



2024

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**



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About The Report

The Report is the 2024 Environmental, Social, and Governance ("ESG") Report ("the Report") of Lygend Resources & Technology Co., Ltd. ("Lygend Resources") and aims to set forth our strategies, policies, measures, and achievements related to corporate sustainable development and social responsibility fulfillment in 2024.

Reporting Period

The Reporting Period is from 1 January 2024 to 31 December 2024 ("the Reporting Period"). To enhance the comparability and forward vision of the Report, some content has been extended to cover prior and subsequent years.

DATA EXPLANATION

The information and data disclosed in the Report are derived from the Company's actual operational records, statistical reports, or official documents, and have been reviewed by relevant departments. The Company commits that The Report contains no false statements or misleading information and assumes responsibility for the authenticity and accuracy of the content.

PREPARATION BASIS

The Report has been prepared mainly in accordance with Appendix C2 "Environmental, Social and Governance Reporting Code" to the "Listing Rules published by the Stock Exchange of Hong Kong Limited ("HKEX")" (the "Listing Rules") and the "GRI Sustainability Reporting Standards 2021" issued by the Global Reporting Initiative (GRI). During the preparation process, we also referred to the United Nations 2030 Sustainable Development Goals (SDGs), the "China Corporate Social Responsibility Reporting Guidelines" (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences, and other requirements.

REPORTING PRINCIPLES

Materiality

The Company identifies the impact of each issue on its business model, operations, development strategy, financial condition, performance, cash flow, financing methods, and costs in the short, medium, and long term, and assesses whether its performance on each issue will have a material impact on the economy, society, and environment. The details of the importance analysis conducted have been disclosed in the "Materiality Analysis" section of the Report.

Quantitative

The Report discloses the ESG quantitative performance indicators for the Reporting Period and provides, wherever possible, explanations of the standards, calculation methods, and parameters referenced in the disclosed data.

Balance

The content disclosed in the Report fully respects objective facts and ensures that the ESG performance of the Company during the Reporting Period is presented impartially.

Consistency

Any changes in the statistical and disclosure methods of the Report will be fully explained in the notes of the Report.

REPORT SCOPE AND DEFINITIONS

Unless otherwise specified, the Report covers Lygend Resources & Technology Co., Ltd. and its subsidiaries consolidated in the financial statements, including Jiangsu Wisdom, Xi'an Pengyuan, HPL, ONC, and DCM.

For ease of expression, "Lygend Resources & Technology Co., Ltd. and its subsidiaries" are also referred to as "Lygend Resources", "the Group", "the Company", or "company" in the Report. Regarding data disclosure, given that the Group is actively expanding its nickel production business expected to constitute a significant portion of the Group's revenue and considering its primary environmental impact sources, the scope of environmental and social data disclosure in this report primarily covers the Group's production facilities, including:

Jiangsu Wisdom	Jiangsu Wisdom Industrial Co., Ltd.
Xi'an Pengyuan	Xi'an Pengyuan Metallurgical Equipment Co., Ltd.
HPL	PT Halmahera Persada Lygend
ONC	PT OBI Nickel Cobalt
DCM	PT Dharma Cipta Mulia, DCM is the park management company responsible for the construction and operation of the Indonesia OBI Industrial Park. Its business scope currently does not include the production of nickel or other products



REPORT ACCESS

The Report is available in both printed and electronic formats for your reading. The Report is published in both Chinese and English. In the event of any conflict or discrepancy between the Chinese and English versions, the Chinese version shall prevail.

You may access the electronic version of the report on the Company's official website at www.lygend.com. If you have any questions or suggestions regarding The Report, please feel free to send an email to ir@lygend.com.

CONFIRMATION AND APPROVAL

The Report has been confirmed by the management and was approved by the Board of Directors on April 29, 2025.

Message from the Chairman

Dear colleagues, partners, and friends from all sectors of society,

“

As global civilization progresses and sustainable development becomes increasingly intertwined, the mission of enterprises has expanded beyond economic value to encompass broader responsibilities. In 2024, Lygend Resources, guided by ESG strategies, has positioned itself at the forefront of the times. By balancing economic benefits with social value, we are writing a new chapter on corporate responsibility among Chinese enterprises.

We are keenly aware that ESG is not only a necessity for safety and development, but also a reflection of the values upheld by Lygend Resources.

In terms of the environment, we view sustainability as the foundation of our existence. Through innovation in processes and circular technologies, we systematically reduce carbon emissions, enhance resource utilization efficiency, and build green, low-carbon industrial parks. Meanwhile, we actively repair ecological damage: from re-greening mined lands to water source management and ocean protection, transforming our relationship with nature from one of extraction to one of symbiosis.

On the social front, we are united by our sense of responsibility. We are committed to engaging in public welfare, promoting employment, stimulating local economic growth, and fostering harmonious social relationships. On one hand, we prioritize the growth and development of our employees, offering abundant training opportunities and career advancement paths, thus building a dynamic and cohesive corporate team. On the other hand, we deepen our inclusive employment ecosystem through "technical migration + local employment" initiatives and actively participate in public welfare projects, making contributions to education, healthcare, and sports. This allows the fruits of our development to transcend the "solo performance" of the Company and become a "social symphony", benefiting society at large.

Concerning governance, we build trust through transparency. The Board of Directors has established an ESG committee to ensure that ESG is ingrained into both strategy and execution through top-level design. We have put in place a robust ESG management system encompassing goal setting and performance tracking, ensuring that responsibility permeates every link in the chain. By regularly disclosing our ESG progress, we demonstrate our commitment to transparency and fulfill our promises through tangible actions, building trust with shareholders, partners, and the public.

At its core, ESG is a contest for the right to develop. The global ESG framework is undergoing profound transformation and rapid development, presenting a dynamic and multifaceted landscape.

We also recognize that the core principles of ESG resonate deeply with the path of Chinese modernization. The strategic determination to adhere to the "carbon reduction" goal is, in essence, a systematic investment in green productivity. Upgrading the skills of industrial workers is a microcosmic practice of the "common prosperity" concept, and establishing a penetrating corporate governance system represents a modern interpretation of the socialist market economy.

The road ahead may be long and arduous, but perseverance will lead us to success.

Lygend Resources is committed to working hand in hand with all sectors, using responsibility as our vessel and innovation as our paddle, to navigate the global tide of sustainable development toward a future that is more inclusive, greener, and prosperous for all.

Chairman and Executive Director of Lygend Resources & Technology Co., Ltd.

Cai Jianyong



About Lygend Resources

Company Overview

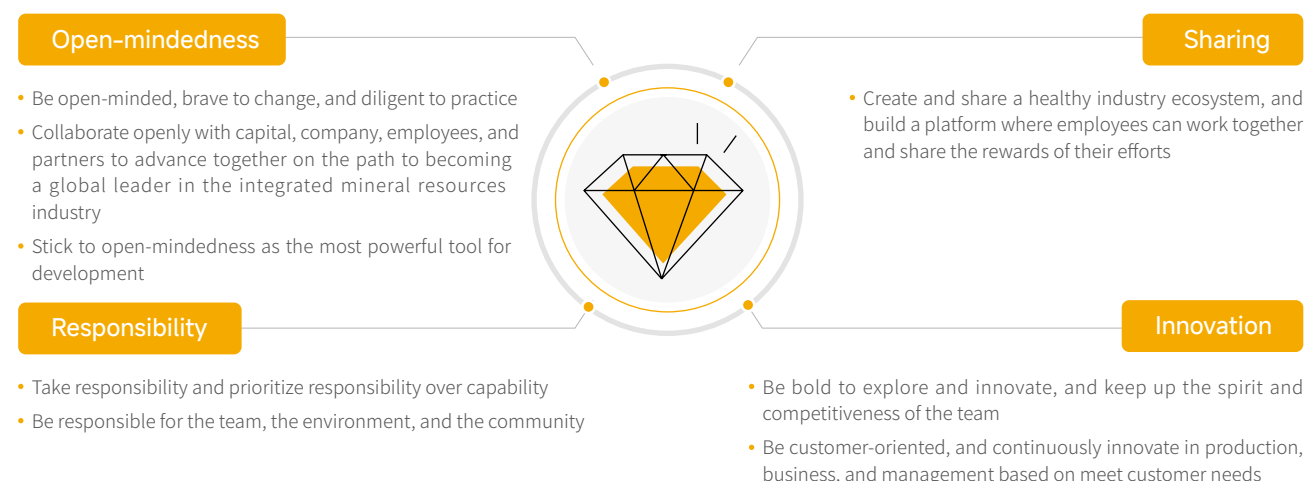
Company Profile

Lygend Resources & Technology Co., Ltd., established in 2009 and headquartered in Ningbo, Zhejiang, was listed on the Main Board of SEHK in December 2022 (stock code: 2245.HK). The Company is a leading global service provider in the entire nickel industry chain and pioneers the trading and production of nickel products in the industry. Lygend Resources has mastered a complete nickel product production process, including both pyrometallurgical and hydrometallurgical smelting technologies, and is one of the first Chinese companies to develop both pyrometallurgical and hydrometallurgical projects in Indonesia. Initially thriving from offering nickel ore and ferronickel trading, the Company actively continuously expanded along the upstream and downstream of the nickel industry chain over the years in alignment with the "Belt and Road Initiative". The Company has achieved vertical integration across various sectors of the nickel industry chain, including upstream nickel product trade, smelting production and sales. Its products are widely used in downstream fields such as new energy and stainless steel.

Corporate Philosophy, Mission, and Vision



Core Values

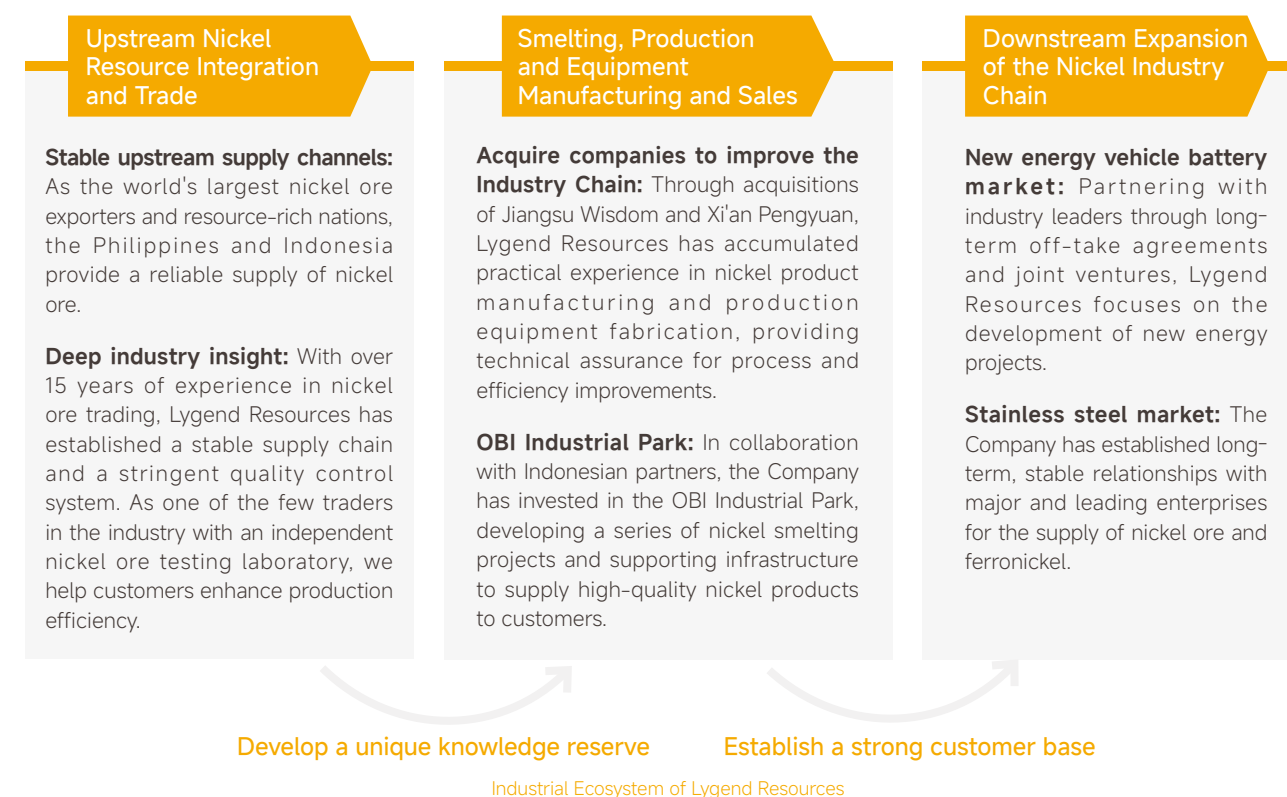


Core Values of Lygend Resources

Business Progress

Lygend Resources is a global service provider with business across the entire nickel industry chain, with operations spanning multiple sectors, including upstream nickel resource procurement, nickel product trading, and nickel smelting, production, and sales. The Company has established an extensive domestic presence in locations such as Ningbo in Zhejiang Province, Shanghai, Suqian in Jiangsu Province, and Xi'an in Shaanxi Province. At the same time, it has achieved remarkable success in expanding its overseas markets, with business operations covering Indonesia, the Philippines, and other Southeast Asian countries.

By integrating global upstream nickel resources, optimizing midstream smelting processes through technological innovation, and expanding into downstream new energy and stainless steel markets, Lygend Resources has built a highly efficient, synergistic, and sustainable full-chain nickel industry ecosystem.



During the Reporting Period, the Company saw a concentrated release of production capacity, with further improvements in the quality of various nickel products, laying a solid foundation for performance growth. In response to challenges posed by nickel ore supply fluctuations, macroeconomic disturbances, and industry overcapacity, the Company optimized its business model and employed flexible sales and procurement strategies to enhance efficiency and reduce costs. Breakthroughs have been achieved in the progress of all projects.

During the Reporting Period			
The Company achieved a total revenue of RMB	Representing a year-on-year growth of	Recorded a net profit attributable to the parent company of RMB	Reflecting a year-on-year increase of company of
29,233.0 million	38.8%	1,773.2 million	68.7%

Development Journey

The Company was established in January with a registered capital of RMB

2 million

In 2017

The Company acquired Jiangsu Wisdom.

In 2018

The Company integrated Xi'an Pengyuan and began manufacturing production equipment.

In 2018

The Company initiated the Indonesia project, collaborating with long-term Indonesian partners in the construction of the "OBI Nickel-Cobalt HPAL Smelting Project".

In 2019

Nickel ore trade volume reached approximately 20 million tons, accounting for 28% of the domestic market and ranking first in China.

In 2021

The first phase of the HPAL project (hydrometallurgical) saw two production lines completed and operational in May and October, respectively, achieving full production in July and December of the same year.

In 2022

Lygend Resources was listed on the Main Board of SEHK.

In 2023

In May 2023, all eight production lines of the first phase of the pyrometallurgical project were operational.

The Phase II of the HPAL (hydrometallurgical) project commenced production in January 2023 and successfully reached full capacity in March of the same year.

The first batch of battery-grade nickel sulfate was produced.

In 2024

The second phase of the hydrometallurgical project, the ONC project in the OBI Industrial Park, achieved full production.

Leveraging Chinese Strength, Expanding Overseas

Riding the Waves, Setting Sail in Trade > Expanding into Manufacturing, Pursuing Industrial Development >

2009

2015-2018

2018-2024

2024 Key Performances

Honours and Recognitions

Domestic Recognitions

<div>2024 Golden Bull Award for Hong Kong Stocks</div> <div>China Securities Journal, Nantong Municipal People's Government</div>	<div>China's Top 500 Manufacturing Enterprises</div> <div>China Enterprise Confederation, China Enterprise Directors Association</div>	<div>Top 100 Chinese Multinationals</div> <div>China Enterprise Confederation, China Enterprise Directors Association</div>	<div>2024 Top 100 Manufacturing Enterprises in Zhejiang Province</div> <div>Zhejiang Enterprise Confederation, Zhejiang Enterprise Directors Association, Zhejiang Federation of Industrial Economics</div>
<div>Zhejiang Province Technology-based SME</div> <div>Economy and Information Technology Department of Zhejiang</div>	<div>Ningbo Top 100 Comprehensive Enterprises in 2024</div> <div>Ningbo Enterprise Confederation, Ningbo Enterprise Directors Association, Ningbo Federation of Industrial Economics</div>	<div>Ningbo Top 100 Manufacturing Enterprises in 2024</div> <div>Ningbo Enterprise Confederation, Ningbo Enterprise Directors Association, Ningbo Federation of Industrial Economics</div>	<div>2024 Guru Club Golden Award - Outstanding ESG Environmentally- Friendly Enterprise</div> <div>GuruClub</div>

Overseas Recognitions

<div>Outstanding Industry Influence Award</div> <div>China Chamber of Commerce in Indonesia</div>	<div>Program ESG Terintegrasi di Pulau Obi</div> <div>IDX Channel</div>	<div>Green Ratings Appreciation</div> <div>CNBC Indonesia</div>	<div>4 Stars TOP CSR 2024</div> <div>TopBusiness</div>	<div>Top Leader CSR Commitment 2024</div> <div>TopBusiness</div>
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Key Performances

Financial Performance

Operating revenue reached RMB
29,233.0 million a year-on-year increase of
38.8%

Net profit attributable to owners of the parent company amounted to RMB
1,773.2 million a year-on-year increase of
68.7%



Responsible Governance, Sustainable Growth

Achieved
100%
employee participation in signing the "Commitment Letter of Integrity and Self-discipline"

Enabled
100%
supplier participation in signing the "Commitment Letter of Integrity"

Ensured
100%
participation for new employees in information security training



Excellence Pursuing, Resources Revitalizing



Lygend Resources and all stable-production subsidiaries were certified under ISO 9001 Quality Management System

HPL obtained RMI RMAP certification for nickel-cobalt ore

Held over
30
high-level meetings with visiting suppliers

Received zero complaints regarding products and/or services



Low Carbon, Green Future

Lygend Resources and all stable-production subsidiaries were certified under ISO 14001 Environmental Management System

Water recycling volume reached
15,376.53 thousand cubic meters

with a recycling rate of

31.46%

Planted
71,466
mangrove trees at Indonesia's OBI Industrial Park

Manufactured and installed
1,871
artificial coral reef structures in the ocean near the Indonesia OBI Industrial Park



People-oriented Philosophy, United Strength

The total number of full-time employees¹
8,864

Total employee training hours reached
55,114.50 hours

With an average
6.37 hours
per employee



Total investment in employee care exceeded RMB
24 million

The total investment in health, safety, and environment (HSE)² across the Group amounted to RMB
277.11 million

Lygend Resources and all stable-production subsidiaries were certified under ISO 45001 Occupational Health & Safety Management System

¹ Toe group-wide total number of employees is 11,969

² This Report includes group-wide data on HSE investment.

³ This Report includes group-wide data on social welfare initiatives.

Collaborative Development, Better Society

Total investment in social welfare³ reached RMB
104.10 million



01



Sustainable Development Management

Lygend Resources actively responds to global sustainable development initiatives and calls continuously integrates sustainable development concepts and goals into the Company's strategic planning, corporate governance, and daily operations. We are committed to collaborating with multiple stakeholders to move toward a sustainable future.



Board of Directors Statement

“

The Board of Directors of the Group assumes full responsibility for the Company's ESG policies and reporting. Board members possess the necessary skills, experience, knowledge, and vision to oversee the Group's ESG matters. The Board participates in at least one ESG-related meeting annually to discuss key ESG issues and future developments, review strategic and policy action plans and outcomes, and assess their effectiveness. This enables the Group to better manage its ESG performance, matters, and potential risks. The Board is also responsible for formulating, evaluating, prioritizing, and managing material ESG-related matters, including business risks. Additionally, the Board analyzes the Group's performance and progress based on ESG-related goals and indicators. If the implementation and performance of ESG-related goals and initiatives fall short of expectations or if there are changes in business operations, the Group will make necessary adjustments to the relevant goals and indicators. Furthermore, the Group will communicate these goals and indicators to key stakeholders, including employees, customers, and suppliers.

”

ESG Governance

During the Reporting Period, Lygend Resources further refined the established ESG governance framework led by the Board of Directors to clarify management responsibilities at all levels, promote the efficient and scientific execution of ESG issues, and provide strong support for advancing sustainable development. For details on the responsibilities and working mechanisms of the Group's ESG Committee, please refer to the "Terms of Reference and Working Rules of the Environmental, Social, and Governance Committee" on the Company's official website.

The Group has established an ESG Committee, chaired by an Executive Director, with members comprising individuals within the Group who possess expertise in ESG risk identification and management. Serving as an internal body that bridges the Board of Directors with various business units and subsidiaries, the ESG Committee is responsible for facilitating communication across different levels to coordinate ESG matters.

Moreover, the ESG Committee is tasked with identifying the Group's ESG risks and opportunities and regularly reporting management progress to the Board of Directors. It also oversees stakeholder engagement, materiality analysis of ESG issues, the formulation of governance strategies and methodologies, the coordination of daily management and information disclosure, as well as the establishment and periodic review of targets. Should any discrepancies arise between the effectiveness of implemented measures and the established targets, the ESG Committee will develop appropriate corrective actions.



ESG Governance Framework of Lygend Resources

United Nations Sustainable Development Goals

Lygend Resources staunchly supports and actively advances the achievement of the United Nations Sustainable Development Goals (SDGs). We continuously integrate sustainable development principles into our business operations and convey the belief and commitment to sustainable development to all stakeholders through concrete actions.

Lygend Resources' Actions in Response to the SDGs

Responsible Governance, Sustainable Growth




Sustainable Development Goals



Lygend Resources' Actions

- Established an ESG governance framework to steadily advance sustainability management
- Formulated policies to ensure board diversity and expertise
- Built transparent communication channels to ensure comprehensive and accurate information disclosure, fostering multi-channel stakeholder engagement
- Enhanced risk management frameworks and regulatory systems, strengthening risk control, internal audits, and compliance risk management
- Established an anti-corruption framework, set up multiple reporting channels, reinforced compliance management, and safeguarded the rights and rights of whistleblowers
- Adopted advanced technologies to ensure data security and business sustainability

Low Carbon, Green Future

Sustainable Development Goals





Lygend Resources' Actions

- Improved environmental management systems, strengthened pollution control, and continuously enhanced environmental performance
- Optimized resource utilization to promote a circular economy
- Established a climate governance framework to identify climate-related risks and opportunities, deepen energy-saving initiatives, and mitigate climate change
- Practiced ecological conservation by restoring habitats through land-based mangrove planting and marine coral reef transplants, fostering harmony between people and nature



Excellence Pursuing, Resources Revitalizing

Sustainable Development Goals



Lygend Resources' Actions

- Enhanced quality management systems and actively promoted a quality-driven corporate culture to elevate employees' quality awareness
- Centered on technological innovation by establishing R&D centers to drive resource efficiency, green development, and collaborative exchanges
- Strengthened intellectual property protection and optimized the patent incentive system
- Built a sustainable supply chain by reinforcing supplier management, promoting green procurement, and ensuring responsible mineral sourcing
- Empowered suppliers with technological advancements for mutual growth
- Provided premium services, safeguarded customer rights, and established efficient customer communication channels to promptly address inquiries and complaints

People-oriented Philosophy, United Strength

Sustainable Development Goals








Lygend Resources' Actions

- Strengthened workplace safety management, offered high-quality benefits, and safeguarded employee well-being
- Developed employee training programs to promote mutual growth between employees and the Company
- Protected employee rights and fostered an equal and fair workplace
- Promoted local talent development, created employment opportunities, and contributed to local economic growth
- Strictly prohibited child labour and forced labour while opposing all forms of discrimination
- Strengthened stakeholder engagement to foster mutual benefits and win-win collaboration

Collaborative Development, Better Society

Sustainable Development Goals




Lygend Resources' Actions

- Engaged in charitable donations to support cultural, sports, and educational initiatives, promoting social progress
- Actively fulfilled corporate social responsibility overseas through a series of public welfare activities, contributing to the development of a better society

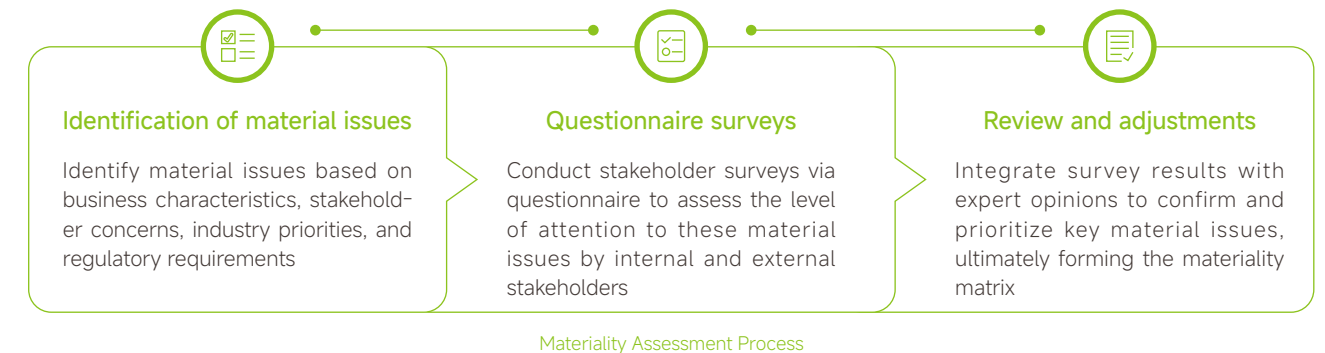
Stakeholder Communication

Lygend Resources consistently prioritizes the needs and feedback of its stakeholders. The Company actively expands communication channels with stakeholders, continuously refining a diversified and institutionalized communication framework to ensure timely and effective responses to stakeholder concerns. By fostering mutual benefit and win-win outcomes, Lygend Resources aims to strengthen its relationships with all stakeholders. Our communication with stakeholders is as follows:

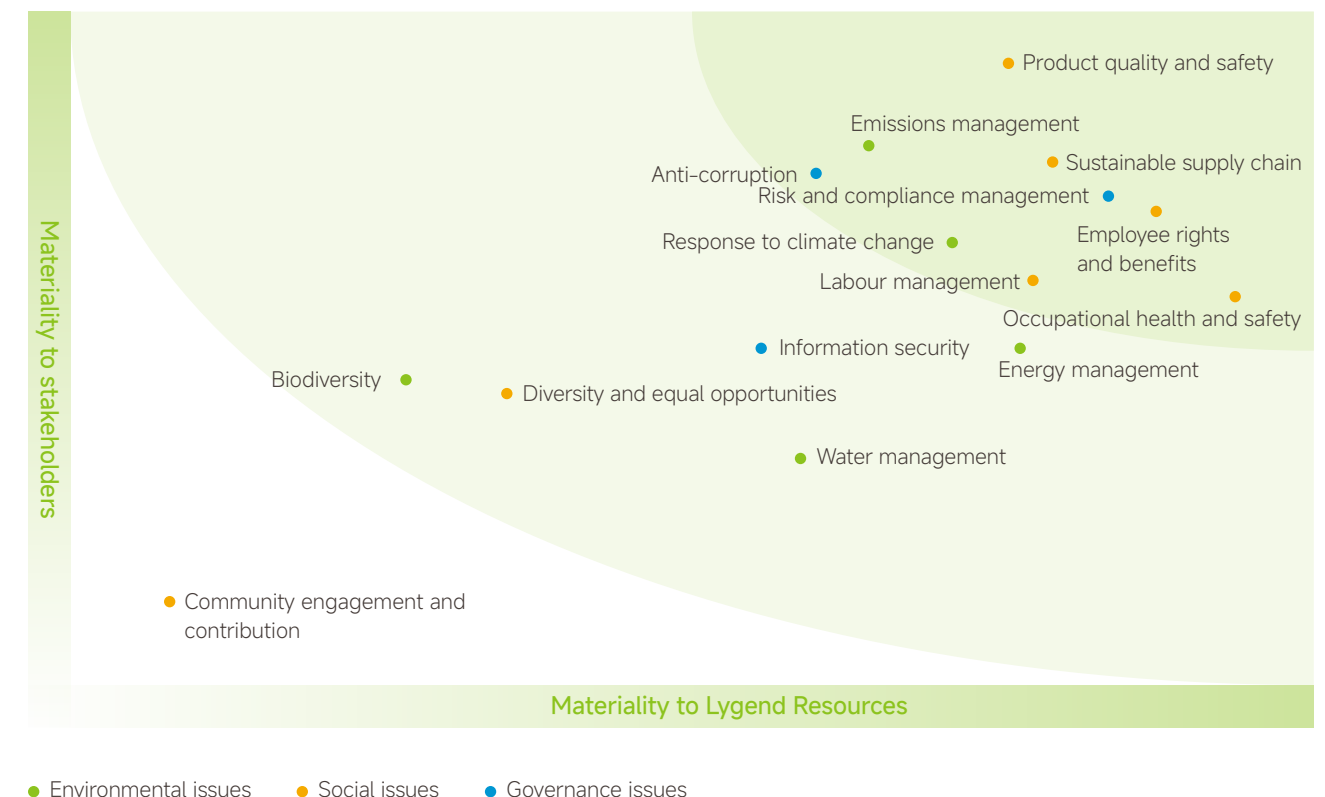
Stakeholders	Issues of Interest	Main Communication Channels
 Employees	<ul style="list-style-type: none"> Labour management Occupational health and safety Employee rights and benefits Diversity and equal opportunity Anti-corruption 	<ul style="list-style-type: none"> Employee activities Training programmes Performance appraisal Employee satisfaction surveys Internal communication platforms Internal emails Safety drills
 Customers	<ul style="list-style-type: none"> Product quality & safety Sustainable supply chain Response to climate change 	<ul style="list-style-type: none"> Company website Official announcements Emails and customer service hotline
 Investors	<ul style="list-style-type: none"> Anti-corruption Risk and compliance management Energy management Emissions management Water resource management 	<ul style="list-style-type: none"> Shareholders' meetings Announcements and circulars Earnings briefings Company website Roadshows and reverse roadshows Investor hotline and email
 Suppliers and business partners	<ul style="list-style-type: none"> Sustainable supply chain Product quality and safety Emissions management 	<ul style="list-style-type: none"> Site visits Supplier evaluation Supplier guidance Business conferences Meetings
 Government departments and regulatory authorities	<ul style="list-style-type: none"> Response to climate change Energy management Emissions management Water resource management Risk and compliance management Anti-corruption Biodiversity 	<ul style="list-style-type: none"> Official correspondence Information disclosures Meetings Site visits
 Public and Community	<ul style="list-style-type: none"> Community engagement and contributions Biodiversity 	<ul style="list-style-type: none"> Information disclosures Exchanges and mutual visits Media interviews Charity and public welfare activities

Materiality Analysis

To clarify the priorities for sustainable development and efficiently advance ESG governance, Lygend Resources regularly conducts the identification and analysis of material issues and continuously assesses the level of stakeholder concern regarding these issues. Based on the Company's business characters, stakeholder communication outcomes, and the industry's material issues as rated by the capital market, Lygend Resources has organized and established an ESG issues database. Through questionnaire surveys, the Company has determined the internal and external materiality levels of these issues.



During the Reporting Period, Lygend Resources considered multiple factors, including stakeholder concerns, capital market focus, and business characters, while also reviewing the material issues from the previous year. As a result, the Company identified and summarized 9 highly material issues, 5 moderately material issues, and 1 lowly material issue, forming the materiality matrix. Based on this matrix, the Company has disclosed the corresponding performance and outcomes in The Report to address stakeholder concerns.



02



Responsible Governance towards Robust Sustainability

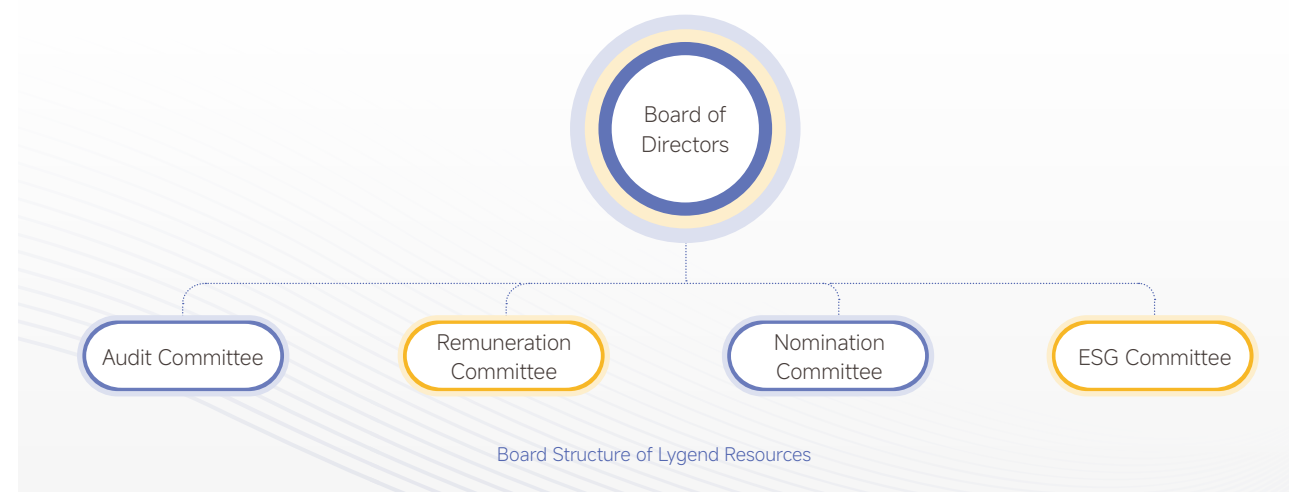
A robust corporate governance system is key to ensuring that the Company maintains its vitality in a complex and ever-changing market environment. Lygend Resources adheres to scientific decision-making, a united leadership team, efficient risk management, stringent internal controls, a compliant operating model, and transparent information disclosure, all in line with the core corporate concept of "power and excellence, always without limits". While pursuing economic benefits, the Company actively fulfills its social responsibilities, is committed to sustainable development, and continuously optimizes its governance structure to enhance the overall governance level, laying a solid foundation for creating long-term value.



Corporate Governance

In adherence to the concept of responsible governance, Lygend Resources strictly complies with laws and regulations such as the "Company Law of the People's Republic of China" and the Listing Rules, and has established a comprehensive corporate governance system, including the "Articles of Association", "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board of Directors' Meetings", and "Rules of Procedure for Board of Supervisors' Meetings", ensuring a transparent and coordinated corporate governance mechanism. Responsibility governance is implemented in operational processes.

The Board of Directors serves as the primary decision-making body, formulating basic business strategies and policies for business management and operations. The Board has four sub-committees, each with clearly defined responsibilities to oversee specific areas of the Company's affairs, ensuring the comprehensive protection of the interests of the Group and its shareholders.



Lygend Resources places great emphasis on the diversity and professionalism of its board members. The Company has established a "Board Diversity Policy". When selecting and recommending board candidates, the Company considers factors such as gender, age, cultural background, and professional experience, with the Nomination Committee reviewing and overseeing the implementation of board diversity. As of the end of the Reporting Period, the board consisted of 9 directors, including 2 female directors. The board members have extensive industry experience and expertise in areas such as overall management and strategic development, finance and accounting, policy research and corporate governance, and metal production and trade, increasing the Company's decision-making level from a comprehensive and scientific perspective.

During the Reporting Period, the Board of Directors focused on scientific decision-making and the Company's high-quality development. To achieve this, the Company established a pre-meeting communication mechanism to facilitate efficient communication of proposals, allowing for the full consideration of directors' opinions and suggestions, thereby improving meeting efficiency and the scientific nature of decision-making.

In addition, the Board actively paid attention to the rights and needs of stakeholders, including shareholders and customers, with a focus on the Company's green development. In terms of decision-making, the Board emphasized strengthening environmental protection and resource conservation efforts, driving the Company toward a greener, low-carbon, and sustainable direction.

During the Reporting Period

Lygend Resources held

6

board meetings

3

shareholders' meetings



Information Disclosure and Investor Relations Management

During the Reporting Period

The Company completed

6

sets of regular reports in both Chinese and English

4

performance announcements in both languages

140

daily announcements in both languages



Lygend Resources attaches great importance to investor relations management and is committed to building transparent and efficient communication channels, providing comprehensive, transparent, and accurate information to all stakeholders. The Company strictly complies with laws and regulations such as the "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited", the "Administrative Measures for Information Disclosure of Listed Company", and the "Securities and Futures Ordinance", as well as internal policies and systems such as the "Articles of Association", "Related Party Transaction Decision-Making Rules", and "External Guarantee Management Rules", to ensure the comparability and reliability of disclosed information and provide investors with a basis for decision-making.

Lygend Resources has established multiple and efficient channels for communication with stakeholders to ensure the Company's continuous progress. The Company fully utilizes social media, the official website, and other channels to expand interaction with investors, enhancing the accessibility and interactivity of information. In addition to online channels, the Company regularly holds performance briefings, investor communication meetings, and other events to timely communicate the Company's business updates and strategic plans, actively responding to market concerns. During the Reporting Period, the Company held one annual performance briefing and conducted 42 investor company internal surveys and external exchanges.

To ensure the transparency and accuracy of the communication system, Lygend Resources has established an announcement review mechanism to ensure that each announcement undergoes strict scrutiny. The Company has also built a comprehensive library of announcement writing templates to improve the efficiency and standardization of information disclosure. For information not covered in official announcements, the Company has set up corresponding disclosure review mechanisms to ensure the comprehensiveness and accuracy of the disclosed information, safeguarding the right of investors to be informed. During the Reporting Period, the Company completed six sets of regular reports in both Chinese and English, four performance announcements in both languages and 140 daily announcements in both languages.

In the future, Lygend Resources will continue to optimize its investor relations management mechanisms and information disclosure processes, polish the Company's market image, increase brand value, and share growth value with all stakeholders.



Internal Control and Risk Management

Lygend Resources views risk control and internal auditing as the cornerstone of the Company's stable development. Relying on internal systems such as the "Risk Management Manual" and "Risk Management Rules", the Company advances the integration and optimization of risk reviews and response strategies, comprehensively improving its compliance and risk management capabilities. During the Reporting Period, the Company updated the Group's "Internal Control Manual" and completed the finalized version of the "Internal Control Manual" for the hydrometallurgical High-pressure Acid Leaching (HPAL) project and the pyrometallurgical Rotary Kiln Electric Furnace (RKEF) project.

Risk Management Framework

To enable sound risk management, Lygend Resources has established a comprehensive risk management framework, with the Board of Directors as the highest decision-making and supervisory body. The framework consists of the "Board of Directors - Audit Committee - Executive Management Team - Risk Control and Legal Department - All Departments", supported by an efficient reporting mechanism to ensure effective collaboration at all levels and enhance the Company's ability to prevent, identify, and respond to risks.

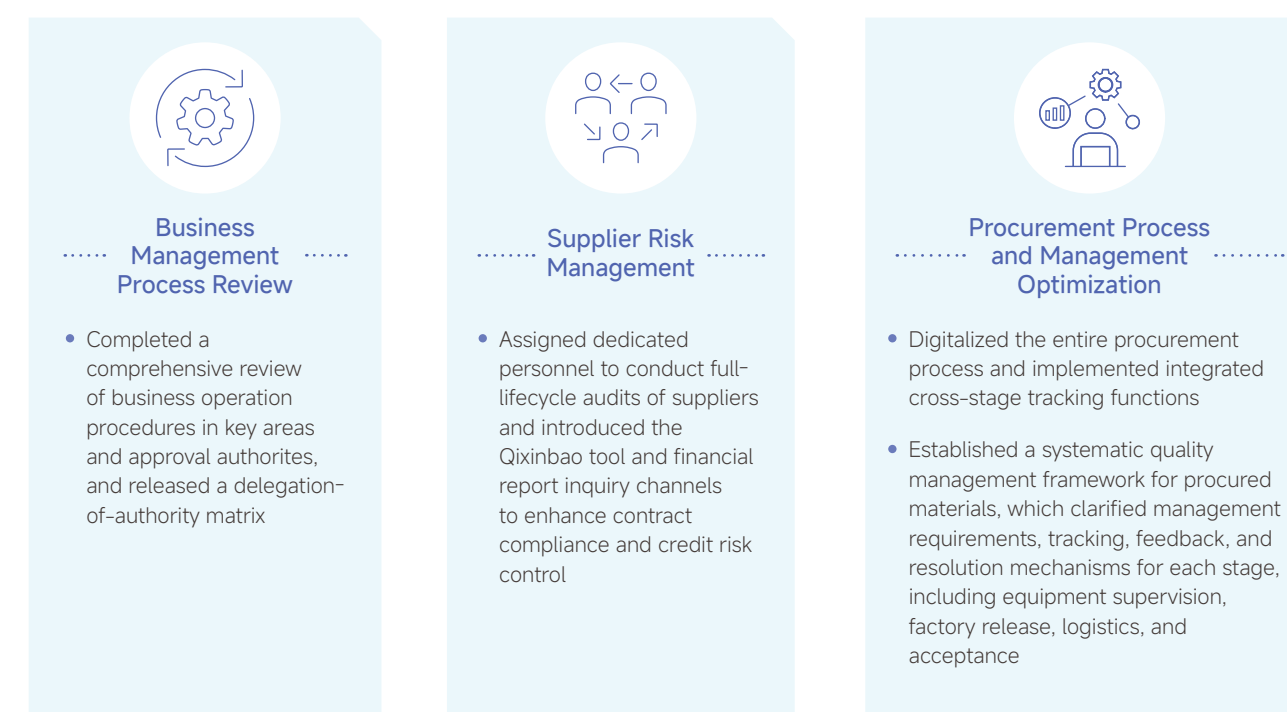


Risk Management Framework of Lygend Resources

Risk Management and Internal Control Measures

To comprehensively enhance the Company's risk prevention and control capabilities, Lygend Resources regularly conducts comprehensive risk identification exercises, identifies and reports significant risks to ensure timely response and prevention, and conducts regular internal control inspections for each subsidiary. Any internal control deficiencies are promptly addressed and rectified through a closed-loop process, effectively strengthening the Company's risk management and control capabilities.

The Company continues to refine its risk management procedures to ensure the timely identification, accurate assessment, and effective response to various internal and external risks. During the Reporting Period, Lygend Resources implemented a series of practical and effective risk management measures, significantly enhancing its risk response capabilities and providing strong support for sustainable corporate development.



To strengthen employees' risk awareness and compliance capabilities, Lygend Resources regularly conducts risk management training programs. During the Reporting Period, the Company held 11 risk and internal control training sessions for new employees, enhancing their ability to identify risk events, build standardized processes, and apply best practices. This initiative further consolidates the Company's overall risk prevention and control framework while reinforcing standardized business processes.

Business Ethics

Lygend Resources is committed to conducting lawful, ethical, and responsible operations while fostering an environment of integrity and mutual success. The Company strictly complies with anti-bribery laws and regulations, including the "Criminal Law of the People's Republic of China", the "Civil Code of the People's Republic of China", and the "Interim Provisions on Prohibiting Commercial Bribery". In addition, it has established internal policies such as the "Audit and Supervision Rules", the "Employee Gift Management Rules", and the "Employee Handbook", resolutely opposing and prohibiting all forms of corruption. Likewise, HPL has formulated the "Code of Ethics and Conduct" and the "Anti-Bribery/Gratification, Corruption and Money Laundering Policy", striving to cultivate a corporate culture of integrity and honesty.

Furthermore, Lygend Resources strictly adheres to the "Anti-Unfair Competition Law of the People's Republic of China" and other relevant regulations, ensuring fairness, honesty, and credibility in market activities, maintaining sound market competition, and safeguarding the legitimate rights and interests of consumers and other business operators. During the Reporting Period, there were also no legal proceedings regarding anti-unfair competition brought against the Company.

Anti-Fraud Management Framework

To ensure the continuous and effective advancement of integrity and compliance efforts, Lygend Resources has established an anti-fraud management framework. The Audit and Supervision Department serves as the regulatory enforcement body for anti-fraud initiatives under the leadership of the Board of Directors and the Audit Committee. Adhering to the principle of "combining prevention and punishment, with a focus on prevention", the department collaborates with all business units to jointly promote corporate integrity and compliance. During the Reporting Period, the Company conducted a total of four anti-corruption training sessions for employees, covering topics such as identifying and reporting improper conduct. The company has also provided trainings to the directors on the relevant Listing Rules, including the "Corporate Governance Code" outlined in Appendix C1 of the Listing Rules, as well as anti-corruption matters.

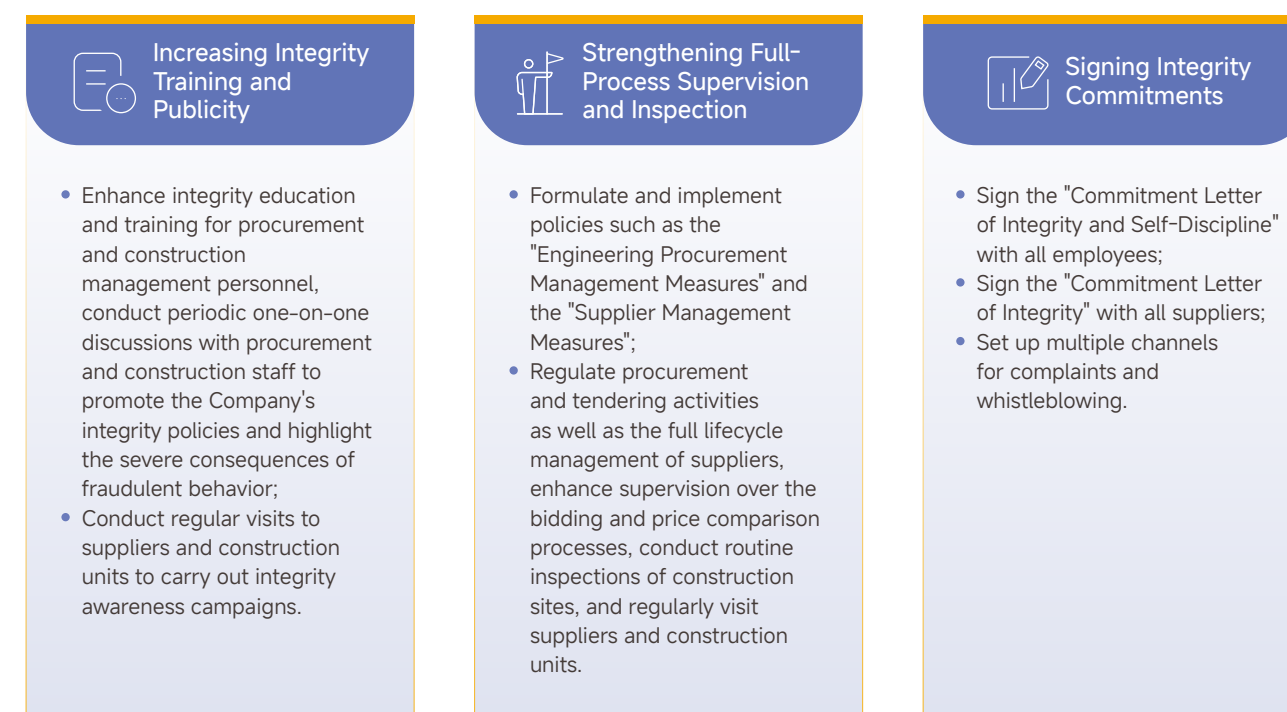


Risk Assessment of Commercial Bribery and Corruption

Lygend Resources conducts risk assessments on commercial bribery and corruption by referring to "ISO 37001:2016 Anti-Bribery Management Systems - Requirements with Guidance for Use", establishing an effective mechanism for prevention, detection, and response to ensure clean business operations and safeguarding corporate reputation and competitiveness.

During the Reporting Period, the Company assessed multiple aspects, including its anti-bribery policies, leadership commitment and support, employee training, internal and external communication mechanisms regarding anti-bribery, and its reporting and investigation procedures. Through an evaluation of bribery risks in core business processes, procurement and construction projects were identified as high-risk areas. Given the high probability and significant impact of fraudulent activities in procurement and construction, the Company has implemented a series of preventive and responsive measures.

During the Reporting Period, there were no concluded legal proceedings regarding corrupt practices brought against the Group or its employees.



Whistleblowing and Whistleblower Protection

Lygend Resources has established a compliance management and whistleblower supervision mechanism to encourage all stakeholders to report or file complaints regarding any company violations through publicly available reporting channels. The Company promptly investigates and addresses reported concerns in adherence to relevant regulations. Our "Complaints and Reporting Measures" set out misconducts such as bribery, corruption, and fraudulent practices and established a comprehensive whistleblowing process along with a protection mechanism for whistleblowers.

Lygend Resources provides multiple open reporting channels, including email, telephone, WeChat, website, and mailboxes, ensuring transparency and accessibility of its whistleblowing policies and procedures. After receiving the report, the Audit and Supervision Department will verify the facts in the report, organize investigation staff to look into the case, complete the investigation report within three months, and report to the Audit Committee. To enhance transparency and accessibility, the Company prominently displays information about its reporting channels in tender documents, procurement contracts, onboarding training materials, the Company website, office areas, production facilities, dormitories, and cafeterias.

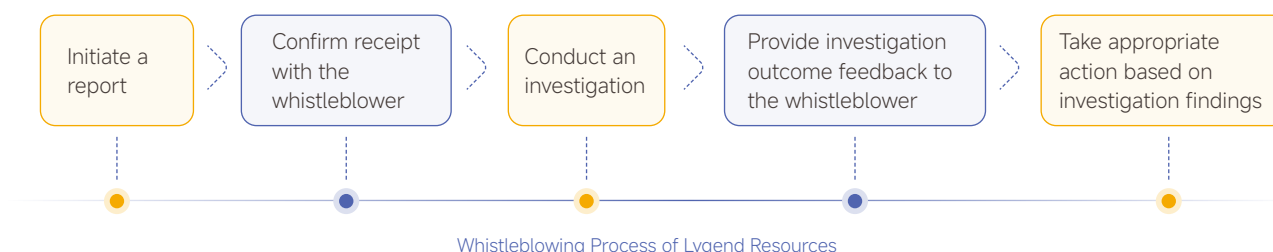
Lygend Resources' Public Whistleblowing Channels

Whistleblowing Hotline, QQ, WeChat: 18658231930

Whistleblowing Email: shenji@lygend.com

Whistleblowing Website: [Lygend Resources & Technology Co., Ltd. Official Website - Integrity Whistleblowing](https://open.lygend.com/tipoff/#/tipoffLogin)⁴

Whistleblowing Mailbox: Audit and Supervision Department, 6th Floor, Building C10, R&D Park, 299 Guanghua Road, Yinzhou District, Ningbo, Zhejiang Province, China



Lygend Resources has established a robust whistleblower protection mechanism, explicitly restricting access to reporting-related information to authorized personnel only. The Company is firmly committed to safeguarding whistleblowers' personal information and physical security. The Audit and Supervision Department, as the sole authorized anti-fraud investigation body, reports directly to the Chairman and the Audit Committee, ensuring the independence, objectivity, and confidentiality of whistleblower handling and investigations. Prioritizing confidentiality, the department strictly enforces access control protocols and procedures to guarantee the absolute security of whistleblower identities and report details. Any form of retaliation is strictly prohibited, and any violations will be dealt with in accordance with legal and regulatory requirements. For suppliers and partners who proactively report issues, the Company offers immunity and additional rewards. Real-name reporting is highly encouraged to facilitate the swift and effective resolution of corruption issues, with corresponding rewards granted based on the investigation results.

Information Security

Lygend Resources places great emphasis on information security, strictly adhering to relevant laws and regulations and considering information security as the foundation of its business operations. The Company has established multiple internal policies related to information security management, including "Asset Management Measures", "Project Management Measures", and "Demand Management Measures". During the Reporting Period, two new systems, the "IT Operations and Maintenance Management System" and the "Data Security Management System", were introduced, while the "Demand Management Measures" were revised to clarify regulatory requirements for testing and software releases. No incidents of non-compliance with information security laws or regulations resulting in penalties from regulatory authorities occurred during the Reporting Period.

In addition, to protect customer privacy and prevent data loss or leakage, Lygend Resources has implemented the "Network System Management Measures", regularly conducting maintenance on both system software and hardware, as well as ensuring proper data backup. Access control is established for critical data, with designated personnel responsible for password management and periodic password changes. The "Network System Management Measures" also specify that employees are not authorized to exceed their access rights to view content within the information system, nor are they allowed to transfer or borrow computers containing confidential company information for purposes beyond work needs.

As the information landscape grows increasingly complex and threats to data security continue to rise, Lygend Resources has taken proactive measures to safeguard information and data security. During the Reporting Period, the Company deployed a bastion host system to isolate and audit access to production-area servers, enabling effective monitoring of server operations, fine-grained permission management, and comprehensive logging of all operational activities. This initiative has significantly enhanced system security and compliance. Moreover, the Company has implemented a unified identity and access management system (IAM) for global oversight of employee information system accounts. This system ensures centralized account issuance across multiple platforms, synchronizes accounts with employees' employment status, and enforces a uniform password policy with mandatory periodic password changes, thereby enhancing account security.

To uphold the highest standards of information security compliance, Lygend Resources commissioned a professional third-party agency to conduct a comprehensive vulnerability scan during the Reporting Period, identifying three security risks. In response, the Company swiftly assembled a remediation team, achieving a 100% resolution rate through efficient execution, reinforcing its information security defense framework. Furthermore, the Company provides information security training to all new employees to ensure they adhere to information security guidelines in their subsequent work, thereby safeguarding the Company's information security.

During the Reporting Period

Identifying
3
security risks

Achieving a
100%
resolution rate through
efficient execution

⁴ Link of Lygend Resources' Whistleblowing Website: <https://open.lygend.com/tipoff/#/tipoffLogin>.

03



Excellence Pursuit through Resources Revitalization

Guided by the principle of high-quality development, Legend Resources regards product quality as the foundation of its existence and growth. The Company has established a rigorous quality management system, striving to deliver premium products while effectively managing supplier partnerships to ensure a stable and reliable supply chain. Upholding a customer-centric approach, we continuously enhance our service experiences. Additionally, the Company actively engages in industry collaborations to boost technological innovation capabilities and drive innovative and coordinated industry development.



Product Responsibility

Lygend Resources views product quality as the cornerstone of its development, dedicated to creating products of superior quality, higher efficiency, and stronger competitiveness. The Company strictly complies with the "Product Quality Law of the People's Republic of China", the "Trademark Law of the People's Republic of China", the "Implementation Rules of the Patent Law of the People's Republic of China", the "Patent Law of the People's Republic of China", and the "Implementation Rules for the Registration of National Top-Level Domains" and other relevant regulations, implementing internal policies such as the "Product Quality Inspection Management Measures" to strengthen quality control throughout the production process, ensuring outstanding product reliability for customers. During the Reporting Period, the Company recorded no major product quality incidents and did not recall any sold or shipped products due to safety or health concerns.

Quality Management System

Lygend Resources has established a comprehensive quality management system encompassing quality standards, testing methods, and quality evaluations. By the end of the Reporting Period, Lygend Resources and its subsidiaries - Jiangsu Wisdom, Xi'an Pengyuan, and HPL - all obtained ISO 9001 quality management system certification.



To ensure the standardization, scientific rigor, effectiveness, and comprehensiveness of the quality inspection process, the Company has established a sound set of quality inspection rules and regulations. It actively participates in quality inspection and assessments across five key stages in the whole process: raw material procurement, production and processing, semi-finished product inspection, finished product testing, and shipment.



Quality Inspection Rules and Regulations

If the Company discovers products that do not meet standards, it will recall the products in accordance with laws and regulations, conduct further investigations to determine the cause of non-compliance, and handle the recalled products in a centralized manner. We will also discuss case-by-case solutions with customers, including refunds or product recalls.

Quality Culture Development

Raising employees' sense of responsibility is key to further improving the Company's quality management standards. Lygend Resources places great emphasis on fostering employees' awareness of quality responsibility. During the Reporting Period, the Company regularly conducted quality-related training for employees, embedding quality awareness deeply into their professional mindset. This initiative translates into concrete actions in their daily work, laying a solid foundation for the Company's long-term development.

Specialized Training for Inspectors

To meet the needs of inspectors in areas such as laboratory operations, instrument usage, and data processing, the Company has developed a comprehensive training program. A combination of centralized training and on-site practice is adopted, with theoretical training held monthly and practical sessions conducted in phases. The training effectiveness is assessed through hands-on operational evaluations and written examinations. This training has significantly enhanced inspectors' professional expertise and operational skills, ensuring the accuracy and reliability of laboratory results.



Specialized Training for Inspectors

Innovation-driven Development

Lygend Resources regards technological innovation and R&D as the core driving forces of corporate development, formulating clear and forward-looking R&D strategies and objectives. By continuously investing in research and strengthening technological innovation, the Company has made substantial progress in advancing industry technology.

R&D Achievements

Amidst the era of innovation-driven development, Lygend Resources remains committed to leveraging technological innovation to drive industrial progress, focusing on both resource utilization and environmental protection. To unlock the full potential of resources and achieve green, sustainable development, the Company initiated multiple cutting-edge process optimization and enhancement R&D projects during the Reporting Period. Through continuous exploration and practice, Lygend Resources is using technological innovation as an engine to propel the industry toward a greener, more efficient, and sustainable future.

High-value Utilization of Valuable Metals in Wet Smelting Process of Nickel Laterite Ore

With the orientation of "resource recycling and high value utilization", Lygend Resources gives full play to the supporting advantages of the industrial chain and carries out research on the high-value utilization of valuable metals (except nickel and cobalt) in wet smelting process of laterite nickel ore, and realizes the valuable recycling and utilization of multi-metal resources on the basis of the recovery rate of nickel and cobalt through technological innovation, technological coupling and industrial chain synergism. There efforts realize the valuable recycling and utilization of various metal resources, and achieve the unification of resourceful, environmental and economic benefits of wet smelting of nickel laterite ore.

Resource Utilization of High-Pressure Acid Leach Residue from Laterite Nickel Ore

In response to the challenges posed by the large annual output and land occupation of high-pressure acid leach (HPAL) residue from laterite nickel ore, the Company launched a research project to recover iron and other valuable elements from the residue through technology, achieving comprehensive resource utilization. The team conducted in-depth research on key challenges of the project and successfully resolved the technical difficulties in the leach residue treatment process by optimizing various parameters and implementing other measures. This innovation significantly reduces production costs and energy consumption, enhances product quality, and effectively improves the ecological environment.

R&D Center Development

Based on the Company's needs for technological innovation, comprehensive resource recycling and equipment upgrading, Lygend Resources makes unremitting efforts to optimize the R&D system and improve the construction of experimental platform. Firstly, we focus on the research and development of advanced new materials and green smelting process, actively making preparation for the construction of Ningbo R&D Center. The center house both hydrometallurgical and pyrometallurgical laboratories, a mineral processing laboratory, metallurgy laboratory, new materials laboratory, as well as an analytical testing center. The R&D efforts will span the entire value chain, including resource evaluation, mining, beneficiation, metallurgy, chemistry, materials, environmental protection, and the comprehensive utilization of resources. Secondly, we focus on optimizing and upgrading the production process, and continue to improve the construction of pilot test and industrial experimental platform of the R&D center, so as to achieve the full process coverage of the R&D work from small pilot test research to pilot test and industrial transformation, as well as the domestic and international R&D and industrial transformation. This will support the Company's transformation from a "resource dependent" model to one that is "resource- and technology-driven", driving industry advancement.



R&D Center

Cooperation and Communication

In the journey of exploring the utilization of resources and technological innovation, Lygend Resources remains committed to shared development with the industry, and actively carries out in-depth exchanges with partners to discuss the cutting-edge technology and help the whole industry to move towards a higher stage of development. In partnerships with The China ENFI Engineering Co., Ltd., Xi'an University of Architecture and Technology and other domestic famous research institutes or research organizations, Lygend Resources has carried out in-depth exploration of the tailing disposal for wet-process projects, and carried out specialized research on the process and technology for transforming the wet tailings into resources.

Intellectual Property Protection

Lygend Resources places great importance on intellectual property protection and has established a comprehensive policy system for its protection. The Company has formulated the "Patent Management Policy" and strictly follows them for patent management. These measures outline the scope of applicable patents, division of responsibilities, application content, value assessment, information utilization, protection and maintenance, rewards, and penalties for violations.

Lygend Resources is committed to creating a dynamic, exploratory atmosphere of innovation. To inspire employees' creative thinking and promote technological progress, the Company has clearly defined a patent reward mechanism in the "Patent Management Policy". As of the end of the Reporting Period, 14 employees received patent rewards. With the expansion of business scale and continuous increase in patents, the Company plans to establish the "Intellectual Property Reward System" in 2025, further constructing a systematic patent reward mechanism.

The Company adheres to the principle of respecting others' intellectual property while protecting its own. It collaborates with professional patent agencies to apply for and register patents promptly to safeguard its intellectual property achievements. During the Reporting Period, the Company actively promotes intellectual property protection by regularly conducting patent training to enhance employees' awareness of intellectual property, strengthen patent discovery and layout capabilities, and comprehensively improve the Company's technological innovation and intellectual property protection standards.

Patent Training Session of Lygend Resources

In April 2024, Lygend Resources successfully held a patent training session with 37 technical employees from various teams in attendance. The training focused on basic patent knowledge, writing technical disclosure documents, and patent discovery and layout, aiming to enhance employees' understanding and application of patents and laying a solid foundation for the Company's R&D and innovation.



Sustainable Supply Chain

Lygend Resources takes practical steps to improve the sustainability of its supply chain, continually optimizing its supplier management system and assessing and reducing supply chain risks. In addition, the Company actively promotes the construction of a sustainable supply chain, helping and empowering suppliers to achieve mutual growth and win-win cooperation.

2024

Mainland China and Hong Kong, Macau, Taiwan
(Hong Kong, Macau, Taiwan)⁵

394

Indonesia⁵

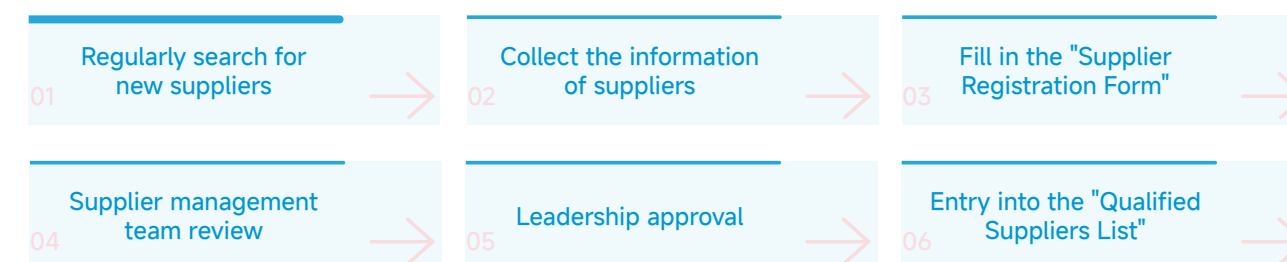
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Other Overseas Regions⁵

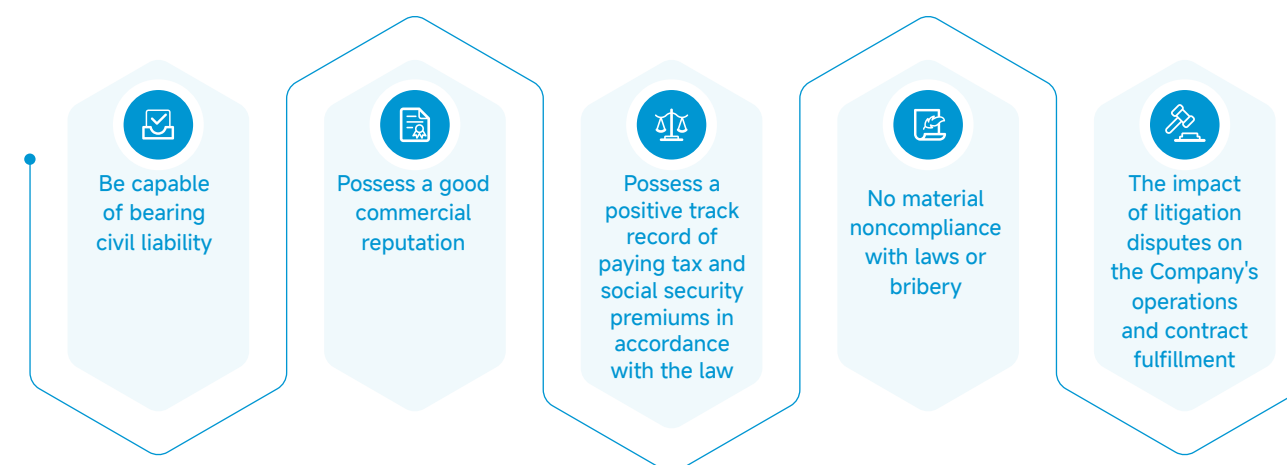
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Supplier Management

In supplier management practices, Lygend Resources strictly adheres to laws and regulations such as the "Bidding and Tendering Law of the People's Republic of China" and the "Regulations on the Implementation of the Bidding and Tendering Law of the People's Republic of China". The Company has specified the process and evaluation criteria for selecting and assessing suppliers, as well as the overall supplier management mechanism in the "Supplier Management Measures".



Supplier Screening and Evaluation Process of Lygend Resources



Supplier Evaluation Elements of Lygend Resources

⁵ The number of suppliers covers the Group in this Report.

The Company conducts annual evaluations of qualified suppliers based on needs and manages them comprehensively according to the assessment evaluations. The evaluation criteria cover operating situations, financial capabilities, quality standards, contract fulfillment, delivery capabilities, after-sales service, price levels, and credit status.

Lygend Resources continuously improves its supplier management system during operations. During the Reporting Period, the Company refined its supplier management system by analyzing historical supplier management elements and aligning them with current requirements. The system now includes six modules: supplier sourcing, supplier access, supplier shortlisting, supplier quality management, supplier performance management, and supplier restriction/elimination, achieving a closed-loop supplier management process.



Comprehensive Improvement of Lygend Resources' Supplier Management System

Promoting a Sustainable Supply Chain

Lygend Resources is committed to strengthening the construction of a sustainable supply chain, aiming to build an economic, safe, efficient, and stable supply structure. In the procurement contracts signed with raw material suppliers, the Company clearly outlines expectations for suppliers' practices in various dimensions, including business ethics, absence of improper benefit transfer, fair competition, regulatory compliance, quality and service, labour protection, safety, and data and privacy protection, ensuring continuous improvement in the sustainability of the supply chain. Furthermore, the Company tends to prioritize suppliers with environmental certifications during the procurement process to promote the development of a green supply chain.

Lygend Resources also focuses on the stability of the supply chain. In all operational locations, the Company sets up alternative suppliers for key raw materials and actively advances the localization of supply sources, ensuring the continuity and efficiency of production activities in the event of disruptions, thereby effectively reducing risks and ensuring stable product supply. During the Reporting Period, the Company signed multiple procurement agreements and established long-term partnerships with several high-quality suppliers, further enhancing the resilience and reliability of the supply chain.

Due Diligence Management in the Mineral Supply Chain

Lygend Resources actively practices ethical procurement, committing to not using minerals such as nickel, cobalt, manganese, lithium, graphite, mica, copper, and aluminum sourced from conflict areas. The Company firmly opposes any actions that harm the environment, violate human rights, fuel armed conflicts, or contravene business ethics. The Company maintains close cooperation with partners across the supply chain to ensure that no conflict-sourced minerals are present, while also jointly promoting sustainable procurement practices to build a greener, fairer, and more ethical supply chain system.

Lygend Resources adheres to the "Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains" and the "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas", among other regulatory standards, and has established a comprehensive responsible mineral due diligence management system. The Company has set up a clear responsible mineral supply chain due diligence management process, continually strengthening the management of the mineral resources supply chain. For internal employees, the Company requires them to participate in responsible supply chain due diligence management training upon joining in relevant areas.

In addition, Lygend Resources continues to advance due diligence audits for responsible mineral supply chains to promptly identify suppliers involved in serious issues such as child labour, inhumane treatment, forced labour, armed conflicts, and environmental destruction, thereby proactively managing and reducing sustainability risks in the supply chain. During the Reporting Period, the subsidiary HPL conducted due diligence on nickel and cobalt mines in the supply chain, successfully obtaining the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP) certification, marking the Company's attainment of international leading standards in mineral supply chain management. At the same time, the Company's partner PT Trimegah Bangun Persada (TBP) is also actively advancing the Initiative for Responsible Mining Assurance (IRMA) process, contributing to the sustainable development and compliance of the supply chain.

In addition to improving its management, Lygend Resources actively communicates the concept of sustainable development to suppliers, aiming to enhance the mineral supply chain's due diligence management capacity.



HPL Nickel Mine RMI RMAP Certification



HPL Cobalt Mine RMI RMAP Certification

Supplier Empowerment

While strengthening the construction of the supply chain system, Lygend Resources has established smooth communication and cooperation channels for suppliers, assisting them in achieving technological breakthroughs and improving their competitiveness, thereby achieving mutual benefits and a win-win situation. During the Reporting Period, the Company held more than 30 meetings with senior executives from visiting suppliers.

Assisting Suppliers in Overcoming Challenges in Large Reactor Manufacturing

In the hydrometallurgical Phase III project, suppliers were first tasked with the unprecedented manufacturing of large titanium composite plate reactors. Facing complex technical challenges, suppliers lacked experience in the process of casing closure assembly. The Lygend Resources quality team leader, with extensive reactor supervision and installation experience, worked closely with the supplier's on-site inspection personnel, reviewing and sharing mature process solutions from previous projects. Ultimately, through detailed communication on the tooling, steps, and inspection criteria of the closure process, the Company helped the supplier overcome technical difficulties and successfully manufactured two high-pressure reactors, showcasing the Company's expertise in complex equipment manufacturing.

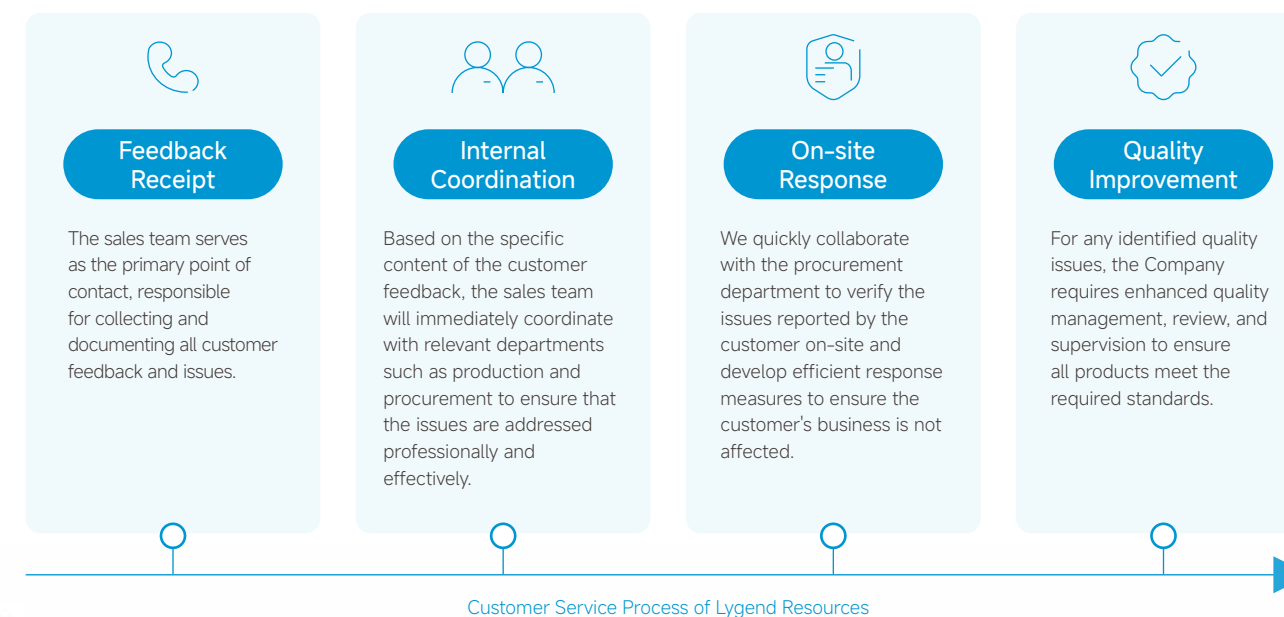
Leading the Technological Innovation of Suppliers' High-Pressure Reactor Processes

In the hydrometallurgical Phase III project, Lygend Resources' technical and quality experts were deeply involved in the suppliers' process improvement, engaging in multiple rounds of detailed communication regarding the high-pressure reactor manufacturing process. Regarding technical details in areas such as casing segmentation, head forming, and titanium composite layer welding, the Company's experts proposed several improvement measures, including mold-based temperature-controlled grinding and surface cleaning to optimize head quality control, and techniques for improving titanium composite layer peeling and welding. These recommendations significantly enhanced the suppliers' capability in manufacturing ultra-thick large composite plate pressure vessels, ensuring the smooth progress of the project and demonstrating Lygend Resources' active role in promoting supplier process innovation and technological upgrades.

Quality Customer Service

Lygend Resources always regards customer service as one of the core values of its operations. While providing high-quality products and standardized services, the Company also consistently focuses on protecting customer rights and interests. The Company has established efficient, transparent, and diversified customer communication channels, and has developed a customer service process to ensure that customer needs and expectations are responded to and met in a timely and precise manner. The Company promptly follows up on and addresses any complaints regarding products and/or services, conducts thorough investigations, and takes appropriate actions based on the findings.

During the Reporting Period, the Company did not receive any complaints regarding products and/or services.



04



Low-carbon Leadership for a Green Future

Lygend Resources has always adhered to the sustainable development philosophy of "green development and harmonious coexistence". The Company consistently improves its environmental management system, strengthens pollutant control, and reduces the environmental impact of its operations. It has established a climate governance framework, focusing on the efficient use of resources and the protection of natural ecosystems. Through practical actions, the Company actively addresses climate change and strives tirelessly to build a better home for humanity.



Environmental Management System

Lygend Resources strictly adheres to the relevant environmental management and protection laws and regulations of the operating locations and requires each production unit to establish a comprehensive environmental management system in adherence to local regulations to ensure that the environmental management processes and systems are legal and compliant. The Company has developed and implemented the "Environmental Management Policy" that outlines the management guidelines and principles for key issues such as emissions and pollutant management, resource usage, and ecological protection, providing effective guidance for advancing environmental management efforts. Additionally, each subsidiary has established an environmental management system consistent with the Company's environmental management requirements based on the applicable laws and regulations of the operating location, thereby laying a solid foundation for environmental protection and sustainable development.

The environmental protection regulations followed by the Group at each operating location include, but are not limited to:

Mainland China	"Environmental Protection Law of the People's Republic of China"
Indonesia	"Law No. 32 of 2009 on Environmental Protection and Management of the Republic of Indonesia" "Government Regulation No. 22 of 2021 on the Implementation of Environmental Protection and Management of the Republic of Indonesia" "Regulation No. 5 of 2021 on Procedures for Issuing Technical Approvals and Operational Compliance Licenses in the Field of Environmental Pollution Control of the Ministry of Environment and Forestry of the Republic of Indonesia"

Lygend Resources, based on its business characteristics, has established long-term environmental management goals across four key dimensions: emissions, energy use, resource use, and carbon emissions. This strategy clarifies the focus and direction of environmental efforts, supporting the realization of a long-term vision for sustainable development.

Emissions

Optimize production processes and strengthen source control of pollutants to achieve continuous reduction in the emission of various pollutants, and promote the classification and recycling of waste and its efficient utilization to minimize the environmental impact of waste to the greatest extent.

Energy usage

Actively explore and promote energy-saving technologies and the application of renewable energy, reasonably plan the energy usage structure, and improve energy efficiency.

Resource Utilization

Accurately assess resource demands, optimize resource allocation, strengthen the conservation and management of water resources, raw materials, and other resources, and improve resource recycling efficiency.

Carbon emissions

Develop scientific and effective carbon reduction strategies, gradually improve carbon emission monitoring and accounting mechanisms, while increasing investment in low-carbon projects, and strive to reduce carbon emissions per unit of output.

Environmental Management Targets of Lygend Resources

Lygend Resources has consistently advanced the standardization of its environmental management system with high standards and strict requirements, ensuring the efficient operation of the entire environmental management process. As of the end of the Reporting Period, Lygend Resources and its subsidiaries -Jiangsu Wisdom, Xi'an Pengyuan, and HPL- all obtained ISO 14001 environmental management system certification.



During the Reporting Period, Lygend Resources did not experience any significant environmental violations and was not penalized by the relevant authorities as a result.



Emission and Waste Management

Lygend Resources has always regarded pollutant compliance management and standard emissions as an important baseline in environmental management. The Company strictly adheres to the local regulations and standards regarding pollutant emissions at its operational sites, and formulates corresponding management regulations and control procedures for different pollutants, ensuring compliance throughout the entire process from generation to discharge.

The emission regulations followed by Lygend Resources at its operational sites include but are not limited to:



	Mainland China	Indonesia
Wastewater	"Water Pollution Prevention and Control Law of the People's Republic of China"	"Technical Approval for Compliance with Wastewater Quality Standards Discharged into the Sea S.580/PPKL/PPKAL/PKL-1/12/2021" "Regulation on Domestic Wastewater Quality Standards No. P.68/Menlhk/Setjen/Kum.1/8/2016 of the Ministry of Environment and Forestry of the Republic of Indonesia"
Exhaust gas	"Atmospheric Pollution Prevention and Control Law of the People's Republic of China"	"Technical Approval for Compliance with Emission Quality Standards S.1945/PPKL/PPU/PKL 3-11/13/10/2024" "Regulation on Emission Quality Standards for Thermal Power Plants No. P.15/MENLHK/SETJEN/KUM.1/4/2019 of the Ministry of Environment and Forestry of the Republic of Indonesia"
Waste	"Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"	"Regulation No. 6 of 2021 on Procedures and Requirements for the Management of Hazardous and Toxic Waste of the Ministry of Environment and Forestry of the Republic of Indonesia" "Regulation No. 19 of 2021 on the Procedure for the Management of Non-Hazardous and Toxic Waste of the Minister of Environment and Forestry of the Republic of Indonesia"

Wastewater management

Lygend Resources has established a multi-dimensional management system and regulations for wastewater management across its production units. These regulations clearly define compliance management requirements for processes such as wastewater collection, diversion, centralized treatment, discharge, and monitoring, to continuously reduce the discharge of water pollutants. The subsidiary, Jiangsu Wisdom, has formulated the "Soil and Groundwater Hidden Hazard Investigation and Inspection System", while HPL has developed management documents such as the "Standard Operational Procedure - Management of Runoff" and the "Standard Operational Procedure - Water Pollution Control".

Lygend Resources has legally applied for and obtained pollutant discharge permits in compliance with local regulatory requirements and has implemented targeted treatment measures for wastewater from different sources and types to ensure compliance with discharge standards. For example, for wastewater in production generated by the HPAL hydrometallurgical process, a "neutralization + precipitation" chemical and physical method is used. The wastewater first enters a neutralization and adjustment pool for pH regulation, then flows into a sedimentation tank for solid-liquid separation to remove heavy metal pollutants, ensuring that the effluent meets discharge standards. Domestic wastewater generated during the operation of the production park is treated at a wastewater treatment station before entering a sedimentation tank, where multi-stage sedimentation treatment ensures the effluent meets discharge standards.

OBI Industrial Park Settling Pond



The OBI Industrial Park is equipped with 52 sedimentation ponds, covering an area of 43 hectares and capable of holding 924,000 cubic meters of water. These ponds are designed to ensure that the water discharged from production operations does not harm the surrounding environment. The discharged water is effectively sedimented in the sedimentation ponds and the water discharged into the water bodies meets Indonesia's national discharge standards through a regular and strict testing mechanism. To maintain the optimal functionality of the sedimentation ponds, the park's professional team carries out dredging when the sediment reaches 80% of the pond's capacity.

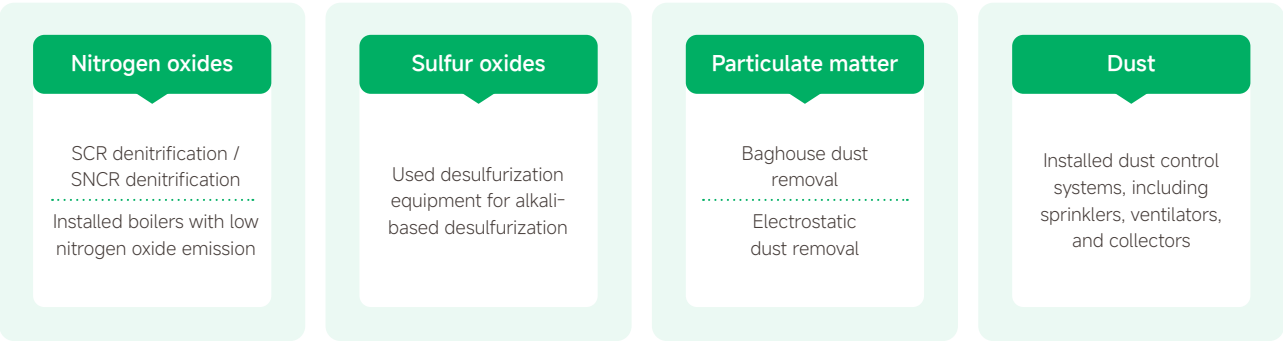
Lygend Resources has established strict testing standards for various water pollutants in wastewater and continuously ensures that wastewater parameters meet both internal and external regulatory requirements through regular self-inspections and third-party testing. For instance, HPL has built a comprehensive wastewater management system, operates three wastewater treatment plants, and classifies wastewater from the mining area, smelting area, office area, and domestic sewage for separate treatment. Methods such as sedimentation, recycling, and diversion are employed to ensure that the wastewater meets discharge standards. Additionally, HPL is connected to the real-time wastewater monitoring system of Indonesia's Ministry of Environment and Forestry and regularly commissions third-party laboratories for water quality testing. Key water quality parameters are continuously monitored to ensure that wastewater discharge complies with Indonesia's environmental protection regulations and further minimizes environmental impact.

Exhaust Gas Management

In terms of exhaust gas management, Lygend Resources relies on a system-based approach and continuously conducts compliant exhaust gas treatment, striving to reduce exhaust emissions sustainably through efficient and standardized treatment methods. Jiangsu Wisdom has specified exhaust gas management requirements in the "Three Wastes Management System" for the production process; Xi'an Pengyuan has developed and implemented the "Xi'an Pengyuan Self-Inspection Program" and "Environmental Protection Facility Management Measures"; HPL has formulated and enforced the "Exhaust Gas Emission and Treatment Standard" and "Air Quality Monitoring and Management Policy", ensuring the orderly progress of exhaust gas management and monitoring.

Lygend Resources has adopted strict treatment measures for exhaust gases from different production processes, using a combination of physical and chemical methods, including Selective Catalytic Reduction (SCR) for de-NOx, Selective Non-Catalytic Reduction (SNCR), alkaline desulfurization, and bag dust collection, to capture, convert, and remove air pollutants such as nitrogen oxides and particulate matter in exhaust gases, ensuring that treated exhaust meets or exceeds relevant standards.

Lygend Resources also continuously monitors exhaust gas emissions from different sources and regularly commissions third-party organizations to conduct routine inspections. The exhaust gas monitoring systems at the Jiangsu Wisdom and Xi'an Pengyuan plants are connected to the Ecological and Environmental Bureau, while HPL connects to the continuous emission monitoring system regulated by the Indonesian Ministry of Environment and Forestry, enabling dynamic monitoring and capture of exhaust gas emission indicators to respond promptly to any potential abnormal emissions.



Overview of Exhaust Gas Treatment Measures

In addition, the Company is actively advancing the upgrading and renovation of exhaust gas treatment equipment and facilities, continuously improving the efficiency of exhaust gas management.

Desulfurization Tower Retrofit and Upgrade

During the Reporting Period, to further reduce sulfur dioxide emissions, Jiangsu Wisdom carried out a retrofit of its desulfurization tower, adopting a "2+1 spray mode". The caustic soda nozzles were upgraded from single-head vortex nozzles to dual-layer vortex atomizing nozzles, significantly improving the spray coverage within the tower. By controlling the sulfur content of raw materials at the source and upgrading the desulfurization tower, Jiangsu Wisdom reduced its total sulfur dioxide emissions by 1.6 tons compared to the previous year.

Improvement in Exhaust Gas Collection Efficiency

During the Reporting Period, Jiangsu Wisdom organized technical personnel from its workshops to study exhaust gas collection efficiency. By installing flat-opening pneumatic silo covers at key workshop feeding points, the Company achieved significant improvements in exhaust gas collection. Additionally, Jiangsu Wisdom developed a function that enables automatic opening and closing of silo covers without the need for power or manual assistance. This innovation effectively prevents fugitive emissions of exhaust gas during the lifting and transportation of calcined materials.

During the Reporting Period, our exhaust gas emissions⁶ data are as follows:

Air Emissions	Unit	2024
Nitrogen oxides	Tonnes	1,036.48
Sulfur oxides	Tonnes	1,800.21
Particulate matter	Tonnes	653.76

⁶ As of the end of the Reporting Period, due to ONC's production not being stable for six months and the online monitoring data not being stable, the exhaust gas emissions data for 2024 does not include data from ONC. In addition, in compliance with SEHK's Environmental, Social and Governance Reporting Code and taking into account actual business operations, the data on nitrogen oxides, sulphur oxides, and particulate matters classified as air pollutants for the Reporting Period have been optimized and adjusted in this Report in terms of statistical coverage and calculation methodology as compared with the same period of the previous year.

Waste Management

Lygend Resources strictly manages the collection, classification, storage, and transportation of all types of waste, ensuring that waste disposal complies with local regulations in the operating areas. The Company has established a comprehensive system and standardized management processes for various types of waste. For example, HPL has developed the "Standard Operating Procedures for Hazardous Waste Management" and "Standard Operating Procedures for Non-Hazardous Waste Management", while Xi'an Pengyuan has formulated the "Hazardous Waste Management Standard" and other management documents.

The waste generated during Lygend Resources' production operations can be classified into non-hazardous and hazardous waste. Non-hazardous waste mainly includes fly ash, domestic waste, metals, and construction waste, among others, while hazardous waste mainly consists of laboratory waste liquids, paint cans, waste engine oil, and tailings.

Lygend Resources has established integrated waste treatment sites (Tempat Pengolahan Sampah Terpadu, TPST) at its operations in Indonesia to manage, classify, and treat various types of domestic waste from canteens, kitchens, employee dormitories, and office areas. Measures such as waste classification, recycling, and organic waste composting are implemented to reduce landfill volume. For construction waste, metal scrap, and other non-hazardous production waste, the Company classifies the waste at the source and implements recycling after evaluation, minimizing waste discharge to the greatest extent possible.

For the tailings generated by HPL, the Company strictly adheres to local regulations and adopts dry stacking, with a compliant landfill at a 195-hectare Dry Stack Tailing Facility(DSTF). This is managed according to the "Operational Feasibility Certificate" (Sertifikat Layak Operasi, SLO) and standardized operating procedures (SOP), and all tailings are stored in landfill areas authorized by the local government.

For other hazardous waste generated during production operations, the Company follows standardized operating procedures for proper storage and entrusts certified third-party organizations to handle safe and compliant disposal, ensuring that all solid waste management complies with environmental protection and regulatory requirements.

Lygend Resources believes that achieving waste reduction and environmental goals relies on the participation of every employee. Therefore, the Company continuously conducts education and awareness campaigns on waste reduction, classification, and recycling, advocating for employees to reduce the use of plastics, packaging bags, and other items at the source, thereby reducing waste generation and improving resource efficiency.

Require employees to use their utensils to reduce the production of plastic food containers

Limit the use of disposable plastics in office activities (meetings/training sessions, etc.)

Reduce the use of disposable plastics in shopping venues and encourage the use of personal shopping bags

Waste Reduction Measures in Indonesia

The amount of waste generated by the Group during the Reporting Period is as follows:

Indicator	Unit	2024
Total amount of hazardous waste	Tonnes in thousands	16,568.55
Intensity of hazardous waste	Tonnes in thousands/Million RMB revenue	0.57
Total amount of non-hazardous waste ⁷	Tonnes in thousands	31.01
Intensity of non-hazardous waste	Tonnes/Million RMB revenue	1.06

⁷ In 2024, the Company optimized and adjusted the scope of non-hazardous waste statistics. Compared to 2023, fly ash and bottom ash have been included in the statistics, aligning with Annex XIV of the Indonesian government's "Environmental Protection and Management Implementation Regulations" (Government Regulation No. 22 of 2021).

Addressing Climate Change

Lygend Resources has fully recognized the significant impact of global climate change on its operations. The Company actively responds to the national "dual carbon" strategy, steadily advancing climate governance, proactively identifying climate-related risks and opportunities, and continuously improving climate adaptation capabilities through ongoing energy-saving and consumption-reduction practices.

Governance

Lygend Resources has incorporated the supervision and management responsibilities of climate-related matters into the functions at all levels of the Company's ESG governance structure. The Board of Directors plays a supervisory and decision-making role regarding the Group's climate strategy, management policies, and objectives. The ESG Committee is responsible for developing the climate strategy, reviewing and confirming climate-related risks and opportunities, and regularly monitoring the implementation and achievement of climate policies, strategies, and goals. Additionally, the ESG Committee is responsible for identifying and analyzing climate-related risks and opportunities, developing corresponding climate response plans, and regularly reporting significant climate risk issues to the board. The ESG Office, various business departments, and subsidiaries are responsible for implementing the climate response plans and ensuring the effective execution of climate risk mitigation measures.

Strategy

Lygend Resources continuously monitors geographical and climate information and regularly conducts identification and analysis of climate-related risks in conjunction with the dynamic changes in external regulatory policies. The aim is to further clarify the potential impacts of risks and opportunities and formulate comprehensive countermeasures to reduce the adverse effects of risk scenarios on business operations. The main climate risks and opportunities identified during the Reporting Period, along with corresponding countermeasures, are shown in the table below.

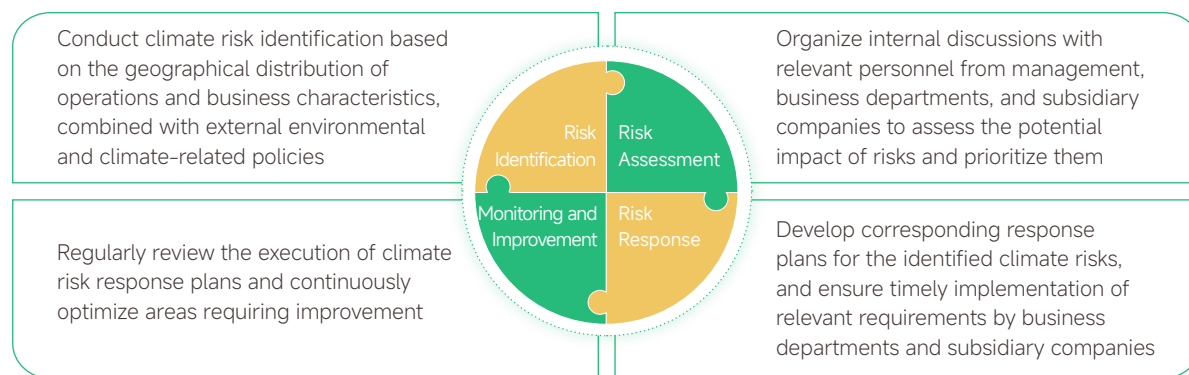


Type of Climate Risk		Risk Description	Potential Impact	Countermeasures
Physical Risk	Acute Risk	Typhoon, heavy rain	<ul style="list-style-type: none">The smelting plant and port facilities may suffer damage, resulting in increased repair or replacement costsProduction suspension and delays in customer orders could lead to a breach of contract compensation	<ul style="list-style-type: none">Consider disaster resilience during the construction and design stages of the plant area, and reinforce and upgrade existing buildings and facilities with improvements such as windproofing and waterproofingImprove emergency response plans, establish specialized emergency plans for extreme weather, ensure flexible allocation of materials and personnel, and guarantee normal production and employee safety
	Chronic Risk	High temperature and drought	<ul style="list-style-type: none">Prolonged exposure to high-temperature working environments increases the risk of heatstroke and occupational diseases among workersUnder high-temperature conditions, the power consumption of cooling systems rises, leading to increased energy costs	<ul style="list-style-type: none">Install cooling equipment and provide sufficient heatstroke prevention suppliesUtilize energy-efficient cooling systems and incorporate renewable energy sources (such as solar power)
		Sea level rise	<ul style="list-style-type: none">Coastal ports and facilities are under threat, as they may face erosion and flooding risks, leading to increased maintenance costs	<ul style="list-style-type: none">When constructing new facilities or expanding existing ones, prioritize areas at higher elevationsEnhance the flood prevention and drainage systems of ports
Transition Risk	Policy Risk	More stringent environmental protection requirements and carbon emission controls	<ul style="list-style-type: none">It is necessary to increase special investments in environmental governance, energy conservation, and emission reduction projects, which will consequently lead to an increase in operational costsFailure to disclose relevant environmental and carbon emission indicators in a timely and compliant manner may result in regulatory penalties	<ul style="list-style-type: none">Gradually establish clear environmental and carbon reduction targets to effectively drive the continuous reduction of various indicators, in line with the increasing trend of environmental protection requirementsPromote the research and development of green technologies, enhance the efficiency of pollution control and energy conservation, and achieve long-term cost reductions
	Market Risk	Increasing demands of customers and partners on transparency regarding the carbon footprint of products	<ul style="list-style-type: none">Conducting product carbon footprint analysis may require additional investment, impacting operational costsIf the demand for green and low-carbon products from the market and customers cannot be met, market share will be affected	<ul style="list-style-type: none">Gradually conduct carbon footprint analysis for some products to ensure traceability of the carbon footprint throughout the entire lifecycle, and disclose relevant data promptly
	Reputation Risk	Public criticism arising from failure to meet climate and environmental management and disclosure requirements	<ul style="list-style-type: none">If we fail to fulfill our due responsibilities in environmental and ecological protection and to carry out actions to address climate change, the public's trust in our group will diminish	<ul style="list-style-type: none">In adherence to the latest climate guidelines, comprehensively report on the achievements in managing climate change risksThrough the ESG report, provide a detailed account of the Company's environmental protection and climate action achievementsActively participate in external capital market ESG ratings and gain recognition to continuously enhance market approval
Climate Opportunity	Growth in Demand for New Energy Materials	Rapidly growing global demand for new energy materials amid the trend of climate change	<ul style="list-style-type: none">With the global development of the electric vehicle and battery industries, the demand for nickel-based materials, particularly battery-grade nickel sulfate, is rapidly increasing, providing enterprises with opportunities for market expansion	<ul style="list-style-type: none">Continue to develop high value-added product lines, while meeting the diverse needs of the market, and continuously increase the market share of new energy products

List of Climate-related Risks and Opportunities of Lygend Resources

Risk Management

Lygend Resources has initially established a climate risk management process to more scientifically and efficiently identify the potential impacts of related risks, continuously enhancing climate resilience. Additionally, the Company is gradually incorporating considerations of climate risk into its enterprise risk management processes, helping to build a robust risk defense line.



Indicators and Targets

Lygend Resources has established long-term environmental management goals, including greenhouse gas emissions, as detailed in Section 2.1 Environmental Management System. During the Reporting Period, our greenhouse gas emissions are as follows:

Indicator	Unit	2024
Scope 1 greenhouse gas emissions	Tonnes in thousands of CO ₂ e	1,486.64
Scope 2 greenhouse gas emissions	Tonnes in thousands of CO ₂ e	473.45
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes in thousands of CO ₂ e	1,960.09
Greenhouse gas emission intensity	Tonnes in thousands of CO ₂ e/Million RMB revenue	0.07

Energy Management

Lygend Resources regards energy management as a crucial foundation for its climate response strategy. The Company is committed to optimizing its energy structure, increasing the proportion of clean energy consumption, promoting the green and low-carbon transformation across its production and operation, thus gradually reducing its reliance on traditional fossil fuels. The Company strictly regulates and controls energy usage, continuously advances the construction of its energy management system, and increases investment in energy-saving technological upgrades for both office and production processes, thereby supporting the achievement of climate strategies and goals. All production units within the Company have established comprehensive energy management systems. For instance, Jiangsu Wisdom has formulated the "Energy Management Measures and Assessment System" and the "Energy Consumption Quota Management System", while HPL has developed the "Energy Management System".

During the Reporting Period, guided by long-term energy management objectives, Lygend Resources implemented multiple energy-saving and consumption-reducing technological transformations across its production units in various operational locations. These efforts have effectively enhanced energy usage efficiency and contributed to mitigating climate change through concrete actions.

Office Location



- The Ningbo office building strictly enforces a segmented, time-based use of air conditioning and implements intelligent temperature management. By scientifically and reasonably adjusting the air conditioning temperature range, unnecessary power consumption is reduced.

Production Process



- Jiangsu Wisdom has commissioned a third party to conduct an energy-saving diagnostic assessment. This evaluation covers aspects such as the energy management system, energy usage data, energy efficiency, product energy consumption, and process energy consumption. It aims to further identify gaps and deficiencies in energy management and performance, laying a foundation for the orderly advancement of energy-saving and emission-reduction initiatives.
- Jiangsu Wisdom has upgraded and replaced outdated motors, ensuring that all 194 first-level energy-efficient motors have been replaced and put into production.
- Jiangsu Wisdom has upgraded the existing air compressor station according to energy efficiency improvement standards and actual production requirements, ensuring that all nine operating air compressors now meet the first-level energy efficiency standards.
- Jiangsu Wisdom has carried out a standard upgrade and renovation of its electric arc furnace, improving the insulation material inside the furnace body. It uses the latest high-temperature steel fiber materials that resist corrosion, explosion, and wear, thereby increasing thermal efficiency and stability, reducing heat loss, and achieving energy conservation and consumption reduction.
- Since 2021, HPL has established and operated a waste heat recovery system at its acid plant. This system captures and reuses the heat generated during the production process as an energy source, transmitting the energy to other production processes or HPL facilities. This has significantly reduced the consumption of fossil fuels and greenhouse gas emissions. In 2024, the system recovered XX gigajoules of energy, reducing greenhouse gas emissions by XX tonnes of CO₂e.

Highlight Measures for Energy Saving and Consumption Reduction (Partial)

During the Reporting Period, our energy consumption is as follows:

Indicator	Unit	2024
Direct energy consumption ⁸	Gwh	2,998.13
Indirect energy consumption ⁹	Gwh	703.11
Total energy consumption	Gwh	3,701.24
Intensity of energy consumption	GWh/Million RMB revenue	0.13

⁸ Direct energy sources include bituminous coal, lignite, diesel, gasoline, natural gas, liquefied petroleum gas (LPG), and semi-coke.

⁹ Indirect energy sources include purchased electricity and renewable energy.



Use of Resources

Lygend Resources fully recognizes the critical role of improving resource usage efficiency in promoting sustainable ecology. The Company strictly regulates its resource use, setting clear requirements for water usage and material consumption in various stages. Measures such as process water recycling and the promotion of water and material conservation help reduce unnecessary resource waste, continuously improving resource usage efficiency.

Lygend Resources has legally obtained water extraction permits that comply with the regulatory requirements of the operating regions, and strictly enforces water use behavior through a series of systems and regulations. For example, Jiangsu Wisdom has established the "Water Management System" and "Water Conservation Regulations", laying a solid foundation for promoting water use compliance and optimizing water use strategies.

Lygend Resources makes ongoing efforts to improve water conservation practices in both domestic and industrial water usage. Jiangsu Wisdom has set up a recirculating water pool, which collects, processes, and reuses cooling water and wastewater for industrial use, achieving 100% recycling of industrial water. Additionally, the HPAL hydrometallurgical process achieves a water reuse rate of 40%-50% annually. The Company also operates a rainwater collection system at its Indonesian site to collect rainwater for road cleaning, reducing the consumption of fresh water.

Jiangsu Wisdom

Achieving
100%
recycling of industrial water



The HPAL hydrometallurgical process

Achieves a water reuse rate of
40%-50%



During the Reporting Period, our water consumption is as follows:

Indicator	Unit	2024
Water consumption	m ³ in thousands	33,494.15
Intensity of water consumption	m ³ in thousands/Million RMB revenue	1.15
Water recycling volume	m ³ in thousands	15,376.53
Water recycling rate	%	31.46

Lygend Resources actively implements the circular economy concept of "reduction, reuse, and recycling", making full use of the waste generated during production processes and daily operations. This waste is converted into raw materials that can be reintegrated into the production cycle or resources for other auxiliary uses, promoting the circular flow and efficient utilization of resources.

In the office operations, Lygend Resources uses furniture made from recyclable materials and has acquired some second-hand furniture to reduce the amount of newly purchased office furniture, thereby improving the recycling rate of furniture. The Company also conducts recycling of waste generated during production, fully tapping into the residual value of process products and waste. This not only reduces production and operational costs but also effectively decreases dependence on external resources.



Highlights of Resource Conservation Measures

- The fly ash and desulfurization sludge generated from the RKEF pyrometallurgical process were comprehensively utilized as raw materials for laterite nickel ore.
- The leachate from the landfill at the Indonesia operations site was repurposed as industrial fertilizer liquid, reducing the need for externally purchased fertilizer.
- A portion of the kitchen waste received by the landfill at the Indonesia operations site was used as a secondary fuel and waste material; waste incineration utilized some recycled cooking oil to reduce energy consumption; fuel oil recovered from waste incineration was reused.

In recent years, Lygend Resources has actively explored innovative methods and approaches for resource utilization, conducting secondary processing of nickel slag generated during the nickel ore smelting process and selling it externally. During the Reporting Period, Jiangsu Wisdom processed the nickel slag produced in its production through ball milling, transforming it into usable manufactured sand products, effectively alleviating the pressure of waste disposal.

At the Company's operations in Indonesia, with government approval, the nickel slag generated from nickel ore smelting is recovered and used in the production of concrete bricks, road construction, and artificial coral reef structures. In 2023, the Company began experimenting with its use in soil improvement and greening applications, aiming to reduce the volume of waste sent to landfills and promote resource reuse.

Furthermore, Lygend Resources continues to strengthen its packaging materials management and is gradually considering the use of biodegradable and recyclable eco-friendly packaging materials. This not only improves resource utilization efficiency but also reduces the pressure on waste disposal. The Company's main packaging materials are woven bags and plastic. During the Reporting Period, our packaging materials consumption is as follows:

Indicator	Unit	2024
Total consumption of packaging materials	Tonnes	4,912.96
Intensity of packaging materials consumption	Tonnes/Million RMB revenue	0.17



Biodiversity Conservation

Protecting the ecological environment upon which humanity depends for survival is an inescapable responsibility and obligation for Lygend Resources. The Company conducts comprehensive assessments and considerations of the ecological impacts of its operations during the project development, construction, and operational stages. Through regular ecological risk assessments and continuous ecological protection and restoration actions, the Company strives to build a sustainable future for harmonious coexistence between humans and nature.

Lygend Resources strictly adheres to the applicable laws and regulations in the locations of its operations, including the "Law of the People's Republic of China on Environmental Impact Appraisal", the "Law on the Protection of Biological Natural Resources and Ecosystems of the Republic of Indonesia (Government Regulation No. 5 of 1990)", and the "Presidential Regulation No. 1 of 2023 on Mainstreaming Biodiversity Conservation in Sustainable Development of the Republic of Indonesia". The Company conducts environmental and surrounding ecological impact assessments for new projects in adherence to these laws. In Indonesia, in compliance with local regulations, the Company conducts environmental impact assessments (Analisis Mengenai Dampak Lingkungan, AMDAL) during the new project phase and regularly invites third parties to sample and assess ecosystem elements during the production phase. This ensures continuous monitoring of the ecological environment's status and trends, enabling early identification and prevention of existing and potential ecological risks.

At the OBI Industrial Park in Indonesia, Lygend Resources continues to promote ecological conservation practices by establishing long-term, effective ecological protection and restoration projects. Through a series of initiatives, including the planting of artificial coral reefs and mangroves, the Company is dedicated to ensuring the suitability and stability of the local ecosystem.

Mangrove Planting Activity of the OBI Industrial Park

To improve local soil nutritional conditions and restore ecosystem biodiversity, Lygend Resources proactively responded to the "600,000-hectare Mangrove Restoration Project in Indonesia". The Company had carried out mangrove planting activities in community villages such as Soligi Village and Awanggoa Village around the OBI Industrial Park. While stabilizing the coastline, mitigating climate change, and strengthening coastal protective barriers, the Company also actively called on residents to participate in mangrove conservation, raising awareness about environmental protection among the villagers. This effort also laid the foundation for helping local villagers develop eco-tourism and promote economic growth. In recent years, the OBI Industrial Park has planted over 23 hectares of mangroves, with more than 71,466 saplings planted.



Artificial Coral Reef Substrate Construction and Coral Transplantation Restoration

To further protect marine biodiversity, provide more habitats and spawning grounds for fish, and promote local fisheries development, Lygend Resources launched an artificial coral reef planting project at the OBI Industrial Park in 2021. The project utilized nickel slag, a waste product from nickel ore smelting, mixed with fly ash and cement to create artificial coral reef substrates, which were subsequently placed in surrounding seas. After corals were transplanted, the growth of the reefs was monitored monthly, and damaged reefs were replaced or repaired promptly. By the end of the Reporting Period, the Company had cumulatively produced and placed 1,871 artificial coral reef substrates. This project not only effectively utilized industrial waste, such as nickel slag, for resource recycling but also supported the restoration of the local marine ecosystem.



Coastline Cleanup

To continuously improve the environmental quality of the coastline, the OBI Industrial Park regularly conducts coastline dredging activities. By utilizing a suction machine with strong adsorption capabilities to clean the seaside, the Company effectively enhanced the marine environmental quality, created a beautiful landscape, and offered a healthy and safe ecological environment for marine life.



05



People-oriented Philosophy to Unite Strength

Lygend Resources understands that talent is the core driving force behind the sustainable development of the Company. The Company adheres to a people-oriented approach and is committed to creating a fair, open, diverse, and inclusive work environment. The Company has established a comprehensive employee training system and promotion mechanism, offers competitive compensation and benefits, and implements scientific safety management measures to safeguard employees' rights to the greatest extent, fostering mutual growth between employees and the Company.



Employee Management

Lygend Resources strictly complies with the labour laws and regulations of its operating locations, continuously improving employee management to ensure the full protection of employees' legal rights. At the same time, we actively attract and select outstanding talent through diverse recruitment channels and talent development mechanisms, providing solid talent support for the Company's sustainable development.

Employee Rights

Lygend Resources always adheres to compliance with employment principles, ensuring the legality and fairness of the recruitment and employment processes while protecting employees' legal rights. The Company strictly follows the laws and regulations of its operating locations including Mainland China and Indonesia, and establishes internal employee management systems such as the "Human Resources Management Standard" and "Recruitment Management Measures", providing standardized institutional guarantees for the recruitment process and employment practices.



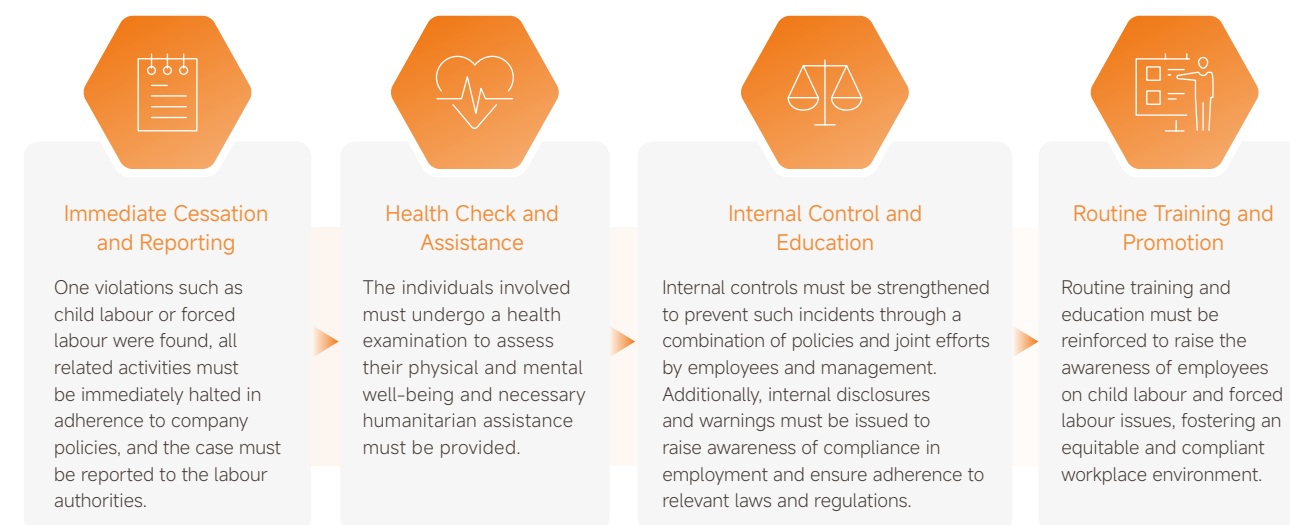
Local Laws and Regulations Followed by Lygend Resources

Lygend Resources resolutely prohibits the employment of child labour and forced labour, rejects any form of workplace bullying or harassment, and strongly opposes any discrimination based on gender, age, education, region, nationality, race, religion, or other factors. The Company actively takes steps to implement compliant employment principles. During the recruitment process, the Company conducts three identity verification checks for candidates during interviews, onboarding, and system entry to ensure the authenticity of their identity information. In the interviews and training of new employees, the Company promotes its compliant employment policies and raises employee awareness of compliant employment practices. Additionally, the Company strictly manages working hours, encourages employees not to work overtime unless necessary, and requires strict approval and control of overtime hours in production departments to prevent forced labour. For OBI on-site employees, the Company provides human rights-related training materials to enhance employees' awareness of safeguarding their rights. During the Reporting Period, the Company was not aware of any employment of child labour or forced labour, workplace discrimination, or harassment.

During the recruitment process, the Company conducts

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identity verification checks for candidates during interviews, onboarding, and system entry to ensure the authenticity of their identity information

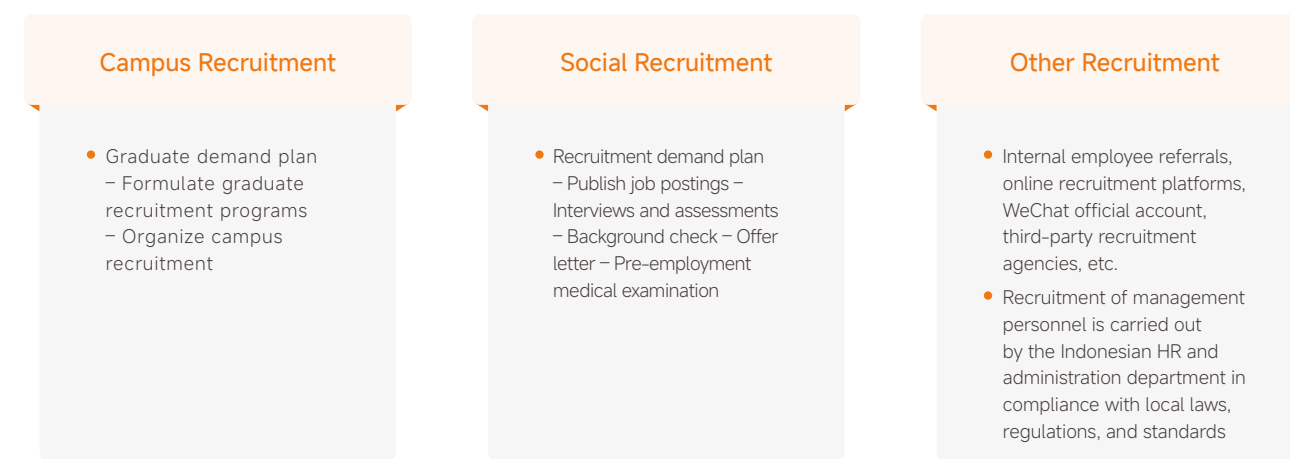


Handling Process for Employment Violations

For identified violations of workplace conduct such as discrimination and harassment, the Company has stipulated the handling and disciplinary measures in the "Employee Reward and Punishment Management Measures" section of the "Human Resources Management Standard", including measures like formal warnings, major penalties, and termination of employment contracts, to ensure compliance with labour regulations. Additionally, the Company provides multiple complaint channels, including WeChat, which are managed by designated personnel to ensure quick response and action, with timely feedback of results to the complainants.

Employee Recruitment

The Company places great emphasis on talent acquisition and development, actively attracting and selecting talent through various recruitment activities. The Company primarily utilizes campus recruitment and social recruitment channels, supplemented by campus presentations, job fairs, and other forms to attract top talent. The Company also actively participates in overseas talent exchange and training programs to cultivate local talent. Furthermore, the Company leverages internal referrals and other methods to continuously broaden the talent pool, ensuring the Company's ongoing access to high-quality talent support, which drives innovation and growth. Through these efforts, the Company has established a diversified, professional talent team, providing a solid talent foundation for the Company's industrial upgrades and long-term development.



Recruitment Channels of Lygend Resources

Active Participation in Talent Recruitment

During the Reporting Period, Lygend Resources actively participated in multiple large-scale recruitment events, including campus recruitment seminars, offline recruitment fairs for social recruitment, special recruitment events, and general recruitment fairs. The Company's broad involvement in these recruitment activities not only demonstrates its commitment to talent development but also reflects its proactive efforts in attracting diverse talent.



Campus Recruitment Presentation

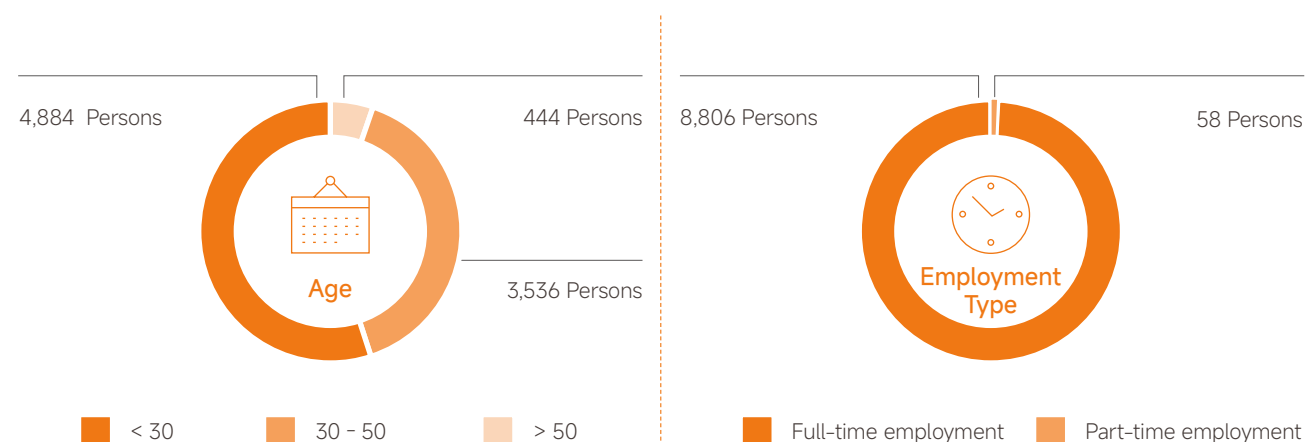
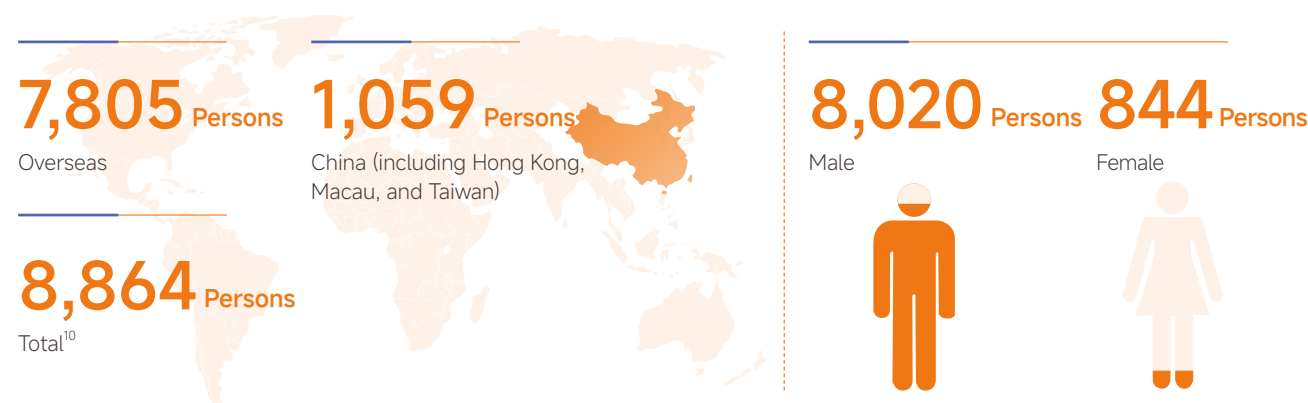


Campus Recruitment Presentation



Offline Recruitment Fair for Social Talent

Overview of Employee Composition



¹⁰ Toe group-wide total number of employees is 11,969.

Employee Training and Development

Lygend Resources deeply recognizes that employees are the driving force behind the development of the Company and its most valuable asset. Therefore, the Company is committed to creating a comprehensive, multi-level employee development strategy that supports individual growth and career development, continuously enhancing employees' professional competence and job satisfaction. Under this strategy, the Company has established a systematic training system, rules, clear promotion pathways, and implemented scientific and fair performance management, further stimulating employees' work enthusiasm and creativity.

Employee Training

Lygend Resources places great importance on the growth and development of employees. Based on employees' career development needs, the Company provides diversified and comprehensive learning resources and training support. The Company formulated internal management systems such as the "New Employee Training Manual", "Training Management Measures", and "University Graduate Training Management Measures", and established a training system that covers employees at different levels, positions, and regions. This system includes general ability training, management skills training, and specialized skills training, all aimed at empowering employees to continually improve themselves and realize their career value. During the Reporting Period, the Company continued to standardize training process management, ensuring that foundational tasks such as providing training materials and employee attendance at training sessions were properly implemented, and guaranteeing the high-quality delivery of training programs.

Lygend Resources encourages employees to grow and continuously improve. The Company has established a career development reward system designed to promote individual growth and career development, building a high-quality team of professionals to ensure the Company's sustained competitiveness and industry leadership. Employees who obtain a bachelor's degree or higher (in the national education series) or acquire intermediate or higher professional titles or qualifications as technicians or above during their employment will be reimbursed and receive other related rewards. Furthermore, the Company has set up an internal training instructor system, which includes five levels of instructors: junior, intermediate, senior, experienced, and honorary, with clear qualifications and teaching scope for each level. This system aims to enhance employees' professional skills and performance, supporting the Company's talent development and sustained growth.



Based on the establishment and improvement of a comprehensive training system, the Company actively organizes various talent training activities to enhance employees' overall quality and capabilities, better aligning with job requirements and helping employees realize their value. At the same time, the Company implements various projects to promote the talent cultivation and development of communities surrounding overseas operations, laying a foundation for the Company's sustainable development.

2024 "Talent Program" Training Camp

The Company continues to advance its talent development strategy, focusing on nurturing the next generation of management talent. During the Reporting Period, Lygend Resources organized the 2024 management trainee training camp. The training curriculum is comprehensive, covering company introductions, business overviews, product presentations, and insights into OBI Island's local customs and culture. The aim is to enhance the trainees' overall capabilities and foster a stronger sense of belonging to the Company. The training methods are diverse, including lectures, team-building activities, and collaborative team creation, with a total of 48 management trainees involved.



2024 "Talent Program" Training Camp

This training program enhances the trainees' understanding of the Company's culture, business, and products, while also strengthening employee cohesion and teamwork, contributing to the Company's talent development.

Industry-specific Professional Training

With the continuous changes in the global mining market and the rapid development of new technologies, the Company organized industry-specific professional training for all employees to ensure they stay updated on the latest industry trends and enhance their professional skills. The training content focused on sharing global mining trends, aiming to improve employees' professional capabilities and market sensitivity, thus providing strong support for the Company's sustainable development and employees' personal growth.



Industry-specific Professional Training

New Employee Training

The Company held several new employee training sessions and utilized a lecture-style format that covered a range of topics, including an introduction to the Company, corporate culture, and company policies. This training helped new employees quickly and smoothly integrate into the new work environment, laying a solid foundation for the successful development of their future careers, while also injecting new energy into the Company's talent pool.



New Employee Training

Professional Skills Training

The Company conducts targeted professional skill training at project sites to continuously enhance employees' professional competencies and help them better perform their work.



Skill Training

Xi'an Pengyuan offers equipment supervision knowledge training and conducts exchange sessions with Siemens technical experts on intelligent technology, covering various departments such as Quality Department, Technology Department, Finance Department, and Human Resources Department. Through business knowledge training and industry development as well as technical exchanges, the Company fosters employees' understanding of the latest industry trends and improves their professional skills.



Equipment Supervision Knowledge Training



Siemens Technical Experts' Training on Intelligent Technology

Language Training

The Company launched Indonesian training courses to teach employees general content such as pronunciation, self-introduction, greetings, and shopping vocabulary. This initiative aims to equip most employees with basic communication skills, enabling them to better adapt to the local work and living environment.



Indonesian Training

During the Reporting Period

The total training duration for employees was

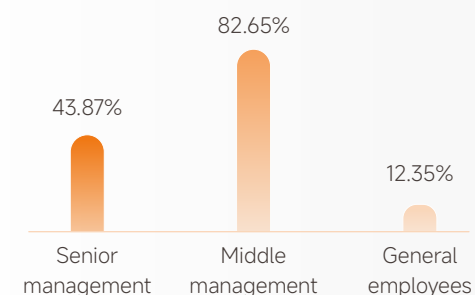
55,114.50 hours

With an average training time of

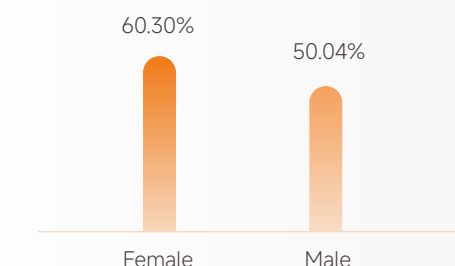
6.37 hours per person



Percentage of Employees Trained (By Employee Category)



Percentage of Employees Trained (By Gender)



Average Training Hours (By Employee Category)

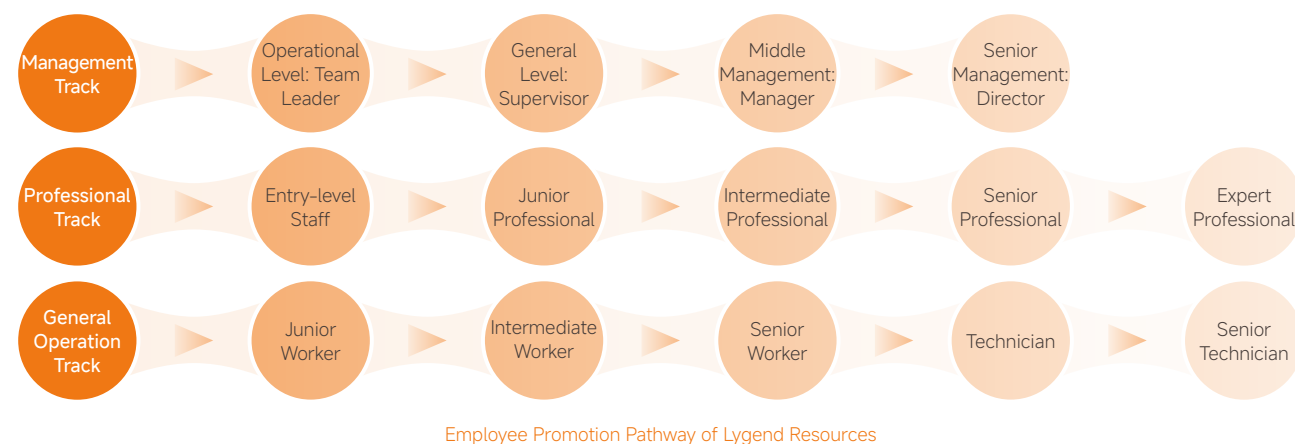


Average Training Hours (By Gender)

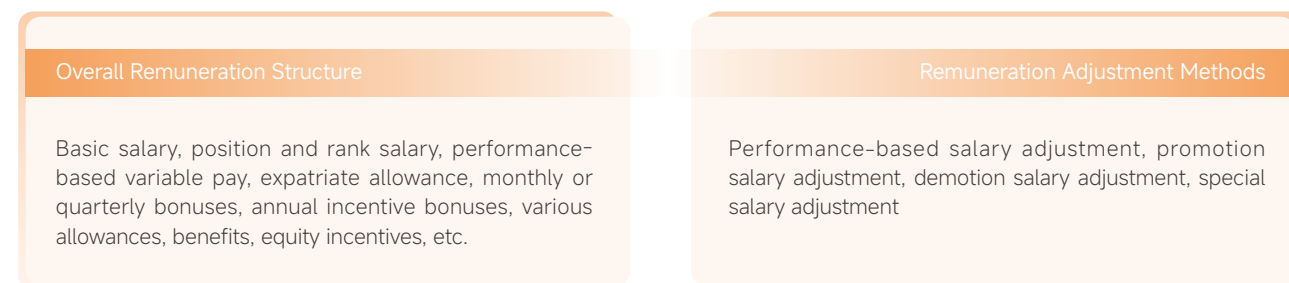


Employee Promotion and Remuneration Management

Lygend Resources provides employees with a broad career development platform by improving talent training programs and clarifying career advancement paths. The Company has formulated and implemented the "Position Management Measures", which serve as the institutional basis for employee promotions. The Company has developed three career development channels: management, professional, and general operation sequences. Employees are encouraged to choose different growth paths based on their professional expertise and personal characteristics, maximizing their potential and helping them achieve their value.



Based on the established comprehensive promotion pathway, Lygend Resources offers employees competitive and reasonable remuneration to maintain a leading position in the industry. At the same time, the Company continuously optimizes its remuneration system and implements a dynamic remuneration management mechanism. Salaries are adjusted according to employee performance and market changes, motivating employees to improve their performance, enhance job satisfaction, and promote the Company's long-term and stable development.



Employee Performance and Incentives

Lygend Resources has established a comprehensive performance appraisal and incentive system to share the Company's business results with employees, thereby enhancing their work enthusiasm. The Company's performance appraisal is divided into three levels: from headquarters to subsidiaries, from subsidiary general managers to departments, and from departments to individuals. Each level has its evaluation frequency. For employees with unsatisfactory performance results, the Company will conduct an in-depth analysis and provide opportunities for job rotation or improvement. Employee performance appraisal is mainly based on feedback from superiors, while department evaluations also include multiple dimensions such as employee satisfaction and cooperation.

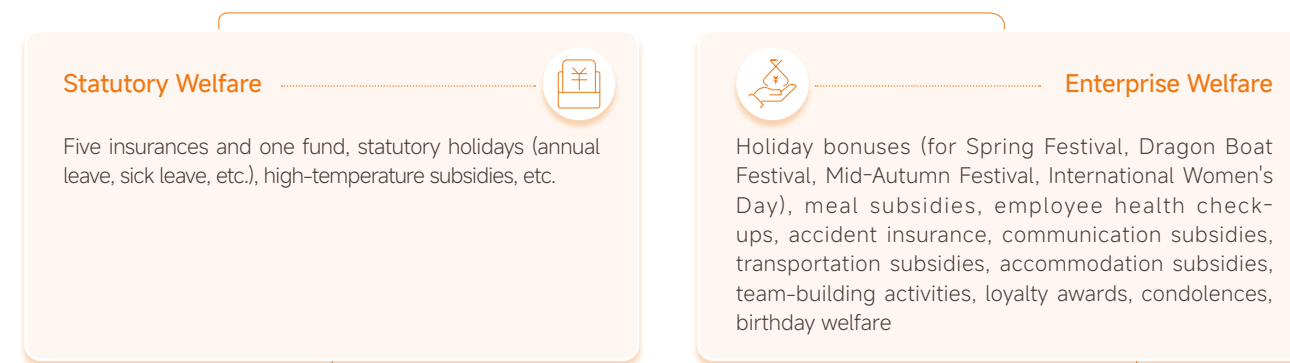
In terms of employee incentives, the Company implements an equity incentive plan, covering senior management, core position employees, and employees who have been with the Company for five years (including some general employees), recognizing and rewarding their contributions. At the same time, the Company sets annual performance targets and awards year-end bonuses to employees who achieve their targets. The Indonesian subsidiary implements a quarterly evaluation system, offering quarterly bonuses to employees who pass the evaluation. The Company promotes employee growth and enhances corporate competitiveness through various incentive measures.

Employee Care

Lygend Resources highly values employee contributions and is committed to providing a competitive remuneration and benefits system to enhance the well-being of each employee. The Company organizes a variety of employee activities and establishes open communication channels to bridge the gap between employees and the Company, showing genuine care for each individual.

Employee Welfare

In terms of employee welfare, Lygend Resources has formulated internal welfare management systems such as the "Remuneration Management Measures" and "Welfare Management Measures" to provide a strong institutional foundation for safeguarding employee rights. At the same time, the Company focuses on managing employee welfare, providing all employees with social insurance and housing fund contributions, as well as a variety of corporate welfare, to strengthen employee loyalty.



Employee Activities

Lygend Resources is committed to creating a caring work environment. The Company actively organizes diverse employee welfare activities, promoting a culture of care, meeting the diverse needs of employees, and enhancing their sense of involvement. Meanwhile, the Company established smooth communication channels for employees, listened to their voices and demands, valued the feedback from employees, and strengthened their sense of recognition of the Company.

Employee Care Actions

Lygend Resources regularly organized employee care activities to build a positive and healthy labour relationship. The Company, together with the management, held employee birthday celebrations to show the Company's care. It also regularly organized health lectures for female employees to address their special needs. Additionally, the Company organized hiking and cross-country events as well as various sports competitions such as badminton and swimming, enriching employees' leisure activities, enhancing team cohesion, and creating a warm work environment.



Employee Birthday Celebration



Hiking and Cross-Country Activities



Rope Skipping Competition

Employee Communication

Lygend Resources places great importance on effective communication between employees and the Company. It has formulated internal documents such as the "Employee Labour Relations Management Measures" to clarify communication and grievance processes, establishing a sound communication mechanism for employees and providing smooth channels for expressing their concerns.

In addition, Lygend Resources actively listens to employee feedback, encourages employees to offer reasonable suggestions for company operations, and fully understands their needs. The Company regularly holds employee forums to gather opinions on work and living conditions. It has established accessible communication channels such as suggestion boxes, employee feedback email accounts, complaint email accounts, and anonymous employee suggestions (online OA column), to better understand employee needs and address them promptly. Furthermore, the Company conducts quarterly employee satisfaction surveys covering aspects like logistics services, employee relations, and training, with the results incorporated into the performance appraisals of the logistics and administration departments to improve employees' work and living experiences.

Occupational Health and Safety

Lygend Resources consistently prioritizes safety as the key task for the Company's sustainable development. The Company continuously improves its safety management system and related policies, actively promotes safety awareness, and implements a series of measures in the fields of occupational health, safety, and contractor safety management to comprehensively strengthen safety management, ensuring the safety and stability of company operations in multiple dimensions.

Occupational Health and Safety Management System

Lygend Resources considers employee safety as the baseline for production and business activities. By establishing comprehensive policies and a sound management system, the Company safeguards employees' right to life and health. It strictly adheres to the laws and regulations of the locations where it operates and has formulated internal management systems such as the "Safety Production Management System" and the "Employee Labour Relations Management Measures" to implement safety production principles.

Mainland China

- "Regulations on the Safety Management of Hazardous Chemicals"
- "Regulation on the Implementation of the Employment Contract Law of the People's Republic of China"
- "Work Safety Law of the People's Republic of China"
- "Regulation on Work Safety Permits"
- "Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects"
- "Measures for the Administration of Registration of Hazardous Chemicals"

Indonesia

- "Occupational Safety Act of the Republic of Indonesia" (Government Regulation No. 1 of 1970)
- "Regulations on the Construction and Supervision of Management of Mining and Coal Enterprises of the Republic of Indonesia" (Government Regulation No. 55 of 2021)
- "Social Security Administration Law of the Republic of Indonesia" (Law No. 24 of 2011)
- "Presidential Regulation No. 82 of 2018 on Health Protection of Republic of Indonesia"
- Republic of Indonesia "Regulations on Administrative Penalties for Employers, as well as Entities Other Than Employers, Employees, and Insurance Contribution Beneficiaries" (Government Regulation No. 86 of 2013)

Local Laws and Regulations Followed by Lygend Resources

Based on institutional safeguards, Lygend Resources has established a safety production management structure, clarifying the safety responsibilities of each level of management to ensure strict adherence to safety production standards. The Company's General Manager is the highest responsible person for safety production, while the Deputy General Manager for Safety is responsible for supervising occupational health and safety management. To ensure compliance and operational efficiency, the Company has set up a Safety and Environmental Supervision Department, responsible for overseeing, managing, and enforcing government and company safety regulations. This department is staffed with dedicated safety and occupational health and safety management personnel to strengthen the Company's safety production management capabilities.



As of the end of the Reporting Period, Lygend Resources and subsidiaries Xi'an Pengyuan, Jiangsu Wisdom, and HPL all passed the ISO 45001 Occupational Health and Safety Management System certification. Additionally, HPL successfully obtained the Indonesian National Occupational Safety and Health Management System Standard (Sistem Manajemen Keselamatan dan Kesehatan Kerja, SMK3) certification. This progress not only demonstrates the Company's adherence to international standards in occupational safety and health management but also reflects its strict compliance with the host country's regulations, further consolidating the Company's leadership in sustainable operations and compliance management.



During the Reporting Period

The total investment in health, safety, and environment (HSE)¹¹ across the Group amounted to RMB

277.11 million

Indicator	Unit	2022	2023	2024
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	‰	0	0	0
Lost days due to work injury	Day	0	265	299

Occupational Health and Safety Risk Management

Lygend Resources understands that the implementation of safety management measures is crucial for ensuring the occupational health and safety of employees. The Company effectively reduces and mitigates risks in production and ensures employee health and safety through measures such as improving protective facilities, strengthening supervision of safety protection work, enhancing oversight of relevant personnel, and conducting regular health check-ups.



Protective Facilities Improvement

Mandatory personal protective equipment (PPE) signage was posted on-site to remind employees of the necessary PPE to wear when entering work areas. This was done to attract employees' attention, raise safety awareness, reduce accident risks, and ensure compliance with safety regulations.



Management Inspection

In adherence to the Company's K3LH policy, management regularly conducted joint inspections to thoroughly check potential risks and the work environment within the Company's premises. This ensured comprehensive identification and timely addressing of safety hazards.



Personnel Supervision Strengthening

Safety protective equipment was provided to employees, along with training on the proper use of PPE. Employees also underwent PPE qualification tests, and a personal protective equipment usage time matrix was created.



Regular Employee Health Check-ups

The Company implemented a comprehensive employee health check-up program, including pre-employment health assessments and regular health checks. The initial health assessment evaluated employees' fitness for work and helped prevent infectious diseases, while the regular check-ups monitored employees' health status, allowing for the timely detection and resolution of health issues, and ensuring employee safety and well-being.

¹¹ This Report includes group-wide data on HSE investment.

Safety Culture Cultivation

Lygend Resources actively promotes safety culture awareness in the workplace by conducting multi-level safety training, organizing emergency drills, and other activities. These initiatives reinforce the Company's internal focus on safety production, ensure the implementation of safety standards, and create a safe and healthy work environment together.

Safety Culture Cultivation

Safety Lectures and Safety Committee Meetings

To promote the culture of safety production, Lygend Resources regularly holds safety lectures (also known as safety morning meetings or toolbox talks). During these lectures, supervisors and employees discuss work procedures, protective equipment, potential hazards, and other occupational safety and health issues to raise employees' safety awareness.

In addition, the Company regularly convenes safety committee meetings to review incidents and propose preventive measures to prevent similar events from happening again. These measures effectively enhance employees' understanding of safety culture and improve their emergency response capabilities.



Safety Lecture



Safety Committee Meeting

Safety Activities

Lygend Resources actively promotes Health, Safety, and Environment (HSE) activities aimed at improving safety and well-being in the workplace and community. The Company enhances employees' awareness of potential risks and promotes safe behaviors and practices through a series of innovative and creative safety activities, such as safety lectures, safety knowledge competitions, and emergency drills. These efforts reduce workplace risks and drive the deepening development of safety culture, creating a safer and healthier work environment for the Company.



Safety and Health Guidance Program

To ensure employees acquire the necessary safety and health knowledge, including safe work methods in both normal and emergencies, the Company provides comprehensive training covering topics such as understanding key parameters, identifying abnormal conditions, and system response guidance. All work standards are incorporated into departmental regulations. By continuously updating and maintaining the occupational health and safety training matrix, the Company strengthens employees' safety awareness and emergency response capabilities, significantly reducing the incidence of safety accidents and improving overall safety management levels.



Confined Space Training



Scaffold Use Training

Emergency and Fire Drills

Lygend Resources regularly conducts emergency and fire drills, including fire, explosion, gas leaks, and radiation incidents, to reduce the Company's risks during emergencies, enhance employees' fire safety and emergency response capabilities, and optimize emergency response processes.



Acid Plant Toxic Gas Leak
Emergency Drill



Camp Area Fire
Emergency Drill



First Aid Training



Camp Area Fire Emergency Drill



06



Collaborative Development for a Better Society

Legend Resources is committed to fulfilling its social responsibilities, actively participating in public welfare activities and charitable donations, supporting the development of rural characteristic industries, promoting local employment, and fostering social harmony and sustainable development. The Company also pays attention to environmental protection and international community building, strengthening cultural exchange through various activities. During the Reporting Period, the Company invested RMB 104.10 million¹² in social welfare, fully reflecting the Company's strong commitment and active actions toward social responsibility.

¹² The data on public welfare and charity input covers the Group in this Report.



Public Welfare and Charity

Lygend Resources deeply practices corporate social responsibility, actively engaging in public welfare by supporting education development, funding cultural construction, and advancing sports development, among other forms, to give back to society and promote social harmony and sustainable development.

Xiangshan Cultural and Sports Development Sponsorship

During the Reporting Period, Lygend Resources donated to the Xiangshan County Charity Federation Shipu Branch to support local cultural hall construction, enrich the spiritual and cultural life of community residents, and promote community harmony and development. In addition, to boost the development of Xiangshan County's sports sector, and support the 2022 Hangzhou Asian Games sailing, windsurfing, and beach volleyball events held in Xiangshan, the Company plans to donate to the Xiangshan County Charity Federation. The funds will be used for sports infrastructure construction, youth sports training, and public fitness activities to ameliorate the quality of life for residents.

Supporting Education Development

Lygend Resources actively participates in education, supporting educational development through tangible actions. The Company donated to Kunming University of Science and Technology to support the construction of infrastructure and the updating of teaching equipment to optimize the learning environment for students.

Moreover, the Company donated to Xi'an University of Architecture and Technology to support teaching activities and reward outstanding faculty and students. These efforts demonstrate the Company's deep concern for education and its strong commitment to social responsibility, promoting knowledge dissemination, and contributing to social progress.

Overseas Responsibility Fulfillment

Lygend Resources' OBI Industrial Park actively fulfills its social responsibilities overseas by implementing a range of social practice projects, including environmental protection, community integration, and employee welfare. Through organizing a series of sports activities, the Company not only promotes cross-cultural exchange but also supports community construction and development, achieving a win-win outcome in both economic and social benefits. These projects enhance employee cohesion while strengthening community relations, establishing a positive image of the Company's responsible actions overseas.

Organizing Sports Activities in the Communities

OBI Industrial Park hosted a series of sports activities, including five-a-side football and fun walking events. These activities provided a platform for Chinese and Indonesian employees to communicate, promoting cross-cultural integration and team collaboration. Held in the beautiful natural environment of OBI, the activities called on employees to focus on environmental protection, strengthen their environmental awareness, and promote the implementation of green operation concepts.



OBI Industrial Park Hosted Series of Sports Activities

Community Development and Infrastructure Construction

OBI Industrial Park is dedicated to improving the quality of life for community residents. We offered housing units and complete public facilities to local residents, including schools, medical centers, and commercial areas. Additionally, the park built bridges and religious facilities for local communities to improve residents' transportation conditions. Through the creation of OBI Home, the park provides employees with a variety of leisure and entertainment facilities, enhancing their overall happiness.



Eco Village Construction

Infrastructure Renovation

Appendix 1: Performance Indicators

Environmental Performance	Unit	2024
Air Emissions ¹³ and Waste		
Nitrogen oxides	Tonnes	1,036.48
Sulfur oxides	Tonnes	1,800.21
Particulate matter	Tonnes	653.76
Total amount of hazardous waste	Tonnes in thousands	16,568.55
Intensity of hazardous waste	Tonnes in thousands/Million RMB revenue	0.57
Total amount of non-hazardous waste ¹⁴	Tonnes in thousands	31.01
Intensity of non-hazardous waste	Tonnes/Million RMB revenue	1.06
Greenhouse Gas Emissions		
Scope 1 greenhouse gas emissions	Tonnes in thousands of CO ₂ e	1,486.64
Scope 2 greenhouse gas emissions	Tonnes in thousands of CO ₂ e	473.45
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes in thousands of CO ₂ e	1,960.09
Greenhouse gas emission intensity	Tonnes in thousands of CO ₂ e/Million RMB revenue	0.07
Energy Management		
Direct energy consumption ¹⁵	Gwh	2,998.13
Indirect energy consumption ¹⁶	Gwh	703.11
Total energy consumption	Gwh	3,701.24
Intensity of energy consumption	GWh/Million RMB revenue	0.13
Use of Resources		
Water consumption	m ³ in thousands	33,494.15
Intensity of water consumption	m ³ in thousands/Million RMB revenue	1.15
Water recycling volume	m ³ in thousands	15,376.53
Water recycling rate	%	31.46
Total consumption of packaging materials	Tonnes	4,912.96
Intensity of packaging materials consumption	Tonnes/Million RMB revenue	0.17

¹³ As of the end of the Reporting Period, due to ONC’s production not being stable for six months and the online monitoring data not being stable, the exhaust gas emissions data for 2024 does not include data from ONC. In addition, in compliance with SEHK’s Environmental, Social and Governance Reporting Code and taking into account actual business operations, the data on nitrogen oxides, sulphur oxides, and particulate matters classified as air pollutants for the Reporting Period have been optimized and adjusted in this Report in terms of statistical coverage and calculation methodology as compared with the same period of the previous year.

¹⁴ In 2024, the Company optimized and adjusted the scope of non-hazardous waste statistics. Compared to 2023, fly ash and bottom ash have been included in the statistics, aligning with Annex XIV of the Indonesian government's "Environmental Protection and Management Implementation Regulations" (Government Regulation No. 22 of 2021).

¹⁵ Direct energy sources include bituminous coal, lignite, diesel, gasoline, natural gas, liquefied petroleum gas (LPG), and semi-coke.

¹⁶ Indirect energy sources include purchased electricity and renewable energy.

Social Performance	Unit	2024
Supplier Management ¹⁷		
Total number of suppliers in the supply chain	/	796
By geographical regions	China (including Hong Kong, Macao and Taiwan)	394
	Indonesia	248
	Other Overseas Regions	154
Number of Employees		
Total number of employees ¹⁸	Person	8,864
By employment type	Full-time Employees	8,806
	Part-time Employees	58
By gender	Male	8,020
	Female	844
By employee category	Senior management	80
	Middle management	412
	General employees	8,372
By age	Below 30	4,884
	30 to 50	3,536
	Above 50	444
By geographical regions	China (including Hong Kong, Macao and Taiwan)	1,059
	Overseas	7,805
Employee Turnover Rate	%	20.82
By gender	Male	21.00
	Female	18.97
By age	Below 30	19.53
	30 to 50	23.07
	Above 50	16.37
By employee category	China (including Hong Kong, Macao and Taiwan)	15.06
	Overseas	21.64
Employee Training		
Number of employees trained during the Reporting Period	Person	4,410
Percentage of employees trained as of total employees	%	50.96

¹⁷ The number of suppliers covers the Group in this Report.

¹⁸ Toe group-wide total number of employees is 11,969.

Social Performance		Unit	2024
Percentage of employees trained - by gender	Male	%	50.04
	Female	%	60.30
Percentage of employees trained - by employee category	Senior management	%	43.87
	Middle management	%	82.65
	General employees	%	12.35
Total employee training hours		Hour	55,114.50
Average employee training hours		Hour	6.37
Average training hours by gender	Male	Hour	7.69
	Female	Hour	9.20
Average training hours by employee category	Senior management	Hour	13.50
	Middle management	Hour	16.25
	General employees	Hour	7.34

Product Responsibility

Number of information or privacy breach incidents occurred during the Reporting Period	/	0
Number of customers affected by information or privacy breach incidents occurred during the Reporting Period	Person	0
Percentage of products sold or shipped that must be recalled due to safety and health reasons	%	0
Number of products and service related complaints received	/	0
Complaint response rate	%	100
Complaint response time	Hour	0
Complaint resolution rate	%	100

Public Welfare and Charity

Public welfare and charity input ¹⁹	RMB '0,000	10,410.06
Employee care input	RMB '0,000	2,411.75

Occupational Health and Safety

Number of work-related fatalities	Person	0
Rate of work-related fatalities	‰	0
Lost days due to work injury	Day	299

Governance Performance	Unit	2024
Corporate Governance		
Number of concluded legal cases regarding corrupt practices	/	0
Number of employee anti-corruption training courses	Session	4
Employee anti-corruption training course duration	Hour	4
Number of employees participating in anti-corruption training	Person	120

Appendix 2: The HKEX ESG Reporting Code Applicable to the Reporting Period

ESG Areas, General Disclosures and KPIs		Section
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements (i) a disclosure of the board's oversight of ESG issues (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's business); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	Sustainable Development Management
	A description of, or an explanation on the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report	About the Report - Reporting Principles
	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change	About the Report - Report Scope and Definitions
Environmental		
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste Low-carbon Leadership for a Green Future - Emissions and Waste Management
	KPI A1.1	The types of emissions and respective emissions data Low-carbon Leadership for a Green Future - Emissions and Waste Management
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) Low-carbon Leadership for a Green Future - Addressing Climate Change
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) Low-carbon Leadership for a Green Future - Emissions and Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility) Low-carbon Leadership for a Green Future - Emissions and Waste Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them Low-carbon Leadership for a Green Future - Environmental Management System
	KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them Low-carbon Leadership for a Green Future - Emissions and Waste Management
	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials Low-carbon Leadership for a Green Future - Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility) Low-carbon Leadership for a Green Future - Energy Management
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility) Low-carbon Leadership for a Green Future - Use of Resources
A2: Use of Resources	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them Low-carbon Leadership for a Green Future - Environmental Management System

¹⁹ The data on public welfare and charity input covers the Group in this Report.

ESG Areas, General Disclosures and KPIs			Section
A2: Use of Resources	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Low-carbon Leadership for a Green Future - Use of Resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Low-carbon Leadership for a Green Future - Use of Resources
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Low-carbon Leadership for a Green Future - Environmental Management System
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Low-carbon Leadership for a Green Future - Environmental Management System, Emissions and Waste Management
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Low-carbon Leadership for a Green Future - Addressing Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Low-carbon Leadership for a Green Future - Addressing Climate Change
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	People-oriented Philosophy to Unite Strength - Employee Management
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	People-oriented Philosophy to Unite Strength - Employee Management
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix 1: Performance Indicators
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to providing a safe working environment and protecting employees from occupational hazards	People-oriented Philosophy to Unite Strength - Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	People-oriented Philosophy to Unite Strength - Occupational Health and Safety
	KPI B2.2	Lost days due to work injury	People-oriented Philosophy to Unite Strength - Occupational Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	People-oriented Philosophy to Unite Strength - Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	People-oriented Philosophy to Unite Strength - Employee Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	People-oriented Philosophy to Unite Strength - Employee Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category	People-oriented Philosophy to Unite Strength - Employee Training and Development
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour	People-oriented Philosophy to Unite Strength - Employee Management

ESG Areas, General Disclosures and KPIs			Section
B4: Labour Standards	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	People-oriented Philosophy to Unite Strength - Employee Management
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	People-oriented Philosophy to Unite Strength - Employee Management
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Excellence Pursuit through Resources Revitalization - Sustainable Supply Chain
	KPI B5.1	Number of suppliers by geographical region	Excellence Pursuit through Resources Revitalization - Sustainable Supply Chain
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Excellence Pursuit through Resources Revitalization - Sustainable Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Excellence Pursuit through Resources Revitalization - Sustainable Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Excellence Pursuit through Resources Revitalization - Sustainable Supply Chain
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Excellence Pursuit through Resources Revitalization - Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Excellence Pursuit through Resources Revitalization - Product Responsibility
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Excellence Pursuit through Resources Revitalization - Quality Customer Service
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Excellence Pursuit through Resources Revitalization - Innovation-driven Development
	KPI B6.4	Description of quality assurance process and recall procedures	Excellence Pursuit through Resources Revitalization - Product Responsibility
B7: Anti-corruption	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Responsible Governance towards Robust Sustainability - Information Security
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering	Responsible Governance towards Robust Sustainability - Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Responsible Governance towards Robust Sustainability - Business Ethics; Appendix 1: Performance Indicators
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Responsible Governance towards Robust Sustainability - Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff	Responsible Governance towards Robust Sustainability - Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Collaborative Development for a Better Society - Public Welfare and Charity
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Collaborative Development for a Better Society - Public Welfare and Charity
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Collaborative Development for a Better Society - Public Welfare and Charity

