

Stock Code: 600057

Stock Abbreviation: Xiamen Xiangyu

**Record of Investor Relations Activities for Xiamen Xiangyu Co., Ltd.**

<p><b>Investor Relations Activity Categories</b></p>	<p><input type="checkbox"/> Specific Target Research    <input checked="" type="checkbox"/> Analyst Meeting    <input type="checkbox"/> Media Interview  <input type="checkbox"/> Performance Briefing    <input type="checkbox"/> Press Conference    <input type="checkbox"/> Roadshow Event  <input type="checkbox"/> On-site Visit    <input type="checkbox"/> Other</p>
<p><b>Time</b></p>	<p>20:30-21:30 on Friday, April 28th, 2023</p>
<p><b>Location</b></p>	<p>11th floor, Building B, Xiangyu Group Tower, No. 85 Xiangyu Road, Xiamen Area, China (Fujian) Pilot Free Trade Zone, Huli District, Xiamen City, Fujian Province</p>
<p><b>Mode</b></p>	<p>Telephone Conference</p>
<p><b>Reception Staff</b></p>	<p>Mr. Cheng Yiliang, a Member of the Company's Party Committee and Deputy General Manager  Ms. Lin Jing, Director of the Finance Center  Mr. Liao Jie, Secretary of the Board of Directors</p>
<p><b>Personnel Involved in Participating in Investor Relations Activities</b></p>	<p>The analyst conference was attended by a total of 85 representatives from 66 institutions. Details of the institutions are as follows:</p> <p><b>1. Securities Firms (25 firms participated)</b></p> <p>Changjiang Securities Co., Ltd., Huachuang Securities Co., Ltd., Haitong Securities Co., Ltd., Industrial Securities Co.,Ltd., Soochow Securities Co.,Ltd., UBS Securities Co. Limited, Zheshang Securities Co., Ltd., Southwest Securities Co.,Ltd., Sinolink Securities Co., Ltd., Shenwan Hongyuan Securities Co., Ltd., Capital Securities Corporation Limited, Tianfeng Securities Co.,Ltd., Huafu Securities Co., Ltd., Shanghai Securities Co., Ltd., BOC International (China) Co., Ltd., Essence Securities Co., Ltd., Ping An Securities Co., Ltd., Guotai Junan Securities Co., Ltd., Western Securities Co., Ltd., Deppon Securities Co., Ltd., Orient Securities Company Limited, Northeast Securities Co., Ltd., Sealand Securities Co., Ltd., Guodu Securities Co., Ltd., Everbright</p>

Securities Company Limited

**2. Foreign Institutions (4 firms participated)**

ICBC International Holdings Limited, KGI Securities (Asia) Limited, Valliance Asset Management Limited, HD Capital Limited

**3. Public Offering of Fund (10 firms participated)**

Harvest Fund Management Co., Ltd., Southern Asset Management Co., Ltd., AEGON-INDUSTRIAL Fund Management Co., Ltd., Bosera Asset Management Co., Ltd., ICBC Credit Suisse Asset Management Co., Ltd., Morgan Stanley Huaxin Fund Management Company Limited, Harfor Fund Management Co., Ltd., Fortune&Royal Asset Management Co., Ltd., Gowin Asset Management Co., Ltd., Changxin Asset Management Co., Ltd.

**4. Privately Offered Fund (15 firms participated)**

Shanghai Senjin Investment Management Co., Ltd., Shanghai Loyalty Asset Management Co., Ltd., Shanghai Junhe Licheng Investment Management Center (Limited Partnership), Shanghai Leaderway Investment Management Co., Ltd., Shanghai Fangwu Private Equity Fund Management Co., Ltd., The Maple Asset Management Co., Ltd., Ningbo Shitong Yuntai Private Equity Fund Management Co., Ltd., Hongyun Private Equity Fund Management (Hainan) Co., Ltd., Fuzhou Open Economic Zone Sanxin Asset Management Co., Ltd., Zhejiang Baoji Equity Investment Management Co., Ltd., Suzhou Longyuan Investment Management Co., Ltd., Suzhou Ruiyi Jiurun Venture Capital Partnership (Limited Partnership), GM Investment Management Co.,Ltd., Yuze (Wuhan) Private Equity Fund Co., Ltd., Guangzhou Ruirong Private Equity Fund Management Co., Ltd.

**5. Insurance Asset Management Company (2 firms participated)**

	<p>Ping An Insurance (Group) Company of China, Ltd., China Life Insurance Company Limited</p> <p><b>6. Trust Company (2 firms participated)</b>  AVIC Trust Co., Ltd., Huaneng Guicheng Trust Corporation Limited</p> <p><b>7. Securities Asset Management (4 firms participated)</b>  Everbright Securities Asset Management Co., Ltd., Zheshang Securities Asset Management Co., Ltd., Orient Securities Asset Management Co., Ltd., CICC Asset Management</p> <p><b>8. Other (4 firms participated)</b>  Xiamen ITG Group Corp., Ltd., Lionhead Technology Development Co., Ltd., Beijing Hyperchain Technology Co. Ltd., CHAIRFRM COMMITTEE</p>
<p><b>Investor Relations Activities' Main Content</b></p>	<p><b>I. Ms. Lin Jing delivered a comprehensive presentation on the financial indicators and main business operations of the Company for the fiscal year 2022 and Q1 2023.</b></p> <p><b>1. 2022 Primary Business Operations Overview</b></p> <p><b>(1) Key Accounting Data and Financial Indicators</b></p> <p>In 2022, the Company maintained stable growth in revenue and net profit, exhibiting a trend where net profit growth rate remained higher than revenue growth rate, and demonstrating robust improvement in operational efficiency.</p> <p>During the reporting period, the Company achieved a revenue of CNY 538.1 billion, representing a YoY increase of 16.35%; net profit of CNY 3.778 billion, representing a YoY increase of 37.18%; net profit attributable to the parent company of CNY 2.637 billion, representing a YoY increase of 20.18%; earnings per share of CNY 1.1, representing</p>

a YoY increase of CNY 0.17; return on equity of 18.06%, representing a YoY increase of 0.92 pct; net profit margin of 7‰, representing a YoY increase of 0.1 pct; operating cash flow amounted to a net inflow of CNY 6.2 billion, representing a YoY increase of CNY 800 million. The turnover days of the three main assets (accounts receivable, inventory, and prepaid accounts) were 53.71 days, marking a YoY increase of 3.58 days. Despite being affected by issues such as logistics disruption and slowdowns in production among some manufacturing enterprises, the turnover speed of the three main assets slowed down in the first half of the year, but showed a significant improvement in the second half of the year.

## **(2) Primary Business Data**

① The Company has signed a comprehensive agreement with customers, providing them with supply chain integrated services including procurement and distribution, logistics, supply chain finance, information consulting, and processing, all of which are based on the trading practices of bulk commodities. The service revenue and profits are reflected in the operating results of the core commodities. During the reporting period, the Company achieved a cumulative operating volume of nearly 200 million tons of core commodities, an increase of 6.31 million tons YoY, with total operating income reaching CNY 520.7 billion. Considering the overall impact of futures hedging, the comprehensive gross profit margin of the Company increased by 0.01 pct to 1.73%.

The metallic mineral sector achieved operating income of CNY 349.1 billion, an increase of CNY 25.9 billion or 8% YoY. Both the stainless steel and aluminum supply chains witnessed growth, with the former

achieving operating income of CNY 112.2 billion, an increase of CNY 34.6 billion or 45% YoY, and the latter achieving operating income of CNY 103.3 billion, an increase of CNY 4.8 billion or 5% YoY. The export value of aluminum products surpassed USD 100 million for the first time.

The new energy sector achieved operating income of CNY 25 billion, an increase of CNY 16 billion or 176% YoY.

The agricultural product sector achieved operating income of CNY 52 billion, an increase of CNY 5.8 billion or 12% YoY. Among them, the cereal and raw material supply chain had an operating volume of 14.46 million tons, an increase of 30% YoY, and operating income of CNY 34 billion, an increase of 27% YoY.

The energy and chemical sector achieved an operating income of CNY 91.9 billion, a notable increase of CNY 23.8 billion or 35% YoY. The coal supply chain also saw a growth of 11% in imported coal volume to 26.42 million tons, while domestic coal sales volume rose by a significant 39% to 27.54 million tons.

② In addition to meeting the internal supply chain needs, the Company's logistics system also provides market-oriented services to outside customers. This segment's operating results are independently accounted for, achieving an operating income of CNY 7.7 billion, an increase of CNY 0.3 billion or 5% year on year, with a gross profit margin of 11.81%, up by 1.12 percentage points. Comprehensive logistics accounted for CNY 6.4 billion of the revenue, a notable increase of CNY 0.6 billion or 10% YoY, with a gross profit margin of 9.97%, up by 0.98 percentage points. Agricultural logistics achieved an operating income of CNY 0.3 billion, a decrease of CNY 0.06 billion or

16% YoY, due to a decrease in revenue from agricultural products. However, the gross profit margin for agricultural logistics reached 60.76%, up by 9.73 percentage points, thanks to the growth of high-margin provincial grain storage and futures delivery warehouse business. Railway logistics achieved an operating income of CNY 0.98 billion, a decrease of CNY 0.18 billion or 15% YoY. Nonetheless, the gross profit margin for railway logistics was 8.31%, up by 1.95 percentage points, benefiting from the improvement in marginal contribution and an increased proportion of high-price business.

## **(2) First Quarter 2023 Primary Business Operations Overview**

In Q1 2023, the Company achieved operating revenue of CNY 129.2 billion, a YoY increase of 13.43%. Net profit was CNY 758 million, a YoY increase of 7.09%, while net profit attributable to shareholders was CNY 546 million, a YoY increase of 14.52%. Earnings per share were CNY 0.23, up CNY 0.03 YoY. The annualized return on net assets was 3.43%, up 0.2 percentage points YoY. The net profit margin on sales was 0.59%, a decrease of 0.03 percentage points YoY. The days of turnover for three main assets increased slightly to 65.1 days, and the cash flow was negative due to the Company's efforts to expand its market and increase procurement expenses, in line with the pace of the business and previous years' performance.

In Q1 2023, the Company's equity investment in Harbin Rural Commercial Bank had to provision against non-performing loans. As a result, the Company recognized an investment loss of CNY 148 million based on its shareholding percentage. After reversing the investment loss, the net profit was CNY 907 million, a YoY growth of 28%, and net profit attributable to shareholders was CNY 694 million, a YoY growth

of 46%.

In Q1 2023, the Company's non-recurring gains and losses increased by CNY 722 million YoY, primarily due to the use of futures tools and currency contracts to hedge against fluctuations in commodity prices and exchange rates in the context of price volatility and exchange rate fluctuations of bulk commodities, resulting in corresponding changes in fair value gains or losses and disposal gains or losses, which are closely related to the operating gains or losses of the Company's core business.

## **II. The Interactive Communication Session**

**Question 1: What are the Company's future dividend plans and financing arrangements?**

**Answer:** The Company has always adhered to the philosophy of sharing the growth dividends with long-term investors, with a dividend payout ratio of over 55% for 4 consecutive years. Based on confidence in future cash flows and responsible attitude towards investors, the Company will continue to uphold its consistent dividend policy. Considering the capital support required for achieving the Company's strategic vision, the Company started a non-public offering of shares project to specific objects in 2022. In the future, the Company will consider various ways to increase its capital and owner's equity to become the "leading company in the bulk supply chain industry and a world-class supply chain service enterprise" as soon as possible.

**Question 2: How to understand the changes in the fair value gain and loss and asset impairment loss accounts of the Company and what kind of operational status do these changes reflect?**

**Answer:** The Company utilizes futures tools and foreign currency

contracts to hedge against fluctuations in commodity prices and exchange rates to support its core spot trading business. As a result, fair value gains and losses and disposal gains and losses are generated, which are closely related to the operating profit and loss of the core business. It is recommended that investors analyze these gains and losses comprehensively when reviewing the Company's financial statements. From the Company's perspective, net profit attributable to shareholders is a more effective indicator for analyzing internal performance quality.

The Company experienced significant changes in non-recurring gains and losses during the first quarter of 2023, primarily due to the impact of currency hedging tools on exchange rate fluctuations and the use of futures instruments to hedge against fluctuations in various commodity prices. Additionally, the Company's grain business entails multiple stages and seasonal characteristics in the cultivation, harvesting, storage, transportation, and sales of grain, and the spot business was not fully reflected in the first quarter. These gains and losses are closely related to the operating profits and losses of the Company's main business.

In accordance with accounting standards, the Company recognizes inventory impairment at the end of each quarter, but it does not mean that a loss has actually occurred or has been reflected on the balance sheet. It is only asset impairment recognition under the prudence principle.

**Question 3: What is the progress of the Company's private placement of A-share stocks?**

**Answer:** In accordance with the requirements of the securities



issuance registration system, the materials previously submitted by the Company to the China Securities Regulatory Commission need to be transferred to the exchange. Currently, the Company's non-public stock issuance has been accepted by the exchange and is one of the projects being reviewed earlier in the sequence. If there is any progress on the matter, the Company will make a timely announcement.

**Question 4: How does the Company perceive the impact of the digitalization and artificial intelligence trend on the future development of the bulk supply chain, as it is currently attracting widespread attention in the market?**

**Answer:** As part of its exploration into integrated supply chain services, the Company has built the "Yu Lian Tong" Digital Supply Chain Service Platform through digital transformation of its logistics system, using blockchain, big data, and intelligent monitoring to address pain points faced by banks in areas such as commodity price monitoring, ownership management, and pledged goods disposal when connecting banks with small and medium-sized customers' funding needs. The "Yu Lian Tong" platform does not assume any guarantee responsibility, but by providing technical services, it can collect a stable platform service fee.

By the end of 2022, the "Yu Lian Tong" service platform has obtained special credits for customers totaling almost 9 billion yuan, with customers' accumulated credit usage exceeding 1.1 billion yuan. In 2023, the Company plans to establish a dedicated technology company to develop this business. With the rapid development of the "Yu Lian Tong" service platform, the Company's asset-liability structure and overall income level are expected to continue to improve, and the

ecological environment of the supply chain finance industry is expected to be reshaped.

**Question 5: What is the Company's expected market share in the future for the new energy supply chain?**

**Answer:** The Company currently has a relatively low market share in the field of new energy supply chain. In the future, it will focus on leveraging its logistics advantage and overall industry layout advantage to expand its core customers, enlarge core products, and increase market share. The Company is not pursuing a monopoly position in the industry competition and hopes to maintain a reasonable market share level.

**Question 6: What are the Company's plans and arrangements for internationalization?**

**Answer:** The Company's internationalization plan mainly focuses on countries and regions along the Belt and Road, and expands through core projects and customers. In Southeast Asia, the Company takes the opportunity of the Xiangyu Group's integrated 2.5 million-ton stainless steel smelting project in Indonesia to develop long-term ore sources and deepen its channel capabilities. Based on this, it seizes the opportunity of Chinese-funded enterprises' layout in Southeast Asia, expands and meets their supply chain service needs. In regions such as Africa and South America, the Company obtains local mining resources based on domestic outsourcing of semi-finished products and long-term supply agreements with downstream customers, and builds a new energy industry chain operation path. The Company will announce the investment situation of specific projects at the appropriate time.

**Question 7: What are the reasons for the Company's stable growth in operating performance in 2022?**

**Answer:** The Company's core strategy is centered around its ownership of rail and warehousing resources, which the Company combine with integrated water and road transportation resources to create an agile, networked logistics service system. The Company leverage its powerful global channel system to optimize procurement and sales structures, service schedules, and achieve peak-to-valley pricing that lowers overall customer costs, increases customer stickiness, and enables the Company to expand its business volume and service offerings.

Additionally, the Company places great emphasis on meeting the full range of user service needs, providing tailored supply chain services to clients in different fields. The Company's business model is relatively stable, with low sensitivity to price changes in its profit structure. By consistently focusing on customer core demands in recent years, iteratively refining business and profit models, and enriching and optimizing product portfolios, the Company's revenue growth, net profit growth, and management efficiency levels have been consistently higher than industry averages.

**Question8: What are the competitive barriers for the Company in the new energy supply chain ?**

**Answer:** The Company possesses certain first-mover advantages in the new energy industry, including advantages in information channels, resource integration, and international logistics. As a leading domestic supply chain enterprise, the Company is able to leverage its advantages in international logistics systems to provide customers with global resource allocation and distribution services. The Company

has established professional ground teams for business expansion in Africa, South America, Australia, Southeast Asia, and other regions, providing supply chain services to core enterprises in the new energy industry.

**Question9: What is the business plan for the agricultural sector of the Company??**

**Answer:** In terms of cultivation, the Company has established partnerships with numerous supply and marketing cooperatives to enrich the supply and sales channels for products such as pesticides, fertilizers, and seeds, in order to better serve the needs of farmers. In terms of regional and variety expansion, building on the existing advantage in maize varieties, the Company plans to cautiously expand into other varieties (such as soybean and wheat), covering areas such as Heilongjiang, Henan, Liaoning, Jilin, and Shandong, and consolidating the leading position among peers with the help of digital technology. Additionally, the Company plans to expand its oil production and processing bases in Liaoning, Guangxi, and Xinjiang to practice the industrial chain operation mode of "supply chain services plus production manufacturing". As for internationalization, in addition to the established New Zealand market, the Company is also considering expanding into markets such as the United States and Canada.

**III. Mr. Cheng Yiliang's Outlook for the Company's 2023 Overall Strategy**

In 2023, the Company will be focusing on "Platformization, Internationalization, and Digitalization" while also focusing on "Organizational Optimization and Capability Enhancement". Efforts will

be made to expand the Company's customer base, geographical reach, optimize the Company's services, and diversify the Company's product offerings, all in pursuit of achieving the Company's budget objectives.

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

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

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

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

Last but not least, the Company would like to extend our heartfelt thanks to all of the Company's shareholders and partners for their unwavering support. As the Company move forward, we remain committed to delivering outstanding business results that will justify the trust and confidence that has been placed in us.

Please note that the Company strictly abides by the relevant regulations on information disclosure and communicates with investors. However, if there are any discussions on the Company's strategic plans or intentions, it cannot be considered as a guarantee or commitment by the Company or management towards the Company's performance. Therefore, the Company sincerely advise investors to pay attention to investment risks.