively improve its own resilience to climate change. Combining with the actual characteristics of the business, it identifies, assesses and analyzes the potential impact of climate change, and draws up a list of climate risks and a list of climate opportunities based on the results, and formulates corresponding measures as a reference for operational strategy.



List of climate risks

Тур	e of risk	Risk description	Probability of occur- rence	Affected time range	Description of potential financial impact	Coping strategy
Transition risks	Policy and regula- tion risks	Carbon tariff policy: The global shipping industry is accelerating its integration into the cross-border carbon regulatory framework. The Company is expanding its foreign trade fleet business, and future route planning may be affected by the carbon tariff policies of many countries. If the requirements for obtaining, trading, and fulfilling carbon emission allowances in different jurisdictions are not met in a timely manner, the ship may not be able to pass the port access review of the relevant country/region, resulting in ship detention or business disruption.	Medium	Medium to long term	Increased operating costs (e.g., increased carbon emissions, increased spending on carbon trading costs, and compliance costs such as fines for not meeting compliance requirements)	• Led by the General Manager, each ship management department cooperates with the establishment of an inter-departmental special working group such as an energy conservation and emissions reduction leading group, pays attention to mandatory requirements such as global supervision and regulations, and formulates green transformation plans and energy conservation and emissions reduction actions to ensure the compliance operation of the Company.

Тур	e of risk	Risk description	Probability of occurrence	Affected time range	Description of potential financial impact	Coping strategy
	Techni- cal risk	Application and transformation of new energy technologies: As the shipping industry transitions to new energy, companies adopting new energy or energy-saving technologies may face problems with adaptation, operational efficiency, and cost.	Low	Medium to long term	Increase in R&D expenditure Increase in operating expenses	Strengthen cooperation with scientific research institutions and equipment suppliers to gradually promote green shipping technology transformation. Cultivate internal technical talents and enhance technical application and maintenance capabilities.
Transition risks	Repu- tational risk	Environmental image and fulfillment of social responsibilities: If the Company fails to implement effective emissions reduction and energy efficiency management measures, the destructive impact on climate will damage its reputation and affect the cooperation of customers and investors.	Medium	Short term	Increased financing difficulty Decrease in operating revenue	• Formulate and implement proactive environmental strategies and social responsibility plans, publish ESG reports regularly, and demonstrate corporate responsibility to stakeholders.
ŝ	Market risk	and more or rounderers.	Low	Short and medium term	Decrease in operating revenue	Actively explore transportation opportunities for clean energy, adjust business strategies and product services in a timely manner, and match the fleet with trade needs.
		Changes in consumer behavior: Customers prefer energy transporta- tion services that produce no or less carbon emissions (such as carbon neutrality in product transportation)	Medium	Medium to long term	Increase in operating costs	Carry out market research, understand the changing trend of customer demand, and adjust the strategic layout and fleet structure in a timely manner.
Physical risk	Acute risk	Extreme weather: severe wind, severe convective weather, dense fog, typhoon and other severe weather conditions causing damage to goods or delayed delivery; Shipment delays, resupply impediments, etc. increase fuel costs.	High	Medium to long term	Increase in operating costs Increase in litigation, compensation and fines Increase in insurance costs	Scientifically design routes and formulate strategies to enhance resilience to minimize extreme weather risks. The driver receives weather information every day, and the shore-based supervisor tracks the weather information in the sea area in real time.
isk	Chronic risk	Rising sea levels: Changes in average temperatures, rising sea levels and extreme wind speed make navigation difficult.	High	Long term	ncrease in default costs Increase in operating costs	• Focus on the long-term changes in the operating environment such as waterways and ports, ensure the safety of production and operation, personnel operations, and provide customers with high-quality transportation services.





List of climate opportunities

	ortunity type	Opportunity description	Probability of occur- rence	Affect- ed time range	Description of potential financial impact	Coping strategy
	Energy transi- tion	Shipping energy transformation accelerates, the Company promotes the development of clean energy and explores the application of green shipping technology, which helps to reduce GHG emissions.	Medium to high	Medium to long term	Reduce fuel procure- ment costs Obtain subsidies or preferential policies related to new energy	Continue to invest in building a green fleet and accelerate the development of renewable energy ships and the preparation of related facilities
Opportunities	Efficiency improve ment	The adoption of advanced technologies and optimization of operational processes can reduce fuel consumption, while improving energy efficiency and transportation efficiency.	Medium	Short and medium term	Reduce fuel consump- tion and operating costs	Utilize smart shipping technologies and equipment to establish a comprehensive energy efficiency assessment index system to encourage energy-saving innovation
	Market expan- sion	Customer demand for low-carbon and environmentally friendly shipping services is growing, and companies providing such services can attract more customers, enhance brand value and market competitiveness.	Medium	Medium term	Increase operating revenue	Develop new ship types, promote the use of low-carbon/zero-carbon fuels, and enhance competitive advantages

Time definition: When describing the impact time range of risks and opportunities, they are divided into three time periods: short-term (within 1 year), medium-term (1-5 years) and long-term (more than 5 years), so as to more clearly show the potential impact of these factors on the future development of the Company. The following "time range" shall have the same definitions as this section.

Risk, opportunity, and impact management 🛱



In accordance with the risk management process, the Company identifies and assesses the nature, probability of occurrence, impact time frame and potential financial impact of climate risks that may be faced during the operation, and takes measures to reduce the risks to an acceptable level. Risk categories include the policy and regulatory risk, the technical risk, the reputational risk, the market risk, and other transformation risks, as well as acute and long-term physical risks.

Meanwhile, the Company formulates and adjusts the opportunity utilization strategy in a timely manner according to the type, probability of occurrence, impact time range and potential financial impact of climate change opportunities in combination with actual operations. Opportunities include energy transition, efficiency improvement, and market expansion.

Climate change response goals 🛱



By reference to the Initial IMO Preliminary Strategy on Reduction of GHG Emissions from Ships, Shenghang Group has formulated its Green and Low-Carbon Transformation and Development Plan, considering the current carbon emission status of its fleet and the future strategic plan. The Plan sets a long-term goal of "peaking fleet carbon emissions by 2030 and achieving carbon neutrality by 2060, using 2024 as the baseline year." The Company's GHG emissions mainly come from direct emissions from ships. For international shipping and domestic shipping, the Company has formulated carbon neutrality implementation paths to achieve net zero emissions.

"Three-step" strategy



Step 1

The construction target is a short-term plan (from 2024 to 2025). The main goal is to ensure that the Company's fleet meets the performance requirements of energy conservation and emissions reduction. and carry out the demonstration and application of new energy and new energy conservation and emissions reduction technologies.



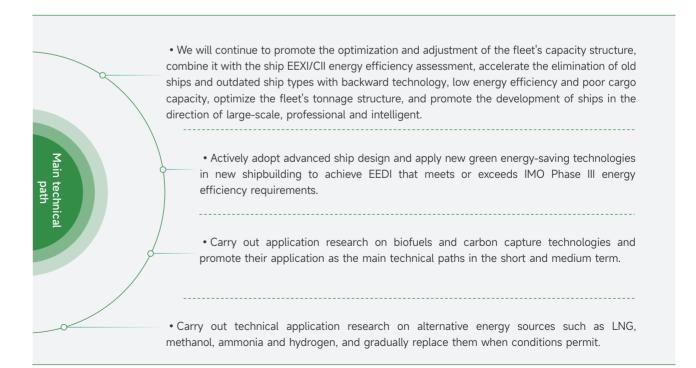
Step 2

The construction target is a medium-term plan (from 2025 to 2030). The main goal will be to achieve the carbon peak of the Company's fleet and actively promote the application of zero/near-zero emission technology and new energy.



Step 3

The construction target is a long-term plan (from 2030 to 2060), with the main goal of achieving zero net emissions.





GHG emissions

Indicator	Unit	2024
Direct GHG emissions (Scope 1) (self-operated ships)	tCO₂e	184,444.71
Direct GHG emissions (Scope 1) (official vehicles)	tCO₂e	26.04
Direct GHG emissions (Scope 1) (gas)	tCO₂e	5.62
Total direct GHG emissions (Scope 1)	tCO₂e	184,476.37
Total indirect GHG emissions (Scope 2)	tCO₂e	233.02
Other indirect GHG emissions (Scope 3) (time-chartered ships)	tCO₂e	24,687.31
Total GHG emissions	tCO₂e	209,396.70
GHG emission intensity	tCO₂e/RMB1 million operating revenue	139.63
GHG emissions reduction	tCO₂e	32.39

Note: The calculation of Scope 1 GHG emissions refers to the IMO's Fourth IMO Greenhouse Gas Study 2020 and the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial). The calculation of Scope 2 GHG emissions refers to the 2022 Electricity Carbon Dioxide Emissions Factors and the General Principles for Calculation of the Comprehensive Energy Consumption (GBT2589-2020). GHG emission sources include ship fuel oil and diesel, natural gas, and purchased electricity. The statistical scope of purchased electricity covers Shenghang Group. The calculation of GHG emissions reduction refers to the China Power Industry Development Report 2024 and the General Principles for Calculation of the Comprehensive Energy Consumption (GBT2589-2020).

Environment management

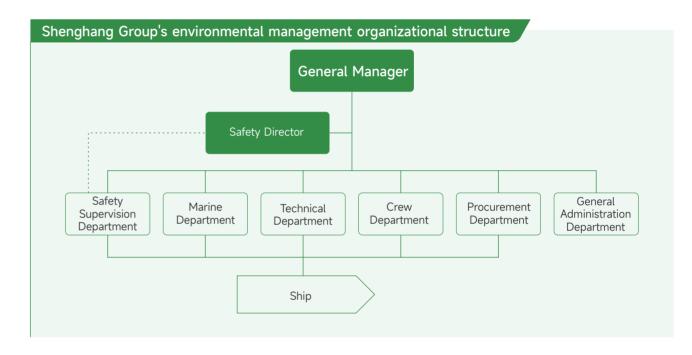
Shenghang Group fully recognizes the significance of environmental protection, adheres to the "green, eco-friendly, energy-saving, and emission-reducing" environmental management philosophy, actively responds to international environmental conventions and initiatives such as the United Nations Convention on the Law of the Sea and the International Convention for the Prevention of Pollution from Ships (MARPOL Convention), strictly follows domestic and local laws and regulations such as the Marine Environmental Protection Law of the People's Republic of China and the Regulations on the Prevention and Control of Ship Pollution to the Marine Environment, and is committed to achieving excellent environmental performance in safe ship operation, and ensuring that the Company's production and operation meet various environmental protection requirements and minimize the impact of pollution emissions on the ecology and environment by continuously strengthening environmental compliance management.



Environment management system 🛱



The Company earnestly fulfills its responsibility for environmental protection, builds a ship-shore collaborative environment management system that is compatible with its own business operations, and establishes an overall governance structure for environmental management with the Board of Directors, shore-based the relevant departments and ESG working group as the overall governance structure for environmental management. The general manager, as the first person responsible for environmental protection and pollution prevention and control, is responsible for guiding and promoting the effective implementation of environmental policies and environmental management objectives. The safety director/DPA is appointed as the environmental director to comprehensively supervise the environmental compliance of the Company's shore-based and ship-based environment, and the relevant functional departments are responsible for implementing various environmental protection regulations to comprehensively regulate the management of shore-based and ship-based environment activities.



Department	Environmental protection responsibilities
Safety Supervision Department	 Track the implementation of environment activities of each department; Carry out investigation and identification of environmental factors.
Marine Department	 Be responsible for the safety of ship shipping and cargo operation to avoid environmental pollution; Guide the implementation of measures such as ship route optimization to reduce fuel consumption and exhaust emissions.
Technical Department	 Introduce advanced technology and environmental protection equipment to reduce pollutant emissions; Supervise the maintenance of the ship to eliminate leakage.
Crew Department	Organize training on energy conservation, emissions reduction and environmental protection to enhance the crew's awareness of environmental protection.
Procurement Department	• Procure environmentally friendly marine materials with minimal impact on the environment.
General Administration Department	Be responsible for the management of environment activities in shore-based office.

In order to standardize the management of ship environment activities, the Company has formulated the Environmental Protection Management Procedures by reference to the environment standards and specifications formulated by IMO, competent authorities, classification societies, and shipping industry organizations to implement the full-process control of ship pollution prevention and prevent the occurrence of ship pollution environment accidents. During the Reporting Period, the Company did not receive any major administrative penalties from the relevant departments such as the ecology and environment departments or be held criminally liable for environment incidents.

As of the end of the Reporting Period, the Company has passed the ISO14001:2015 environment management system certification, and all its operating ships have obtained corresponding anti-fouling certificates, anti-oil pollution certificates, anti-domestic sewage pollution certificates, anti-air pollution certificates and anti-ship garbage pollution certificates in accordance with the requirements of the relevant international conventions or domestic ship inspection rules applicable to them.



ISO14001:2015 Environmental Management System Certification

The Company always emphasizes that "environment compliance ultimately depends on the personal performance of each employee who agrees with the Company's environment management requirements." It regularly organizes environmental protection publicity and skill training, covering industry conventions, industry regulations, Company environmental protection policies, pollution prevention measures, etc., to enhance the environmental awareness and professional ability of all employees and reduce the impact on the environment in daily operations.





Environmental protection training

Key performance

Management and identification of environmental factors $\mathring{\Box}$



The Company actively identifies environmental factors and potential risks in business operations, carries out environment risk identification, assessment and materiality determination year by year, implements the management mode of prediction, early warning and monitoring of important environmental factors, and formulates specific response strategies, aiming to reduce pollutant emissions from the source and promote the realization of the "zero pollution" goal.

Risk description	Probability of occur-rence	Affect- ed time range	Description of potential financial impact	Countermeasures
Pollutant emissions:Various pollutants and waste are generated during daily transportation of ships, such as chemical volatilization, oil discharge, tank washing water discharge, exhaust gas discharge, waste discharge, etc. If the discharge does not meet the regulations, it will cause environmental pollution.	High	Short to medium term	Increased costs of environment violations: the Company may face fines and litigation compensation	 Regularly organize anti-pollution training to enhance the environmental awareness of all employees. Strengthen the control of pollutant generation process to reduce the emission and toxicity of pollutants from the source. Strictly implement end-of-pipe treatment, and all ships are strictly equipped with anti-pollution facilities to ensure up-to-standard discharge.
Sudden environment accidents:Fires, explosions, leaks of hazardous materials and other sudden environment accidents caused by improper crew operations and equipment failures can cause serious damage to the atmosphere and marine ecological environment.	Low	Medium to long term	Increased economic losses: the accident may cause loss of ships and goods, breach of contract, damage to reputation, and compensation for environmental pollution caused by the accident	Strengthen crew operation skill training, improve skill level, and strictly standardize operation process. Regularly carry out equipment inspection and maintenance, and troubleshoot in time. Formulate emergency plans for environment accidents and organize emergency drills.
Policy risks: Environmental policies and regulations are becoming increasingly stringent, and pollutant emission standards	Medium	Medium to long term	Increased operating costs: more manpower, material and financial resources need to	 Introduce new technologies, new processes and environmental protection equipment to reduce pollutant emissions to meet the requirements of new standards.

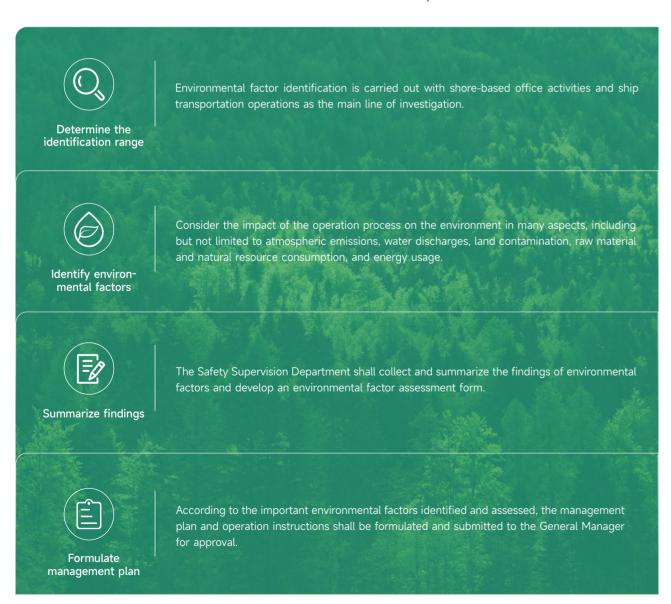


Environment risk management and control

Environment risk management and control &

The Company implements the management mode of prediction, early warning, and monitoring of important environmental factors, and formulates and implements the Environmental Factor Assessment and Operation Control Procedures. The Safety Supervision Department and the Marine Department are respectively responsible for organizing the environmental factor investigation of shore-based office space and ships, determining the assessment criteria of important environmental factors by comprehensively considering the environmental and operational impacts, and updating and adjusting it according to business activities and changes in laws and regulations.

Environmental factor identification process



Environmental emergency response management 🕆

In order to enhance the ability to prevent and respond to environmental pollution emergencies, the Company has established and improved an emergency coordination mechanism and set up an emergency response team. The General Manager, as the commander in chief, is responsible for supervising and coordinating emergency actions and making decisions. The members of the emergency response team are composed of the General Manager of each executive department or DPA. For possible marine environment pollution accidents such as oil pollution leakage, chemical spillage, fire and explosion, the Company has formulated environmental pollution emergency plans and marine pollution emergency plans for ships, clarifying the division of responsibilities, emergency response process, resource allocation, and pollution control measures for various pollution accidents.

Emergency response procedures for oil spills



The Company regularly organizes pollution accident emergency treatment training and emergency drills for the crew, explains the use specifications of emergency equipment and accident reporting procedures, simulates oil spills, hazardous goods leakage and other pollution accidents, and improves the environmental protection awareness and emergency treatment ability of the crew through the combination of theoretical learning and practical operation, and tests the availability and feasibility of the emergency plan.





Pollution accident emergency drills

Maintenance of anti-pollution equipment 🕆

The Company's operating ships are equipped with anti-pollution equipment in accordance with laws and regulations and are regularly maintained. Check and test the ship domestic sewage treatment device, oil-water separator, incinerator and other key anti-pollution equipment every month. For the equipment that cannot meet the anti-pollution requirements, update and transform it in time to ensure the normal operating conditions of the equipment and avoid running, emitting, dripping, and leaking during operation. In addition, the old equipment parts can be reused by returning to the factory for repair, saving equipment costs.



Daily maintenance of the oil-water separator



Daily inspection and testing of domestic sewage treatment equipment

Wastewater management 🛱

The wastewater generated during the navigation of the Company's ships mainly includes domestic sewage, oily sewage, hold washing water, and ballast water. In order to standardize the compliant wastewater discharge management, the Company has formulated the Instructions for the Prevention of Domestic Sewage from Ships, the Instructions for the Prevention of Ballast Water Pollution from Ships, the Instruments for the Prevention of Oil Pollution from Ships, and other systems, specifying the management requirements and discharge standards for all wastewater categories. The wastewater generated during the voyage of the ship is mainly treated in two ways: one is to enter the on-board collection facility, and after the ship berths, it is handed over to the third-party organization approved by the MSA of the People's Republic of China for treatment; Second, handle it by themselves according to the regulations, and discharge it into the environment water after reaching the discharge standards of the coastal state and the part state.

The Company's ships are equipped with monitoring devices at wastewater outlets, with established management ledgers including the Domestic Sewage Discharge Record Form and the Oil Record Book. These devices undergo regular third-party testing to ensure compliance with the requirements of international conventions, rules, and mandatory standards. In addition, the Company continuously monitors the capacity and liquid level of the wastewater storage tank to prevent wastewater from spilling out of the tank.

Wastewater source

Management and disposal method

Treatment equipment



Domestic sewage

- \bullet Domestic sewage is collected by on-board collection devices and disposed of by a third party when the ship is docked
- All ships are equipped with domestic sewage treatment devices, and the domestic sewage is discharged 12 nautical miles away from the nearest land after being treated by the on-board domestic sewage treatment device to meet the standards
- Samples are regularly taken at water outlets for third-party testing to ensure that the suspended solids, COD, BOD₅, fecal coliform bacteria, and other pollutant indicators in domestic sewage are within the emission limits specified in the Ship Water Pollution Emission Control Standards



Domestic sewage treatment equipment



Oily sewage

- Oily sewage is collected by on-board collection equipment or incinerated in an incinerator, and disposed of by a third party after the ship is docked
- Oily sewage is discharged after being treated by the oil-water separator and reaching the standard
- Monitoring equipment is equipped at water outlets to monitor the oil content in real time, and regular third-party testing is conducted to ensure that the oil content is within the emission limits specified in the Ship Water Pollution Emission Control Standards



Oil-water separator



Tank washing water

- Tank washing water is collected by on-board collection equipment and disposed of by a third party when the ship is docked
- Compliant wash water is discharged through the ODME system after meeting the discharge conditions specified in MARPOL Annex I
- \bullet Regular detections of the oil discharge monitoring equipment are carried out to ensure the normal operation of the monitoring system
- The tank washing process is optimized and environmentally friendly detergents are used to further reduce the potential impact on the marine ecosystem



Oil discharge monitoring equipment (ODME)



Ballast water

- Ballast water is collected by on-board collection equipment ar disposed of by a third party when the ship is docked
- Ballast water replacement is carried out in strict accordance with the requirements of the Ballast Water Management Plan and the Instructions for the Prevention of Ballast Water Pollution from Ships
- Ships involved in international routes are equipped with balla water treatment equipment, and ballast water is discharged aft treatment in accordance with the relevant provisions of the MARPOL Convention



LeesGreen® ballast water treatment equipment



Wastewater discharge indicators

Indicator	Unit	2024
Discharge to sea after treatment	m ³	83,880.96
Ship domestic sewage treated to meet discharge standards	m ³	9,113.33
Oily sewage treated to meet discharge standards	m³	900.63
Fresh water from tank washing treated to meet discharge standards	m³	73,867.00
Volume of wastewater disposed of by third parties	m³	6,834.25
Tanker washing sewage for third party disposal	m³	5,071.64
Ship domestic sewage for third party disposal	m³	846.72
Cabin sewage for third party disposal	m³	915.90
Total wastewater discharge	m³	90,715.21
Wastewater discharge intensity	m ⁵ /RMB1 million operating revenue	60.49

Note: The statistical scope covers Shenghang Group.

Exhaust gas management 🛱

The Company's waste gas is mainly generated from the combustion process of ship fuel oil, including pollutants such as sulfur oxides (SOx), nitrogen oxides (NOx), volatile organic compounds (VOCs), and particulate matter (PM). The Company is committed to reducing the emission of various air pollutants from the source. The ship uses main engine, auxiliary engine, and other equipment that meet the air pollution emission requirements in the MARPOL Convention. The relevant personnel are required to strictly follow the operating specifications and regularly carry out equipment maintenance: continuously promote the innovation and upgrading of ship

Atmospheric pollutants	Management and disposal method
Nitrogen oxides (NOx)	• The SCR exhaust treatment system is installed to treat and absorb NOx, and the emission meets the relevant requirements of MARPOL Convention Annex VI and the Ministry of Transport of the People's Republic of China "Jiao Hai Fa (2018) No. 168."
Sulfur oxides (SO _x)	 Use low-sulfur fuel and strictly implement the limits on sulfur emissions in various regions of the world; Formulate standardized low-sulfur oil conversion procedures to strengthen fuel quality management.
Volatile Organic Compounds (VOCs)	• Liquid cargo ships are equipped with vapor collection systems to effectively collect VOCs generated during loading.
Particulate matter (PM)	Standardize operation management, strengthen equipment maintenance, ensure full combustion of fuel, and reduce particulate matter generation.
Ozone depleting substances (ODSs)	 Real-time monitoring of the operation of refrigeration equipment and other equipment containing ODSs to avoid leakage; Ships and equipment containing ODSs will be delivered ashore to the shore receiving facility for disposal.

Exhaust emission indicators

Indicator	Unit	2024
Nitrogen oxide (NOx) emissions	Ton	5,062.84
Nitrogen oxide (NOx) emission intensity	Ton/RMB1 million operating revenue	3.38
Sulfur oxide (SO _x) emissions	Ton	218.31
Sulfur oxide (SOx) emission intensity	Ton/RMB1 million operating revenue	0.15

Note: The statistical scope of exhaust emissions only covers Shenghang Group.



Waste management 🛱

The Company strictly controls the discharge of waste at sea, and formulates the Ship Waste Management Plan in accordance with the Supplementary Provisions of MARPOL 73/78 and the Guidelines for the Preparation of Waste Management Plan of the International Maritime Organization. The master, as the general person in charge, is responsible for supervising the smooth implementation of the management plan. By continuously strengthening the full-process management of waste, and strictly implementing the classified collection and delivery to shore treatment process, the generation and discharge of waste at sea are reduced, and the impact on the marine environment is minimized.

Full-process waste management



Reduce waste generation at source

- Reduce unnecessary waste in production operations and daily activities;
- · Use recyclable or reusable materials and packaging.



Establish waste management procedures

• Establish perfect procedures for classified collection, sorting, processing, storage, recycling, and reuse of waste, and implement personnel to strictly perform their management responsibilities.



Compliance discharge and treatment of waste

- All garbage from inland river ships shall be delivered to shore for reception and treatment, and shall not be discharged outside:
- Except for food waste discharged 12 miles outside the territorial sea baseline, other waste shall be sent to shore for treatment and shall not be discharged;
- Waste that meets the requirements of incinerator incineration shall be crushed and incinerated according to regulations, and the ash and slag shall be stored on the ship and sent to the port reception facility for treatment after arrival at the port;
- Hazardous waste shall be stored separately from other waste and handed over to a third-party agency for treatment after docking;
- When discharging garbage at sea, it is forbidden to discharge garbage when other substances prohibited from discharging are mixed and polluted.



Personnel training

• Regularly organize crew members to carry out waste pollution training and education, strengthen the publicity and implementation of the Waste Management Plan, and ensure that all crew members are familiar with equipment operation and waste management procedures.



Waste ledger management

• Establish waste records in accordance with the Garbage Record Book issued by the maritime safety authority of the flag state, and strictly standardize records.

Ship waste discharge indicators

	Indicator	Unit	2024	
Non-hazardous waste generation		Ton	288.35	
	Non-hazardous waste generation intensity	Ton/RMB1 million operating revenue	0.19	
	Hazardous waste generation	Ton	720.88	
	Hazardous waste generation intensity	Ton/RMB1 million operating revenue	0.48	
	Regulatory-compliant waste disposal rate	%	100	

Note: The statistical scope covers Shenghang Group.



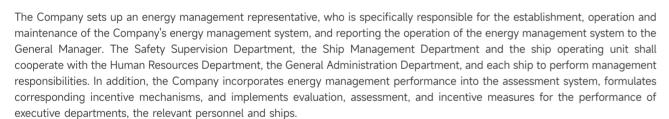
Indicators and targets 🛱

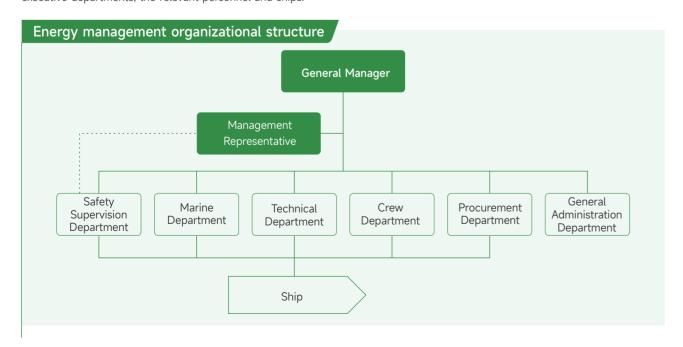
The Company adheres to the environment goal of "zero pollution and no spillage," and adopts a zero-tolerance policy for pollution accidents. During the Reporting Period, the Company formulated a three-year environmental protection plan, set quantitative targets for wastewater, waste gas, waste and other environment indicators, and continuously tracked the Company's environmental management performance reflected in various indicators, forming a normalized management of sustainable development goals. Meanwhile, the Company adjusted and continued to promote the objectives based on the completion of the objectives for this year.

Energy management

With the energy management policy of "reducing energy consumption, improving energy efficiency, promoting energy-saving technologies and continuously improving management," the Company has formulated the Energy Management Manual of the Company in accordance with the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations, and established a full-process energy management mechanism to continuously improve the Company's energy utilization efficiency and effectively ensure the smooth achievement of energy management objectives.

Development of the energy management system 🛱





Identification of energy management risks and opportunities

Identification of energy management risks and opportunities

Type risk/c	of opportunity	Description of risks/opportunities	Description of financial impact	Probability of occur-rence	Affect- ed time range	Countermeasures
R:	Energy price rise	The Company's ship operations rely on fuel oil and other energy sources, and energy prices may rise due to various factors such as supply and international situation.	Increase in energy costs Increase in operating costs	High	Short to medium term	 Establish a sound energy management system to improve the energy utilization efficiency of ships; Track fuel oil market price fluctuations and manage the Company's overall energy costs.
Risks	Energy efficiency regulation of ships	The International Maritime Organization (IMO) has tightened regulations on the Energy Efficiency Index (EEXI) of ships, and if the regulations are not met, navigation may be restricted.	Increase in operating costs Decrease in operating revenue	Medium	Long term	Strengthen ship energy efficiency management, implement energy efficiency data reporting and monitoring, and continuously improve the Ship Energy Efficiency Management Plan; Optimize ship routes and operation processes, continuously improve hull equipment, and reduce ship energy consumption.
Opportunities	Energy efficiency	The ship energy management system can effectively reduce energy consumption and improve energy utilization efficiency	Reduced operating costs	High	Short to medium term	• Through various operational management measures and optimized transmission design, we can reduce ship energy consumption and achieve energy conservation and carbon reduction goals.
	Clean Energy Transition	Increase the use of clean energy.	New investment/market revenue	High	Medium to long term	 Actively expand clean energy business; By optimizing the energy use structure, expanding clean energy and reducing carbon emissions.

Time definition: When describing the impact time range of risks and opportunities, they are divided into three time periods: short-term (within 1 year), medium-term (1-5 years) and long-term (more than 5 years), so as to more clearly show the potential impact of these factors on the future development of the Company. The definitions of the following "time range" shall be the same as those in this section.



Energy impact, risk, and opportunity management $\mathring{\Box}$

The Company regulates energy management activities through the Company's Energy Management Manual and Instructions for Ship Operation and Management Manual, implements the continuous improvement mechanism of plan-do-check-act (PDCA), and monitors and measures each process and activity to ensure that problems can be quickly improved once found.

The Company uses process methods to control the whole process of energy management, and comprehensively identifies and assesses energy factors in shore-based activities, ship transportation, and operations; Through the application of advanced energy-saving technologies and the mining and utilization of the best energy-saving practical experience, the energy utilization efficiency of ships is continuously strengthened, so as to achieve the gradual reduction of ship energy consumption and the effective control of carbon emissions, and promote the further improvement of the Company's energy management level.

Targets and indicators $\mathring{\mathbb{D}}$

The Company adheres to the concept of environmental protection and sustainable development, follows the principles of energy conservation and cost reduction, and takes the energy efficiency indicators required by the relevant laws and regulations and the energy consumption management and control indicators used by the Company as the comprehensive measurement of energy management, formulates medium- and long-term energy management objectives and annual energy management objectives, and decomposes and implements them in accordance with the Procedure for Formulation and Implementation of Objectives, Indicators and Management Plans to carry out energy management in a systematic manner.

Energy targets

Indicator	Unit	Target for 2024	Achievement
Energy Efficiency Operational Indicator (EEOI)	/	≤70	Achieved 🏈
Failure of auxiliary engines or boilers	/	≤10%	Achieved 🏈
The percentage of the host in the best operating condition	1	≤85%	Achieved 🎸
Energy consumption per unit turnover	Kg/ktnm	≤5.800	Achieved 🎸
Marine diesel oil (MDO) consumption	10,000 tons/ship	≤0.080	Achieved 🎸

Energy management measures 🛱

Ship energy efficiency optimization 🕆

The Technical Department of the Company shall analyze the historical data and expected operation of ships, issue energy efficiency targets to ships at the beginning of each year, and the Ship Management Department shall formulate the Ship Energy Efficiency Management Plan for each ship. After each voyage, the ship needs to fill in the energy efficiency data in the maritime administration's energy efficiency and carbon strength management system in a timely manner. The maintenance department is responsible for checking the ship's energy efficiency management, and holds an annual ship energy efficiency management assessment meeting to analyze the data and compare the performance, and puts forward improvement suggestions and measures according to the EEXI and CII required by IMO.

According to IMO's requirements for international voyage ships of 5,000 gross tons and above to participate in the annual operation CII rating, 11 of the 13 ships of 5,000 gross tons or above operated by the Company engaged in foreign trade transportation business have obtained the highest grade A in the CII rating, demonstrating industry-leading environmental protection and energy efficiency.

Application of energy-saving technologies &

The Company actively explores the application of new energy-saving technologies and methods, incorporates good practices of energy-saving management into energy management plans, and carries out application research on energy-saving software, new materials, and new devices to build green ships.



- During the Reporting Period, the Company built a series of high-end chemical tankers to further optimize the hull alignment design and reduce wave resistance.
- The new energy-saving diesel engine with lower comprehensive energy consumption
 was used as the main propulsion device and power generation prime motor to reduce
 fuel consumption.
- The Company conducted pilot applications of silicone coatings to several ships to reduce navigation resistance and actively build a low-carbon transport fleet.
- Efficient propellers and deflectors were used to improve propulsion efficiency and reduce energy consumption.
- The cargo pump system adopted frequency conversion technology; LED lights were used to illuminate the entire ship.

Operational energy efficiency optimization

Based on the shipping big data analysis and intelligent management platform, the Company optimizes the route, speed and draft difference, so as to realize the optimal route planning, optimal speed selection, and optimal draft difference judgment of ship navigation, reduce energy consumption, and thus optimize the energy efficiency performance of ships.



New material application for ship hull coatings



High-performance hull coatings are an energy-saving solution to improve ship fluid power, which can improve ship performance and optimize ship energy consumption. The Company's "NANJING 18" has achieved an average energy saving of 3-5% by using new silicone hull coatings.



"NAN LIAN 18" hull coating improvement project

Ship operation optimization &

The Company has formulated a complete ship operation manual, continuously optimizes fuel management and use, tank washing operations, equipment use, etc., covering the whole shipping process, and regularly trains the crew on energy management to reduce energy consumption from the details.

Energy Efficiency management training



On July 22, 2024, the Company's Locomotive Department trained employees on the provisions, implementation, data filling and reporting, testing, assessment, and improvement of energy management, which improved the energy management level of the trainees.



Energy efficiency management training

Green energy use ₺

The Company actively explores the use of shore-based clean energy and comprehensively considers the effective use of solar energy, wind energy, and other clean energy sources in new buildings. These measures reduce the impact of the Company's operations on the environment and reflect our earnest implementation of the concept of sustainable development.

Shore-based PV power generation project



The Company actively responded to the call for environmental protection and vigorously promoted clean energy. In 2024, it completed the shore-based PV power generation project, and connected the 100 kW PV power generation on the roof of the park to three inverters on the 9th-11th floors of the air-conditioning power unit. During the Reporting Period, the power generation was 39.446.37 kWh.





Shore-based PV power generation project

Photovoltaic power converter

Energy usage

Indicator	Unit	2024
Ship fuel oil consumption	Ton	46,182.17
Ship diesel consumption	Ton	20,374.53
Self-operated ship energy consumption, including:		
Fuel oil	Ton	40,020.98
Diesel	Ton	18,658.57
Time-chartered ship energy consumption, including:		
Fuel oil	Ton	6,161.19
Diesel	Ton	1,715.96
Ship fuel oil consumption intensity	Ton/RMB1 million operating revenue	44.38
Gasoline (official vehicle)	Liter	11,804.06
Gas	Ten thousand m³	0.26
Total purchased electricity	kWh	414,854.00
Photovoltaic power generation	kWh	39,446.37
Total clean energy consumption	Ton of standard coal	4.85
Total clean energy consumption	Ton of standard coal	95,735.46
Energy consumption intensity	Ton of standard coal/RMB1 million operating revenue	63.84

Water source management

The Company's shore-based water is sourced from municipal water purchases, and the ship's fresh water is mainly sourced from municipal water purchases, supplemented by seawater desalination. The Company focuses on the rational use and management of water resources and post slogans about saving water on a daily basis. We improve water use efficiency by promoting water-saving technologies and using water-saving equipment, and achieve dynamic adjustment to the fleet's water consumption through intelligent monitoring systems. The ship's self-supply of fresh water is enhanced through "seawater desalination + condensate recovery" technology.

Increasing fresh water supply on ships by desalination



The Company currently has 22 ships equipped with seawater desalination plants, which provide fresh water to ships through reverse osmosis, vacuum condensation, and other methods. Among them, SHENGHANG 002 is equipped with a reverse osmosis water generator to convert seawater into fresh water that meets drinking and domestic water standards, which can provide 12-15 tons of fresh water per day, improving the self-sufficiency of fresh water resources for ships.



Reverse osmosis fresh water generator

Freshwater resource utilization

Indicator	Unit	2024	
Total water utilization	m³	108,535.38	
Office water utilization	m³	3,023.15	
Ship water utilization	m³	105,512.23	
Water utilization intensity	m³/RMB1 million operating revenue	72.36	

Note: The statistical scope of water utilization covers Shenghang Group.

Diverse ecology maintenance

Marine ecosystem and biodiversity conservation 🛱





Shenghang Group's biodiversity protection mission:

Actively take actions to protect biodiversity, eliminate invasive alien species, reduce marine pollution and reduce the impact of underwater radiation noise pollution on fish survival.

In the global economic and social development, biological resources are crucial to the earth's ecology and human beings, and terrestrial and marine biodiversity is the common wealth of mankind. Shenghang Group actively responds to various conventions and initiatives on biodiversity protection at the international, domestic and industry levels. Within the scope of trade and ship route operations, it strictly avoids biologically sensitive waters and ecological protection areas, ensures a safe distance from key protection areas to prevent negative impacts, and advocates suppliers to join hands in protection efforts. During the Reporting Period, the Company formulated the Green Sustainable Development and Biodiversity Management System to ensure the compliant treatment of ship sewage, garbage, and ballast water, actively explored the reduction of underwater radiation noise and marine biodiversity research, guarded the blue ocean, and contributed to building the ecological chain of biodiversity protection and maintaining the ecological balance and sustainable development of the earth.

Strategy formulation and risk management 🛱



In combination with the actual characteristics of the business, the Company identifies, assesses, and analyzes the potential impact of changes in marine ecosystems and biodiversity conservation, draws up a risk list based on the results, and formulates corresponding measures as a reference for operation

The risk identification, assessment, and analysis process is the same as the climate risk management process. For details, please refer to "3. Risk, opportunity, and impact Management" under the "Response to climate change" section.







List of risks to the conservation of marine ecosystems and biodiversity

Туре	Risk description	of occur-	ed time	Description of potential	Risk response
		rence	range	financial impact	
	Ballast water management: When ships travel between ports, ballast water may carry local aquatic organisms. If it is not well managed, it may introduce organisms into new waters when ballast water is discharged offsite, upsetting the local ecological balance.	Medium	Medium to long term	Increase in operating costs: may result in ecological compensation, oil cleanup	Comply with the Ballast Water Management Convention to prevent the spread of invasive aquatic species Install advanced ballast water treatment equipment and maintain it regularly Strengthen employee training to ensure the effective operation of ballast water management system
Risks	Underwater radiation and noise management: Underwater radiation and noise can interfere with the communication, navigation, predation, and reproduction of marine organisms, causing harm to marine organisms and destroying marine biodiversity.	Medium	Medium term	costs, environ- mental litigation costs, and fines. Decrease in operating income: possible reputational damage, market	 Identify and strictly manage underwater radiation and noise sources that may be generated by the fleet
	Oil spills: Ship collisions, groundings, equipment failures, etc. may cause oil spills, pollute the marine environment, cause serious damage to marine life, fisheries, tourism, etc., and trigger ecological disasters.	Low	Long term	restrictions, and loss of customers.	System management process, carry out daily monitoring and maintenance of key environmental protection equipment, such as oil-water separators, oil discharge monitoring, etc. Develop an oil spill emergency plan

Objectives and planning $\stackrel{\triangle}{\Box}$

The Company will continue to pay attention to and refer to the TNFD (Taskforce on Nature-related Financial Disclosures) framework, clearly state the requirements for biodiversity conservation in the management process, formulate special management plans, and integrate the requirements for biodiversity conservation into its annual environmental protection indicators for quantification and assessment.

Management measures 🋱

The Company actively implements a series of measures to reduce the impact on the marine ecological environment, and formulates special management plans accordingly. In the daily operation of ships, the up-to-standard treatment process of pollutants shall be strictly implemented, and the prevention mechanism of oil spills and the maintenance of ship equipment shall be strengthened to effectively avoid marine pollution. In addition, in the construction and maintenance management of ships, environmentally friendly materials and advanced technologies are selected to reduce the potential impact on marine ecology. Through strict control and comprehensive management of these key aspects, efforts are made to reduce the adverse impact of the Company's operation activities on the marine ecology.





Incorporate biodiversity risk assessment into the route planning stage, understand the seasonal migration and other characteristics of marine organisms, and avoid sailing in sea areas where marine organisms live and breed.

Ballast Water Discharge Management



Strictly implement the relevant IMO regulations, formulate the Ship's Ballast Water Management Plan, install advanced ballast water treatment systems, and require ships to take effective measures during ballast water operations, keep ballast water records, and carry out effective management to prevent marine environmental pollution.

Controlling Underwater Noise and Radiation



Reduce the speed within a reasonable range to reduce underwater noise, and adopt efficient low-noise propellers, vortex suppression fins, etc. to reduce the noise generated by underwater eddies and reduce the interference to marine life that relies on sound for navigation, communication, and predation.

Emergency management of marine pollution incidents



The Emergency Plan for Marine Pollution from Ships shall be formulated, sufficient emergency equipment shall be provided, and regular drills shall be carried out. In case of an accident, it shall be able to respond quickly and take effective measures to control the spread of pollution and reduce the damage to marine life and ecological environment.

Optimize ship maintenance



The stern tube shall be sealed with environmentally friendly lubricating oil or polymer water-cooled stern to reduce environmental pollution; When repairing the ship, the bottom of the ship shall be removed in time, the propeller shall be polished, and the anti-fouling paint without toxic and harmful substances shall be used.

Key performance

During the Reporting Period, the Company had a total of 22 ships equipped with ballast water treatment

systems, with **42.31**% fleet-wide implementation of ballast water exchange/treatment. The ballast water treatment plant met the requirements of the latest conventions and had been approved by USCG.

Circular economy

The Company has always placed the effective use and recycling of resources in an important position, fully implemented the concept of circular economy, and deeply integrated it into all levels of daily operations.

The Company has formulated and strictly implemented the "Company Energy Management Manual" and significantly improved energy utilization efficiency by implementing energy efficiency management measures.

The Company actively adopts methods such as condensate recovery to achieve the recycling of water resources.

The Company uses the purchase of second-hand ships and the "one in, one out" capacity replacement method to optimize capacity structure and fully promote the sustainable development of the circular economy.

The Company's fleet uses exhaust gas boilers as the core components of the heat recovery system, which converts the waste heat of exhaust gas into steam required for ship heating and fuel heating through heat exchange. The energy-saving system effectively reduces fuel consumption and emissions by recycling waste heat. A typical ship can save 5-10% of fuel oil in this process, realizing a closed energy loop during ship operation.



Innovation drive 79

Customer service improvement 88

Supply chain 92

Data security and privacy protection 96

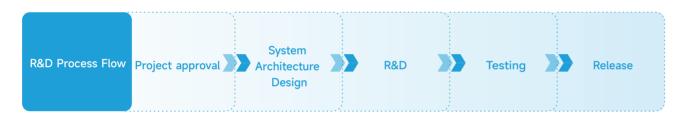
LEADING INDUSTRIAL VALUE



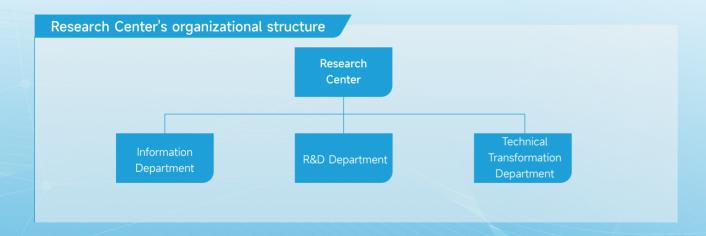
Innovation drive

R&D standard system 🛱

Shenghang Group has built a "STAR" R&D standardization system (Systematic Technology Advancement Regime) spanning the innovation value chain to reshape R&D management with a top-level architecture. The Company has formulated the R&D Organizational Management System to define functional responsibilities and standardize management procedures across all phases of product R&D, and established a rigorous internal control system for R&D. The Company's leadership oversees project initiation approval and monitors execution to ensure the efficiency and quality of R&D design.



The Company has established a Research Center as the central entity and driving force of the Company's innovation management system, which is responsible for formulating and implementing scientific and technological innovation strategies and plans, and carrying out product R&D, technology acquisition, intellectual property protection, national project declaration, etc.



(3)

Strategic objectives of scientific and technological innovation application

Intelligent decision-making center construction

The transportation management intelligent decision-making center is built based on deep learning algorithm, achieving exponential operational efficiency gains through dynamic scheduling optimization algorithm, multi-dimensional demand prediction modeling, and an omnichannel interactive intelligent response system.

Advanced Application of IoT Perception Networks

Deploy the IoT infrastructure framework of comprehensive sensing nodes, build an intelligent logistics cognitive platform relying on multi-source heterogeneous data fusion technology, establish a data confirmation and trustworthy traceability mechanism, and create an E2E supply chain collaborative decision-making platform.

Extended Reality Convergence Innovation

Build an ultra-high-fidelity maritime operational digital twin, deeply integrate digital twin and extended reality (XR) technology, develop a Mixed Reality (MR)-enabled teleoperated collaborative platform, reshape the man-machine collaborative operation paradigm, and significantly reduce the human error rate.

Green smart connectivity ecosystem development

Achieve innovative application of clean energy drive technology and intelligent path planning algorithm, build a hazardous chemical transportation entire lifecycle carbon emission monitoring system, and through the environmental parameter dynamic perception and closed-loop safety management mode, build a new paradigm of negative carbon intelligent logistics.

Innovation Incentive Mechanisms

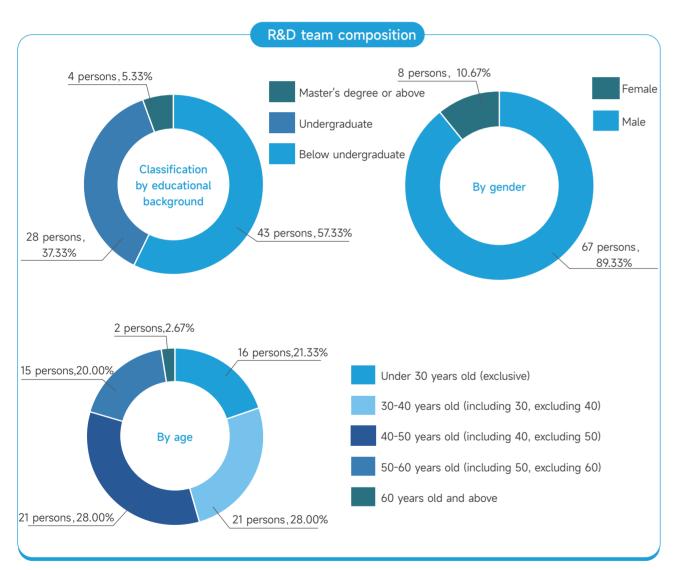


The Company has established a talent incentive mechanism, formulated an assessment reward and punishment system and an innovation reward method, and regularly organized R&D personnel to participate in training, research, technical exchanges, and other activities. These initiatives fully stimulate the enthusiasm and creativity of personnel, foster a fair, equal, and positive R&D environment, and inject a steady stream of impetus for the Company's innovative development.



Indicator	Unit	2024
R&D expenditure	Million RMB	36.84
Ratio of R&D expenditure to operating revenue	%	3.39
Number of R&D team members	Person	75
Proportion of R&D staff to the parent company's workforce	%	10.50

Note: The statistical scope covers Shenghang Group.



R&D innovation achievements

Shenghang Group takes the waterway transportation of hazardous chemicals as the core scenario, reconstructs the core of shipping services through digital and intelligent technology, deeply integrates digital and intelligent innovation into the whole chain of main business, and builds a safety and efficiency-oriented intelligent shipping system.

Digital-intelligent innovation achievements

Digital-intelligent green shipping

igital-inte

- Intelligent green ship energy efficiency monitoring platform
- Energy efficiency management system for ships based on environmental protection
- Anti-collision radar system for ships

j-

- Big data monitoring and early warning system for ships
- Intelligent safety monitoring terminal for shipsSafe transportation control system
- Safety supervision platform for hazardous chemical ships

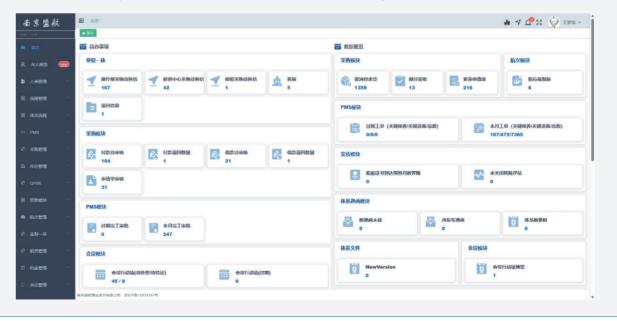
Digital-intelligent operation management

- Beidou video monitoring terminal for hazardous chemical ships
- Digital analysis platform for ship management business of Shenghang Group
- Crew online training system
- Dangerous chemical ship cloud boarding platform

Shenghang Ship's digital platform



The digital platform for ship management independently developed by Shenghang Group, with the philosophy of "intelligent hub driving full-chain collaboration," has built a system matrix covering all scenarios of shipping, forming a three-dimensional structure of "strategic layer-operational layer-execution layer." In the strategic empowerment layer, the digital panoramic monitoring is integrated through the homepage visual cockpit to realize dynamic penetrating control of safety compliance and quality standards; in the core operational layer, the safety standardization system and the integrated management of industry and finance form a double spiral drive, and the precise linkage builds a safety and value management system for the entire lifecycle of ships; in the resource collaboration layer, the human capital digital engine with crew management and personnel management modules as the core seamlessly connects with the cognitive supply chain orchestrator composed of procurement management and inventory management to form a refined resource allocation of people, ships, goods, and wealth; in the administrative support layer, the file management system and the intelligent meeting management system build dual channels of knowledge precipitation and action supervision to improve organizational efficiency.

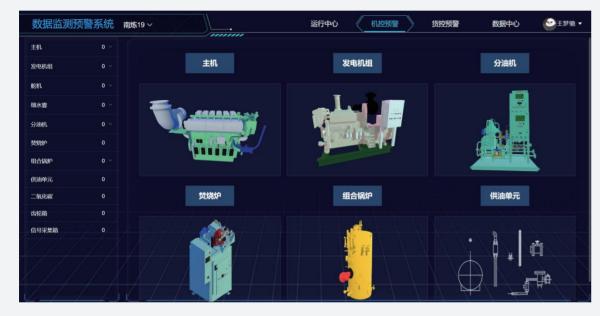




Ship intelligent monitoring system



Guided by its operational philosophy of "data-driven safety, sensor-reconfigured maintenance," Shenghang Group has built an intelligent perception neural network covering all ship equipment. The system collects thousands of heterogeneous data such as main engine temperature and speed in real time through linkage with high-precision sensor clusters, and integrates edge computing and IOT transmission technology to form a digital twin of the ship with heterogeneous data fusion. Meanwhile, the data combines PMS planned maintenance system and fault reporting system to form a closed-loop management ecology. The platform constructs an innovative three-dimensional architecture of "data acquisition layer: intelligent analytics layer: management application layer" the bottom layer relies on industrial-grade IoT gateways to establish an equipment perception network; the middle layer constructs an equipment curve knowledge graph through learning algorithms; and the upper layer connects the maintenance management system to realize dynamic optimization of maintenance strategies, and reshapes the safety boundary of shipping by digital means.



Online training system for seafarers



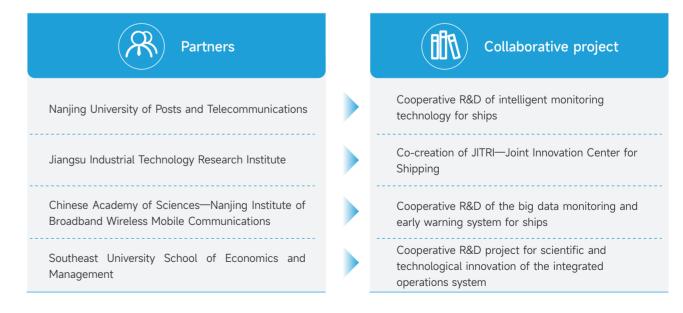
The online training system for seafarers built by Shenghang Group has built a digital system with cognitive computing capabilities based on the philosophy of "competency evolution through knowledge graph reconstruction." The system supports multi-modal learning resource pools for streaming media courses and intelligent document parsing. The system realizes the closed-loop of "learning-assessment-evolution:" during training, interactive heatmap analytics track learning progress in real time; during assessment, an automatic grading engine enables second-level evaluation and automatically generates training effectiveness indicators. The platform has precipitated the formation of the Company's knowledge asset database, shortened the certification cycle of seafarer's post competency, and created a digital transformation of shipping talents from "standard indoctrination" to "cognitive mpowerment."



Industry-Academia-Research Collaboration 🛱



In terms of external partnerships and cooperation, the Company actively establishes efficient and stable industry-academia-research collaboration relationships with universities, scientific research institutions, upstream and downstream partners. As of the end of the Reporting Period, the Company has signed industry-academia-research collaboration agreements with Jiangsu Institute of Industrial Technology, Nanjing University of Posts and Telecommunications, Southeast University and other partners to jointly support the development of the industry through sharing resources and collaborative decision-making to achieve a "win-win situation between industry and education."





Intellectual property protection 🛱

Intellectual property management system 🕆

The Company has formulated the Intellectual Property Management Manual and established a top-down intellectual property management system in strict accordance with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Enterprise Intellectual Property Management Regulations, and other relevant laws and regulations. The Company has prepared a series of procedural documents such as the Intellectual Property Document Control Procedure, the Intellectual Property Acquisition Control Procedure, and the Intellectual Property Risk Management Control Procedure, which actively drive all functional departments to implement the intellectual property management of R&D, production, procurement, and sales in accordance with relevant requirements.

Intellectual property policy

Promote the upgrading and development of enterprises with technological innovation and protect the advanced advantages of the industry with intellectual property

Intellectual property objectives

·Improve the intellectual property management system, gradually formulate intellectual property strategic plans, and gradually realize a reasonable layout of patents

·Strive to achieve the industry-leading level in the creation, application, protection, and management of intellectual property

Intellectual property management 🕆

The Company continues to strengthen intellectual property management and build barriers to intellectual property protection. By identifying and controlling intellectual property risks, carrying out internal audits, organizing review management and other measures, according to business development and market changes, the intellectual property strategy is adjusted in a timely manner to avoid infringement risks and escort the Company's industrial innovation and development.

Intellectual property management measures



Formulate an intellectual property risk avoidance plan, effectively identify and control the intellectual property risks in each operation stage of the Company, regularly check, analyze, and monitor the situation that may infringe others' intellectual property, and put forward a risk prevention plan.



Internal audit

Organize the audit of the intellectual property management system in strict accordance with the Control Procedure for Internal Audit of Intellectual Property, prepare an audit report, formulate improvement and prevention measures for non-conformities and implement tracking.



Review management

Regularly organize intellectual property management review, review the implementation of management policies, objectives and management system, put forward improvement suggestions and track the implementation to ensure the suitability, adequacy and availability of the Company's intellectual property management system.

Key performance

During the Reporting Period, the Company did not have any incident related to infringement of intellectual property of others.

Intellectual property achievements ±

From daily operation risk warning to full-process monitoring of key technology R&D, the Company guarantees intellectual property in an all-round and multi-level manner. Through continuous increase in R&D expenditure, we encourage innovation, organize R&D teams to carry out technological research, continuously produce innovative achievements with independent intellectual property, and enhance core competitive advantages.

Key indicators	Unit	Obtained during the Reporting Period	Total
Number of patents	ltem	10	42
Number of invention patents	ltem	10	21
Number of utility model patents	ltem	0	21
Number of computer software copyrights	ltem	4	62
Number of registered trademarks	ltem	0	3

Note: The statistical scope covers Shenghang Group.











Patent certificates obtained during the Reporting Period









Computer software copyright certificates obtained during the Reporting Period







Trademark registration certificates

Helping industry development 🛱

With an open and enterprising attitude, the Company has always actively participated in various industry forums and professional exchanges, exchanged experience and jointly explored trends with global shipping elites, introduced advanced concepts into the Company, and promoted its own optimization and upgrading in safe shipping, green shipping, intelligent shipping, etc. The Company has continuously improved its popularity and influence in the industry with professional strength and forward-looking vision.

ExxonMobil IMT Shipowners Forum



Case

On November 7, 2024, the Company was invited to attend the ExxonMobil IMT Shipowners Forum, where hot topics such as ship safety management, emergency response, and industry innovation were discussed in depth to promote in-depth cooperation and win-win results between shipowners and energy suppliers. The forum helped the Company understand and master the development trend and cutting-edge information of the global shipping industry, and provided important support for the Company's strategic decision-making in ship management, safe operation and green shipping.



Customer service improvement

Customer service management system 🛱

The Company always puts customer satisfaction in the first place, builds a comprehensive, high-quality and efficient customer service system, formulates the Customer Management System, and clarifies that the Marketing Department is the centralized management department of customer service, responsible for establishing customer files, maintaining customer relationships, and handling customer complaints. Other departments are responsible for assisting the Marketing Department in implementing relevant work, responding to customer needs in a timely manner, and improving customer service quality and efficiency.







Customer relationship maintenance $\mathring{\mathfrak{D}}$

The Company is committed to maintaining good and stable customer relationships, formulating customer maintenance plans, establishing customer visit records in daily customer visits and communication, collecting, summarizing and timely feeding back customer opinions and suggestions. In addition, the Company regularly conducts customer satisfaction surveys and issues feedback forms to customers. The survey covers the timeliness of information feedback, transportation service quality, professionalism and service attitude of business personnel, etc. The customer satisfaction is reported and analyzed at seminars and regular meetings of the Company, and corresponding improvement measures are taken to improve service quality.

Key performance

During the Reporting Period, the Company collected a total of 12 customer feedback forms, with a customer satisfaction rate of 97.58%.

Note: The statistical scope covers Shenghang Group.

Shenghang Group won the title of "2024 Benchmark Logistics Service Provider" of Sinopec



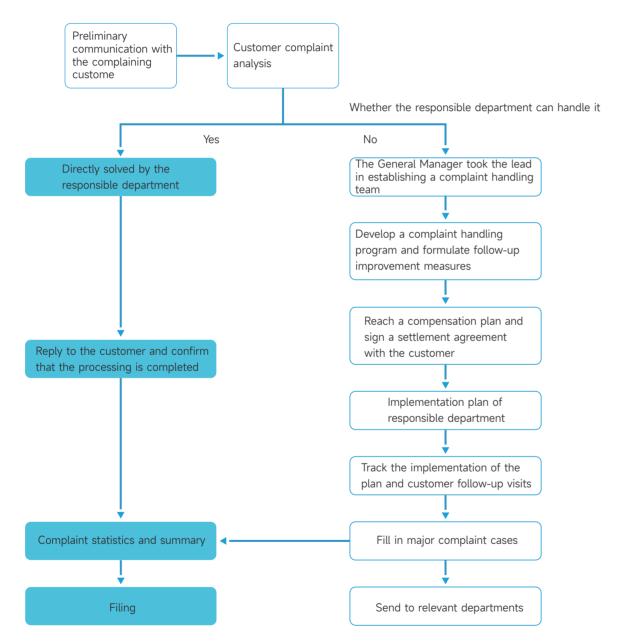
Sinopec Chemical Logistics Co., Ltd. held the 2nd Logistics Service Provider Conference of Sinopec Chemical Logistics Co. Ltd. in Nanjing, Jiangsu. The conference focused on the standardization and digital transformation of the chemical logistics industry with the theme of "Building a Standard Foundation, Setting Sail with Digital Intelligence and Going to a New Journey of Chemical Logistics Development." At this conference, Shenghang Group was awarded the honorary title of "2024 Benchmark Logistics Service Provider" by Sinopec for its "safe, high-quality, and efficient" logistics services.





Customer complaint handling mechanism 🛱

The Company's customer complaints mainly come from the results of ship voyage satisfaction survey and customer satisfaction survey feedback, customer complaints received in daily operation activities, and customer opinions collected during customer visits. After receiving the customer's complaint, the shore-based department and the ship shall report to the Marketing Department as soon as possible to start the customer's complaint handling procedure.



Customer complaints handling procedure

During the Reporting Period, the Company received 0 customer complaints in terms of quantity.

Supply chain management

Supplier management system 🛱

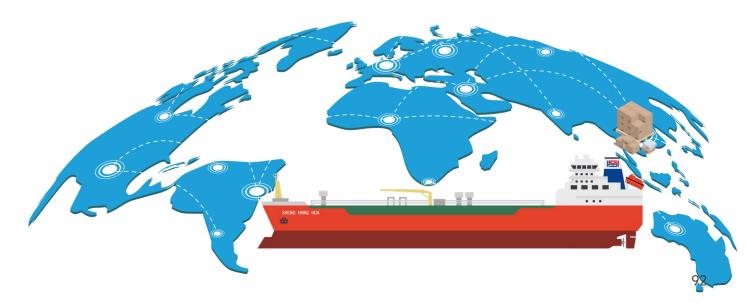
Supplier assessment and screening ±

The Company continuously optimizes the supplier management system and has established a rigorous and comprehensive supplier assessment and screening mechanism. The Procurement Department, the Maintenance Department and the Operation Department respectively adopt different assessment and screening procedures for ship material suppliers, ship repairers, ship agents, and oil suppliers, and comprehensively assess suppliers from multiple dimensions such as qualification, delivery quality, service capability, and environmental protection. According to the assessment score and comprehensive performance, the suppliers are divided into Class A (core suppliers), Class B (general suppliers), Class C (emergency suppliers) and Class D (unqualified suppliers). Only suppliers that meet the criteria will be included in the list of qualified suppliers.

Basic information of suppliers

Key indicator	Unit	2024
Total number of suppliers	I	1,471
Total number of domestic suppliers	I	1,221
Total number of overseas suppliers	1	250
Amount of overdue payments to SMEs	Million RMB	0

Note: The statistical scope covers Shenghang Group





Supply chain risk management ±

The Company shall fully identify and assess the country risks, industry risks and commodity-specific risks in the operation of the supply chain, establish the "three lines of defense" for risk review, comprehensively strengthen the prevention and control of supply chain risks, and minimize the impact on the Company.



Supply chain risk management measures

Risk identification

Identify ESG risks in the supply chain through questionnaires, on-site audits, third-party assessments, etc.

Risk assessment

Evaluate the identified risks qualitatively and quantitatively to determine the risk level

Risk mitigation

Develop risk mitigation measures, including improved supplier management processes, enhanced training, increased transparency, etc.

Risk monitoring

Establish a continuous monitoring mechanism to regularly track and assess the effect of risk management measures

"Three lines of defense" for supply chain risk review



First line

The Business Department and the Safety Supervision Department are responsible for auditing customers and suppliers and improving the Company's work safety system.



Second line

The Risk Control Department cooperates with domestic and overseas legal teams to establish a comprehensive and solid professional legal affairs and risk management defense line



Third line

The audit committee and audit post of the Board of Directors strengthen the prevention and control of risks by improving the internal audit system

Supply chain ESG management 🛱

Sustainable supply chain management ±

In order to promote the sustainable development of the supply chain and create a responsible, transparent and innovative supply chain ecosystem, the Company has formulated the Measures for ESG Management of Suppliers, which takes the ESG performance of suppliers as one of the key factors in assessment and selection, establishes an effective supervision mechanism, and urges suppliers to comply with ESG-related laws and regulations in the place where they operate to ensure the compliance of operation activities. In addition, the Company regularly reports the progress and effectiveness of ESG management in the supply chain to stakeholders, and encourages and supports suppliers' innovative ESG practices.

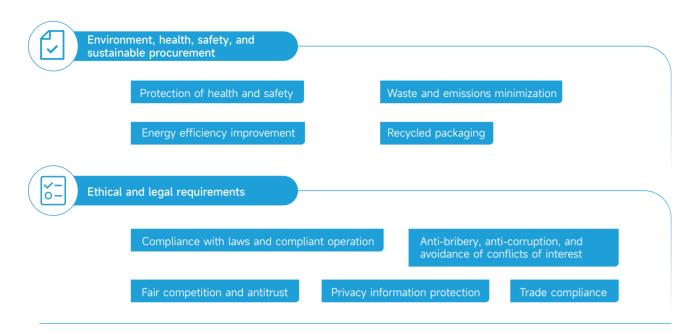


Supplier code of conduct 1

The Company formulates the Supplier Code of Conduct, assesses the supplier's operations related to its transactions through regular audits, and provides targeted correction or improvement guidance for suppliers who do not meet the specified requirements; For suppliers who seriously violate the regulations, the cooperation shall be resolutely terminated to ensure the compliance and stability of the supply chain and maintain the Company's reputation.







Supply chain ESG training 🕆

The Company regularly organizes procurement personnel and suppliers to carry out ESG training every year, publicizes and implements ESG basic knowledge, excellent practices in the industry and ESG technical capacity building, so as to make the ESG philosophy deeply rooted in the hearts of the people. The Company continuously assesses and optimizes training content and methods to ensure that training effectiveness is consistent with ESG best practices and adapts to changing market needs and regulatory environment.

Procurement management 🛱

The Company strictly follows the Management Procedure for Procurement and Supply of Marine Materials to ensure the normalization and standardization of ship procurement. As the main management department, the Procurement Department manages the full process from material demand receipt to supplier selection and assessment to material delivery. By standardizing the material procurement process, the timely supply and reliable quality of marine materials are effectively guaranteed, and a solid foundation is laid for the safe and efficient operation of the Company's ships.

Material procurement process

Material application	Material application inquiry	Quotation Comparison and Order Approval	Warehousing management	Supplementary supply/return
filling and submission	Material application review	Material delivery tracking and delivery	Handing over invoices and procurement filing	Nonconforming Material Report

In terms of green procurement, the Company actively signed environmental protection agreements with suppliers, encouraging suppliers to use environmental protection products and recycle packaging to reduce the impact on environment during the operation process; In the procurement process, the Company actively implements the concept of green procurement, giving priority to the procurement of environmentally friendly products and energy-saving and efficient materials, vigorously reducing the procurement of disposable supplies, reasonably reducing the quantity of material procurement, and promoting the green procurement process with practical actions to help sustainable development.

Data security and privacy protection

Management system 🛱

The Company pays attention to enterprise data security and customer information protection, strictly abides by the Cyber Security Law of the People's Republic of China, the Data Security Law of the People's Republic of China and other relevant laws and regulations, continuously improves the data security management system aligned with ISO/IEC27001, formulates the Information Security Management System, the Company's Informatization Equipment Management System, the Confidentiality Management System and other systems, and sets up a cybersecurity team to be responsible for the emergency response of network and information system security, strengthens information compliance management through data encryption, access control and other measures, and builds a solid foundation for data security.

Key performance

During the Reporting Period, the Company's total data security expenditure was 0.20 million RMB; no data security incident or customer privacy disclosure incident occurred.

Note: The statistical scope covers Shenghang Group.

Safeguard dimensions Key points of specific measures • The R&D Center centrally manages the installation of office computer operating systems and application software to prevent illegal software intrusion; • Provide professional maintenance and management for computer rooms and network equipment to ensure stable operation of equipment and data security; Technical protection • Set LAN Permission to prevent illegal network connections. • Operators enter and modify data strictly according to specifications to ensure data accuracy and security: • Back up important data to mobile storage devices and monitor them under the supervision of the R&D Center to prevent data loss; Data management • Without authorization, no one may access or disclose customer data files. • Each department shall designate a person to use the computer and keep records; • Real-name management of group members; • Regularly conduct system operation and information security training for employees; • When an employee leaves the Company, the Research and Innovation Center will promptly process the relevant account information. • Information release strictly follows approval procedures to ensure that the information is

• Regulate the use of office computers and prohibit browsing irrelevant websites;

• The purchase, maintenance, replacement and scrapping of information equipment shall

legal and compliant;

be carried out according to the procedures.



Emergency incident management $\mathring{\Box}$

The cybersecurity team of the Company organizes an information security risk assessment covering all vessel-to-shore networks once a year, and formulates a security strategy combining active defense and defense-in-depth based on the identified risks and the established management system to ensure data security. In addition, the Company has formulated the Cybersecurity Emergency Response Plan to ensure that it can respond guickly and effectively in the face of data security emergencies, minimize the negative impact of incidents on the Company's business operations and data security, and ensure the continuity and stability of the Company's operations.

Cyber attack prevention exercise



During the Reporting Period, Shenghang Group formulated annual emergency drill plans for all ships and carried out emergency drills to simulate various scenarios such as computer viruses and file loss on the ships. Quickly report security incidents on board, carry out emergency response and carry out follow-up assessment and summary, and improve the Company's emergency response capability to cyber attacks by simulating the complete process of emergency incidents.

Data security and privacy protection training 🛱



Shenghang Group continues to carry out cybersecurity & data privacy training to improve the awareness of data security and privacy protection for all employees, master the relevant knowledge and skills, and maintain the security of the Company's data

Cybersecurity Training



On September 13, 2024, Shenghang Group organized a training on network information security, which was attended by a total of 117 people. The training covered the regulation explanation and suggestions for safe Internet access, aiming to improve employees' awareness of network security and enhance their network security skills.





Cybersecurity training

Key performance

During the Reporting Period, the Company conducted a total of 14 information security related training sessions, with 197 participants.

Note: The statistical scope covers Shenghang Group.



Improving the safety management system 101

Identification of risks and opportunities 103

Build a solid safety risk defense line

Strengthening safety 108 objective management

Implementing safety management measures 109

ENSURING SHIPPING SAFETY



Improving the safety management system

Shenghang Group has always been guided by the management policy of "maintaining health, ensuring safety, preventing pollution, and customer first." According to the Administrative Rules of the People's Republic of China for the Safe Operation of Ships and for Pollution Prevention and other relevant conventions, laws and regulations, combined with and considering the rules, guidelines and standards of IMO, regulatory authorities, and shipping industry organizations, a series of refined management systems such as Safety Quality Management Manual, Safety Management System and Emergency Manual have been formulated. By implementing the safety management system that meets the ISM/NSM rules, standardized safety management has been realized, the awareness of safety red line of crew has been established, the safety management level has been continuously improved, and the high-quality development of the Company has been escorted by high-level safety.



During the Reporting Period, 3 masters and 1 ship of the Company were awarded the titles of "Integrity Captain" and "Quality Ship" respectively.



Quality Ship Certificate

Key performance

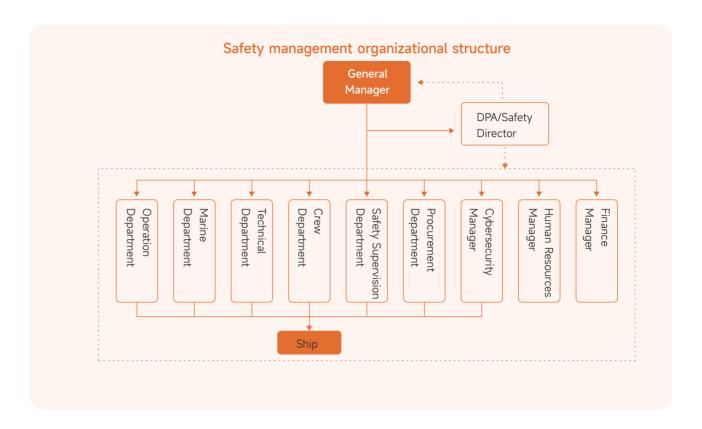
During the Reporting Period, the Company's work safety expenditure amounted to RMB 20.07 million; a total of 4 employees were reported to have suffered work-related injuries, resulting in 117.50 lost workdays with a lost time injury frequency (LTIF) of 0.63 and a total recordable case frequency (TRCF) of 0.94.

Note: The statistical scope covers Shenghang Group.

Safety management structure 🛱

The Company shall establish the Work Safety Committee as the leading organization for work safety. The General Manager is the first person responsible for work safety, responsible for establishing safety policies, approving system documents and coordinating safety work, and appointing DPA to be fully responsible for the implementation of the Company's safety management system and supervising and inspecting various safety and pollution prevention activities.

The Company strictly implements the "one post, two responsibilities" system, decomposes and implements the work safety responsibility system to each department and ship, signs the Work Safety Responsibility Statement at all levels, establishes the work safety responsibilities of personnel at all levels, incorporates safety indicators into the performance assessment of employees, regularly implements assessment distribution and performance assessment of the implementation of departmental safety indicators, and encourages ship and shore employees to actively participate in and effectively do a good job in work safety.



Safety system certification 🛱

According to ISM regulations, the Company and its ships have established a safety management system that meets the requirements, and have obtained the Certificate of Conformity (DOC), Ship Safety Management Certificate (SMC) and the Level I Compliance Certificate for Work Safety Standardization Construction of Transportation Enterprises. Meanwhile, annual audits are conducted as required to standardize and improve the safety management system.







Identification of risks and opportunities

Shenghang Group focuses on building a professional and efficient fleet and improving the level of safe operation. It regularly conducts hazard identification and risk assessment of operation activities according to procedures, prepares a list of ship risks and implements management and control, consolidates shipping safety and service advantages, and strengthens strategic competitiveness.

Risk category	Risk description	Potential financial impact	Affected time range	Possibility of occur- rence	Coping strategy
Natural risk	Ships often encounter severe weather such as typhoons and dense fogs, as well as complex sea conditions such as abnormal sea currents, icebergs and submerged reefs, which may cause ship damage, cargo loss, casualties, and legal disputes and compensation issues.	Rising costs and falling revenues	Short to medium term	High	Strengthen cooperation with meteorological agencies, equip advanced meteorological monitoring equipment, and formulate navigation plans in advance; Ensure insurance coverage; Regularly carry out emergency drills.
Repu- tation risks	The loss of ships and goods and huge compensation caused negative public opinion, which damaged the Company's reputation, resulting in customer loss and business decline.	Decrease in revenue	Long term	Low	Improve the risk prevention mechanism, strengthen the maintenance and management of ships, improve the management level of cargo transportation, establish emergency response plans, strengthen crisis public relations management, and continuously improve service quality.
Legal risk	IMO and national governments have set strict safety standards and trade regulations, such as the risk of fines, ship arrest, and market access restrictions for violation of the relevant regulations.	Rising costs and falling revenues	Long term	Low	Regular training on laws and regulations for crew and management; Implement a strict safety management system; Pay close attention to changes in domestic and regional regulations, and adjust Company policies and operating procedures in time to meet new legal requirements.
Human risk	Violations by seafarers such as inexperience, unskilled operation or fatigue driving, resulting in damage to ship equipment or navigation accidents.	Decrease in revenue	Short term	Low	Training must be fully carried out before boarding the ship to ensure familiarity with the safety system and necessary knowledge and skills; Strict rules and regulations shall be established to prohibit seafarers from operating against regulations.

Opportunity Category	Opportunity description	Potential finan- cial impact		Possibility of occurrence
Technological Innovation Opportunities	The application of new technologies in the field of shipping safety, such as intelligent monitoring and big data analysis, install AIS and ECDIS systems and use big data to monitor the status of equipment to improve safety monitoring and early warning capabilities.	Cost decrease and revenue increase	Long term	High

Build a solid safety risk defense line

Shenghang Group has established and improved a dual risk prevention mechanism to ensure the effective connection and integration of risk classification control, hidden danger investigation and management, precise monitoring of hazard sources, and improvement in risk resistance capabilities.

Risk management process 🛱

Focusing on the standardized construction of safety risk management, the Company has formulated the Hazard Identification and Risk Classification Control Procedure and the Risk Assessment Procedure to guide the identification, assessment and control measures of risk sources, and dynamically adjust the risk level and control measures to prevent and mitigate various safety risks and impacts.

Operation process	Specific content	
Division of activities	Divide the work units and determine the scope of hazard identification.	
Hazard identification	 Use sectoral area analysis to identify hazards, supplemented by questionnaires and on-site observations; It comprehensively covers factors such as the working environment, equipment and facilities, hazardous substances in the premises and areas, and considers the past, present, and future tenses and the normal, abnormal, and emergency states. 	





Risk assessment

- Safety risk assessment includes initial risk assessment and control risk assessment, and adopts a risk assessment method that combines qualitative and quantitative methods;
- Implement risk assessment steps in accordance with the Risk Assessment Procedure.



• Calculate the likelihood and consequences of a hazard and use the risk matrix to determine the risk level.



• A five-level control system is implemented, and risk control methods at different levels are determined based on factors such as risk level, required control resources, control capabilities, and the complexity of control measures

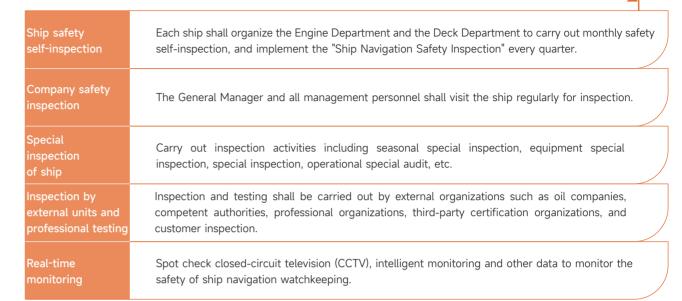


- Regularly review risk assessments and risk assessment manuals, and make additions, deletions, or improvements when necessary;
- Conduct a comprehensive review of fleet and shore-based risks at least once a year.

Investigation of potential safety hazards $\stackrel{\frown}{\Box}$

The Company shall establish and improve the QHSE management and inspection system for ships, formulate the Instructions for Hazard Investigation and Control, Instructions for Special Inspection of Ships and other regulations, standardize the investigation and control of potential work safety hazards, strengthen the normal rolling comprehensive inspection of ships, supervise the implementation of closed-loop management of rectification, and effectively eliminate potential risks.





Meanwhile, the relevant responsible departments and personnel shall carry out inspections in accordance with the relevant procedures during the departure, voyage, and arrival of ships. In case of any non-conformity, the responsible department shall record the specific situation in detail at the first time, report it to the corresponding management department in time, and deal with it in accordance with the rules and regulations of the Company to ensure the safety and standardization of ship operation, minimize potential risks, and ensure the safety of ship operation and personnel.



Prior to departure

All preparations for ship sailing shall be implemented in accordance with the Instructions for Preparations before Ship Entering and Leaving the Port and the Instructions for Operation before Ship Sailing.



During the voyage

According to the Instructions for Daily Operations of Ships Underway etc., the ship safety system and QHSE implementation shall be supervised and inspected. Depending on the storage requirements of different cargoes, the cargoes shall be managed through continuous tracking and monitoring.



Prior to arrival

Preparations (such as cabin washing, equipment inspection, data preparation, etc.) shall be made before arrival in accordance with the Instructions for Operation before Ship Arrival to ensure the safe arrival of the ship.

Key performance

During the Reporting Period, the Company carried out a total of about 5,092 safety hazards inspections, and the rectification rate of hidden hazards was 100%.

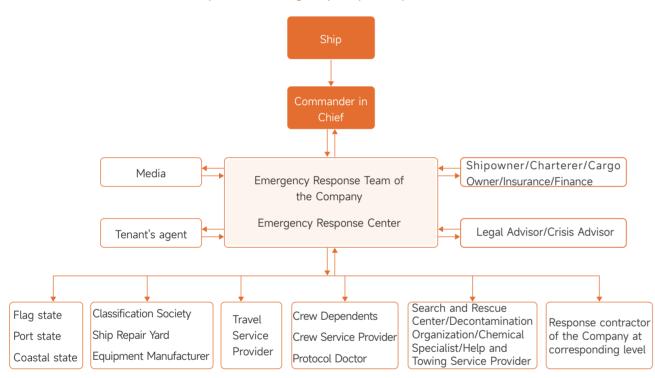
Note: The statistical scope covers Shenghang Group.



Safety emergency management $\mathring{\Box}$

In order to efficiently respond to various ship and shore-based emergencies, the Company shall establish an emergency response team, formulate the Emergency Manual and other emergency management measures, clearly identify and establish corresponding response procedures for a series of emergencies such as fire and explosion, ship collision, ship grounding, ship loss, piracy and man overboard, and build an emergency management system in all aspects. Meanwhile, the Company formulates emergency training or drill plans every year, organizes ship-shore training drills for various emergency situations, and assesses the effectiveness of the drills to test the availability of emergency procedures and the actual ability of participants, so as to ensure that they can respond quickly and carry out effective cooperation in emergency situations.

Ship-shore emergency response procedures





"NAN LIAN 201" abandonment drill

"SHENG HANG HUA 5" fire drill







Key performance

During the Reporting Period, the Company conducted a total of **2,844** safety emergency drills, including **474** oil spill drills and **4** ship-shore joint emergency drills.

Note: The statistical scope covers Shenghang Group.

HSE red and yellow line management 🛱

In order to deepen the energy efficiency of safety governance, the Company has formulated and implemented the Regulations on Red and Yellow Lines of HSE Management, accurately delineated the safety exclusion zone and warning rectification baseline with the "red and yellow lines," simultaneously established a systematic discipline and punishment mechanism, established a closed-loop management and control mechanism of "training and publicity-dynamic monitoring-accountability and punishment-case notification," and continuously strengthened the "red line" awareness and "bottom line" thinking of all employees in work safety.

Strengthening safety objective management

Taking "three zeroes" as the ultimate goal, the Company has formulated annual work safety management objectives, refined the accident rate such as ship collision, grounding and rocking, the accident rate of work-related injuries, ship inspection, and other safety indicators, and incorporated them into the annual assessment to build a solid barrier for work safety.





Implementing safety management measures

Shenghang Group always adheres to the high standards of safe operation, closely cooperates with the fleet to implement various navigation management regulations, and takes multiple measures in key areas such as emergency management, extreme weather prevention and avoidance, hazardous cargo management, and pirate attack prevention to ensure the safety of ships, cargoes, and crew on board.

Visual safety management 🛱

The Company integrates visual management with safety management, vigorously carries out standardized construction of work safety, and sets up signs and safety boards in nacelle and workplaces, living areas, office areas and other scenes. Through graphical signs and process visual boards, it realizes risk early warning, operation specifications and emergency quidance in the whole area.

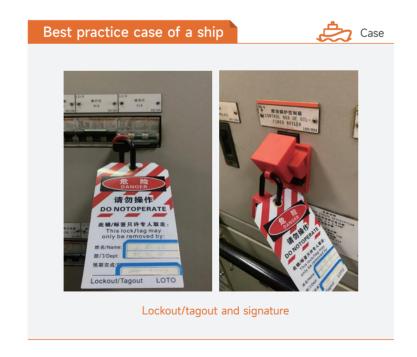


Safety dashboard

Lockout/tagout 🛱

Shenghang Group actively implements the lockout/tagout system in ship safety management, optimizes the isolation of dangerous energy and the prevention and control of misoperation, strictly implements the lockout/tagout requirements for ship mechanical and electrical equipment and related working areas, and indicates the reasons for locking, completion time, and responsible person, so as to improve the safety of ship operation.





Cargo management 🛱

The Company focuses on the field of bulk liquid chemical transportation, strictly follows the classification and operation process regulations of hazardous goods in the MARPOL Convention and IMDG Code, and is committed to providing customers with safe and reliable shipping services. The Company has established a sound cargo safety management system, and has formulated detailed operating procedures and specifications for the entire lifecycle of the loading, storage, transportation and delivery of dangerous goods to ensure that each step is followed and the safety management responsibility for dangerous goods is effectively fulfilled. Meanwhile, the Company actively invests resources in professional training for seafarers to improve their cargo operation skills and safety awareness to cope with various complex cargo transportation scenarios.



Prevention of pirate attacks 🛱

In order to effectively ensure the safety of ship navigation and protect the lives and property of goods and crew, the Company has formulated the Emergency Instructions for Ship Piracy and Hijacking Prevention, regularly organizes each ship to carry out security-related drills and maintenance of security equipment, and conducts regular internal audits and reviews of the ship security system to continuously optimize the ship security system.

	Anti-piracy measures
Route planning	When designing routes, try to avoid pirates and hazardous areas as much as possible.
Pre-departure inspection	 Before leaving the dock or weighing anchor and setting sail, the captain arranges anti-piracy safety inspections for all departments and conducts a comprehensive check of all areas where people may hide.
Navigation alert	• When sailing in waters prone to piracy, assign personnel to stand guard on security duty and keep an eye out for approaching suspicious ships.
Communication guarantee	 Ensure that communication equipment is in good condition and maintain contact with the Company, nearby ships, coastal governments, and other agencies.
Security zone settings	 Organize anti-piracy drills, close embarkation routes, request escorts, and reinforce the ship's dedicated citadel before the ship enters the maritime areas defined as high-risk by international security organizations.
Equipment protection	• The stern of the ship is illuminated with strong lights to prevent pirates from boarding the ship; Harden defensive doors and equip them with facilities such as razor barbed nets.
Emergency preparedness	Formulate emergency plans and conduct anti-piracy emergency drills.



Anti-piracy drill



On June 23, Shenghang Group conducted an anti-piracy drill aboard the "SHENG HANG HUA 13." The drill simulated the scene of a pirate attack. After the alarm was sounded, the crew quickly acted according to the emergency plan to complete emergency communications, defense layout, and other work. The drill effectively enhanced the crew's safety awareness and emergency response capabilities, and further strengthened the shipping safety assurance system.







Key performance

During the Reporting Period, no security incidents occurred within the Company.

Anti-piracy equipment

Response to severe weather 🛱

Adverse weather is one of the major risks faced by shipping companies. The Company strictly regulates the navigation operation of ships in bad weather, pays close attention to real-time meteorological and sea conditions and early warning information, strengthens the maintenance and duty of ship equipment, and implements the requirements for operation restrictions in bad weather. Meanwhile, the Company has formulated a perfect emergency plan to effectively cope with typhoons, dense fog and other severe weather, ensure the navigation safety of ships in an all-round way, and reduce the impact of severe weather on operations.

Key points of operation

Tsunami Emergency

• Ships sailing on the sea are not allowed to return to port or dock, and should immediately head to deep sea areas.

Instructions for Ships Against Typhoons • Ships implement the typhoon prevention principle of "prevention-focused, prevention-resistance integrated, early-stage precautionary measures, and operational flexibility preservation."

• Take typhoon prevention measures such as anchoring against typhoon, wharf against typhoon, buoy against typhoon, typhoon avoidance and resistance at sea, communication, and weather reporting.

Instructions for Ships
Maneuvering in Heavy
Wayes

• Check watertightness and secure cargo before sailing;

• Adjust the ship's speed and heading, avoid beam waves, and use the steering gear and anti-roll device to improve maneuverability.

Key performance

During the Reporting Period, the success rate of typhoon and flood control was 100%.

Port state and flag state inspections 🛱



Indicator	Unit	2024
Ships undergoing PSC inspections	Ship	26
Ships detained in PSC inspections	Ship	0
Ships undergoing FSC inspections	Ship	61
Ships detained in FSC inspections	Ship	0
Ships undergoing SIRE inspections	Ship	54
SIRE inspection pass rate	%	100
Ships undergoing CDI inspections	Ship	5
CDI inspection pass rate	%	100

Note: The statistical scope covers Shenghang Group.



Safety culture development 🛱

The Company improves the ship-shore safety management level through regular training, deeply cultivates safety culture in various forms such as symposiums, safety analysis meetings and seminars, and improves the work safety knowledge and practical skills of all employees.

Safety training



- Conduct pre-job and on-the-job safety education and training for shore-based departments and ships by classification.
- The online training platform shall be applied to provide employees with more convenient and extensive training channels.

Senior crew



Hold quarterly senior crew seminars to exchange and train on safety awareness, safety/human factors and security matters, cybersecurity, accident case analysis, etc.

Work safet



During the 62-day work safety month, activities such as ship-shore joint drills, safety audits, fire drills, and ship inspection and maintenance were carried out.

Talks during ship visits



Informal meetings are held with the crew during ship visits to encourage and actively participate in safety management and to assess crew safety awareness.

Quarterly



A safety management journal is issued quarterly.





Kick-off meeting for work safety months

SIRE2.0 training





Quarterly Newsletter

Key performance

During the Reporting Period,the Company conducted a total of 71 safety education and training sessions, with 1,041 participants. The total duration of safety education and training was 2,151.60 hours, and the safety education and training coverage rate reached 100%.

Note: The statistical scope covers Shenghang Group.



Occupational health management 125

Employee training and development 129

Harmonious society building 134

PROTECTING EMPLOYEES' RIGHTS AND INTERESTS



Labor rights and interests management

Shenghang Group always respects and protects the basic rights of every employee, effectively safeguards the legitimate rights and interests of employees in all aspects of recruitment and daily management, and is committed to creating a fair and just operational environment for all employees.

Labor human rights protection 🛱

Shenghang Group is committed to strictly abiding by the Maritime Labor Convention (MLC) 2006, the Labor Law of the People's Republic of China and other domestic and foreign labor conventions and laws and regulations, respecting the rights of employees to free association and collective bargaining, resolutely opposing discrimination, harassment, forced labor and employment of child labor, and setting up the Human Rights Reporting and Complaint Procedure to improve the complaint mechanism for human rights issues.

No forced labor



Implement the working hour system in accordance with the Labor Law and the relevant requirements to ensure reasonable rest time for employees;;

Suppliers and partners are required to comply with the Supplier Code of Conduct, which explicitly prohibits forced labor.

No child labor



Require suppliers and partners to comply with the Supplier Code of Conduct, which explicitly prohibits the use of child labor;

Identity information is reviewed during the recruitment and deployment process to ensure that candidates under the age of 18 are not employed, engaged or sent to work on Company ships.

No discrimination



In the process of recruitment and employee appointment, the Company treats different races, genders, ages, marital status, disabilities and religious beliefs equally, provides equal employment positions and development opportunities, and eliminates any form of discrimination.

Anti-harassment and anti-bullying

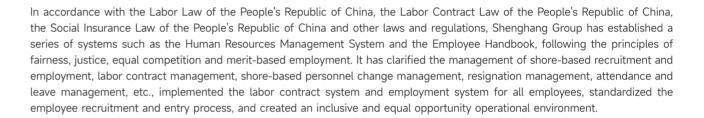


Establish a "Workplace Harassment and Bullying Prevention Policy" that explicitly prohibits any form of harassment and bullying in office areas and any work-related premises.

Key performance

During the Reporting Period, the Company signed labor contracts with all employees; no incidents of child labor, forced labor, discrimination, harassment, or bullying occurred.

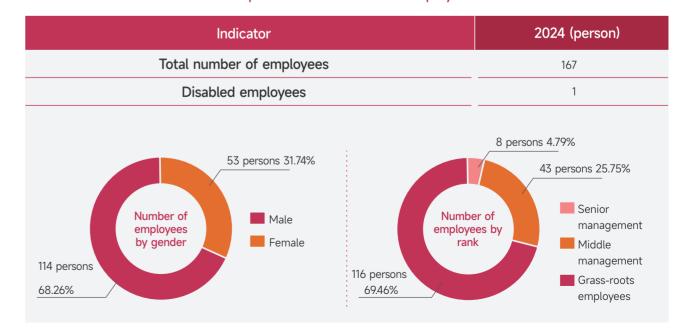
Employee recruitment and employment 🛱



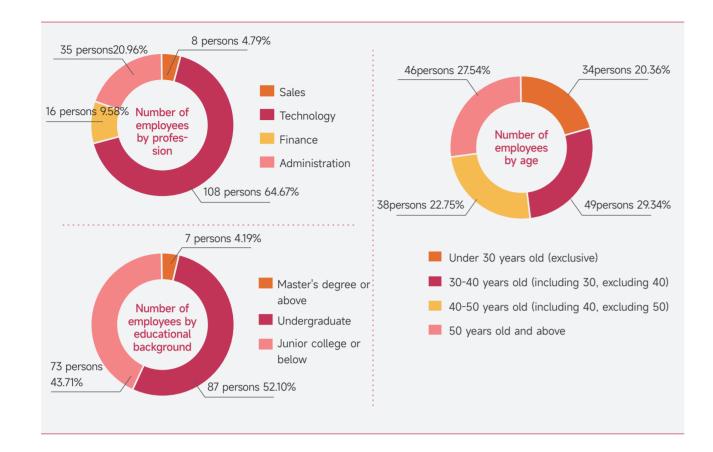
Employee diversity 🕆

The Company adheres to the principle of employing talents only, actively implements the diversification and internationalization strategy, treats employees of different genders, races, skin colors, reproductive status, ages, regions and religions equally, and is committed to building a workforce integrating diverse backgrounds to jointly promote the sustainable development of the Company.

Composition of shore-based employees

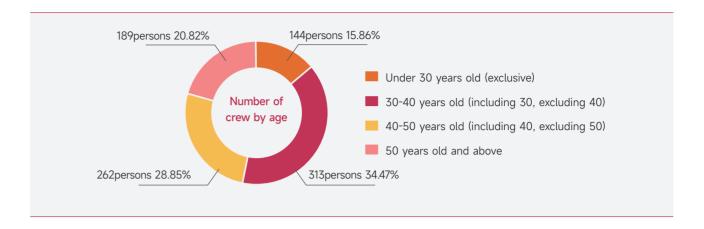






Crew composition

	Indicator		2024 (person)
Total number of crew			908
L	361		
Number of crew by rank 514persons 56.61%	Master Officers Ratings persons 37.55%	Number of crew by educational background	above



Shore-based employee turnover

Indicator	2024 (%)
Employee turnover rate	7.04
Turnover rate by gender	
Male	8.91
Female	2.44
Turnover rate by age	
30-40 years old (including 30, excluding 40)	4.44
40-50 years old (including 40, excluding 50)	11.76
50 years old and above	11.76

Note: The statistical scope of shore-based employee turnover covers Shenghang Group. Shenghang Haoyuan is not included in the statistical scope due to adjustments made to the company's personnel positions as a result of the July 2024 acquisition.





Recruitment of diversified talents 🕹



Shenghang Group has clearly stipulated the content of shore-based recruitment and employment management in the Human Resources Management System, formulated a talent absorption plan in line with the Company's development strategy, planned recruitment strategies and adopted diversified recruitment channels and employment models, actively developed a new pool of high-quality talents, and recruited talents from all walks of life.

Key performance

During the Reporting Period, the Company recruited 42 new shore-based employees through social recruitment, including 18 female employees and 24 male employees.



Shandong Jiaotong University Job Fair



Campus recruitment seminar

Care for female employees $\textcircled{\ }$

Shenghang Group attaches great importance to the protection of employees' rights and interests, especially the respect and care for female employees. In accordance with the relevant laws and regulations, the Company shall set up exclusive holidays for female employees to effectively protect the legitimate rights and interests of female employees during special periods. In addition, the Company regularly organizes exclusive activities for female employees every year, with rich and diverse activities, which fully reflects the Company's humanistic care for female employees.



Women's Day activities



In 2024, the Shenghang Group Union organized all female employees to visit Nanjing Xiangshan Lake Park on the occasion of the International Women's Day, so that female employees can fully feel the good atmosphere of "Happy Work, Happy Life."



Shenghang Group's Women's Day celebration activities in 2024

Compensation and benefits 🛱

Compensation performance ±

Shenghang Group has always been committed to building a scientific and reasonable compensation and performance appraisal system to promote the realization of the Company's strategic goals, while protecting the rights and interests of employees and stimulating their enthusiasm. The Company's compensation design is closely aligned with the strategic objectives, adheres to the principle of differentiation and openness, and builds a reasonable compensation sequence based on employees' work skills, job requirements, operational environment and strength to ensure fair and reasonable compensation distribution.

Compensation structure for shore-based employees

Determination basis	Compensation item
Position and qualifications	Standard salary Non-salary income
Variable income	Performance assessment results



Comprehensive compensation structure for crew

Determination basis	Compensation item
Position and qualifications	Basic salary, overtime pay, annual leave payment, and health food allowance Travel allowance
Variable incomet	Performance assessment results

The Company shall set up a performance appraisal committee to organize all parties to reach a consensus on the strategic action plan and performance objectives, regularly assess the appraisal work, adjust it in time according to the development and the actual situation of each department, and balance the performance objectives of each department.



Performance assessment

Four assessment grades shall be set up: excellent, good, to be improved and unqualified. Accurately pay compensation according to the performance assessment level of employees, give full play to the incentive and quiding role of performance assessment, and promote employees to improve their work efficiency and quality.

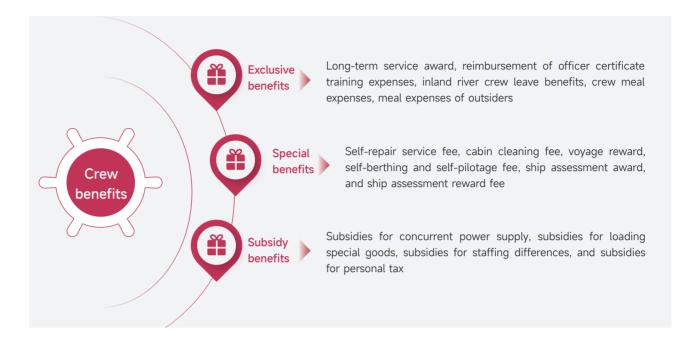
Grievance mechanism The Company sets up a performance grievance mechanism. If employees have any objection to the assessment results, they can file grievances in writing with the Human Resource Department. The Human Resources Department is responsible for investigation and coordination and making suggestions, and the Performance Appraisal Committee is the final handling body.

Welfare system 🕆

As an important part of the Company's operation, the welfare system is a concrete embodiment of the Company's culture and values. Shenghang Group emphasizes employee care, actively improves the welfare system, and provides a solid guarantee for employees to work at ease.

Employee benefits

Statutory benefits	Social pooling insurance and housing provident fund
Vacation benefits	Statutory holidays, marriage leave, maternity leave/abortion leave, pregnancy check-up leave, breast-feeding leave, paternity leave, annual leave, funeral leave, sick leave and work-related injury leave
Work benefits	Working meals, communication subsidies, and work clothes
Care benefits	Wedding or maternity gift money, hospitalization condolence payment, and funeral condolence payment
Holiday gift money	Gift money for Spring Festival, Dragon Boat Festival and Mid-Autumn Festival, and gift money for female employees on Women's Day
Other benefits	Regular physical examination



Key performance

During the Reporting Period, the social insurance coverage rate of employees was 100%; the number of paid annual leave days per capita for Shenghang Group's shore-based employees is ${f 6.6}$ days.

In addition, Shenghang Group implements an equity incentive plan to establish a long-term incentive mechanism to attract talents to stay. During the Reporting Period, the conditions for lifting restrictions such as part of the performance of the restricted stock incentive plan in 2021 were met, and the Company handled the lifting of restrictions for eligible objects. The plan fully mobilized the enthusiasm of the Company's directors, senior officers, middle managers, and core business personnel, and helped the Company's long-term development.

Employee democratic management 🛱



Shenghang Group attaches great importance to the exchange and communication with employees, and has established a diversified and smooth communication channel. The Company encourages employees to fully participate in the decision-making process of the enterprise through the labor union and workers' congress, and fully solicits the opinions of employee representatives in the process of formulating, revising, negotiating, and deciding the rules and regulations involving the rights and interests of employees, so as to effectively protect the rights of employees to know, participate, express, and supervise.

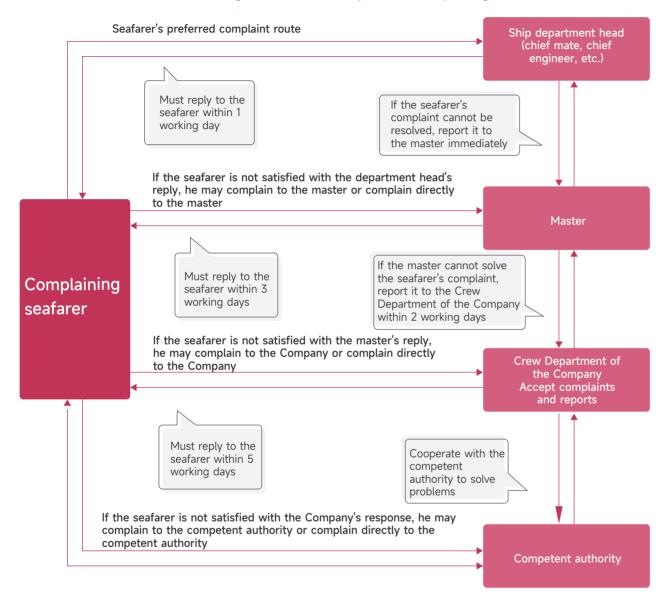
The Company shall set up a complaint and reporting procedure, and the feedback of employees shall be followed up by special personnel, and the relevant information shall be kept strictly confidential to prevent retaliation against employees who



Employee reasonable suggestion box

file complaints and reports and those who assist in the investigation. Meanwhile, the Company has set up an employee suggestion box to actively adopt employees' suggestions to promote the better development of the Company.

Brief Schematic Diagram of Crew Complaint and Reporting Procedures

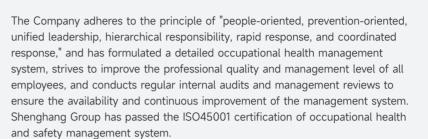


Complaint flowchart

Occupational health management

In accordance with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the International Medical Guidelines for Ships, and the Medical First Aid Guidelines for Dangerous Cargo Accidents, the Company has formulated the Human Resources and Health Manual, the Regulations on Management of Employee Medical Treatment and Occupational Health, and the Instructions for Crew Physical Examination and Treatment of Diseases and Injuries, and is committed to providing more perfect protection for employees' health with the goal of "zero injury."

Occupational health system 🛱





Shenghang Group's ISO45001 Certificate

Risk and opportunity identification and countermeasures 🛱



The main business of Shenghang Group is the water transportation of liquid chemicals. The crew needs to work on the ship for a long time, facing adverse environmental factors such as noise, vibration, high temperature, high humidity and mental health pressure, and there is a risk of chemical exposure.

Risk factors	Risk description	Possibility of occurrence	Impact period	Description of financial impact	Countermeasures
Hazard- ous chemi- cals	Storage, transportation, use, and leakage risks of hazardous chemicals.	High	Long term	1.Increased medical expenses: diagnosis, treatment and rehabilitation costs for seafarers who are ill. 2. Compensation costs: possible work injury compensation and legal compensation. 3. Production loss: The reduction in capacity caused by sick crew members leaving their posts affects business income.	Regular physical examination; equipped with professional protective equipment; all operations shall be carried out in strict accordance with the specifications.
Mental health	Seafarers need to work on the ship for a long time, with limited communication with the outside world and mental health pressure.	Low	Long term	Production losses: losses caused by work errors due to psychological problems, resulting in damage to goods, navigation accidents, etc.	Regularly organize psychological counseling lectures and psychological counseling services; improve on-board entertainment facilities and carry out recreational activities; arrange navigation tasks reasonably.
High tempera- ture and high humidity environ- ment	When the ship is sailing in summer or tropical areas, the high temperature and humidity in the cabin are easy to cause heat exhaustion, heatstroke, etc., which affects the health and work efficiency of the crew.	Medium	Short term	Medical expenses; production loss.	Improve the ventilation and cooling system of the ship to ensure the air circulation in the cabin; provide heatstroke prevention and cooling drinks and medicines; adjust the operating time and strength in high temperature environment.



Occupational health risk management 🛱

The Company shall set up an emergency leading group for occupational disease prevention and control, formulate emergency plans and occupational disease emergency response mechanisms, provide perfect medical and protective materials, and regularly assess, revise and improve the plans to ensure rapid response when incidents occur and do a good job in occupational health risk management. Meanwhile, the Company actively strengthens the publicity and education of occupational disease prevention and control knowledge to improve employees' self-protection awareness and ability.

Occupational hazards monitoring 🕆

The Company is responsible for formulating and implementing the Occupational Health Monitoring and Reporting System for Nanjing Shenghang Employees, and effectively carrying out occupational disease detection. The scope of occupational health monitoring includes chemical factors, biological factors and physical factors, and the monitoring period is set according to different types of work. According to the monitoring results, the Company shall timely prevent, control and eliminate occupational hazards to protect the health of employees.



Crew health monitoring platform

Occupational health examination 🕆

The Company regularly conducts occupational health examinations, and the Human Resources Department and Crew Department conduct statistical analysis based on the results of occupational health examinations of employees of the Company, and formulate targeted preventive measures. Meanwhile, the Company has established cooperative relations with medical institutions to ensure that sick employees receive timely and effective treatment.

Subject	Content			
Shore-based employees	Organize regular occupational health examinations			
Chemical tanker crew	Strict Implementation Requirements of the Maritime Administration and MLC2006 Convention:			
	1.Domestic trade seafarers shall hold a seafarer's health certificate valid for 2 years during their stay on board.			
	2. Foreign trade seafarers shall hold a seafarer's health certificate valid for 2 years and a health and quarantine certificate valid for 1 year during their stay on board.			

Protection with safety equipment 🕆

In strict accordance with the relevant national and industry standards, the Company is equipped with necessary labor protection equipment, special protective equipment, medicines and medical equipment, and regularly updates and inspects them, fully implements occupational health protection work, and ensures the safety of employees in various operating environments.





Protective equipment

Occupational health training and publicity 🕆

The Company attaches great importance to the physical and mental health of employees, regularly carries out various forms of health knowledge and skill training, publicity and education, and enhances employees' health knowledge, awareness of occupational hazards, and protection awareness and ability by creating activities, expanding publicity and positive feedback.







Rescue equipment use training

First aid instructions

Mental health training



Occupational health management indicators

Key performance	Unit	2024
Occupational health examination coverage	%	100
Occupational hazards pass rate	%	100
Cases of new occupational diseases	Case	0
Work-related injury insurance expenditure	Million RMB	0.28
Work-related injury insurance coverage	%	100
Shipowners' P&I insurance expenditure	Million RMB	10.63
Shipowners' P&I insurance coverage	%	100

Note: The statistical scope covers Shenghang Group.

Employee training and development

Employee training A

Shenghang Group is committed to creating a learning enterprise. The Human Resources Department plans employee training work as a whole and formulates training plans every year to ensure the orderly development of training work. In combination with the training needs of shore-based and maritime functional departments, the Company actively builds a team of internal and external professional lecturers, improves the business ability and knowledge of employees at different levels through training at all levels, and analyzes the training situation in a timely manner to ensure the solid implementation of training effects and promote the common growth of employees and the Company.

Shore-based personnel training ±

The Company has formulated the Shore-based Employee Training Management System, built a systematic training system covering the whole career cycle, set up training types such as job transfer, job transfer training, new employee orientation training, management training, and job skill training, and scientifically planned employee training in combination with off-the-job training, on-the-job and self-inspiration training to improve employee professionalism and strengthen management capabilities.







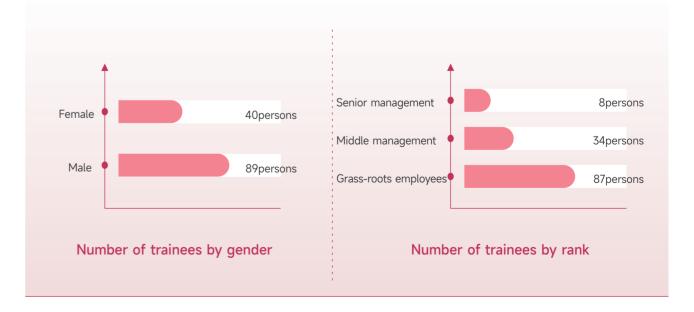
Seven habits of highly effective people training

Departmental job responsibilities training

Onboarding training for new employees

Training of shore-based employees

Indicator	Unit	2024
Employee training expenditure	Million RMB	0.48
Training sessions	Session	71
Total number of trainees	Person	129
Employee training coverage	%	100



Note: The statistical scope of shore-based employee training only covers Shenghang Group.



Crew training &

In order to improve the basic quality and professional skills of seafarers, the Company formulates a training plan for seafarers in accordance with the Rules for the Management of Seafarers Training of the People's Republic of China and other requirements, and ensures the coordination of training effectiveness and business objectives through the implementation of "training-examination-use" process management.

Crew training performance in 2024

System training

Organized 420 monthly training sessions for tracking ships; 162 crew trainees for pre-entry training; 750 trainees for basic and special training after entry.

Business improvement training

560 trainees in positions for "essential job knowledge and skills" training; 70 trainees for post promotion (job transfer training); 3 senior crew seminars; 1 special cargo operation business training session for chief mate; 1 ECDIS professional training for the second mate.

Regulatory training

Improve the three-level education and training program for work safety; Organize three-level education and training for 820 trainees.

Training of newly certified seafarers

Implement the new certificate training and compensation system, so that seafarers can actively request to learn the new certificate for regularization assessment, and improve their performance skills.

Training of inland waterway certified seafarers

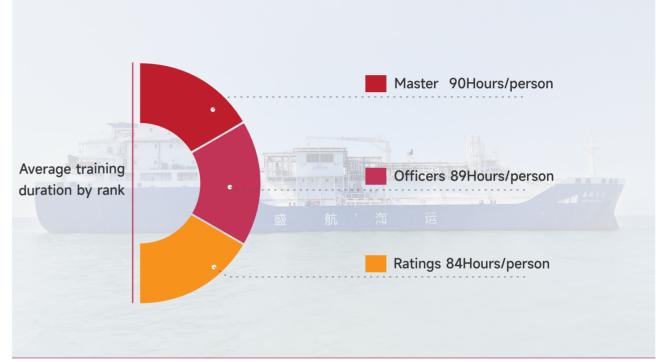
A total of 12 inland waterway certified drivers were trained throughout the year; The fleet has a total of 89 on-the-job inland waterway certified drivers, of which 4 are under reference.

Training for newly delivered ships

Training was organized for 9 newly delivered ships, including crew transitioning from inland to ocean-going operations.

Crew training

Indicator	Unit	2024
Training expenditure	Million RMB	0.19
Total number of trainees	Person	737
Training coverage	%	100
Total training duration	Hour	63,264



Note: The statistical scope of seafarers training only covers Shenghang Group.



Chief mate training

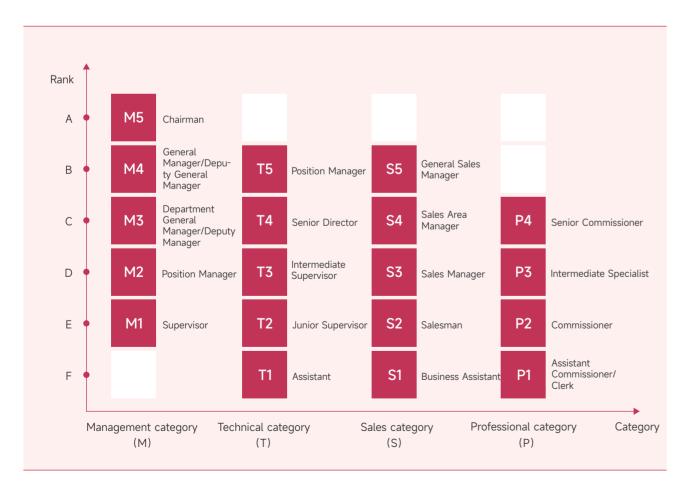




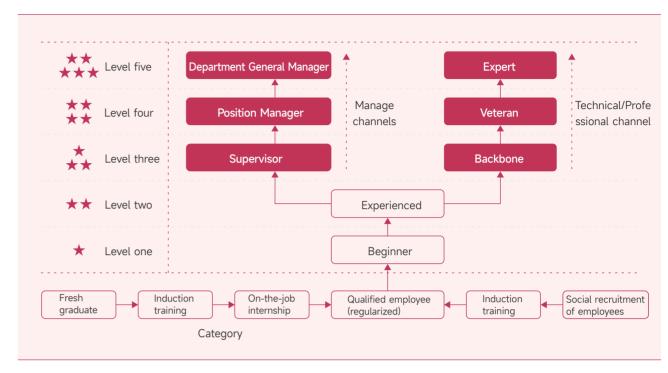
Senior Officer Seminar

Employee development 🛱

The Company attaches great importance to employee development and establishes and improves a career planning and development system. For shore-based employees, the Company develops dual channels of management sequence and professional sequence to provide fair and diversified choices and development opportunities for each employee; In terms of crew training and promotion, the Company has formulated system documents such as Crew Employment, Assessment and Management Procedure and Crew Promotion Assessment System, and established crew promotion and interview promotion procedures to provide solid guarantee and clear guidance for the career development of crew from multiple dimensions.



Job development path diagram



Job development path diagram

Shenghang Group's 2024 Senior Crew Promotion Interview Day successfully concluded

Cas

According to the Company's 2024 officer promotion plan, in combination with the latest effective officer promotion and interview procedures, and under the personal guidance of the General Manager, the Crew Department arranged eligible seafarers to participate in the interview promotion assessment from November 11 to 12, 2024, which was the first centralized crew promotion interview organized by the Company after the institutionalization of crew promotion interview.



Harmonious society building

In order to actively fulfill its social responsibilities and strengthen the management of donations, the Company has formulated the Management System for External Donations in accordance with the Law of the People's Republic of China on Donations for Public Welfare and other laws and regulations to standardize external donations, guide the relevant units to establish and improve external donation decision-making and management systems, supervise and inspect the implementation of donation activities, and contribute to improving social welfare and promoting social development.



APPENDICES

Index Table 🛱

	Chapter	GRI Standards	Guidelines for Sustain- ability Reporting for Chinese Enterprises (CASS-ESG6.0)	Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange— Sustainability Report (for Trial Implementation)
ABOUT THIS RE	PORT	2-1/2-2/2-3	P1.1/P1.2	Article 4 Article 6
COPORATE ADD	PRESS	2-22	P2.1	1
SUSTAINABILITY	HIGHLIGHTS IN 2024	201-1	E3.1.4/S2.1.4/S2.1.6/S2.1.10	Article 35 Article 42
LIQUID CHEMICA	THE SHIPPING OF BULK AL AND STRENGTHENING THE RTATION CONTROL SYSTEM	2-6	/	/
	IART SHIPPING AND STRIVING IP IN SHIPPING TECHNOLOGY	2-6	S2.1.12/G1.1.12	Article 6 Article 42
AND LAYING OL	EEN OPPORTUNITIES JT CLEAN ENERGY-BASED NSPORTATION BUSINESS	2-6	P3.4/E1.1.19	Article 28
	Company profile	2-1/2-6	P3.1/P3.3	1
ABOUT	Corporate culture	1	P3.2	1
SHENGHANG	Strategic planning	2-6	P3.2	1
GROUP	History	2-1	P3.4	1
	Glories and recognition	1	1	1
	SDGs and vision	2-22	G1.1.11	Article 11 Article 19
SUSTAINABLE DEVELOPMENT	Sustainable development system	2-9/2-12/2-13/2-14/2-16/2-17	G1.1.1/G1.1.2/G1.1.5/G1.1.6/ G1.1.8	Article 11 Article 12 Article 18
GOVERNANCE	Communication with stakeholders	2-29	G1.3.2	Article 9 Article 53
	Materiality topic management	3-1/3-2/3-3	G1.1.9	Article 5
	Leadership by Party building	1	1	1
STRENGTHENING	Three Bodies governance	2-9/2-12/2-19/405-1	1	1
	Risk management	207-1/207-2	1	1
GOVERNANCE	Investors' rights and interests	2-29	1	1
	Business ethics	2-23/2-24/2-26/205-1/205- 2/205-3/206-1	G2.1.1/G2.1.2/G2.1.3/G2.1.7/ G2.2.2	Article 55 Article 56

Chapter		GRI Standards	Guidelines for Sustain- ability Reporting for Chinese Enterprises (CASS-ESG6.0)	Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange— Sustainability Report (for Trial Implementation)
DEEPENING GREEN SHIPPING	Response to climate change	201-2/305-1/305-2/305-4/305- 5	E1.1.1/E1.1.2/E1.1.3/E1.1.4/ E1.1.6/E1.1.7/E1.1.8/E1.1.14/ E1.1.16	Article 21 Article 22 Article 23 Article 24 Article 26 Article 27
	Environment management	2-27/303-2/303-4/305-7/306- 1/306-2/306-3/306-5	E2.1.1/E2.1.2/E2.1.5/E2.1.6/ E2.1.7/E2.2.1/E2.2.3/E2.2.5/ E2.2.6/E2.2.7/E2.4.1/E2.4.2	Article 29 Article 30 Article 31 Article 33
	Energy management	302-1/302-2/302-3/302-4	E3.1.1/E3.1.3/E3.1.4/E3.1.5	Article 35
	Water management	303-1/303-5	E3.2.1/E3.2.2/E3.2.3/E3.2.4	Article 36
	Diverse ecology maintenance	304-1/304-2	E2.3.1/E2.3.2/E2.3.3	Article 32
	Circular economy	I	E3.3.2	Article 37
LEADING INDUSTRIAL VALUE	Innovation drive	/	S2.1.1/S2.1.2/S2.1.3/S2.1.4/ S2.1.5/S2.1.6/S2.1.7/S2.1.8/ S2.1.9/S2.1.10/2.1.13	Article 42
	Customer service	2-25/2-26	S3.3.1/S3.3.4/S3.3.6	Article 47
	improvement Supply chain management	308-1/408-1/409-1/414-1	S3.1.1/S3.1.2/S3.1.3/S3.1.4	Article 45
	Data security and customer privacy protection	418-1	S3.4.1/S3.4.3	Article 48
ENSURING SHIPPING SAFETY	Improving the safety management system	403-1	S4.2.2/S4.2.3	Article 50
	Identifying risks and opportunities	403-2	S4.2.1	Article 50
	Fortifying safety risk controls	403-2	1	1
	Strengthening safety objective management	403-9	/	1
	Implementing safety management measures	403-4/403-5/403-7	S4.2.4	Article 50
PROTECTING EMPLOYEES' RIGHTS AND INTERESTS	Labor rights and interests management	2-7/2-23/2-24/2-25/2-26/201- 1/401-1/401-2/405-1/406-1/408- 1/409-1	S4.1.1/S4.1.3/S4.1.4/S4.1.6/ S4.1.7/S4.1.9/S4.1.11/S4.1.12	Article 49 Article 50
	Occupational health	403-1/403-2/403-3/403-4/403-	S4.2.1/S4.2.2/S4.2.3/S4.2.4/	Article 50
	management Employee training and development	5/403-6/403-7/403-8/403-10 404-2	\$4.2.5 \$4.3.1/\$4.3.2/\$4.3.3/\$4.3.4/ \$4.3.5/\$4.3.6	Article 50
	Harmonious society building	1	\$4.5.5754.5.0 \$1.2.1	Article 40
APPENDICES	Index Table		A3	Article 57
	Feedback Form	,	A6	Article 9



Feedback Form **A**

Dear readers,

Thank you very much for reading this report. We highly value and sincerely welcome your feedback. Your comments and suggestions will serve as critical guidance for us to continuously enhance the quality of ESG disclosures, strengthen ESG management practices, and advance sustainable development initiatives. We deeply appreciate your valuable input.

1. How would you evaluate our overall ESG performance?	You can contact our company through the information below:				
□Excellent □Good □Fair □Poor □Very poor	Tel: 025-85668787				
2. What is your general assessment of this report?	Fax: 025-85668989				
□Excellent □Good □Fair □Poor □Very poor					
3. How effectively do you think we communicate with stakeholders?					
□Excellent □Good □Fair □Poor □Very poor	Email: njshhy@njshshipping.com				
4. How would you assess our performance in industrial value creation?	Address: Building 7, No. 12, Xinglong Road, Nanjing Area, China (Jiangsu) Pilot Free Trade Zone				
□Excellent □Good □Fair □Poor □Very poor					
5. How would you rate our performance in environmental protection, safety, and occupational health? □Excellent □Good □Fair □Poor □Very poor					
6. How adequately do we address employee-related responsibilities?					
□Excellent □Good □Fair □Poor □Very poor					
7. How comprehensively do we implement ESG practices?					
□Excellent □Good □Fair □Poor □Very poor					
8. What specific recommendations do you have regarding our ESG implementation and this report?					
137					