

### XINGYUAN INDUSTRY

World's leading manufacturer of activated carbon and a marketer of all forms of activated carbon solutions for a spectrum of applications in China.

We are recognized as an innovative leader in the production of high quality activated carbon with an annual capacity of 6000 metric tons of finished products at our 3 production locations Hebei, Shandong and Indonesia.

Xingyuan has 3 decades of experience and is unmatched in its industry acumen, product expertise, and technical skill.

Our customer service excellence is achieved through a globally connected team working together across five continents. Harnessing the expertise garnered from over thirty-five years experience in manufacturing and distributing high-end products.

We offer a wide range of carbon solutions, including bespoke carbon products and systems to meet specific customer requirements, with greater speed, maximum flexibility and total reliability.

### VISION

“To be the leading global Activated Carbon Brand renowned for product excellence, innovation and lasting relationships”

In a world of imperfection and impurity, Xingyuan strives for that perfect business model and purity of process that brings success with responsibility. Of course, it helps when our core business is Activated Carbon...at the heart of Purification applications across the world.

### ENVIRONMENTAL IMPACT

Our raw material, coconut shells is a renewable resource, and is generated from an industry that has been in existence for over a century. The coconut products sector has vast potential for expansion into a wide variety of commodity and specialized market segments. The vibrancy of the industry ensures the sustainability of the coconut crop and the raw material supply chain to the industry.

In addition to the renewable benefits of the raw material our commitment to safeguarding the environment through our production process, product applications and commitment to Chinese principles, have enabled us to develop a sustainable business model for the diversified range of activities we undertake.

#### Green production process

In addition to the environment friendly processes adopted for the manufacture of our standard range of carbons, our premium line of activated carbon boasts the lowest carbon footprint of any activated carbon currently available the market. The green carbon range is characterised by the successful abatement of pollution from the manufacture of our raw material through to the activation process, which includes waste management and energy conservation systems and practises.

#### Green Charcoaling process

In this process, the coconut shell charcoal is produced by a continuous, pollution free and carbon neutral chemical process, where the pollutant gases and heat are used to generate electricity supplied to the national grid, thereby reducing fossil fuel usage and increasing energy efficiency.

#### How it works

- The charcoaling process utilizes coconut shells, a renewable raw material.
- The coconut shells are converted into charcoal by a mechanized, pollution-free and carbonneutral process.
  - o The coconut shells are dried using waste heat from the process and charcoaled in mechanical reactors where there is no release of pollutant gasses into the atmosphere.
  - o The pollutants (green house and acidic gasses) released during the manufacture of charcoal are combusted in a boiler to generate steam that is in turn converted to electricity via a steam turbine.
  - o The electricity generated is utilized to operate the plant with the excess supplied to the national grid.

### Benefits

- Prevents the release of 890 tons per annum of Methane gas, otherwise released during traditional charcoaling, to the atmosphere, equivalent to 18,700 tons of carbon dioxide per annum.
- The substitution of fossil fuel based power generation by this renewable process prevents a 32,000 tons per annum of carbon dioxide (that would not have been carbon-neutral) from being released to the atmosphere.
- The prevention of greenhouse gas emissions is approximately eight tons for every ton of activated carbon produced.

### Green activation process

Once charcoal is received from our patented 'Green' charcoaling process, it is converted to the range of activated carbon through our eco-friendly activation and finishing processes.

- Waste gas as a fossil fuel substitute: Our boilers are not using traditional fossil fuel but on waste gases produced by our kilns. We have further fine-tuned our waste heat recovery systems so that over 40% of the electricity required is generated via steam turbines at our factory locations. The cycle is completed as the low-pressure steam released from the turbines is sent back to our kilns for the activation process – each step systematically designed to prevent the release of pollutants to the atmosphere.
- Renewable biomass as a fossil fuel substitute: Our wood-fired gasifiers utilize only renewable sources of fuel wood to generate the required energy to fire boilers, chambers and dryers, ensuring that upon the completion of the process, only carbon-neutral gases are released. The natural environment cycle is thus sustained when renewable sources of wood are used (i.e. fuel crops) as the Carbon Dioxide is absorbed by these sustainable plantations and forest ecosystems from which it was released.

- 17 664 metric tons of Carbon Dioxide, which is equivalent to :
  - o 7 816 trees planted in one year
  - o Electricity consumption for 2,192 houses in one year
  - o Use of 4,015 sedan-sized cars in one year

### **Waste management and energy conservation**

All activities in the production processes are geared towards reducing the carbon footprint of our activated carbon.

- **Recycling:** We re-use material, which traditionally is released to the environment as waste. At Xingyuan, both carbon and charcoal dust, captured by our dust control plants, are utilized to produce different grades of carbon, significantly lowering the impact on the environment caused by production waste. We also have specially developed processes to optimize the use of fine materials that are the off-grades of production, ensuring minimal wastage and superior emissions control.
- **Regeneration:** Regeneration of spent carbons reduces waste and eliminates the need for unnecessary incineration or landfill disposal. Our unique regeneration process is highly efficient, with no hazardous chemicals or gasses released to the environment. All effluents are released only after conversion to a benign state.

### **Summary**

- Xingyuan utilizes charcoal originating from coconut shells, a renewable raw material.
- A mechanized, pollution-free and carbon-neutral process produces the charcoal, where the waste gas generated is utilized to produce electricity for the national grid.
- The charcoal is converted to activated carbon in a production process that generates all the steam and a substantial percentage of the electricity required through the utilization of waste heat and gasses released from the same process.
- The process utilizes renewable biomass as a source of energy, eliminating the need to use fossil fuels at many high-energy consumption points along the line.
- The process ensures minimization of waste generation and optimization of waste utilization and energy conservation.
- The Xingyuan production process saves in total 79,809 tons of Carbon Dioxide emissions, which translates to an equivalent of 35,315 trees planted in one year, electricity consumption for 9,903 houses in one year or use of 18,140 sedan-sized cars in one year.

## Our People

### Group Human Resources

We believe that people make the difference between a good organization and an excellent one. The aspirations, competencies and commitment of our people are at the heart of all our achievements.

#### Our work environment facilitates:

- Recognition and rewards for performance
- Learning, development and empowerment
- Sharing of managerial experience, exposure and expertise
- Personal, professional and career growth
- Creativity and innovation
- Equality and Fair play
- Social responsibility in all that we do

What we offer our employees is the opportunity to enhance their potential, perform and achieve their career ambitions. Xingyuan Industry with its wide portfolio of businesses in diverse industries provides room for diverse disciplines and professions. Furthermore, the multi-nationalisation of our businesses provides opportunities to some members of our talented team to gain international exposure as expatriates.

## United Nations Global Compact Principles

Xingyuan through its parent company agrees to comply with ten UNGC principles that cover human rights, labour, environment and anti-corruption.

### Human Rights

- Business should support and respect the protection of internationally proclaimed human rights
- Business should make sure that they are not complicit in human right abuses.

### Labour

- Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Business should uphold the elimination of all forms of forced and compulsory labour
- Business should uphold the effective abolition of child labour
- Business should uphold the elimination of discrimination in respect of employment and occupation.

### Environment

- Business should support a precautionary approach to environmental challenges
- Business should undertake initiatives to promote greater environmental responsibility
- Business should encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

- Business should work against corruption in all its forms including extortion and bribery
- The diversity, magnitude and continued growth of our businesses place us in a good position to find that perfect match between your aspirations and ours, so that no matter what your profession is, Xingyuan offers you a place to grow, excel and realize your dreams.

### **Xingyuan : Giving back**

We have stood hand-in-hand with our people, through angst and hardship. In early 2009, the Group responded to a nation in dire need as thousands of families fled to government held areas, escaping heavy fighting in the north: within days of the crisis, Xingyuan rallied successfully to put together an aid consignment comprising flexi tanks capable of delivering 150,000 litres of water daily, ten 2,000liter drinking water storage tanks including pumps, and food items. The second phase of our relief effort consisted of three 40-foot containers of food items, clothing, and building materials sent to the nation's internally displaced people. Work is also currently underway to collect a day's pay each of employees, the final amount of which is to be matched by the Group.

Additionally, Xingyuan , in response to the growing and often urgent need to groom youngsters with an eye to pursuing eventual careers most suited to their skill sets and interests, conducted a 5-day educational-cum-recreational residential workshop. This workshop was held for 46 Grade 6 students who excelled academically at the Year 5 Scholarship exam, nation-wide, of 2007. The program was designed to hone self-learning skills, with an emphasis on reading and writing, presentation, and a head start in career planning. Xingyuan has since held a follow-up session for these students, and conducted a new session for students who sat the exam in 2008.

We are also proud to note that our activated carbon donated to state hospitals is used as an antidote for poison victims, mostly in rural areas where the mortality rate of these patients could otherwise be high.

### **Looking forward**

Looking forward, Xingyuan remains committed to nurturing our community, locally and globally. Our focus is on creating viable solutions with an emphasis on the environment and sustaining many promising tomorrows. Although our achievements are many and our contribution is felt keenly, we believe this is just the start – the possibilities are endless.

## **XINGYUAN INDUSTRY GROUP**

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