



(Incorporated in the British Virgin Islands and continued in the Cayman Islands with limited liability)
(formerly known as Hengshi Mining Investments Limited 恒實礦業投資有限公司)

Stock Code: 1370



2024

Environmental, Social and Governance Report



An aerial photograph of a lush green park with winding paths, trees, and a small pond. In the background, there are rolling green hills and mountains under a clear sky. The entire image has a green tint.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Aowei Holding Limited hereby presents its Environmental, Social and Governance (the “**ESG**”) report (the “**Report**”) to its stakeholders, which describes the Company’s strategic guidelines and related performance in sustainable development and good corporate governance, as well as our vision and relevant contributions in environment and society.

REPORTING PERIOD AND SCOPE

The Report covers the period from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”), aiming to describe our management and overall performance in ESG aspects during the Reporting Period. Unless otherwise stated, the reporting scope is consistent with last year, all of which focus on our principal businesses, namely the Group’s the iron ore business and green construction materials and gravel materials business in China. The scope of the Report is prepared based on the materiality of our business and operations and the impact on the ESG.

The Report has been formulated in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the key performance indicators are properly disclosed. The information disclosed in this Report is mainly derived from the Group’s internal documents and public information. While we have not sought external assurance for this ESG Report, we have monitored and verified it based on internal data to ensure its accuracy. We may seek external assurance for future ESG reports when necessary. For the Corporate Governance Report, please refer to the section headed “Corporate Governance Report” in the Company’s 2024 Annual Report.

REPORTING PRINCIPLES

The Report is prepared based on the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”. The application of each reporting principle is presented as follows:

Materiality	Quantitative	Balance	Consistency
Material ESG issues are identified and prioritized by the Group through stakeholder engagement and materiality assessment. For more details, please refer to the section headed “ Stakeholder Engagement and Materiality Assessment ”.	Quantitative KPIs are disclosed in this Report where feasible, and are used as the basis for setting relevant targets in the future. At the same time, this Report has effectively evaluated the effectiveness of ESG-related policies and management systems by disclosing the performance data of the past and the Reporting Period.	This Report presents the Group’s ESG performance during the Reporting Period in an objective and unbiased manner to reflect the actual situation.	As far as practicable and unless otherwise stated, the Group applies consistent measurement methodology to allow for meaningful comparison of the KPIs over time.

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INFORMATION COLLECTION

Financial data in this ESG Report are extracted from the 2024 Annual Report, while other data are extracted from the Group's internal management system and statistics. The key indicators in relation to safety, environment issues of the Company are counted and calculated based on the regulations or industry standards of the PRC. Unless otherwise stated, the reporting currency of this ESG Report is RMB.

ACCESS TO THE REPORT

This ESG Report is issued in electronic version and can be downloaded at <http://www.aoweiholding.com> or www.hkexnews.hk.

CONTACT INFORMATION

The Company places great value on comments and suggestions from our stakeholders. If you have any suggestions or comments on the content of this ESG Report or our overall performance in sustainable development, please feel free to contact us at ir@aow.com.cn.

BOARD STATEMENT

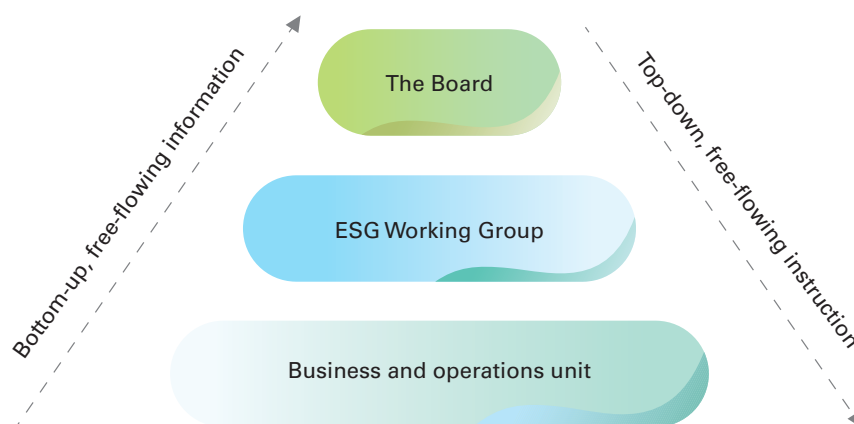
The Group places great importance on ESG governance as a crucial factor for the long-term development and risk resistance of the enterprise. Therefore, we strictly adhere to the governance requirements of the Stock Exchange regarding ESG and focus on sustainable development policies. We continuously improve our governance system and enhance the level of ESG governance to promote the Group's continuous improvement and the synergistic development of social and ecological harmony.

Governance Structure

To deepen the important role of ESG governance in the Company's structure and business operation, the Company adopts a top-down management approach: the board (the "**Board**") of directors (the "**Directors**") acts as the highest management, overall coordinating our ESG affairs, responsible for assessing and determining the ESG-related risks and opportunities of the Group; the Board is responsible for approving and supervising the Group's sustainable development strategy, goals and implementation; the Board regularly reviews the Group's internal policies to ensure the effectiveness of ESG governance policies, and approves the disclosure information in the Group's ESG report to provide material, reliable, consistent and comparable ESG information to stakeholders.

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The Group is committed to integrating ESG factors into the management of daily operational activities to continuously enhance ESG governance levels and improve the management structure. The Group has established an environmental, social and governance working group (“**ESG Working Group**”), led by the executive Directors and composed of multiple departments, to assist the Board in managing all ESG-related issues in daily operations; to regularly review and assess the Group’s ESG strategies and their effectiveness; to regularly track and collect ESG-related goals, indicators, and performance from business and operation unit for evaluation, as well as to assess the ESG governance and performance of business and operation unit, prepare ESG reports, and report to the Board.



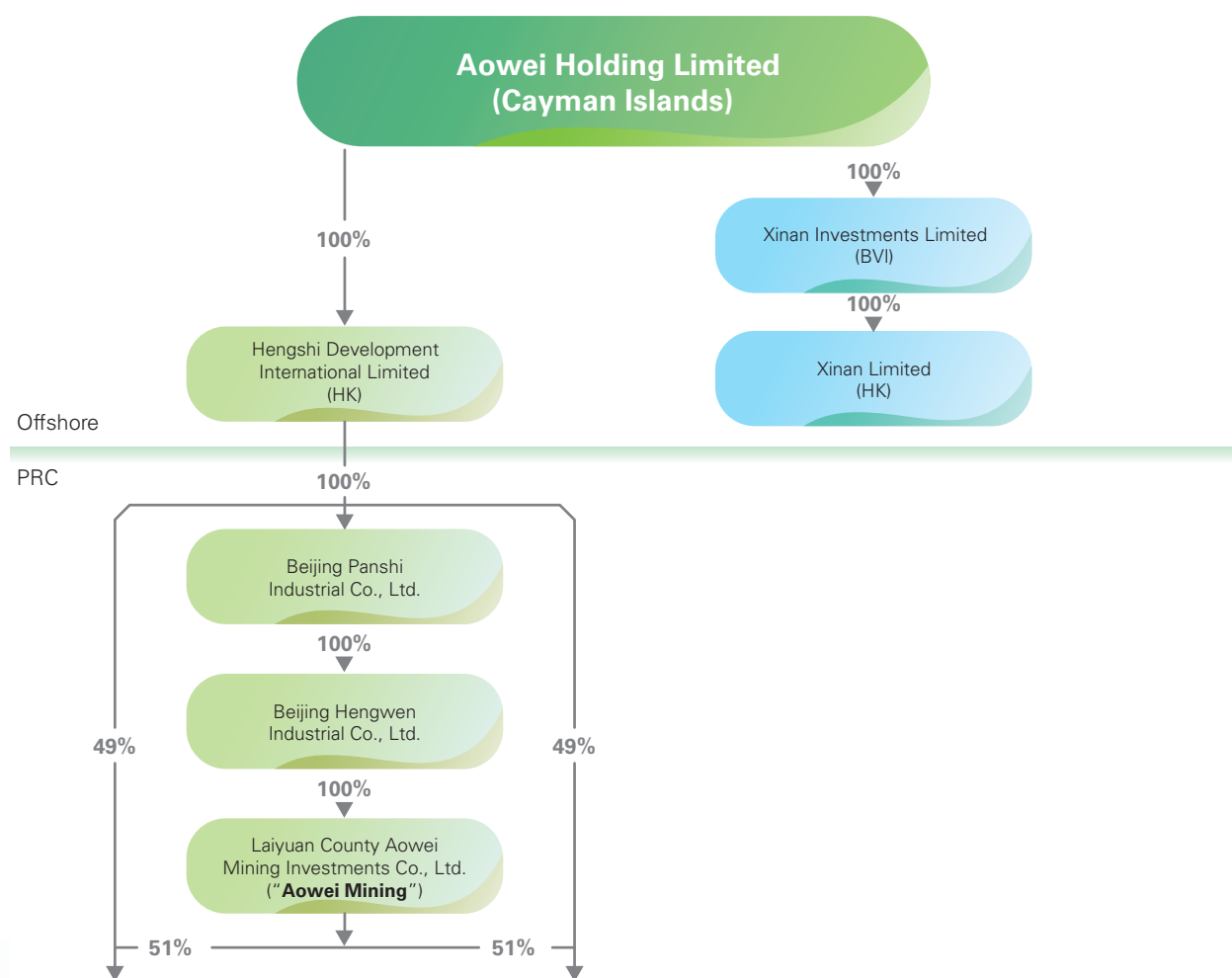
- ▲ Approve the Group’s sustainable development policies and strategies, responsible for setting ESG objectives and plans
- ▲ Regularly review ESG governance measures, collect ESG data and organize the preparation of the ESG report, report ESG work to the Board annually
- ▲ Execute and track ESG work objectives and plans, comply with regulations

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GROUP PROFILE

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28 November 2013 (stock code: 1370), and was principally engaged in (i) the exploration, mining, processing and trading of iron ore products and major products including iron ores, preliminary concentrates and iron ore concentrates; and (ii) conducting the green construction materials construction sand and gravel materials production and sales business.

As at 31 December 2024, the structure of the Group was as follows:



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CORPORATE GOVERNANCE

The Group is committed to maintaining corporate governance standards, strictly complies with the securities regulatory rules and requirements such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and has established formal and highly transparent procedures to ensure that the interests of all shareholders are protected. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The above risks include but are not limited to material ESG-related risks. Under the supervision of the Board, the management is responsible for the design, implementation and monitoring of the risk management and internal control systems of the Group, and provides confirmation to the Board on the effectiveness of the risk management and internal control systems. For more information about the Group's corporate governance, please refer to the Corporate Governance Report in the 2024 Annual Report.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group places great value on the participation of stakeholders and regards them as the cornerstone of the Group's sustainable development. In our normal operation, we maintain active interactions with our stakeholders through various communication channels, including online or offline, with a view to acquiring valuable advices, reviewing and improving our business strategies to meet their needs, and build strong relationships.

The Group is committed to responding to the demands of stakeholders through different channels as follows:

COMMUNICATION WITH STAKEHOLDERS			
Stakeholders	Demands	Reply	Communication Channels
Shareholders	Sustainable and stable investment return	Enhance business diversity and strengthen operating cash flow	General meetings
	To operate in compliance with relevant laws and regulations	Improve internal compliance system	Annual and interim reports
	To promptly disclose the information	Establish a comprehensive system for the disclosure of regular and specific information	Company announcements
Governmental authorities	To promote authorities development of local and peripheral industries	Provide employment opportunities and pay taxes in the locations where we operate	Participation in government meetings
	To operate in compliance with relevant laws and regulations	Accept government supervision and strengthen compliance with relevant laws and regulations on environment, safety and integrity	Regular visits to government authorities Acceptance of inspection by government authorities

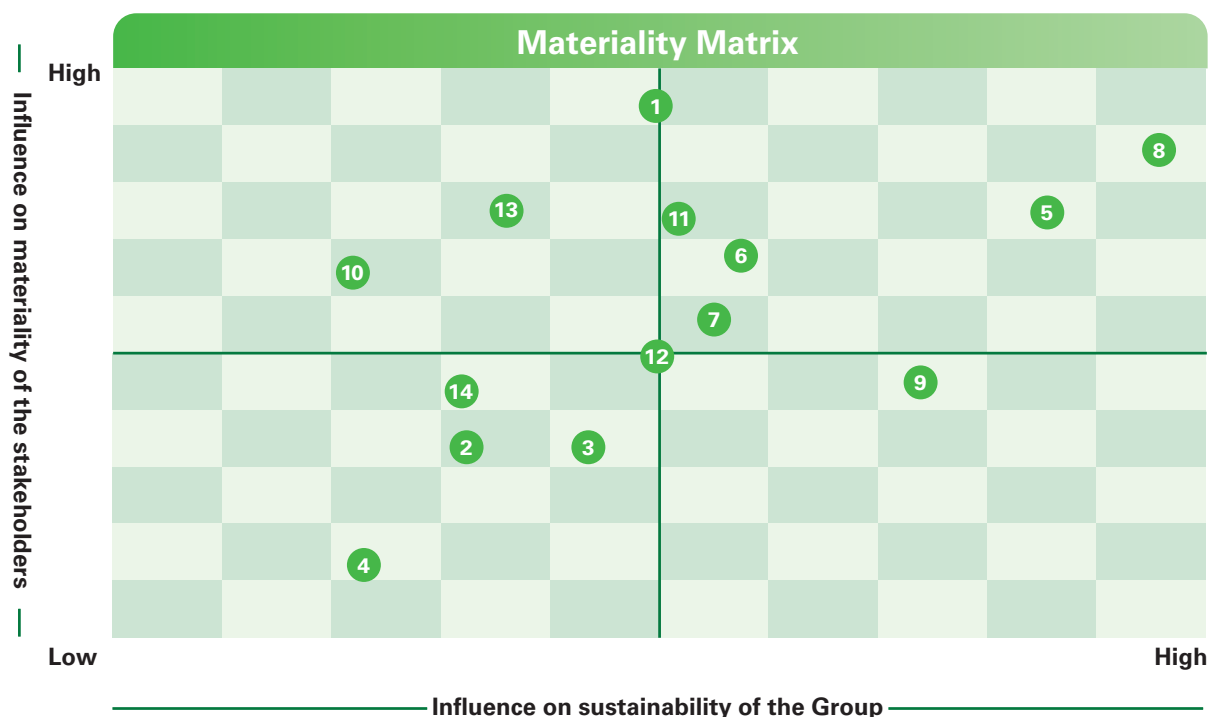
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COMMUNICATION WITH STAKEHOLDERS			
Stakeholders	Demands	Reply	Communication Channels
Employees	To provide adequate health and safety protection To provide sufficient career development opportunities To improve remuneration and benefits	Formulate the work safety and health policy in compliance with relevant laws and regulations Improve the internal staff recruitment and promotion management system	Internal memorandum Employees' activities Training and counselling activities
Customers	To operate in compliance with laws and regulations To continuously provide high-quality services To improve product quality	Strengthen compliance with relevant laws and regulations on environment, safety and integrity Improve employee training Optimise production technology	Business communication Customer feedback Onsite visits
Suppliers	To ensure fair, equitable and open procurement process Timely performance of contractual obligations	Ensure the transparent procurement process and accept internal and external supervision Strengthen contract management and cash flow monitoring	Onsite visits Provide corporate corruption reporting hotline
Banking and financial institutions	High credit rating and ability to pay debts To ensure robust and sustainable business development	Maintain good credit by settling debts on time Maintain sound operation and development	Ongoing communication through physical visits, emails, virtual meetings and other formal channels
Communities	To improve community environment To support community welfare	Improve local infrastructure Maintain good communication with local residents	Participation in community meetings and community welfare activities

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MATERIALITY ASSESSMENT

In order to identify the material aspects to be disclosed in this Report, we communicated with stakeholders to understand the 14 major aspects of their concerns, and ranked the importance of all aspects to form the following materiality assessment results:



Environment	Work Environment	Operating Practice	Community Contribution
1 Environmental impact and management	6 Employee benefits	10 Supply chain management	13 Community development
2 Emission management	7 Development of employees	11 Quality assurance	14 Public welfare charity
3 Water conservation	8 Workplace safety	12 Anti-corruption	
4 Energy conservation and emission reduction	9 Occupational health management		
5 Climate change			

According to the results of the materiality assessment, the most important issue to the Group is workplace safety, and we will make relevant disclosure in the section headed "Health and Safety".

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ENVIRONMENTAL PROTECTION

Protecting and improving the ecological environment is the foundation and key for enterprises to achieve sustainable development. The Company is committed to protecting our environment. We strictly abide by the laws and regulations of the Chinese government on environmental protection, and climate, including but not limited to the Environmental Protection Law of the People's Republic of China and Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution. We adhere to a sustainable development strategy, uphold the concept of "Ecological Priority and Green Development" and take "Solid Waste Recycling, Ecological Restoration and Industrial Extension" as the development direction. We actively promote the upgrading and transformation of mines, striving to build green, environmentally friendly, harmonious and intelligent mines.

During the Reporting Period, in order to maintain and improve the surrounding ecological environment, the Company has implemented effective internal environmental protection policies (such as the Environmental Protection Management System, Emission Management System, Environmental Emergency Plan, Environmental Restoration Plan, Land Reclamation Plan, etc.) to strengthen the management and use of environmental dust removal facilities, and enhanced employees' environmental awareness education. The Company has also planned the mining area environment of each subsidiary, and carried out the greening, land reclamation of the mining area, and restoration of the surrounding environment step by step, so as to reduce or avoid disturbances and impacts on the atmospheric environment caused by the Company's daily operations. At the same time, we have upgraded and transformed the production processes and equipment, phased out outdated high-energy-consuming equipment, utilized clean energy and reduced energy consumption, so as to optimize energy consumption.

EMISSION MANAGEMENT

We regard waste reduction and compliance with emission standards as the core tasks of fulfilling corporate environmental responsibilities, serving as key indicators for energy conservation and emission reduction targets. The Company continuously optimizes technical measures, and actively explores innovation to constantly enhance resource utilization efficiency. The Company vigorously promotes the recycling model to maximize the value of various resources in production and operation, and is committed to reducing the generation and emission of waste and ensuring that we fully comply with the environmental standards of the business location.

The Group belongs to mining industry, and adopts physical magnetic separation technology in the production process, thus no harmful chemical waste substances are produced.

Solid Waste Discharge Management

The solid waste produced by the Group during the production process mainly consists of waste rocks and tailing sands. The rock stripped during the mining process will be entirely used for backfilling the mining pit. In order to promote the sustainable development and comprehensive utilisation of resources, we adopt advanced mineral processing technology and equipment to improve the recovery rate of ore processing and the grade of ore concentrates; at the same time, we also implement the concept of sustainable development, and actively promote the comprehensive utilisation of solid waste. We recycle and process waste rock discharged during the mineral processing process to produce construction sand and gravel materials and machine-processed sand,

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thereby enhancing the comprehensive utilization value of ore and reducing the safety risks associated with waste rock storage. In addition, during the production of iron ore concentrates through the wet processing, tailing sand is separated from the mining rock through the wet processing of magnetic separation technology. The Group has built supporting tailings storage facilities according to the processing capacity of the water processing plant. The tailing sand will be pumped to the tailings storage facilities for compaction and stockpiling with the mining waste water, and professional staff are arranged to carry out 24-hour on-duty management and maintain of tailings storage facilities.

Waste rock (tons)	2024	2023
Recycled quantity	1,402,032	2,763,657
Waste rock recycled quantity per RMB'000 output value	2.2	4.1

Tailing sand (tons)	2024	2023
Storage volume	1,748,625	1,263,187
Tailing sand processing volume per RMB'000 output value	2.7	1.9

In the future, the Group will continue to improve production processes and equipment, enhance the ore processing recovery rate and concentrate grade, and strengthen resource recycling to reduce solid waste emissions and minimize environmental impact.

Wastewater Discharge Management

The Group strictly complies with the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and has established a complete waste water filtration and circulation system at the production and operation sites. The production wastewater can be transmitted through sealed pipelines and recycling water pump stations to the tailings storage facilities for precipitation and filtration for closed-circuit recycling without causing discharge of industrial wastewater. Tailings storage facilities and water pump stations are equipped with dedicated personnel for monitoring and maintenance. During the Reporting Period, the Group did not have any incidents of wastewater leakage and pollution.

Dust Management

The Group generates a certain amount of dust during mining, dry processing production and vehicle transportation. In order to mitigate the impact of dust, we have taken multiple measures. During mining operations, the Group adopted wet operation and installed sprinklers and mist cannons at mining sites for dust suppression. In the dry processing, mineral processing workshops were equipped with professional dust removal equipment, enclosed transmission corridors and spraying devices were used to control dust. The Group also distributed professional dust prevention equipment to field workers to ensure their physical health. In addition, we also advocate for clean transportation by using sprinklers and sprinkler pipelines for dust suppression on transportation roads.

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During the Reporting Period, the Company engaged qualified testing institutions to test the dust generated in the production and operation activities. The dust emission concentration of the Company conformed to the applicable standards of the Emission Standard for Pollutants for Mining and Mineral Processing Industry (GB28661-2012) implemented by local environmental protection regulatory authorities.

Noise Management

In order to effectively reduce the negative impact of noise on the surrounding environment, the Group has taken a number of measures, such as selecting low-noise and high-efficiency processing equipment, and achieving noise reduction through installation of sound insulation, noise elimination and other soundproof construction facilities. At the same time, we have also provided field workers with professional and effective protective equipment for noise reduction to protect the physical and mental health of field workers.

During the Reporting Period, the Company engaged qualified testing institutions to regularly test the noise generated in the production and operation activities. The noise detected at the factory boundary conformed to the applicable standards of the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) implemented by the local regulatory authorities.

Waste Gas Emissions Management

The Company's waste gas emissions mainly come from the exhaust generated during the driving of motor vehicles. The Group strictly implements the Vehicle Management System, advocates environmental protection and energy conservation policies, reasonably arranges the use of travel vehicles, and encourages employees to travel green.

The air pollutants generated by the Group's motor vehicles are quantified as follows:

Air pollutants emission (kg)	2024	2023
Nitrogen oxides (NO _x)	29.0	35.5
Sulfur oxides (SO _x)	1.1	1.3
Suspended particulate matter (PM)	1.5	2.0

Note: The air pollution emissions are calculated in accordance with the emission factors specified in the Technical Guide for Compiling the List of Air Pollutants Emitted by On-road Vehicles (Trial) issued by the environmental protection regulatory authority.

In the future, we will continue to strengthen the management of waste gas emissions, deploy relevant subsidiaries for target decomposition, and formulate an assessment plan to evaluate subsidiaries that have exceeded emission or received administrative penalties, so as to promote the Group as a whole to achieve the target that waste gas emissions comply with the environmental standards of the place where it operates.

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GHG Emissions

The Group's greenhouse gas ("GHG") emissions primarily arise from purchased electricity and fossil fuels consumed by company vehicles. The Group does not use boilers or other coal-fired or gas-fired equipment that produce direct emissions.

The Group is fully aware of the impact of GHG on the atmospheric environment and strictly complies with the Law of the People's Republic of China on Conserving Energy and the "13th Five-Year Plan" for Controlling Greenhouse Gas Emissions. In order to continuously reduce GHG emissions, we have upgraded and transformed production equipment and adopted energy-efficient facilities to replace the energy-intensive facilities, so as to optimize and save energy consumption. In addition, we also advocate green travel for all employees, reasonably arrange the use of travel vehicles; promote paperless office, encourage employees to save paper and reduce the use of photocopiers. At the same time, in order to effectively reduce greenhouse gas emissions, the Group planted approximately 470 new trees during the Reporting Period, realized a greening area of 2,350 square meters through planting trees and flowers.

Details of GHG emissions of the Group are as follows:

GHG Emissions (tCO ₂ e)		2024	2023
Direct GHG emissions (scope 1)	Gasoline and diesel	5,625.8	9,870.1
Indirect emissions (scope 2)	Electricity purchased	104,322.9	106,597.2
Other indirect GHG emissions (scope 3)	Waste paper	0.5	0.6
	Business air travel	11.8	9.8
GHG removals (scope 1)	Planting trees	(6.5)	(24.6)
GHG emissions in total		109,948.7	116,453.1
Intensity of GHG emissions (GHG emissions in total/per RMB'000 output value)		0.2	0.2

Note: GHG emissions are calculated according to the China Energy Statistical Yearbook, the Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial) and the average carbon dioxide emission factor for the China Regional Power Grids published by the National Development and Reform Commission.

In the future, we will enhance the use of green energy and low-carbon energy-saving facilities, and encourage employees to save energy, reduce consumption and green travel, so as to achieve the goal of continuous reduction of GHG emissions intensity year by year.

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Biochemical Waste Management

The Company encourages and implements waste classification in each workplace, and prohibits arbitrarily discarding or incineration of domestic waste and non-perishable domestic waste, which is transported to the location designated by the local sanitation department for disposal. As of 31 December 2024, the Company disposed of a total of approximately 57.5 tons of domestic waste.

Waste Materials Management

The Group encourages the recycling of waste materials and gives priority to the repair and reuse of old and damaged equipment. If the repair cannot be achieved, the disposal and realization will be considered again. As of 31 December 2024, the Company has realized a total of approximately RMB45.0 from the disposal.

MANAGEMENT OF WATER RESOURCES

Due to the nature of our business, water resources play a crucial role in our operations. Therefore, we place great importance on and continuously improve water resource management, striving to conserve water and enhance utilization rate of water resources. The Group strictly abides by the relevant laws and regulations such as the Water Law of the People's Republic of China and the Water and Soil Conservation Law of the People's Republic of China issued by the Chinese government. In order to give full play to the efficiency and effectiveness of water resource utilization, all mining plant have built tailings storage facilities and water pump stations, which can realize the recycling of industrial waste water without external discharge. In addition, we also emphasize the education of employees on water resource knowledge to enhance their awareness of water conservation.

The Group's water consumption data are as follows:

Water resources (m ³)	2024	2023
Water consumption in total	81,347	117,498
Water consumption intensity (water consumption in total/per RMB'000 output value)	0.1	0.2

In the future, the Group will continue to enhance the recycling of water in the production process and reduce the use of new water year by year to prevent water resource issues from affecting the overall operation of the Group's business.

MANAGEMENT OF ENERGY

We are committed to achieving the goals of energy conservation and consumption reduction, contributing to the sustainable development of enterprises and the green development of society. The Group actively adopts a series of practical measures to enhance energy utilization efficiency, such as scientifically and thoroughly optimizing production processes, promoting technological renovation and equipment upgrading to improve energy utilization efficiency and reduce energy consumption. In addition, in order to achieve energy conservation and consumption reduction, we also establish a comprehensive assessment and incentive mechanism to fully mobilize the enthusiasm of all employees, encouraging everyone to actively participate in energy conservation and consumption reduction efforts.

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The Group's energy consumption data are as follows:

Energy	Energy category	2024	2023
Diesel (kWh in '000s)	Direct energy	20,901	37,103
Gasoline (kWh in '000s)	Direct energy	687	741
Electricity (kWh in '000s)	Indirect energy	117,972	120,544
Intensity of total energy consumption (per RMB'000 output value/kWh in '000s)		0.2	0.2

Note: The energy consumption is calculated according to the conversion factors as guided in the General Principles of Comprehensive Energy Calculation (GB/T 2589-2020). In the future, the Group will actively implement energy conservation and consumption reduction measures. Under the premise of the original equipment capacity, the Group will aim to maintain or reduce the intensity of energy consumption such as electricity, diesel and gasoline year by year, so as to promote the efficient and energy-saving development of the Group.

CLIMATE CHANGE

Climate change has become a global concern, and climate change can lead to a higher frequency of extreme weather events, which not only affect the safety and health of our employees, but also pose challenges to the daily operations of the enterprise. In order to pave the path towards a more resilient future, we are taking proactive measures and adopting a multi-pronged approach.

In terms of risk assessment, we regularly conduct ESG-related risk assessments, incorporating climate-related risks to gain a comprehensive insight into potential crises. In terms of response measures, we are vigorously promoting a series of climate mitigation and adaptation actions: continuously optimizing production processes, eliminating energy-intensive equipment to reduce energy consumption from the source; actively engaging in greening and planting to help reduce greenhouse gas emissions through ecological means, alleviating the pressure of climate change.

In addition, we place great emphasis on responding to extreme weather conditions by formulating comprehensive emergency rescue plans and regularly organizing drills to continuously enhance employees' emergency awareness and response capabilities, ensuring a swift and effective reaction when disasters strike. Meanwhile, we closely monitor the latest regulatory and policy developments to ensure that corporate operations consistently comply with compliance requirements, and advance steadily on the path of legality and compliance, contributing corporate strength to addressing climate change.

EMPLOYMENT AND LABOUR PRACTICES

The diligent efforts of employees are the core driving force and key to the sustainable development of the Group's business. Therefore, we are committed to providing a respectful and fair working environment for employees through a robust human resource management system covering recruitment, remuneration, and training, working hand in hand with employees for mutual development.

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The Group respects the right of workers to freely choose their occupation, strictly adheres to relevant regulations on employment such as the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, comprehensively safeguarding employees' legitimate rights and interests. We promote a diversified employment policy and are committed to providing equal opportunities for all employees in terms of recruitment, promotion, remuneration and benefits, ensuring that all employees are treated equally without any discrimination, regardless of gender, race, marital status, pregnancy, religion, disability, etc. In terms of employee recruitment and the management of labor and employment, the Group strictly prohibits employment of child labour, and eliminates the occurrence of forced labour. During the recruitment process, each applicant is required to provide personal identification documents such as identity card for verification. If we discover any false or concealed facts or deception, the applicant will be excluded from the selection process. The Group will establish labour relations with employees from the date of employment in accordance with relevant regulations, and sign the Labour Contract with employees in accordance with the principles of legality, fairness, equality and self-willingness, consensus and honesty, to effectively protect the legitimate rights and interests of both employees and the Group. In the event of dismissal or termination of employment contract, the Group will also strictly comply with the terms stipulated in the contract.

The Group is committed to creating a comprehensive talent attraction field by offering highly competitive remuneration packages, broad promotion prospects, and a comprehensive and diverse compensation and benefits system to attract and retain outstanding talents. We have formulated the Salary Accounting Management Measures and the Performance Assessment Management Method to establish a scientific and standardized salary management system, which assesses and distributes through various forms such as position salary, performance salary, overtime salary, bonuses and allowances in combination with share incentive plans, and links performance assessment with incentive and restraint, so as to improve the enthusiasm and initiative of employees. At the same time, we pay five social insurances and one housing fund for employees in accordance with the law, and provide comprehensive welfare protection for employees. In addition, we will also conduct a rigorous and detailed evaluation and adjustment of remuneration packages on a regular basis, based on business performance, individual employee performance, and market dynamics information. The Group consistently upholds a high recognition of employee value, aiming to fully acknowledge their contributions and outstanding performance through incentive mechanisms, and fully supports each employee in achieving career development and advancement within the Group, assisting them in achieving a successful career.

In terms of working hours and leave, the Group strictly abides by the Labour Law of the People's Republic of China. The administrative and office staff work five days a week and eight hours a day. The production departments work in shifts according to the actual production conditions. The Company provides marriage leave, funeral leave, maternity leave, sick leave, personal leave, annual leave, work injury leave and other holidays (national statutory holidays and public holidays are not included in annual leave) to protect the leave rights of employees.

We highly value the thoughts of each employee and actively absorb beneficial suggestions. The human resources department of the Group's headquarters and subsidiaries is responsible for regularly reviewing and dealing with violations of labour standards, and also collecting employees' opinions and suggestions on the Group's policies, working environment and development strategies through different channels. In addition, we have also set up a whistle-blowing mechanism to provide employees with a confidential channel to encourage employees to report discrimination and illegal employment behaviors. During the Reporting Period, the Group was not aware of any non-compliance with labour standards.

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As of 31 December 2024, the Group had a total of 759 full-time employees. The relevant data are as follows:

Employment Structure	2024	2023
Total number of employees	759	861
By gender		
Male	730	832
Female	29	29
By age		
Under 35	73	110
35-50	385	422
Above 50	301	329
By region		
Local residents of Laiyuan County	545	619
Residents outside Laiyuan County	214	242
By position		
Management	139	176
General employees	620	685
Employee turnover rate	16.3%	5.7%
By gender		
Male	15.6%	5.3%
Female	0%	0.4%
By age		
Under 35	3.2%	1.7%
35-50	5.7%	0.5%
Above 50	7.4%	3.5%
By region		
Local residents of Laiyuan County	8.1%	3.9%
Residents outside Laiyuan County	8.1%	1.8%

During the Reporting Period, the number of all employees of the Group decreased by 11.8% compared with the same period of last year, mainly due to the fact that the Group streamlined its organisational structure and optimised its staffing in subsidiaries.

The Company has no gender discrimination in employment and labour practises. Due to the nature of the mining industry, the number of female employees only accounted for 3.8% of the total number of employees during the Reporting Period. In the future, the Company will also gradually optimise the gender diversity of employees and strive to create a diversified and inclusive workplace.

Notes:

Staff turnover rate = number of turnover ÷ annual average workforce

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DEVELOPMENT AND TRAINING

The Group is well aware that employees are the foundation for corporate development, and always attaches great importance to the sustainable growth and development of our employees. To this end, through the formulation of the comprehensive training mechanism such as the Measures on Training and Management of the Employees, the Group regularly provides tailored training and development courses for employees in terms of production safety, health protection, occupational skills and corporate culture, helping employees fully explore their potential and providing thorough support for employees' continuous education and professional skills improvement. At the same time, the Group has also formulated the Measures on Promotion and Management of the Employees and the Measures on Assessment of Skill Level to clearly specify selection criteria and guidelines, so as to ensure that every employee enjoys fair and just development opportunities, explores career footprint within the Group and gains more career opportunities.

Employees training	2024	2023
Number of employees trained	759	861
Percentage of employees trained in total employees	100%	100%
Percentage of employees trained (by gender)		
Male	96.2%	96.6%
Female	3.8%	3.4%
Percentage of employees trained (by employee category)		
General employees	81.7%	79.6%
Management	18.3%	20.4%
Average training hours (hours)	21	28
Male	22	29
Female	9	14
General employees	27	32
Management	7	6

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HEALTH AND SAFETY

The Group regards the occupational health and safety of employees as a top priority in corporate operations, and strictly abides by the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulations for the Implementation of the Mine Safety Law of the People's Republic of China and other laws and regulations. With the stringent safety target of "zero death and zero serious injury accident", the Group adheres to the working policy of "safety first, prevention oriented and comprehensive governance", and builds up a complete occupational health and safety production management system. By continuously strengthening the promotion and education of employees' occupational health and safety knowledge, we are constantly laying a solid foundation for occupational health and safety management, and building a solid defense for the safety and health of all employees and partners.

Management Measures

In order to thoroughly implement the requirements of laws and regulations on safety production, the Group has developed a comprehensive safety management system, including Occupational Health Management System, Emergency Plan for Occupational Health Hazard, and Safety Production Committee System, etc., to ensure that the occupational health and safety management of the Group is scientific, professional, standardised and practical. In order to effectively prevent the occupational health and safety accidents, the Group has regularly conducted risk assessment and safety inspection in work site to identify the potential risks and take corresponding measures.

In terms of occupational health, we have distributed labour protection equipment that meets the national standards and the job requirements for employees according to their positions. We also have regularly commissioned professional institutions to monitor in the work site and organised physical examinations for employees working in positions with occupational hazards and established occupational health records. In terms of safety production, the safety production and management department has carried out regular and irregular safety risks and hazards investigation and standardisation inspection and acceptance at the production site, so as to improve the level of safety production. In addition, we have established a production safety reward mechanism to stimulate and motivate employees' participation. Meanwhile, we organise safety education and training and accident drills every year to strengthen employees' safety awareness, and reinforce the safety bottom line. Furthermore, the Group also pays special attention to the management of contractors and service providers in terms of health, safety and environmental protection, and requires them to strictly implement their industry norms and standards.

During the Reporting Period, the Group strictly complied with relevant laws and regulations such as the Work Safety Law of the People's Republic of China, the Law on the Prevention and Control of Occupational Diseases of the People's Republic of China and the Regulations on the Implementation of the Mine Safety Law of the People's Republic of China, and implemented its work safety responsibilities and safety supervision responsibilities at various levels, strictly carried out health and safety inspections, maintained regular and irregular inspections and assessments, and timely detected safety hazards and made effective rectification. During the Reporting Period, the Group conducted a total of 136 health and safety inspections, with a 100% compliance rate for hidden hazards and safety directives and no health and safety penalties.

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During the Reporting Period, the Group had completed occupational health and safety education training for 639 employees in order to enhance the employee's safety protection skill and improve the employees' awareness of occupational health and safety protection. For the purpose of improving the emergency rescue level, emergency response capability and the operability of emergency plans of employees, the Group organised a total of 15 emergency rescue drills in relation to tailings pond and dump landslides, debris flow incidents, environmental disaster incidents, mining blasting incidents, fire incidents, and heatstroke incidents during the Reporting Period.

Safety Accidents and Targets

For the year ended 31 December 2024, the Group continued to enhance the risk management and control over the occupational health and safety in production, and there was no formal record of any fatal accident and major work-related injury, and there was no record of work-related fatalities for at least past three consecutive reporting years. The relevant accident rate kept at a reasonable level, and did not cause any loss of working days. The target on the occupational health and safety of the Group for 2024 is a rate for minor injury $\leq 3\%$, with zero rate for serious injuries, fatal accidents, fire accidents, collective food poisoning accidents, major accidents in equipment and facilities, and incidence of occupational diseases.

SUPPLY CHAIN MANAGEMENT

The Group attaches great importance to the cooperation and communication with supply chain and firmly believes that maintaining a stable business relationship with suppliers can contribute to the Company's sustainable development. We have regularly assessed the ESG risks of supply chain, so as to ensure that performance of the supply chain is in line with the Group's policy.

When selecting new suppliers, the Group's procurement department will evaluate the ESG risks of the supply chain in accordance with the Tender Management Measures, the Procurement Management Measures and other policies, including its business quality, production capacity, product quality, credit investigation, service capabilities and environmental safety, to ensure the safety of the supply chain. In addition to the above selection criteria, we also consider the ESG standards of suppliers, including the prohibition of child labour and forced labour, the elimination of discrimination against employees, the provision of a safe working environment, the consideration of whether the products and services provided are conducive to environmental protection and whether they meet the ESG requirements of the Group. Our procurement personnel will conduct on-site due diligence when necessary.

In addition, we also conduct an annual comprehensive evaluation of our suppliers and cease to purchase products from suppliers who (i) continuously deliver substandard products; (ii) refuse to replace or return defective products; (iii) fail to meet our required standards (such as production capacity, environmental, health and safety standards) according to our annual evaluation; and (iv) conduct any act that materially affects the commercial interests of the Group. In order to assure the fairness and equity of the selecting process, the legal department and internal control department also participate in the supervision.

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During the Reporting Period, there were a total of 175 qualified suppliers and contractors providing services to the Group, including 168 suppliers providing materials and equipment supply services to the Group, 88 suppliers in Hebei Province and 80 suppliers in other provinces in China; in addition, during the Reporting Period, there were 7 companies providing on-site services in transportation, loading and unloading, greening, construction and geological disaster management to the Group, including 6 contractors in Hebei Province and 1 contractor in other provinces in China. During the Reporting Period, no suppliers and contractors with significant negative impacts on the environment and society were identified by the Group.

PRODUCT RESPONSIBILITY

The Group places a strong emphasis on consistently upholding the quality of its products. The Group has established a good cooperative relationship with customers through product quality and credibility, so as to achieve mutual benefit and common development. The Group strictly complies with the Product Quality Law of the People's Republic of China and other relevant laws and regulations and industry standards. Through the implementation of product quality management measures, the Group is committed to providing customers with high-quality products and services and paying attention to customers' response to the products sold by the Group.

Our quality control department performs on-site inspections of our mines and processing plants. The Group requires each production unit to establish a quality inspection ledger, which sets out the objectives, frequency and scope of quality inspection. The Group will also closely monitor the production process and take samples at different stages for practical inspection, and timely adjusts the production equipment and technology according to quality inspection results to ensure and improve product quality.

Quality objectives:

Iron ore business:	to ensure that the relevant indicators of iron ore concentrates are in compliance with the national standard GB/T36704-2018, of which the grade of acid iron ore concentrate is not less than 66%; the grade of alkaline iron ore concentrate is not less than 63%;
Machine-processed sand and gravel business:	to ensure that the relevant standards of machine-processed sand are in line with the national standards GB/T14685-2011. In order to ensure that the products are delivered to customers with quality and quantity, the Group has adopted a series of safeguard measures to conduct double measurement and quality inspection of the products. In case of any significant difference, the Group will also deal with it in accordance with the Customer Complaints Guidelines for Quality. Problem that cannot be resolved will be subject to review and arbitration by third-party authoritative organization. During the Reporting Period, the Group did not have any cases of material non-compliance with laws and regulations relating to product responsibility, and did not receive any material complaints about products quality and services of the Group.

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ANTI-CORRUPTION

The Group upholds a corporate culture of integrity and self-discipline and strictly abides by the Criminal Law of the People's Republic of China, the Anti-corruption Law of the People's Republic of China, the Anti-money Laundering Law of the People's Republic of China and the Interim Provisions on Banning Commercial Bribery and other laws and regulations related to the prevention of corruption, bribery, extortion, fraud and money laundering. We have established a strict code of anti-corruption and integrity and developed corresponding internal and management systems. The Group adopts a zero-tolerance policy for any form of bribery, corruption, fraud and money laundering.

The Group conducts anti-corruption related training to raise the awareness of integrity building among employees and management. In 2024, our Directors and employees have received anti-corruption trainings, covering the "Anti-Corruption Programme – A Guide for Listed Companies" issued by the Independent Commission Against Corruption of the Hong Kong Special Administrative Region.

In addition, the Group set up a whistle-blowing mechanism to provide employees with confidential channels such as telephone hotlines, email and mailbox for whistleblowing, to encourage employees to report violations identified as soon as possible. Designated departments are responsible for handling reported incidents and may report to relevant regulatory or law enforcement authorities when necessary.

During the Reporting Period, the Group did not have any legal cases regarding corrupt practices brought against the Company or its employees.

COMMUNITY PARTICIPATION

With the business objective of "achieve self-realization and give back to society", the Group places great importance on social development and demands, actively utilizing its resources to respond to and give back to society, enhancing the two-way cohesion between the enterprise and the community, and earnestly fulfilling its responsibility and mission for collaborative development with society.

During the Reporting Period, the Company contributed RMB0.5 million to repair the roads surrounding the community to ensure the travel of community residents and the operations of the companies. Meanwhile, the Company sponsored the cultural arts festival held in Laiyuan County during the Reporting Period, so as to support the development of the local cultural arts industry and enrich the cultural life of the local people.

During the Reporting Period, the Company donated RMB50,000 to the Ankang Charity Association to implement the decisions and deployments of the Party Central Committee and the State Council regarding rural revitalization, and to effectively connect the consolidation and expansion of poverty alleviation achievements with rural revitalization during the transition period.

The Group will continue to engage in more corporate social responsibility initiatives in the future to give back to society through practical actions.

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This indicators index illustrates the Company's compliance with indicators of "comply or explain" and "recommended disclosures" set out in Environmental, Social and Governance Report issued by the Stock Exchange during the Reporting Period.

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READER FEEDBACK FORM

Dear reader:

Thank you for reading the ESG Report of Aowei Holding for FY2024. Your valuable feedback is key to our continuous improvement in sustainability performance. We sincerely welcome your feedback on this ESG Report and our sustainability performance. Please complete this feedback form and email to ir@aow.com.cn.

1. Which of the following stakeholder group do you belong to?

☐ Shareholders ☐ Employee ☐ Supplier ☐ Customer ☐ Government ☐ Communities ☐ Academic Institutions ☐ Others (please specify)

2. Did you read a paper version or an electronic version?

☐ Paper version ☐ Electronic version

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☐ Paper version ☐ Electronic version

4. What is your overall evaluation of this report?

Readability (i.e. intelligible expression, aesthetic design, attractive content and easy-to-understand information)

☐ 3 (Good) ☐ 2 (General) ☐ 1 (Poor)

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Completeness (the report reflects both positive and negative information and provides the information that you need)

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In addition to the content that has been disclosed, what kind of information would you like to read?

25 April 2025