



世纪阳光

Century Sunshine Group Holdings Limited

Stock Code : 00509.HK

2023

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



CREATE A
BETTER LIVING

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INTRODUCTION

REPORTING SCOPE

Century Sunshine Group Holdings Limited and together with its subsidiaries (“Century Sunshine” or the “Group”) have been pursuing the concept of green, environmentally friendly, and sustainable development. The Group operates and manages two main businesses, the ecological fertiliser and the magnesium product. The Group is committed to promoting scientific fertilisation and improving crop yields in the ecological fertiliser segment. In doing so, it maintains the ecological balance of the environment, and fulfils environmental protection and corporate social responsibility. The Group’s other main segment, the magnesium product business, is operated by the Group’s subsidiary, Rare Earth Magnesium Technology Group Holdings Limited (“REMT”). Magnesium alloys have been accredited as the “most developed and widely used lightweight eco-friendly strategic new materials of the 21 st century”. It facilitates the green and low-carbon high-quality development.

The Group prepares this report based on the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. This report identifies and discloses significant environmental and social impacts and matters related to the Group’s environmental, social, and governance (“ESG”) activities from 1 January 2023 to 31 December 2023 (the “Reporting Period”).

STATEMENT FROM THE BOARD

The board of directors (the “Board”) is responsible for the overall performance of our ESG obligations. It undertakes to live up to the key performance indicators (KPIs). The Board recognises that the ESG risks are crucial to the efficient operation of the Group and is determined to integrate the fulfilment of environmental and social responsibilities into our day-to-day operations. The Group’s corporate governance ensures that the ESG-related topics are well-considered and incorporated into the business agenda, which is essential to creating sustainable value for our stakeholders. The Board carefully assesses the ESG risks, considering and reflecting on the progress towards related ESG objectives. The Board confirms that it has reviewed and approved this report.

When preparing this report, the dedicated personnel of the Group have collected all relevant information on various ESG aspects, and reviewed and assessed the Group’s performance in environmental protection, health and safety, labour practice, and other ESG aspects. The Group has discussed with its business partners, employees, and other stakeholders in various circumstances, including but not limited to meetings, interviews, surveys, feedback plans, and letter correspondences. The Group has collected advice and suggestions regularly to consider and reflect on their responses and opinions.

The report sets out the ESG measures of the Group during the Reporting Period. As our subsidiaries in Hong Kong and overseas are not engaged in any actual business, and REMT has disclosed the environmental data of the magnesium product segment of the Group, the disclosure herein regarding the environmental aspect only covers the Group’s ecological fertiliser segment in Mainland China (the “Fertiliser Segment of the Group”).

REPORTING PRINCIPLES

When preparing the ESG report, the Group places great emphasis on the reporting principles of materiality, balance, quantitative, and consistency:

Materiality



To identify materiality issues, the Group has carried out a materiality assessment in 2023 and prioritised the identified materiality issues in the report.

Balance



The ESG Report aims to disclose the relevant data objectively to provide stakeholders with a balanced overview of the Group's overall ESG performances.

Quantitative



The Group accounts for and discloses KPIs in quantitative terms for proper evaluation of the effectiveness of the ESG policies and actions.

Consistency



The statistical methods applied in the ESG report are substantially consistent with those adopted last year. Explanations are provided when the data changes in the disclosure scope and calculation methods. If any change may affect the comparability with previous reports, the Group will provide remarks on the related content in this ESG report.

The operating practices and KPIs of the ESG subject areas are explained based on the following aspects.



A. ENVIRONMENTAL

The Group has relevant environmental management policies to minimise its impact on the surrounding communities' environment of the production bases. Given the similar operational level across years, the Group aims to maintain stable or minimise emission levels from its production process, by implementing energy-saving initiatives and improving energy efficiency.

A1: Emissions

The Fertiliser Segment of the Group is committed to producing ecological fertilisers and promoting the balanced development of agroecology. During the Reporting Period, the Group has complied with all substantial relevant local environmental laws in the nation. The nitrogen oxides (NO_x) and sulfur dioxide (SO₂) emissions were lower than the national standard of 240 mg/m³ and 550 mg/m³, respectively. The particulate matter was lower than the national standard of 120 mg/m³. The combined discharge of atmospheric pollutants has been compiled with the GB 16297-1996 national and other local standards. During the Reporting Period, the Group had no significant environmental non-compliance.

Greenhouse Gas Emissions

 Greenhouse Gases	Scope 1 (tonnes)	Scope 2 (tonnes)
Carbon dioxide (CO ₂)	128	1,012

The Fertiliser Segment of the Group is committed to increasing the investment in emission reduction equipment; upgrading the compound exhaust gas and the three-waste boilers tail gas treatment facilities; and adopting more advanced environmental protection facilities and treatment processes to improve the efficiency of dust removal and desulphurisation.

- I. The Group fully utilises residual heat and minimises greenhouse gas emissions.
 - The sulfuric acid system considers the comprehensive utilisation of residual heat. The sulfuric acid residual heat boiler produces 60 tonnes of medium-pressure steam per hour, all used for power generation. It reduces energy consumption by more than 10,000 tonnes of standard coal annually, equivalent to reducing greenhouse gas emissions (CO₂) by approximately 40,000 tonnes annually.
 - Recycling and energy-saving transformation of low-heat energy of sulfuric acid.

We produce low-pressure steam by utilising the low-temperature residual heat from the dry-suction section of the 400,000 tonnes/year sulfuric acid production facilities. The upgrading of this project allows the Fertiliser Segment of the Group to reduce its greenhouse gas emissions (CO₂) by more than 5,000 tonnes per year.

- II. The Group purchases high-quality coal with low ash content, high volatile matter, low sulphur content, and high calorific value to improve coal combustion efficiency and stabilise the combustion environment, thus ensuring a low emission level of nitrogen oxides.

Type of Pollutants

The Fertiliser Segment of the Group generates hazardous wastes, including used ink drums, used printing plates, and waste engine oil during its production. These are not applicable for detailed disclosure herein as such emissions were minimal in quantity. Non-hazardous wastes mainly include recycled dust, solid wastes, and domestic wastes. The discharge levels and treatment methods for non-hazardous wastes during 2023 are as follows:

 Types of Non-hazardous Waste	Emission: tonnes	Treatment Methods
Recycled dust	28.17	Recycle and reuse
Solid wastes	Nil	Comprehensive utilisation
Domestic wastes	0.33	Disposal by the environmental and hygiene department

Hazardous Wastes Disposal, Measures to Reduce Discharge, and Management Approaches

During production, we employ stringent management to reduce hazardous wastes such as used ink drums, used printing plates, and waste engine oil. We manage hazardous wastes strictly following the national requirements of the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 Revision)” and set up standardised hazardous waste storage facilities for centralised management.

Non-hazardous Wastes Disposal, Measures to Reduce Discharge, and Management Approaches

- I. Comprehensive utilisation of general solid wastes to reduce discharge.
 - We develop a circular economy to minimise the consumption of total raw materials. The Company’s three-waste boilers use slag and dust coal as fuel to produce medium-pressure steam to eliminate solid wastes of the slag.
 - The Company employs the comprehensive utilisation method to reduce discharge, to eliminate solid wastes during the production of fertilisers, including the comprehensive use of wastes generated during the production of the calcined gypsum plaster.
- II. The treatment of general domestic solid wastes.
 - We separate wastes for storage and reuse when possible.
 - We strengthen the production process management where domestic wastes are produced to reduce wastes.


The Fertiliser Segment of the Group targets to maintain stable or minimise waste discharge levels given the similar operational level across years by implementing various recycling policies and strengthening staff education while reducing the waste generation from its production process.


During the Reporting Period, the Fertiliser Segment of the Group had no significant non-compliance concerning the treatment of emissions.

A2: Use of Resources

The operation and production of the Fertiliser Segment of the Group mainly employ resources such as electricity, diesel, natural gas, coal, and water. The Group is committed to improving energy efficiency and promoting comprehensive utilisation, while gradually reducing energy consumption.

The energy and packaging material consumption of the Fertiliser Segment of the Group in 2023 are as follows:

 Resources	Unit	Emission	Density (based on 4,172 tonnes of fertilisers produced in 2023)
Electricity	kWh	883,561	211.78 kWh/tonne
Diesel	litre	14,645	3.51 litre/tonne
Natural gas	m ³	42,086	10.10 m ³ /tonne
Coal	tonne	3	0.0007 tonne/tonne
Water	m ³	2,857	0.68 m ³ /tonne

 Packaging materials for finished goods	Unit	Emission
Woven bags	tonne	12

Energy Use/Water Efficiency Targets and Management

- I. Utilise residual heat in the system for the comprehensive utilisation
 - The sulfuric acid system considers the comprehensive utilisation of residual heat. The sulfuric acid residual heat boiler produces 60 tonnes per hour of medium-pressure steam used for power generation. It reduces energy consumption by more than 10,000 tonnes of standard coal per year.
 - We made recycling and energy-saving transformation of the low-heat energy of sulfuric acid. The low-temperature residual heat of the dry-suction section of the 400,000 tonnes per year sulfuric acid production facilities is utilised to produce low-pressure steam, while reducing energy consumption by more than 1,500 tonnes annually.
- II. All wastewater produced during production is internally reused in other production processes. Sulfhydryl is mainly reused in phosphoric acid production, whereas chlorine is mainly reused for tail gas washing. It can be optimised and deployed through the pipeline throughout the plant. A small amount of recycled water is used for greenery and dust reduction in the plant area to achieve zero wastewater discharge.
- III. The Group abolished outdated plant and equipment, installed new energy-saving units, employed frequency conversion technologies, and automatically adjusted the motor speed and power output by controlling the inverter through the controller. In doing so, the motor operates under optimal energy-saving conditions, thus achieving energy-saving purposes.
- IV. The Company's comprehensive enhancement of water usage efficiency has achieved remarkable results. All production wastewater is reused in the production cycle, improving water efficiency as well as reducing environmental risks. The initial rainwater collection and recycling water from mining areas provide comprehensive supplementary water for the production system, significantly reduce external water supply, and save external water supply costs. It brings about significant economic and social environmental benefits.

The Fertiliser Segment of the Group is committed to improving energy efficiency and recycling resources. The Group aims to maintain stable energy efficiency or, even better, to improve it, given the similar operational level across years. Meanwhile, the Group strives to maintain stable or lower water consumption of the main business, given the similar operational level across years, by implementing various water conservation measures and regular inspection of the water supply system.

During the Reporting Period, the Group had no significant non-compliance concerning resource utilisation.

A3: The Environment and Natural Resources

The Group greatly emphasised our business's impact on the environment and natural resources. In addition to complying with environmental regulations and guidelines to preserve the nature duly, the Group has also incorporated the concept of environmental protection into its internal management and project implementation processes.

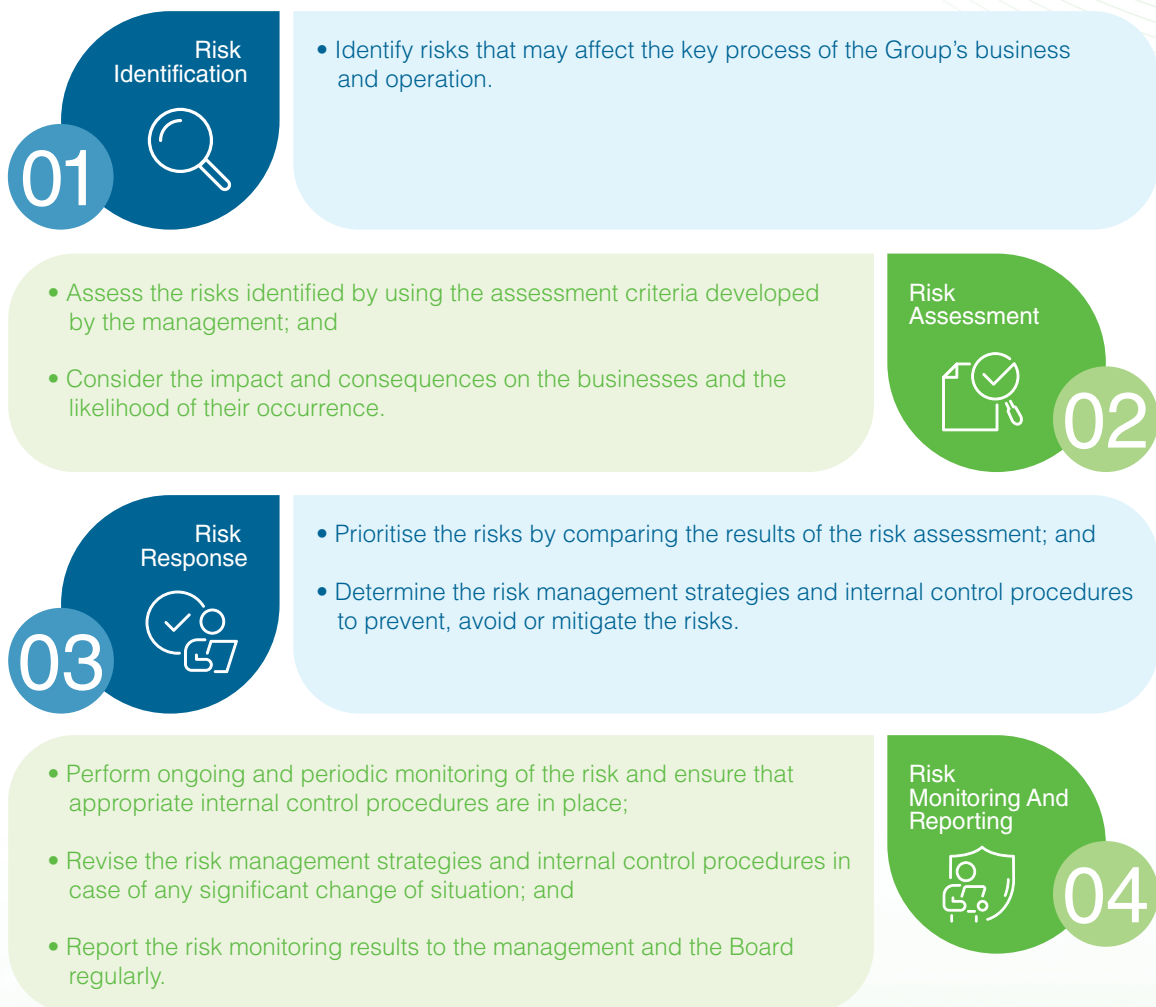
Actions taken for the preservation of the environment and natural resources are as follows:

- I. Regarding energy use, we maximise energy efficiency and utilise the residual heat to reduce the use of natural resources.
- II. Regarding resources, we reduce waste by reducing emissions and increasing utilisation efficiency.
- III. Regarding solid waste and other resources, we recycle the waste for reuse as resources, reducing the emission while enhancing the efficient use of resources.

A4: Climate Change

Climate change has become one of the most concerning issues among the public, impacting the overall communities and enterprises. Acute physical risk can arise from extreme weather events such as hurricanes, floods, and rainstorms. Chronic physical risk can arise from sustained high temperatures. In addition, the transition risk may result from changes in environment-related regulations or customer preferences. The Group has assessed the above-mentioned potential risks that may disrupt the main business, while formulating corresponding precautionary measures.

Procedures implemented by the Group to identify, assess, and manage the significant risks (including material climate-related issues) are summarised as below:



The Group concludes that climate change imposes no significant direct impact on the main business of the Group. As mentioned above, the Group is committed to facilitating environmental protection and business operation with the reasonable use of resources, in response to the global climate change. Looking forward, we will continue to identify our business activities that may impose impacts on the environment and formulate corresponding improvement measures to prevent other potential negative impacts on climate change.

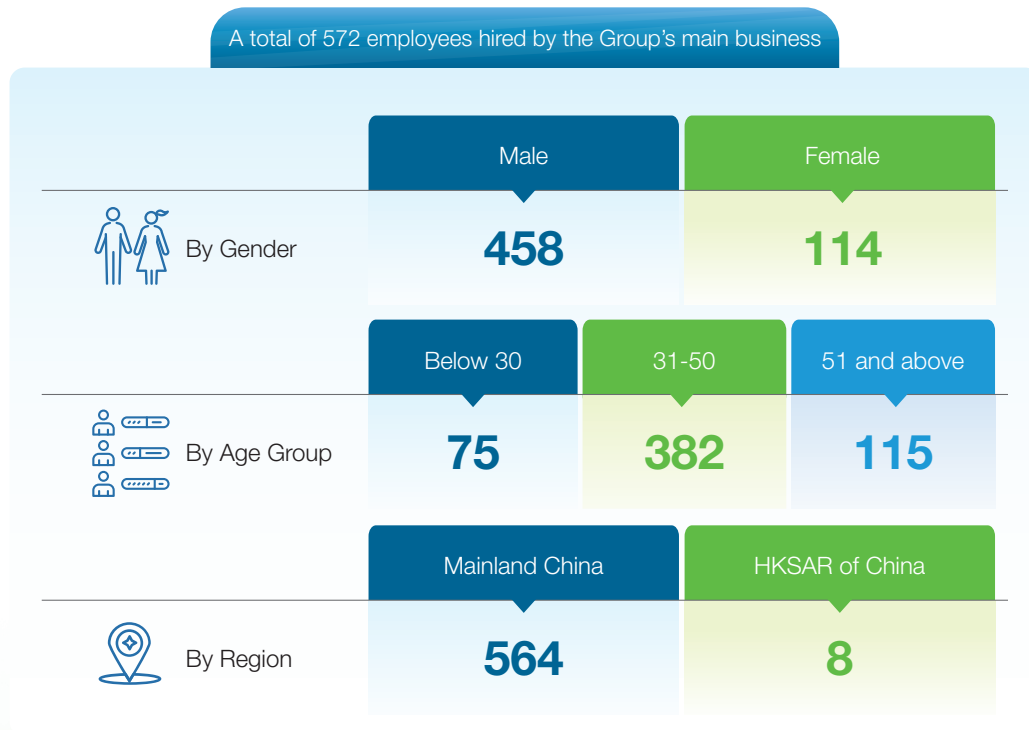
B. SOCIAL

B1: Employment

The Group determines the remuneration of employees based on their work experience, job performance, and current market conditions. Labour and welfare include medical insurance, regular contribution to the Mandatory Provident Fund scheme, discretionary bonus, and the employees' share option scheme. The Group believes that the employee incentive schemes, such as the bonus and the share option offer, can attract and retain well-performing employees. In addition to internal recruitment, the subsidiaries of the Group actively participate in the job fairs held by local colleges and universities. Enhancing the cooperation with research institutes and universities in recruitment, has empowered the development of the Group's business and the innovation of technologies and products.

Distribution of Employees

During the Reporting Period, the Group's main business had 572 employees.



Employee Turnover

During the Reporting Period, the overall employee turnover rate of the Group's main business was approximately 16%, of which the turnover rate of the male and female employees was approximately 11% and 5%, respectively. The employee turnover rate by age group was as follows: approximately 4% for employees aged 30 and below; 2% for employees aged 31-40; 2% for employees aged 41- 50; and 9% for employees aged 51 and above. The employee turnover rate by geographical region was approximately 16% for employees in Mainland China and 0% for employees in the HKSAR of China. During the Reporting Period, under the geopolitical, energy crisis, and the sharp fluctuations of market prices, the Group effectively regulated the cash flow for fertiliser production and minimised market fluctuations risks. In doing so, the Group has reduced the production scale, causing some employees to leave.

The Group strictly complies with the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", and other relevant regulations. During the Reporting Period, the Group had no significant non-compliance concerning labour laws.

B2: Health and Safety

The Group is committed formulating and implementing health and safety policies. The Group complies with relevant laws and regulations, such as the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", and the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases". Relevant implementation systems have been established within the Group, reflecting our continuous efforts to improve working conditions and the living environment of our employees, to protect their life and physical health.

The process of researching and manufacturing compound fertilisers by the Group was awarded the "Occupational Health and Safety Management System Certification", thus recognising our efforts in securing occupational health and safety.

Century Sunshine provides employees with regular training in occupational hygiene and safety. It ensures compliance of requirements regarding employees' working environment and operations. Our operational staffs receive operational training on the requirements of "Operational Safety" and the "Emergency Plan for Power and Gas Outage" and sit in an examination on safety education and training.

To do a better job in the firefighting work, the subsidiaries of the Group regularly hold firefighting training to enhance the safety awareness and skills of the staff, hence creating a safe and harmonious working environment.

No work-related fatalities cases occurred in the past three financial years. There were no work-related injuries during the Reporting Period that affected normal production, and there were no significant non-compliance cases related to health and safety laws and regulations.

B3: Development and Training

The Group attaches importance to providing training for talents. It values our human resources, and the skills and experience of our employees. It is an essential element in supporting the long-term development of the Group.

Production bases of the Group would provide the necessary training to relevant operational staffs every year, including the orientation training for recruits, and the training and counselling on each position, operational skills, safety knowledge, regulations, and systems. Through effective employee training programs, employees have improved their professional skills, supporting the Group’s long-term business development.

	Managers and senior management	General staff
 Number of staff received training	14	164
 The total training hours	484 hours	15,124 hours
 Average training hours per capita	35 hours	92 hours

The number of staff received training exceeded **31%** of the total number of employees of the Group

There were approximately **24** female employees received training

Average training hours received by per male employee was similar to that of per female employee, exceeding **86** hours

The staff training programs effectively improve the employee’s vocational skills and provide more significant support for the long-term business development of the Group. The Group has consistently implemented a transparent appraisal and promotion system to incentivise employees to promote career development. The senior management and department heads of the Group maintain effective communication with the employees to make prompt responses and offer advice and suggestions regarding the performance of individual employees.

I. Group Training Management System:

- To regulate and promote the continuous development of employee training programs as well as to enhance the professional knowledge, skills, and temperament of employees to boost their competency, the Group has developed training plans and management systems, and has taken up the responsibilities of managing the training program for all staffs of the Group.
- The training program targets different levels of staffs and implements a standardised system and requirements to improve the overall performance of all employees and management personnel of the Group. The content includes the Group’s corporate culture, relevant professional knowledge, marketing strategies and techniques, agrochemical services, job responsibilities, processes in technology, production, and operation.

II. Training Program:

1. Orientation training
 - The orientation training refers to the training that a new employee must receive to meet the job requirements before taking up the position. The orientation training applies to three levels, i.e., the Company, the department, and the team level, all of which must be passed before employees are qualified for the position.
 - The orientation training covers the Company's profile and corporate culture, its development strategy and operation objectives, business ethics, employee behavioural standards, rules and regulations, safety, environmental concerns, occupational health, and other common knowledge to introduce the Company's work environment to the new employees, allowing them to adapt to their positions quickly.
2. On-the-job training (position-based training)
 - The on-the-job training is routine training for various positions. The main purpose is improving the employees' proficiency and enhancing their performance. The on-the-job training covers position-based knowledge, skills and job responsibilities, workflow, and job requirements. The Company's employees must receive a designated duration of training and education each year throughout their employment period.
3. Transferal training
 - When employees are transferred, promoted, demoted, or otherwise transferred to a new position, they must receive the job transferal training according to the requirements of the new position, and can only take up the new position after passing the examination and obtaining the relevant job qualifications. The training mainly covers job responsibilities, duties, workflow, requirements, and other professional knowledge and skills.
4. Special training
 - Special training refers to the training based on operational management needs, or the application of new craftsmanship, new equipment, or new management methods that aim to improve certain professionals' professional knowledge.

III. Training Formats:

- There are two formats of training: internal and external training. The internal training is taught by internal trainers such as managers and key personnel, or by engaging external trainers or management consulting agencies to conduct relevant professional training programs. External training is conducted by sending employees to relevant training institutions according to their work needs.
- Training formats include special training, courses, training camps, self-study, industry exchange, continuous education, and others.

IV. Training Results Evaluation:

- The department which organises the training is responsible for evaluating the training results at each level.
- The evaluation method
 - The training organiser evaluates trainees' studies, actions, and results according to the integrated evaluation method based on the training content and nature.

B4: Labour Standards

In strict compliance with the relevant requirements of the Labour Law, the Group requires that all job applicants must fulfil the local statutory requirements of working age. The Group strictly prohibits child labour, therefore, adopting integrated screening and recruitment procedures. The open recruitment of new employees is conducted under the employment criteria for different positions. Those who fulfil the criteria can be appointed. During the recruitment process, the human resources department will verify job applicants' birth dates and graduation certificates. Century Sunshine does not hire any forced labour. Suppose that the Group is aware of any use of child labour or forced labour in violation of relevant regulations. In that case, the Group will immediately terminate their employment contract, investigate the reason and liabilities, and impose due punishments on faulty employees and parties involved in the matter.

In addition, Century Sunshine imposes stringent labour audit requirements on its major suppliers. It guarantees that no child labour or forced labour is employed by its suppliers. It also ensures that our suppliers' occupational health and safety performance complies with all local regulations.

During the Reporting Period, the Group had no material non-compliant case related to the required labour standards of the relevant laws and regulations.

B5: Supply Chain Management

The Group strictly controls and manages the supply chain. Relevant policies are formulated on procuring raw materials for producing ecological fertilisers and magnesium products. Suppliers are subject to thorough inspection and evaluation. For instance, we consider several criteria when choosing construction contractors who have submitted tenders for projects, such as their qualifications, technical strengths, construction quality, reputations, environment and energy policies, and others. In addition, we focus on the suppliers' appetite for values in terms of environment, community, and ethics to select the most suitable supplier or construction contractor. The Group has also arranged for examining and supervising the products received from suppliers. It ensures a smooth flow in each procedure and verifies that the accepted products fulfil the requirements set out by the signed agreements between the Group and suppliers. Thus, it ensures that the quality and logistics management will not impair the Group's and suppliers' interests. The Group had approximately 47 suppliers, all of which were in Mainland China. During the Reporting Period, there was no material non-compliance concerning the supply chain management.

B6: Product Responsibility

Quality Assurance

The Group has a customer service team, enabling it to understand customers' needs and provide fertiliser products that cater to the needs of customers. The Group has maintained a good relationship with customers to build a long-term cooperation. In a belief that customer loyalty has a significant impact on the Group's business development, the Group pays special attention to product quality. It is committed to satisfying customers' needs with products of the top safety and best quality.

All the Group's product brands were well recognised in the market. The renowned brand "Yanyangtian" (艷陽天) was rewarded as "China's Best Efficiency Fertiliser Brand 2019" (2019年中國增效肥料優秀品牌) and "China's Best Fertiliser Brand 2018" (2018年中國好肥料卓越貢獻品牌), enjoying a high reputation in China's agricultural market for its brand influence and stable product quality. "Yanyangtian" (艷陽天) and "Le He He" (樂呵呵) brands were both selected as "2016 Top 50 Farmers' Most Trusted Fertiliser Brands" (2016農民信賴的肥料品牌五十強). Regarding the fertiliser industry, the trust from the farmers is the most significant recognition for a fertiliser brand. The top 50 brands represent, from the farmers' point of view, the best brands with top quality.



The Group has set up after-sales customer service hotlines, which refer the calls to the relevant responsible department according to the customer's inquiry. After receiving such inquiries, the responsible department would process them according to the established procedures as soon as possible. Upon the occurrence of events that lead to customer complaints or product recalls, such issues will first be followed up by the sales staff. In case of a specific or complex situation, will be referred to and addressed by the person in charge of the relevant departments.

The "National Agricultural-Chemical Services Centre" of the Group is a nationwide agrochemical service network that provides guidance for manufacturing and servicing enterprises in developing balanced fertilisation, thus enhancing the technological level of agrochemical services in China. The services include the pre-sales field demonstration to showcase the effectiveness of fertilisers, after-sales education to help the users apply the fertilisers correctly, as well as follow-ups and evaluations to track the effectiveness of fertilisers. The professional agrochemical service team is committed to educating farmers to apply different fertilisers based on different soil's nature scientifically, and to solving agriculture issues for farmers.

The Group strictly scrutinises its products and services as well as related sales, marketing, and advertising strategies and materials. During the Reporting Period, the Group did not have any material non-compliance concerning the relevant regulations on product liability or product description, product recall due to safety and health reasons, or customer complaints related to our products and services.

Business Ethics

The Group attaches great emphasis to the protection and management of intellectual property rights. It strictly abides by the laws and regulations, including the “Trademark Law of the People’s Republic of China”, the “Copyright Law of the People’s Republic of China”, and the “Patent Law of the People’s Republic of China”, among other laws and regulations. In case of infringement of the Group’s intellectual property rights, including but not limited to trademarks and patents by any third party. We will engage legal counsels to take necessary actions against the faulty third party, such as a letter of demand, litigation, and others.

The trust of customers is the foundation for our continuous development. Protecting customer information and trade secrets is fundamental to building a brand reputation and winning market trust. Except under certain circumstances (for example, being required to disclose by statutory obligations) as stipulated in the “Personal Information Protection Law of the People’s Republic of China”, the Group shall not disclose any customer information and trade secrets to any third party without the prior consent of the customer. During the Reporting Period, the Group did not observe any case involving leakage of customers’ private data or violation of any relevant laws and regulations concerning privacy protection, including the “Personal Information Protection Law of the People’s Republic of China”.

B7: Anti-Corruption

According to the “Criminal Law of the People’s Republic of China”, corruption and bribery may constitute a serious criminal offense. The Group strictly complies with the laws and regulations on anti-corruption. The Group has developed the “Anti-corruption Management Guidelines” to promote correct values and integrity. It requires each production base and department to comply with the legal guidance of anti-bribery and anti-corruption strictly. The Group has engaged with lawyers to provide relevant legal training to employees in different positions. In the event of any conflict of interest regarding employees’ duties during their employment, it must be immediately reported to the senior level in the relevant department. The Group would also seriously deal with the issue according to the Code of Anti-corruption.

Effective communication channels are established between the management and employees. In the event of any found or suspected corruption activities, employees could file complaints to the management by sending emails about the issues onymously or anonymously. The Group would handle the cases as appropriate.

During the Reporting Period, one employee of the Group has been involved in the crime of bribery of non-state functionaries. The final judgment has been rendered. Meanwhile, the relevant department of the Group has taken effective internal control measures to prevent similar cases from happening again. These measures include strengthening anti-corruption training and awareness of employees. It’s worth noting that the case mentioned above has no significant impact on the Group’s business.

B8: Community Investment

The Group supports local community building, promoting correct values and morals. The Group identifies that maintaining a good relationship with the community is a critical factor in the enterprise's successful operations. Over the years, the main scope, to which the Group aids, includes helping the less privileged people, assisting in emergencies, supporting disaster relief, participating in voluntary works, and others.

Century Sunshine joins the community affairs in the vicinity regularly. An official community complaint mechanism is also set up. The assistance is provided proactively to the charity work of the surrounding communities. It includes participation in sponsoring local education and cultural work, and poverty alleviation activities, such as pre-school education, road maintenance and repair works in the villages, and others.

PROSPECT

In response to the requirements of the Chinese Government's Ministry of Ecology and Environment and other functional departments regarding the promotion of ultra-low emissions in the coking industry, as well as the guidelines for industrial restructuring issued by the National Development and Reform Commission, the local government in Hami, Xinjiang, where REMT's subsidiary Xinjiang Tengxiang Magnesium Products Co., Ltd. ("Xinjiang Tengxiang") is located, has mandated that designated industry production facilities must undergo upgrading and renovation. This includes major magnesium production enterprises like Xinjiang Tengxiang, which primarily utilise lanthanum coke tail gas for magnesium refining. Due to the fact that the lanthanum charcoal production line at Xinjiang Tengxiang was built and put into operation in October 2010, the facilities of the production line have aged and become outdated. There are issues of environmental pollution and low energy efficiency, and the technological level is outdated, no longer in line with the industrial policies of the Chinese government. The upgrade and transformation of coking enterprises in the Hami region have been included as a key focus of local government supervision and regulation in 2024. Xinjiang Tengxiang has been requested to promptly implement the upgrade and transformation of the outdated technology in the lanthanum charcoal production facilities, in order to meet the requirements of the current healthy development of enterprises. Shortly after completing the restructuring of our offshore debts, REMT still face numerous challenges. Market demand is weak, and there is a tight cash flow. However, the environmental upgrade and renovation require a significant amount of capital investment. The REMT's management team is actively seeking financing and exploring various financing methods, including but not limited to introducing venture capital, equity financing, project partnerships, and other financing options. They are making efforts to find the best possible solution to meet the funding requirements.

The Board is responsible for assessing and monitoring the environmental, social, and governance risks management, as well as collecting relevant data. It has reviewed its effectiveness as disclosed in the ESG report for the year ended 31 December 2023. The management team will, as always, actively respond to the policy of "Promoting the Application of Green Ecological Fertilisers" (《推動綠色生態肥料的應用》), further promote the development of green fertiliser industry, and continue to strengthen the product differentiation strategy to contribute to the green environmental protection. We will continue to explore new channels for expanding the market of green ecological fertilisers, and strive for a new ecological paradigm of high-quality green development.



世纪阳光

世紀陽光集團控股有限公司
Century Sunshine Group Holdings Limited

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司

Stock Code 股票代號：00509.HK

Website 網址：www.centurysunshine.com.hk