NAN NAN RESOURCES
ENTERPRISE LIMITED
南南資源實業有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1229)

Environmental, Social and Governance Report

2024/25

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About the Group

Nan Nan Resources Enterprise Limited ("Nan Nan Resources" or the "Company"), together with its subsidiaries (the "Group"), focuses on the mining and sales of coal resources in the Xinjiang Uygur Autonomous Region of the People's Republic of China, primarily operating the Kaiyuan Coal Mine. In response to the global trend of energy transition, the Group expanded into the renewable energy and information technology sectors so as to maintain its capability for diversified development.

About the Report

This Environmental, Social and Governance Report (the "Report") is prepared by Nan Nan Resources Enterprise Limited in accordance with Appendix C2 Environment, Social and Governance Reporting Code to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Reporting Code"), disclosing the Group's ESG-related policies, measures, performance, and future directions for the period from 1 April 2024 to 31 March 2025 (the "Reporting Period"). The Report is available in both Chinese and English and can be accessed on the websites of The Stock Exchange of Hong Kong Limited ("HKEX") and the Company (www.nannanlisted.com).

Reporting Scope

The Report primarily covers the coal mining and sales operations at Kaiyuan Mine in Xinjiang. Unless otherwise specified, all information and data refer to this main operational site in Xinjiang. With the ongoing development of the Group's business and its renewable energy projects, the scope of future reports will be reviewed and adjusted as needed to improve completeness and representativeness of the disclosures.

Reporting Principles

This Report has been prepared in accordance with the four reporting principles set out in the ESG Reporting Code:

Materiality	The Group conducted a double materiality assessment, engaging both internal and external stakeholders through questionnaires to identify and confirm material ESG issues relevant to the Group's operations and financial performance.
Quantitative	The Group disclosed ESG performance data, including greenhouse gas emissions and energy usage, based on national and international standards.
Consistency	Unless otherwise stated, the data and methodologies in this Report are consistent with those used in previous years.
Balance	The Report objectively reflects the Group's ESG practices, progress, and challenges, with a commitment to improving transparency.

Confirmation and Approval

All data and information disclosed in this Report were sourced from the Group's internal statistics, operational records and departmental reports. The Report was reviewed and approved by the Board of Directors on 20 June 2025.

Feedback

The Group welcomes feedback and inquiries from stakeholders regarding this Report and the Group's sustainability performance:

Tel: (852) 3845 5790
Fax: (852) 2110 1907
Email: info@nannanlisted.com
Website: www.nannanlisted.com

Sustainable Development Governance

Against the backdrop of increasing global emphasis on sustainable development, the Group actively responds to international and regional expectations for corporate ESG performance, striving to integrate sustainable development concepts into daily operations and decision-making processes to achieve long-term value co-creation and sharing. Currently, the Group is exploring sustainable development and its strategies, and gradually formulating specific sustainable development goals on this basis to provide clear direction for future development. At the same time, we hope to enhance internal attention and awareness of sustainable development through training and regular information updates, ensuring that the Group's management capabilities and business operations can align with long-term sustainable development strategies to achieve a better future.

Governance Structure

The Board of Directors plays a leadership and supervisory role in the Group's sustainable development, coordinating planning and reviewing the overall ESG strategy. To ensure effective advancement of ESG work within the Group, we have established an "Environmental, Social and Governance Working Group" comprising the mine's Chief Engineer, Administrative Department, Finance Department, and General Manager, responsible for formulating specific policies and action plans, and regularly reporting progress and implementation to the Board.

The Board of Directors is the Group's highest sustainable development decision-making body, responsible for ESG policy formulation and supervision, and has established a working group composed of the Administrative Department, Finance Department, and Chief Engineer to implement specific measures. The group regularly reports to the Board to ensure environmental and social issues receive full consideration.

Brief introduction of responsibility:



The Group references the recommendations of the International Sustainability Standards Board (ISSB) International Financial Reporting Standards (IFRS) S2 framework, addressing the challenges brought by climate change from four aspects: governance, strategy, risk management, and metrics and targets. In the future, we will continue to improve climate data collection and response mechanisms.

The Group recognizes climate change as a potential source of significant risks and opportunities, and therefore references the IFRS S2 framework to develop management strategies across four key areas:



- Establish a Sustainability Committee led by the Board of Directors to regularly review climate risk policies and incorporate them into Group strategy discussions
- Regularly provide the Board with climate change-related information and significant matters

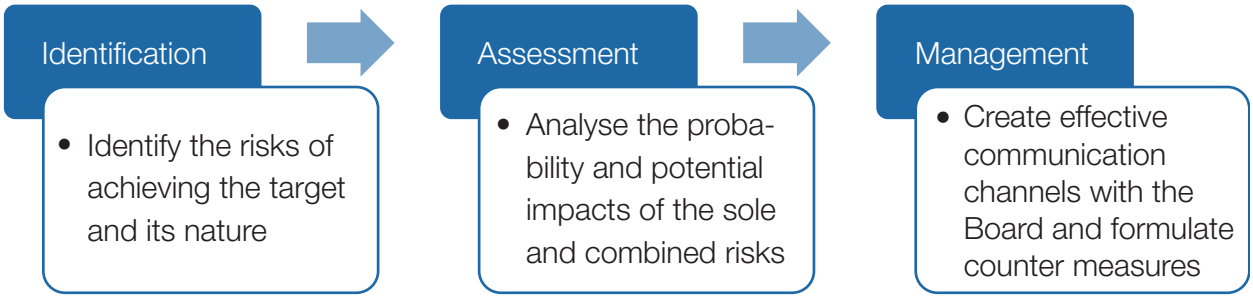
- Formulate medium-term sustainable development goals covering climate response, develop renewable energy business to diversify dependence on fossil fuels
- Incorporate climate change-related risk and opportunity factors and assessment results into operations
- Develop climate change strategies
- Regularly communicate with internal and external stakeholders regarding climate change strategies and decisions

- Establish climate risk identification, quantification and response processes, covering physical and transition risks, understand their significance and operational and financial impacts, and integrate with internal risk assessment mechanisms
- Develop appropriate response plans based on the degree of impact and importance of risks
- Provide relevant training to employees to raise risk awareness and capabilities

- Develop and disclose key indicators related to risk and opportunity assessment and management
- Continuously improve carbon emission and energy consumption data collection systems for future trend analysis and comparison
- Improve data collection systems and set targets

Risk Management

By establishing an effective risk management system, the Group can assist the Board in identifying, evaluating, and managing risks and opportunities, thereby achieving comprehensive and sustainable business operations. The Board will conduct a semi-annual assessment of the risk management and internal control systems according to the internal audit plan to ensure these systems can effectively respond to significant risk changes and maintain their management quality.



During the Reporting Period, the Group has identified and managed relevant risks in environmental, social, and governance aspects, and reported these risks to the Board for review and development of corresponding regulatory measures. At the same time, the Group has also conducted internal discussions and analyses on these opportunities and risks, with the aim of reducing the impact of these risks and effectively capturing these opportunities.

Risk	Description	Group Response
Strategy		
Catastrophic Risk	Sudden disruptive risks are difficult to predict, as exemplified by the COVID-19 pandemic which affected employee health and operational efficiency, and caused supply chain instability issues, all of which posed challenges to business operations.	The Group has established emergency rescue guidelines for special emergency situations to ensure employee safety. Meanwhile, the Group has strengthened cleaning and disinfection at operational sites, and provided supplies such as disinfectant alcohol to ensure workplace and personal hygiene.
Low-carbon Economic Transition	The world is transitioning to a low-carbon economy, and the country is simultaneously accelerating energy transition and policy adjustments, replacing traditional energy with clean and renewable energy technologies. If companies fail to respond promptly to changes in government policies, regulations, technology, and market structure, it may adversely affect operational stability and profitability.	The Group has developed renewable energy and information technology service businesses, and established policies and measures for emissions and resource use to reduce unnecessary emissions.

Risk	Description	Group Response
Operations		
Occupational Safety	Accidents during mining operations, coupled with insufficient safety awareness among employees, could lead to employee injuries, or in severe cases, permanent harm or death.	The Group has developed emergency rescue guidelines for critical situations and established corresponding regulatory systems to effectively reduce the impact of production accidents. Additionally, to enhance employee safety awareness, the Group regularly organizes occupational safety courses taught by professional technical personnel and requires all employees to participate in assessments. Furthermore, the Group conducts three major safety inspections monthly and convenes on-site safety inspection meetings to analyze inspection results and implement improvement measures.
Human Resources	With the development and application of safety production technology in the coal mining industry, the demand for relevant technical personnel will increase. If the Company is unable to provide employees with appropriate knowledge and skills transfer/training, it may face the risk of shortage of key technical personnel.	The Group's administration department establishes training plans based on employee needs and actual conditions, and discusses arrangements with department heads to ensure that employees are provided with the most suitable professional courses.
Community Relations	National policies stipulate that the coal industry needs to disclose information to public in a timely manner and accept social supervision to meet credit regulatory requirements. If companies fail to meet policy standards, experience major accidents, or engage in violations, they will face risks such as reputational damage, litigation, and fines, and may even be blacklisted, adversely affecting business operations and finances.	The Group strengthens information disclosure and enhances communication and relationship management with stakeholders to protect their right to information.

Risk	Description	Group Response
Compliance		
Tightening Environmental Policies	Since coal industry operations inevitably impact the environment and natural resources, the government is implementing stricter environmental protection policies to align with the development direction of green coal development and clean, efficient utilization. Coal companies will face increased costs for clean technology and emission management, leading to higher compliance costs and market entry barriers.	The Group closely monitors policy and regulatory changes to meet compliance requirements in a timely manner. At the same time, the Group actively implements energy-saving and emission-reduction actions, striving to minimize environmental damage during operations.
Fraud	In terms of finance and governance, incidents of financial fraud and corruption will harm corporate interests and reputation, reduce shareholder value, and result in government regulatory penalties.	The Group has established clear whistleblowing mechanisms to reduce the impact of violations. Meanwhile, the Group provides anti-corruption training activities for employees and directors to cultivate anti-corruption awareness.

Stakeholder Communication & Materiality Assessment

Communication Channels

Stakeholder support and participation are indispensable key elements in driving sustainable development. In view of this, the Group continuously strives to establish diverse communication channels, actively listening to and responding to the opinions and suggestions of internal and external stakeholders. We firmly believe that by establishing open and transparent dialogue mechanisms, we can help formulate more comprehensive sustainable development strategies and create greater value for stakeholders. The Group will continue to strengthen communication and interaction with all parties, aiming to steadily advance on the path of sustainable development and realize the vision of mutual development.

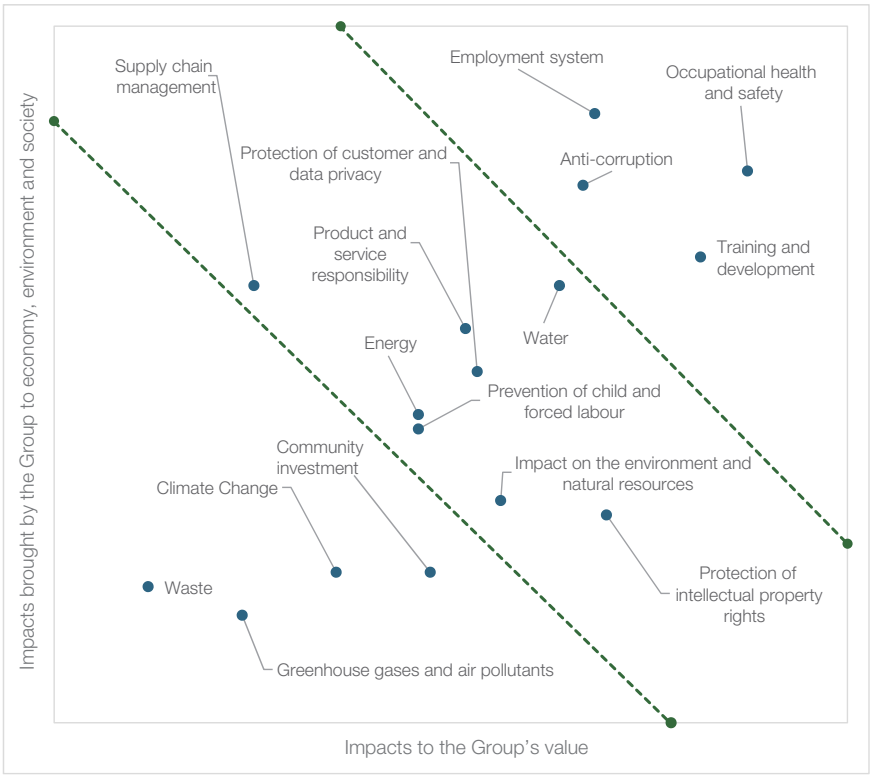
Stakeholder Group	Communication Channel
Employees	Employee activities Performance review Whistleblowing procedure
Suppliers	Supplier assessment
Shareholders and Investors	Shareholder meetings Financial report
Customers	Customer communication procedure Questionnaire

Materiality Assessment

The Group views stakeholders as important partners for sustainable development. Through questionnaires, meetings, and daily communication, a total of 102 valid responses were collected in the 2024/25 fiscal year to conduct a double materiality assessment.

Material issues identification	Professional consultants identified 16 issues relevant to the Group's business based on the Stock Exchange's "Guidelines", industry practices, and results from previous stakeholder communications, covering four major areas: "Environmental Protection", "Employment and Labour Practices", "Operational Practices", and "Community".
Stakeholders' opinions collection	Internal and external stakeholders were invited to participate in a questionnaire survey to rate the importance of the 16 issues. The Group collected a total of 102 valid responses. To further identify the financial impact of different sustainability issues on the Group, this year the Group continued to adopt a double materiality assessment by distributing questionnaires with different scoring criteria to the Group's management and other stakeholders, collecting management's ratings on how the issues impact the Group's value, and using these ratings as the basis for the materiality matrix.
Material issues analysis	Professional consultants integrated stakeholder ratings to conduct a materiality analysis, identifying a total of 4 important issues.
Material issues confirmation	The materiality matrix and analysis results were discussed and confirmed by the Group's Board of Directors.

This year continues to use last year's scoring criteria, formulating the Group's material issues through double materiality assessment. The overall results are broadly similar to last year, with "Employment and Labour Practices" issues being the primary focus, while environment-related issues are of secondary importance. This report will focus on disclosing relevant management measures and performance.



The Most Material Issues	Material Issues	Less Material Issues
• Occupational health and safety • Employment system • Training and development • Anti-corruption	• Water • Product and service responsibility • Protection of customer and data privacy • Supply chain management • Energy • Prevention of child and forced labour • Impact on the environment and natural resources • Protection of intellectual property rights	• Community investment • Climate change • Greenhouse gases and air pollutants • Waste

People-oriented, Build a Professional Team Together

The Group firmly believes that human resources are the fundamental driving force for corporate sustainable development, and are key to promoting business innovation, maintaining competitiveness, and achieving long-term goals. We believe that building a professional, efficient team with a strong sense of belonging is equally important for business operations and the practice of social responsibility. Therefore, the Group is committed to creating a safe, equal, respectful, and inclusive work environment, ensuring that all employees receive fair treatment in career development, training opportunities, compensation benefits, and job security.

To achieve this goal, we continuously optimize human resources policies and systems, including establishing clear employment processes, fair promotion and performance evaluation mechanisms, competitive compensation and benefits arrangements, and diverse learning and training programs to help employees continuously enhance their professional capabilities and adaptability. We also value employee participation, understanding their expectations and needs through regular communication and feedback collection, thereby driving continuous improvement in organizational culture.

Policy Overview	
Employee Organisation Management System	Internal Control and Management System for Mining Site Safety and Production

Occupational Health and Safety

In the coal mining industry, which heavily relies on personnel operations and equipment functioning, occupational health and safety has always been one of the core issues of the Group's corporate governance and sustainable development. We firmly believe that establishing a safe and secure working environment is the primary prerequisite for ensuring employee well-being and stable production operations. Therefore, the Group has constructed a comprehensive occupational health and safety management system from four dimensions: institutional development, risk prevention, education and training, and incident response.

At the policy level, the Group has formulated the "Internal Control and Management System for Mining Site Safety and Production" and numerous safety operation guidelines, covering areas such as mining operations, machinery operation, power management, hazardous materials storage, and fire and explosion prevention, and has established special emergency response plans for sudden incidents such as fires, flooding, and landslides. Our safety policies are developed based on laws such as the "Production Safety Law of the People's Republic of China" and the "Law on Prevention and Control of Occupational Diseases", and are regularly reviewed to ensure alignment with the latest regulations.

During the year, we implemented the following measures for occupational health and safety:

Daily operation & management

- Require mine area management to implement the principle of safety first, prevention as the primary focus, and comprehensive governance, holding no fewer than two safety production work meetings per month to assess risks, report issues, and follow up on rectification progress
- Organize one comprehensive safety inspection monthly, focusing on key production processes in open-pit coal mines, including drilling, blasting, mining, transportation, dumping, as well as slope conditions, drainage, mechanical and electrical systems, and rescue equipment
- For processes prone to safety hazards, such as transportation roads, open-pit operation areas, and drilling and blasting zones, implement “individual accountability” for position risk assessment and follow-up records

Education & Training

- We arrange for all formal and temporary workers to participate in safety orientation training, covering basic mine safety knowledge, accident response procedures, personal protective equipment usage, etc., and conduct tests to confirm their level of understanding
- For high-risk positions (such as blasting, electrical operations, and transport machinery maintenance), we arrange regular professional skill retraining and invite external certification bodies to provide technical guidance

Employment Management

The Group has established an "Employee Organization Management System", which specifies the mechanisms for recruitment, promotion, salary adjustment, and dismissal, ensuring all employment procedures are legally compliant, open, and fair. Department heads regularly conduct performance evaluations of employees, which serve as the basis for promotion and salary adjustments. The Group implements a monthly salary system, with compensation consisting of basic wages and position-based wages, along with various subsidies including meal allowances, business travel allowances, and phone allowances.

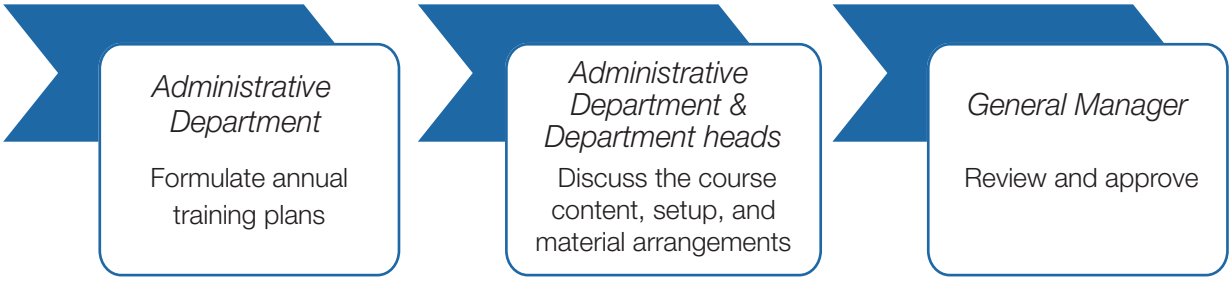
Recruitment, promotion, and dismissal	• Departments provide written recruitment applications to the Administrative Department as needed, and recruit through legal channels after approval. Recruitment will only be conducted based on factors such as applicant's past work performance, working attitudes and direction of career development. Any non-compliant and unfair recruitment will never be tolerated; • Department heads and responsible person conduct quarterly assessments on employee performance, and adjust their remuneration packages or positions according to the assessment results and internal regulations; and • If either the Group or the employee intends to terminate the employment contract, procedures will be followed to ensure that the employment contract is terminated in a legal and compliant manner.
Remuneration and dismission	• Remuneration consists of two parts: basic salary and position salary and adopts a monthly salary system. Employees' remuneration will be adjusted according to their performances and appraisal results; and • If employees are absent from work without reason constantly, falsify information, leak confidential information, violate laws and regulations or their behaviours cause severe adverse impacts to the operation, etc., the Group will terminate the employment contract.
Welfares and remuneration	• Employees are offered with paid or unpaid leaves including marriage leave, compassionate leave, maternity leave, family visit leave and annual leave; and • The Group also provides employees with benefits such as meal allowance, travel subsidies, and telephone fee subsidies, etc.. In case of employee birthdays, marriages or funerals, etc., the Administrative Department will be responsible for sending greets or condolences.

Diversity, equal opportunity and anti-discrimination	• The Group strictly prohibits discriminatory behaviour. All recruitment, dismissal, position adjustment and other issues are determined based on the employee's working performance, skills, attitude and other factors. They are not affected by their gender, sexual orientation, religion, marital status, etc. If there are any violations, corresponding sanctions will be determined according to the actual situation. • The Group welcomes talents with different cultural backgrounds and races, including local employees and ethnic minorities from Xinjiang Province, and people with disabilities. During the Reporting Period, the Group employed six ethnic minority employees and two persons with disabilities.
Prevention of child and forced labour	• During the recruitment, responsible employees or departments will strictly review the applicant's personal information and identification documents, and prohibit the employment of those under the age of 18 to avoid the misuse of child labour. If a child labour is found, the Group will terminate his/her application immediately, and send he/she to the police station or living place while reporting to the relevant department or manager; and • The Group prohibits all forms of forced labour after office hours, including but not limited to threats, imprisonment, detention of personal belongings or identification documents. Employees' weekly working hours and number of workdays are clearly stated in the employment contract and policy. Employees who need to work voluntarily after office hours must seek approval. Compensation will be provided according to their overtime work records. If a forced labour is found, the Group will immediately undertake investigation, give corresponding penalty and formulate improvement measures.

The Group employs a total of 134 employees, including 105 males and 29 females, with no other types of workers. 58 new employees were hired, while 35 employees departed. To support employee development, training was provided to 57 participants throughout the year, with an average of 36.8 training hours per person.

Training and Development

The Group views talent as the cornerstone of the enterprise's long-term development, firmly believing that cultivating a team of employees with professional capabilities and ethical qualities is a necessary condition for strengthening competitiveness and achieving sustainable development. Therefore, we continuously improve our employee training system, establishing a diverse, systematic learning framework to help employees in different positions master necessary skills, understand laws and regulations, enhance their overall qualities, and build a solid talent reserve for the Group's development.



At the beginning of each year, the Group's Administrative Department coordinates the formulation of an annual training plan, combining departmental operational needs and key safety production work to arrange various training activities covering technical guidance, safe operations, regulatory knowledge, professional ethics, and general skills. Training is divided into internal and external training, including orientation training, safety education training, departmental skills training, occupational disease hazard prevention training, on-site safety management training, and gas detection and application training, flexibly accommodating different employees' learning progress and job characteristics.

During the Reporting Period, the Group provided training activities for 57 employees, with an average training time of 36.8 hours per employee.

Responsible Management, Ensure Compliant Operation

The Group upholds the core corporate values of legal compliance and honest business operations, committed to establishing sound governance structures and risk management systems to ensure all operational activities comply with relevant regulations and ethical standards. We firmly believe that good corporate governance not only helps maintain stable business development, but is also the cornerstone of winning stakeholder trust and fulfilling social responsibilities. During the year, the Group strictly adhered to operational compliance requirements in accordance with various Chinese laws such as the Environmental Protection Law, Labor Law, and Product Liability Law, with no major illegal incidents or concluded corruption litigation.

Policy Overview	
• Intangible Asset Management System • Internal Control and Management System for Mining Site Safety and Production • Customer Privacy Protection Regulation • Sales and Contract and Sales Flow Management System	• Files Management and Implementation System • Commercial Secrecy Confidentiality Policy • Employee Organisation Management System • Procurement Management System

Compliance Management

During the Reporting Period, our Group's regulatory compliance status is as follows:

Aspects	Issues	Laws and Regulations (include but not limited to)	Compliance Performance
Environmental	Emissions	• Environmental Protection Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution • Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution • Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste • Energy conservation law of the People's Republic of China • Law of the People's Republic of China on Environmental Protection Tax	There are no relevant violations of laws and regulations that have a significant impact on the Group
	The environment and natural resources		

Aspects	Issues	Laws and Regulations (include but not limited to)	Compliance Performance
Social	Employment	• Labour Law of the People's Republic of China • The Social Insurance Law of the People's Republic of China • Law of the People's Republic of China on Employment Promotion • Labour Contract Law of the People's Republic of China • Regulations on Management of Housing Provident Fund	There are no relevant violations of laws and regulations that have a significant impact on the Group
	Health and safety	• The Work Safety Law of the People's Republic of China • Laws of the People's Republic of China on Prevention and Control of Occupational Diseases • Fire Control Law of the People's Republic of China • The Social Insurance Law of the People's Republic of China	There are no relevant violations of laws and regulations that have a significant impact on the Group
	Labour practice	• Labor Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Minors Protection Law of the People's Republic of China • Law of the PRC on the Protection of Women's Rights and Interests • Provisions on the Prohibition of Using Child Labor	There are no relevant violations of laws and regulations that have a significant impact on the Group

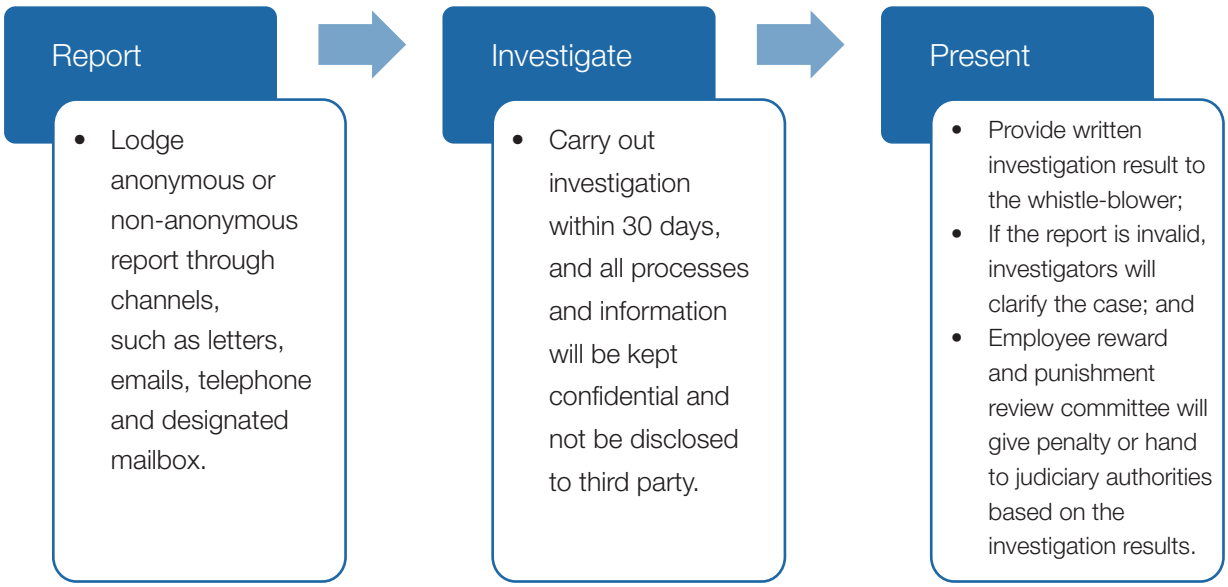
Aspects	Issues	Laws and Regulations (include but not limited to)	Compliance Performance
Social	Product responsibility	• Product Quality Law of the People's Republic of China • Patent Law of the People's Republic of China • Law of the People's Republic of China on the protection of consumer rights and interests • Advertising Law of the People's Republic of China • Trademark Law of the People's Republic of China	There are no relevant violations of laws and regulations that have a significant impact on the Group
	Anti-corruption	• Anti-Money Laundering Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Criminal Law of the People's Republic of China • Law of the People's Republic of China on Bid Invitation and Bidding	There are no relevant laws and regulations that have a significant impact on the Group and no concluded corruption lawsuits against the Group and its employees

Anti-corruption

The Group firmly adheres to the principles of integrity, self-discipline, and honest business operations, strictly prohibiting any form of corruption, bribery, fraud, or other behaviors that damage corporate reputation and public trust. We have clearly stipulated in our internal management systems (including the "Employee Organization Management System") the code of conduct that employees must follow during work, and provided clear guidelines regarding improper benefits, conflicts of interest, accepting gifts, and improper hospitality.

To continuously enhance employee awareness of ethical operations, the Group regularly arranges anti-corruption related training and communication activities, covering applicable laws and regulations, industry regulatory trends, common fraud methods, and practical case analyses. The Group requires anti-corruption themed training to be held at least once every two years. The Board members and core department employees have been scheduled to participate in updated training during the Reporting Period, strengthening their ethical judgment and risk prevention capabilities when performing their duties.

We have also established a comprehensive whistleblowing and complaint mechanism, providing employees with anonymous, secure reporting channels, encouraging them to proactively report to regulatory departments or designated internal personnel when they discover potential misconduct or compliance risks during their duties. All reports are handled according to strict confidentiality principles and investigated by independent departments, ensuring that the handling procedures are fair, transparent, and free from retaliation.



Through establishing a systematic anti-corruption framework and continuous employee education, we are committed to creating a clean and law-abiding business environment, ensuring that all business activities of the Group comply with applicable laws, regulatory requirements, and ethical standards, maintaining the long-term trust and interests of stakeholders.

Supply Chain Management

The Group values the key role of supply chain management in achieving sustainable development goals and is committed to monitoring and reducing potential environmental and social risks of suppliers through systematic measures. To this end, we have formulated the “Procurement Management System”, which clearly incorporates performance standards for suppliers in areas such as environmental protection, occupational health, safety management, and labour rights as the core basis for supplier selection and management.

In the supplier selection process, in addition to considering their business scale, financial stability, and product or service quality, we also assess whether they comply with relevant environmental regulations, whether they have occupational safety management systems, and whether they respect employee rights and fulfill social responsibilities. The relevant departments will conduct background checks on potential suppliers and, when necessary, perform on-site evaluations to ensure their operational methods align with the Group’s sustainable development principles.

Only suppliers who have been reviewed and qualified can be included in the list of approved suppliers and establish cooperative relationships; during the cooperation period, we will also regularly monitor and review their performance, requiring improvement measures when necessary.

This system of principles applies to all suppliers[1], including areas such as product supply, construction projects, technical services, and logistics transportation, aiming to promote environmental protection, labour protection, and corporate integrity together with supply chain partners through responsible procurement practices, establishing robust and sustainable cooperative relationships.

Management Requirements	
Environmental	• Adopt low-pollution energy or equipment; • Adopt prevention measures on noise pollution; and • Formulate reduction measures for the use of different resources.
Social	• Formulate occupational health and safety related measures and policies to create a safe workplace; • Prohibit the use of child and forced labour to protect the rights of employees; and • Comply with relevant laws and regulations with zero violation cases.

Product Responsibility

The Group is well aware that high-quality and stable products, proper management of customer information, and compliant protection of intellectual property are the cornerstones for enterprises to win market trust and achieve sustainable development. Therefore, we have established a set of internal control systems covering all aspects of operations, including the "Intangible Assets Management System", "Coal Mine Safety and Production Internal Control Management System", "Customer Privacy Protection Regulations", "Sales Contract and Process Management System", "Archives Management Implementation Measures", and "Trade Secret Confidentiality System", to comprehensively guide and supervise business activities, ensuring compliance with regulatory requirements and internal standards.

[1] The Group is unable to ensure data accuracy during the Reporting Period due to issue of accessing internal data. To safeguard data accuracy, the Group has not disclosed supplier related data.

Enhance product quality and safety	To ensure products meet safety standards and to continuously improve quality levels, the Group has established a Safety and Quality Standardization Leadership Team led by the Mine Manager as the team leader, with members including safety officers, technical personnel, and frontline operators. This team is responsible for conducting monthly quality and safety standardization reviews, and proposing improvement solutions for issues identified in operational processes. In the 2024/25 fiscal year, we arranged quality and safety inspections in the middle and end of each month, with inspection areas covering coal mine operation sites, mechanical operation conditions, and finished product storage and transportation processes. Based on inspection results, remediation plans are formulated to ensure continuous improvement and risk prevention and control.
Customer information and opinion management	The Group attaches importance to the management of customer privacy rights and feedback. All sales personnel must comply with the "Customer Privacy Protection Regulations" and relevant contractual terms, strictly prohibiting unauthorized access, use, or disclosure of customer information. Customers can provide opinions and suggestions through business departments or official contact methods, and we also regularly compile feedback content as a basis for optimizing product design and service processes. During the Reporting Period, no records of violations of personal data protection legislation were found.
Intellectual property management	The Administration Department coordinates the management of all intangible assets and confidential information of the Group, and monitors information access rights in accordance with the "Business Secrets Confidentiality System". Employees are required to sign confidentiality agreements upon joining, which clearly stipulate that company technical documents, drawings, or design materials must not be disclosed or transferred without authorization. The Group also values the intellectual property rights of its partners and specifies terms for mutual respect and protection of intellectual property rights in contracts. During the 2024/25 fiscal year, the Group was not involved in any cases of infringement or violation of intellectual property-related regulations.

Protect the Environment, Contribute to the Dual Carbon Goals

The Group supports the national policy objectives of "Carbon Peak, Carbon Neutrality" and is committed to implementing the concept of environmental protection and resource efficiency in daily operations. Through clear environmental management systems, emission control measures, energy conservation and emission reduction actions, and waste management standards, we continuously reduce the impact of business activities on the natural environment.

Policy Overview	
Environmental Work Policy Shrub Plantation Policy	Climate Change Policy

The Group has formulated the "Environmental Protection Work System" and internal environmental monitoring procedures based on the "Environmental Protection Law of the People's Republic of China", "Air Pollution Prevention and Control Law", "Water Pollution Prevention and Control Law", and other applicable legislation, covering areas such as air emissions, water resource use, noise control, solid waste management, etc. We have established environmental supervision positions in operating units, responsible for daily monitoring and data submission, and regularly undergo inspections and audits by local environmental protection departments.

Emissions

As a company, we understand that our business operations have varying degrees of impact on the environment, including the emission of air pollutants, greenhouse gases, and the generation of waste. We place great importance on environmental protection, not only by strictly complying with relevant environmental laws and regulations, but also by actively implementing various internal environmental protection measures, striving to reduce emissions during operations and their impact on the environment.

Operating equipment

- Use relatively low-carbon and low-polluting equipment; and
- Replace equipment that increases pollutants or greenhouse gas emissions due to aging parts.

Employee's awareness

- Encourage the use of public transport; and
- Encourage the use of online meetings such as teleconferencing and video conferencing to reduce the need for business travel.

Greenhouse Gas Emissions

During the Reporting Period, the Group emitted a total of 975.6 kilograms of nitrogen oxides, 1.6 kilograms of sulfur oxides, and 40.3 kilograms of respirable suspended particulates. At the same time, the Group emitted a total of 134,985.5 tonnes of CO_2e greenhouse gases, with a corresponding density of 47.9 tonnes of CO_2e per thousand tonnes of raw coal.

Air Pollutants	2024/25	2023/24	2022/23	Unit
Nitrogen oxides	975.6	302.0	1,173.7	kg
Sulphur oxides	1.6	0.3	1.4	kg
Respirable suspended particulates	40.3	1.2	72.4	kg

Greenhouse Gas Emissions	2024/25	2023/24	2022/23	Unit
Scope 1 – direct greenhouse gas emissions	132,878.9	29,491.3	50,235.1	tonne of CO_2e
Scope 2 – energy indirect greenhouse gas emissions	2,100.6	1,957.2	1,355.9	tonne of CO_2e
Scope 3 – other indirect greenhouse gas emissions	11.0	9.2	4.2	tonne of CO_2e
Total greenhouse gas emissions	134,985.5	31,457.7	51,595.2	tonne of CO_2e
Greenhouse gas emissions intensity (in terms of raw coal production)	47.9	50.3	48.6	tonne of CO_2e/1,000 tonnes of raw coal

Waste

Our company mainly generates non-hazardous waste such as domestic waste and food waste during our operations. To ensure proper handling of these wastes, we have established effective management systems to properly dispose of waste and avoid environmental pollution. At the same time, we are committed to implementing waste reduction at source, practicing the "3R" principles - Reduce, Reuse, and Recycle in our operations to minimize the environmental impact of waste.

Reduce	Reuse	Recycle
• Encourage the use of reusable or refillable products, such as reusable food containers and refillable ball pens; and • Purchase materials according to actual needs and encourage employees to purchase based on necessity to prevent waste.	• Collect and process food waste, and convert it into fertiliser; • Use treated wastewater for dust suppression, shrub and plant irrigation; and • Clean used containers and divert them to other uses.	• Place recycling bins in dominant places; and • Put up recycling slogans near the rubbish bins to increase the awareness of recycling.

Based on the actual situation during the Reporting Period, we have not yet established a complete waste data collection mechanism. The Group recognizes that accurate data recording and analysis are essential for effective waste management. In view of this, we plan to gradually improve the relevant monitoring and recording systems in the coming year to enhance the transparency and accountability of waste management, while providing a more detailed data foundation for future environmental performance reports.

Use of Resources

The Group actively promotes resource conservation policies, and through the implementation of various management measures such as the "Environmental Protection Work System", strives to optimize the efficiency of resource and energy use. We focus on enhancing employees' environmental awareness and adopt multiple measures to reduce unnecessary energy consumption. Additionally, the Group plans to establish a comprehensive energy management system in the future and regularly evaluate and update energy use targets to ensure that the operational model aligns with sustainable development principles.

Operating equipment

- Regular inspect and repair equipment to ensure effective energy consumption; and
- Replace aging equipment with substandard energy efficiency.

Employee awareness

- Put up energy-saving signages in prominent places; and
- Turn off idling equipment.

Energy Consumption

During the Reporting Period, the Group's total energy consumption was 4,832.5 MWh, with a corresponding density of 1.7 MWh per thousand tonnes of raw coal. Compared to last year, the Group's energy usage increased by 31.2%, mainly due to the significant increase in raw coal mining volume.

Energy Consumption	2024/25	2023/24	2022/23	Unit
Direct energy	1,149.1	250.7	852.3	MWh
Indirect energy	3,683.4	3,431.9	2,377.6	MWh
Total energy consumption	4,832.5	3,682.6	3,229.9	MWh
Energy intensity (in terms of raw coal)	1.7	5.9	3.0	MWh/1,000 tonnes of raw coal

Water Consumption

Precious water resources are crucial to the Earth's ecosystem. The Group places a high emphasis on water resource sustainability and has taken multiple practical actions to reduce water consumption. We not only post water conservation slogans in office areas to raise employees' environmental awareness, but also select equipment with water-saving features in our hardware configuration, ensuring that every drop of water is used most effectively.

As our region has an abundant water supply, the Group does not face particular challenges in water sourcing. Nevertheless, we still adhere to the principle of water conservation and continue to commit to protecting this valuable natural resource to maintain the common interests of the general public.

During the Reporting Period, the Group consumed a total of 143,244 cubic meters of water resources, with a corresponding density of 50.8 cubic meters per thousand tonnes of raw coal. Despite implementing water-saving measures, the Group's total water consumption increased significantly by nearly double, but the density decreased, mainly due to the substantial increase in raw coal mining volume during the year.

Water Consumption	2024/25	2023/24	2022/23	Unit
Total water consumption	143,244	71,647	90,096	cubic metre
Water intensity (in terms of raw coal production)	50.8	114.5	84.8	cubic metre/1,000 tonnes of raw coal

Environmental and Natural Resources

Due to the nature of the Group's business, we carefully manage the potential environmental impacts that may arise from our operations, particularly issues such as soil erosion and groundwater contamination. To this end, the Group has established a comprehensive environmental management system, including the implementation of important guidelines such as the "Environmental Protection Work System" and "Shrub Planting Policy". We have appointed a dedicated Environmental Protection Mine Manager with full responsibility for monitoring the implementation of daily environmental protection work and reviewing the effectiveness of environmental management through regular work meetings. At the same time, we have also established rigorous pollution discharge monitoring mechanisms and arranged for professional personnel to conduct regular environmental inspections, striving to minimize the environmental impact of our operational activities.

Climate Change

Extreme weather events caused by global warming are becoming increasingly frequent, posing significant challenges to society and business operations. To actively address this situation, the Group has specifically formulated the "Climate Change Policy" and related supporting measures. Through implementing these policies and measures, we are committed to reducing the impact of our operational activities on the climate and enhancing our business resilience to climate change, ensuring that the Group can maintain robust development despite climate change challenges. In extreme weather events, such as continuous heavy rainfall that may cause flooding at operational sites, and long-term high temperatures and drought that may cause soil moisture depletion, these are risk factors that must be carefully considered when planning and implementing climate response measures.

In response to the Group's business nature and geographical location, we have completed preliminary climate risk assessment work and will conduct more in-depth risk analysis at appropriate times to comprehensively understand the potential impact of related risks on the Group's operations. Based on the assessment results, we will also implement targeted risk management solutions to effectively control and reduce related risks, enabling the Group to continuously move forward steadily in the process of addressing climate change.

Risk	Description	Response
Physical risk		
Frequent occurrence of extreme weather	Climate change is causing more frequent extreme weather events, while their intensity and destructiveness are also increasing. Mining sites, equipment, and other physical assets of the Group may be damaged by extreme weather such as heavy rainstorms and droughts, potentially threatening the safety of local employees and impacting overall operations.	The Group has established comprehensive and appropriate internal control mechanisms to address the impacts caused by extreme weather. At the same time, the Group selects energy-efficient and environmentally friendly facilities to improve resource utilization efficiency.
Change of participation pattern	Heavy rainfall can cause flooding, landslides, and debris flow incidents, affecting workplace safety and resulting in losses to other physical assets of the Group. Drought and extreme drought will directly impact the raw water supply to mining sites, affecting business operations.	

Risk		Description	Response
Transition risk			
Policies and laws	Adjustment of national policies	Carbon emission and energy policies and structures will change due to the country's dual carbon goals, resulting in declining demand for non-renewable energy, which will limit the Group's development opportunities.	To achieve the dual carbon goals, the country has increased environmental protection requirements and standards for the coal resource development industry, resulting in increased risks of non-compliance, emission costs, and compliance costs.
	Enhancement of industrial environmental requirement	To achieve dual carbon goals, the country has increased environmental protection requirements and standards for the coal resource development industry, resulting in increased risks of non-compliance, emission costs, and compliance costs.	

Risk		Description	Response
Transition risk			
Market	Increasing investment pressure	Due to international market's focus on responsible investment, restrictions and difficulties in coal investment have increased. Many investors have withdrawn from coal development projects, reducing capital investment in the coal industry.	The Group has expanded into renewable energy and information technology services businesses to enhance its competitiveness.
	Decreasing demand for coal	The international market increasingly emphasizes and focuses on issues such as sustainable development and carbon neutrality, while the country simultaneously establishes dual carbon goals and promotes low-carbon economic green transformation, potentially leading to a continuous decline in coal demand.	
Technology	Competition of innovative technology	The development and application of green technology is increasing due to the demand for green energy, making enterprises with more advanced coal mine construction and production technologies more competitive.	

Care for the society, Build a better home

As an integral part of our corporate sustainable development strategy, we firmly believe that promoting environmental protection, talent development, business optimization, and community integration are equally essential. The Group actively promotes various community engagement programs and invests resources in the regions where we operate to foster continuous social prosperity and development. To ensure effective implementation of community investment projects, we have specifically formulated several relevant guidelines, including the "Community Investment, Sponsorship and Donation Policy", to standardize and optimize our community engagement efforts, aiming to create long-term and positive value for the community.

Appendix

Overview of Key Performance Indicators

Environmental Performance

Environmental Key Performance Indicators	2024/25	2023/24	2022/23	Unit
Air Pollutants				
Nitrogen oxides	975.6	302.0	1,173.7	kg
Sulphur oxides	1.6	0.3	1.4	kg
Respirable suspended particulates	40.3	1.2	72.4	kg
Greenhouse Gas Emissions				
Scope 1 – direct greenhouse gas emissions	132,873.9	29,491.3	50,235.1	tonne of CO_2e
Scope 2- energy indirect greenhouse gas emissions	2,100.6	1,957.2	1,355.9	tonne of CO_2e
Scope 3 – other indirect greenhouse gas emissions	11.0	9.2	4.2	tonne of CO_2e
Total greenhouse gas emissions	134,985.5	31,457.7	51,595.2	tonne of CO_2e
Greenhouse gas emissions intensity (per 1,000 tonnes of raw coal)	47.9	50.3	48.6	tonne of CO_2e/1,000 tonnes of raw coal
Energy				
Direct energy	1,149.1	250.7	852.3	MWh
Indirect energy	3,683.4	3,431.9	2,377.6	MWh
Total energy consumption	4,832.5	3,682.6	3,229.9	MWh
Energy intensity (per 1,000 tonnes of raw coal)	1.7	5.9	3.1	MWh/1,000 tonnes of raw coal
Water				
Total water consumption	143,244	71,647	90,096	cubic metre
Water intensity (per 1,000 tonnes of raw coal)	50.8	114.5	84.8	cubic metre/1,000 tonnes of raw coal

Social Key Performance Indicators		2024/25
Number of Employees		
Gender	Male	105
	Female	29
Age	30 years old or below	17
	31-40 years old	43
	41-50 years old	28
	51 years old or above	46
Employment type	Full-time	126
	Part-time	8
Geographical region	Urumqi	18
	Qitai County	15
	Mori Kazakh Autonomous County	8
	Xiheishan Industrial Park, Xinjiang Zhundong Economic and Technological Development Zone	93
Employment level	General employees	105
	Middle management	17
	Senior management	8
	C-level executives	4
Total		134

Social Key Performance Indicators		2024/25
Employee Turnover (Employee Turnover Rate)		
Gender	Male	33 (31.4%)
	Female	2 (6.9%)
Age	30 years old or below	8 (47.1%)
	31-40 years old	13 (30.2%)
	41-50 years old	10 (35.7%)
	51 years old or above	4 (8.7%)
Employment type	Full-time	35 (27.8%)
	Part-time	0 (0.0%)
Geographical region	Urumqi	2 (11.1%)
	Qitai County	5 (33.3%)
	Mori Kazakh Autonomous County	0 (0.0%)
	Xiheishan Industrial Park, Xinjiang Zhundong Economic and Technological Development Zone	28 (30.1%)
Employment level	General employees	31 (29.5%)
	Middle management	2 (11.8%)
	Senior management	2 (25.0%)
	C-level executives	0 (0.0%)
Total		35

Social Key Performance Indicators		2024/25
New Hires (New Hires Rates)		
Gender	Male	56 (53.3%)
	Female	2 (6.9%)
Age	30 years old or below	11 (64.7%)
	31-40 years old	23 (53.4%)
	41-50 years old	15 (53.6%)
	51 years old or above	9 (19.6%)
Employment type	Full-time	58 (46.0%)
	Part-time	0 (0.0%)
Geographical region	Urumqi	3 (16.7%)
	Qitai County	5 (33.3%)
	Mori Kazakh Autonomous County	1 (12.5%)
	Xiheishan Industrial Park, Xinjiang Zhundong Economic and Technological Development Zone	49 (52.7%)
Employment level	General employees	53 (50.5%)
	Middle management	3 (17.7%)
	Senior management	1 (12.5%)
	C-level executives	1 (25.0%)
Total		13

Social Key Performance Indicators		2024/25
Employee Health and Safety		
Number of work-related injuries		0
Lost days due to work-related injury		0
Number of Trained Employees (Employee Training Rate)		
Gender	Male	52 (49.5%)
	Female	5 (17.2%)
Employment level	General employees	35 (33.3%)
	Middle management	14 (82.4%)
	Senior management	5 (62.5%)
	C-level executives	3 (75.0%)
Total		134 (42.5%)
Average Training Hours of Employees		
Gender	Male	45.6
	Female	5.0
Employment level	General employees	33.1
	Middle management	55.5
	Senior management	40.0
	C-level executives	48.0
Total		36.8

HKEX ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Content	Page index/ remarks
Mandatory Disclosure Requirements		
Governance Structure	(i) a disclosure of the board's oversight of ESG issues.	4
	(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 businesses).	5-9
	(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.	5-9
Reporting Principles	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	3, 9-11
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	3
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	3
Reporting Boundary	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.	2

Aspects, General Disclosures and KPIs	Content	Page index/ remarks
A1 Environmental		
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.	18, 24-26
A1.1	The types of emissions and respective emissions data.	25, 32
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	25, 32
A1.3	Total hazardous waste produced and, where appropriate, intensity.	26
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	26
A1.5	Description of emission target(s) set and steps taken to achieve them.	24-26
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	26
A2 Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	27-28
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	27, 32
A2.2	Water consumption in total and intensity.	28, 32
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	27-28
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.	28
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Given its business nature, daily operations of the Group do not involve the consumption of packaging material.

Aspects, General Disclosures and KPIs	Content	Page index/ remarks
A3. Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	28
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	38
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.	28-31
A4.1	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	28-31
B1 Employment		
Employment	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, anti-discrimination, and other benefits and welfare.	12, 14-15, 19
B1.1	Total workforce by gender, employment type, age group and geographical region.	15, 33
B1.2	Employee turnover rate by gender, age group and geographical region.	15, 34

Aspects, General Disclosures and KPIs	Content	Page index/ remarks
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.	12-13, 19
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	36
B2.2	Lost days due to work injury.	36
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	12-13
B3 Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	16
B3.1	The percentage of employees trained by gender and employee category.	15, 36
B3.2	The average training hours completed per employee by gender and employee category.	15, 36
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.	14-15, 19
B4.1	Description of measures to review employment practices to avoid child and forced labour.	15
B4.2	Description of steps taken to eliminate such practices when discovered.	15

Aspects, General Disclosures and KPIs	Content	Page index/ remarks
B5 Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	17, 21-22
B5.1	Number of suppliers by geographical region.	22
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.	21-22
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	22
B5.4	Description of practices used to promote environmentally preferable products and service when selecting suppliers, and how they are implemented and monitored.	22
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.	20, 22-23
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	23
B6.2	Number of products and service-related complaints received and how they are dealt with.	23
B6.3	Description of practices relating to observing and protecting intellectual property rights.	23
B6.4	Description of quality assurance process and recall procedures.	22-23
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	23

Aspects, General Disclosures and KPIs	Content	Page index/ remarks
B7 Anti-corruption		
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.	20
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.	20
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	20
B7.3	Description of anti-corruption training provided to directors and staff.	20
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.	31
B8.1	Focus areas of contribution.	31
B8.2	Resources contributed to the focus area.	31