Xinjiang Xinxin Mining Industry Co., Ltd.

股票代碼：3833

# 2025

# Environmental, Social and Governance (ESG) Report



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# About this Report

Xinjiang Xinxin Mining Industry Co., Ltd. (the "Company", together with its subsidiaries, collectively referred to as "the Group" or "we") is pleased to present the Environmental, Social and Governance Report (the "ESG Report") for the year ended 31 December 2025 ("2025" or the "Year"). This ESG Report summarizes the Group' s objectives, plans and performance in environmental, social and governance ( "ESG") matters, and demonstrates our consistent commitment to sustainable development.

## Scope of the Report

This Report covers the Company and its subsidiaries within the scope of the consolidated financial statements.

## Time Frame

This Reporting Period of the Report covers from January 1, 2025 to December 31, 2025, with certain content appropriately extended to relevant data from preceding and subsequent years for analytical purposes.

## Basis of Preparation

The relevant standards, frameworks, principles and relevant requirements referred to in the preparation of this report are:

- Appendix C1 *Corporate Governance Code* and Appendix C2 *Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Main Board* of The Stock Exchange of Hong Kong Limited (hereinafter referred to as HKEX)
- Global Reporting Initiative (GRI) *Sustainability Reporting Guidelines* 2021 Edition
- International Organization for Standardization *Guidance on Social Responsibility* ISO 26000: 2010
- *IFRS 1-General Requirements for Sustainability-Related Financial Information* (IFRS S1) and IFRS 2-*Climate-Related Disclosures*
- Sustainability Accounting Standards Board (SASB)
- National Standard of the People' s Republic of China GB/T36000 *Guidance on Social Responsibility*
- State-owned Assets Supervision and Administration Commission of the State Council (SASAC) *Guidelines on Fulfillment of Social Responsibilities by Central Enterprises*

## Data Source

All data and information contained in this report are derived from the Group' s internal statistical system and official documents. In the event of any discrepancy between the financial information disclosed in this report and that in Group' s annual report, the annual report shall prevail. Unless otherwise stated, all amounts in this report are denominated in Renminbi (CNY).

## Explanation of Designations

For conciseness and convenience, all abbreviated terms used in this report are consistent with those defined in the Group' s 2025 Annual Report.

## Report Access

The electronic version of this report has been published on the Company' s website (kunlun.wsfg.hk) and the HKEX news website (www.hkexnews.hk,) and is available for public inspection and download.

## Report Version

This report is published in both Chinese and English versions. In case of any inconsistency or ambiguity between the contents of the two versions, the Chinese version shall prevail.

## Definitions

| Abbreviation | Refers to | Full Name |
|---|---|---|
| HKEX | Refers to | Hong Kong Exchanges and Clearing Limited |
| Kalatongke Mining | Refers to | Xinjiang Kalatongke Mining Co., Ltd |
| Xinjiang Yakesi | Refers to | Xinjiang Yakesi Resources Co., Ltd |
| Hua' ou Mining | Refers to | Xinjiang Hua' ou Mining Co., Ltd |
| Fukang Smelter | Refers to | Fukang Smelter of Xinjiang Xinxin Mining Industry Co., Ltd. |

# Directors' Statement

The Board of Directors (the "Board") of the Company attaches great importance to ESG governance and strive to achieve the harmonious development of the enterprise, society and nature. As the highest authority responsible for ESG affairs and decision-making of the Group, the Board supervises and participates in the entire process of ESG affairs, and is accountable for the Company' s ESG strategy and reporting.

Oversight of ESG Matters: The Board of Directors has integrated ESG matters into the Company' s governance structure. The Strategy and Sustainable Development (ESG) Committee (the "ESG Committee") is responsible for reviewing and overseeing the Group' s ESG policies and practices, and providing recommendations to the Board on ESG management. On 28 March 2025, the Company' s ESG Committee reviewed the annual ESG report and corporate governance report for the year 2024, and on 27 March 2026, it reviewed the annual ESG report and corporate governance report for the year 2025. The Committee also assessed the effectiveness and adequacy of the ESG Committee team and conducted an annual review of the shareholder policy.

ESG Management Principles and Policies: The Board has incorporated ESG concepts into the management system and daily operations, prioritizes and manages ESG-related matters and internal and external risks according to macro-policy analysis, internal strategic planning and communication with stakeholders, and transparently discloses all aspects of ESG governance and management principles and policies, so as to continuously improve and promote the implementation and optimization of ESG-related work.

Review of ESG Objectives: The Board has continuously strengthened the supervision of the Company' s ESG governance and increased participation. The Group has formulated relevant annual environmental targets, and the Board regularly reviews and evaluates the formulation of the targets and checks the implementation progress of the targets.

The Group places great emphasis on materiality, quantification, balance and consistency in the preparation of this ESG Report, and the Group has applied the following reporting principles in accordance with the above ESG Reporting Guide:

Materiality: The material issues were identified through importance assessment during the year, and the identified material issues were the focus of this ESG Report. The importance of the issues has been reviewed and confirmed by the Board and the Working Group. Please refer to the Importance Assessment Section for details.

Quantitative: The assumptions, methods, and applicable bases used in calculating the relevant data for this Environmental, Social and Governance (ESG) report are all disclosed. Where applicable, the disclosure of performance indicators is supplemented in the notes to facilitate benchmarking.

Balance: This ESG Report has been prepared in an objective manner to ensure that the disclosures truly reflect the overall ESG performance of the Group.

Consistency: The statistical methods adopted in this ESG report are generally consistent with those of the previous year, with explanation given for changes in the scope of disclosure and calculation methods. Any changes that may affect comparison with previous will be described in the corresponding sections of this ESG Report.

This report was reviewed and approved by the Board of Directors on March 27, 2026.



# Chairman's Statement

Dear Shareholders, Partners and Colleagues,

Hello everyone! On the occasion of the release of the Company' s 2025 ESG Report, on behalf of the Board of Directors, I would like to extend my sincere gratitude and highest respect to all levels of organizations, shareholders, partners, friends from all sectors of society who have long cared about and supported the Company' s development, as well as to all our colleagues. Xinxin Mining has always integrated the ESG philosophy throughout its entire development process, adhered to the coordination of resource development and ecological protection, and attached equal importance to corporate development and social responsibility, remaining true to our original aspiration and pursuing pragmatic innovation amid market changes.

Guided by green development, we are building a strong ecological barrier: We are committed to the "dual carbon" goals, practicing the principle that "lucid waters and lush mountains are invaluable assets," and embedding green and low-carbon practices throughout the entire process of exploration, mining, and smelting. In 2025, we continued to improve climate governance, optimize the energy structure, strengthen energy consumption control, and advance greenhouse gas emissions reduction; strictly implemented environmental management requirements, standardized the disposal of solid waste, wastewater, and waste gas, and deepened the investigation of hidden risks; and further advanced green mine construction, ecological reclamation, and greening restoration to safeguard the ecological environment.

Standardized governance to strengthen the foundation for development: As a company listed on the HKEX , we strictly benchmark ourselves against regulatory requirements, optimize our corporate governance structure, and establish a three-tier ESG management system to ensure the efficient performance of all specialized committees. In 2025, we deepened risk prevention and control and compliance management, and improved the relevant institutional framework; accelerated digital and intelligent transformation, promoted intelligent production and automation applications, and enhanced our core competitiveness through technological innovation.

People-oriented, pooling the strength for development: We uphold a talent-first approach and place employee rights and career development at the forefront. In 2025, we improved the employee rights protection system, strictly complied with labor laws and regulations, and strengthened safeguards for safety and health; refined the compensation and incentive mechanism and broadened channels for sharing development achievements; built training and promotion platforms to enable employees and the Company to grow together.

Fulfilling our mission and supporting local development: We proactively practice social responsibility, integrate corporate development into regional development, contribute to rural revitalization, and help increase the incomes of communities surrounding mining areas; advance infrastructure assistance, carry out volunteer services, outreach and care activities, deepen enterprise-community co-development, and support local stability and development.

2026 is the opening year of the 15th Five-Year Plan and also a critical year for the Company to deepen its ESG practices. We will implement the new development philosophy, continue to advance the green and low-carbon transition, optimize corporate governance, strengthen digital and intelligent-driven development, remain people-oriented, deepen local-enterprise collaboration, and contribute to the high-quality development of the national mining industry. Though the road ahead is long and challenging, steady progress will take us to our destination. Xinxin Mining will unite in purpose and work diligently and pragmatically to repay shareholders, employees, and society with outstanding ESG performance and business results, and write a new chapter of high-quality sustainable development.

Xinjiang Xinxin Mining Industry Co., Ltd. Chen Yin

March 2026

# Into Xinxin Mining

## Company Profile

Xinjiang Xinxin Mining Industry Co., Ltd. (the“ Company”) is a joint stock limited company established in the People’ s Republic of China (the “China”) on September 1, 2005, with the approval of the People’ s Government of Xinjiang Uygur Autonomous Region. It was initiated and established by Xinjiang Nonferrous Metal Industry (Group) Co., Ltd. (“Xinjiang Nonferrous Metals”) jointly with several strategic investors. The Company was listed on Hong Kong Exchanges and Clearing Limited (the HKEX) in October 2007 (stock code: 3833). The Group holds 100% interests in Kalatongke, Huangshandong, Huangshan, and Xiangshan in Hami, Xinjiang, as well as a 51% interest in the Ka’ erqia’ er Fluorite Mine in Ruoqiang County, Bayingolin Mongol Autonomous Prefecture, Xinjiang. In recent years, the Company has vigorously advanced enterprise reform and improved its operational and management efficiency. The Company was consecutively included in the State-owned Assets Supervision and Administration Commission of the State Council’ s “Double Hundred Enterprises” list in 2023 and 2024, demonstrating the exemplary effect of its reforms.

## Core Businesses

The Company and its subsidiaries (the Group) are the second-largest producer in China using sulfide nickel resources to produce electrolytic nickel, and are principally engaged in the mining, ore processing, smelting, refining and sale of nickel, copper and other non-ferrous metals. The Group’ s principal product is electrolytic nickel, and its secondary product is cathode copper. Other products generated in the course of producing the Group’ s principal products include cobalt, gold, silver, platinum and palladium. In 2025, the Group’ s Ka'erqia'er Fluorite Mine remained in the infrastructure construction stage, and fluorite concentrate had not yet commenced formal production or sales.

In 2025, the Group continued to increase investment in production safety facilities, environmental protection facilities, and the upgrading of major production processes; strengthened the leading role of Party Building and internal basic management; optimized its internal operating structure and the techno-economic indicators of its production processes; strictly controlled non-productive expenditures; and ensured that production reached the required capacity and standards. At the same time, it continued the sales model of pricing based on both spot and futures markets, so as to enable the Group’ s principal products to be sold when market prices were relatively high, thereby effectively enhancing the Company’ s economic benefits. The Group adhered to the workplace safety and environmental protection policy of “safety first, prevention foremost, and comprehensive management” and “equal emphasis on resource development and environmental protection,” firmly established the philosophy of “putting the people first and life first,” upheld red-line thinking on safety and bottom-line thinking on environmental protection, and earnestly carried out the Group’ s workplace safety and environmental protection work. In 2025, the Group achieved its workplace safety targets, and its environmental protection work was carried out in strict accordance with the relevant national laws, regulations and standards.

## Operating Performance

In 2025, the Group’ s operating revenue was approximately RMB 2,561.3 million, representing an increase of about 11.7% compared to 2024. Consolidated Net Profit Attributable to Equity Holders of the Company RMB 194.1 million, an increase of about 5.6% compared to 2024. In 2025, the Group produced a total of 13,007 Tonnes of electrolytic nickel, an increase of approximately 26.6% compared to 2024, and a total of 9,007 Tonnes of cathode copper, an increase of approximately 2.4% compared to 2024.

| | |
|---|---|
| Revenue was approximately RMB **2,561.3** million | An increase of approximately **11.7**% compared with 2024 |
| Consolidated Net Profit Attributable to Equity Holders of the Company RMB **194.1** million | An increase of approximately **5.6**% compared with 2024. |
| Produced **13,007** tonnes of electrolytic nickel | An increase of approximately **26.6**% compared with 2024 |
| Produced **9,007** tonnes of cathode copper | An increase of approximately **2.4**% compared with 2024 |

Note: The Group completed the equity acquisition of Hua’ ou Mining in June 2025. This transaction constituted a business combination under common control, and the Group restated its 2024 consolidated financial statements in accordance with the China Accounting Standards. For details of the consolidated operating results, please refer to the audited consolidated financial statements.

# Sustainable Development Governance Mechanism

## ESG Management System

As a responsible company, the Group regards its environmental, social, and governance (ESG) commitments as part of its duties and is dedicated to incorporating ESG considerations into its decision-making processes. To achieve this goal, the Group has established an ESG management system, led by the Board of Directors and its specialized committees, and implemented by a working group composed of senior management and heads of various departments at the headquarters. This system ensures that environmental, social, and governance is aligned with the Group' s business strategy, while also promoting the integration of ESG into its business operations.

### Board of Directors

- The Board of Directors is fully responsible for the Group' s ESG strategy and reporting, and oversees and manages ESG-related risks;
- Responsible for setting ESG-related goals, regularly discussing and reviewing the Company' s risks, opportunities, performance, progress, objectives, and specific indicators in the areas of environment, social, and governance, ensuring that ESG risk management is aligned with the effectiveness of the internal control system.

### Strategy and Sustainability (ESG) Committee:

- Conduct research, analysis, and risk assessment on the Group' s sustainability and ESG-related matters, and formulate sustainability systems, strategies, and objectives;
- Coordinate and oversee the policy supervision, management review, progress tracking of objectives, and performance evaluation of sustainability and ESG matters, and propose recommendations based on the findings;
- Review the Group' s sustainability and ESG-related reports and present the findings to the Board of Directors.



### ESG Working Group

- The Working Group, composed of senior management and heads of departments at the headquarters, is responsible for the collection and research of materials for the ESG Committee, implementing the resolutions of the ESG Committee, preparing and coordinating the meetings of the Committee, and carrying out the ESG-related tasks and resolutions of the Committee;
- Formulate the specific implementation plan for the Group' s ESG Key Performance , prepare the Group' s ESG report, and coordinate and promote ESG initiatives across different departments and subsidiaries.

To continuously enhance the ESG governance skills of our senior management, we invite external experts to provide training for senior executives on topics such as ESG development regulatory requirements and climate change, so as to equip them with the necessary expertise to competently make decisions and provide oversight regarding ESG-related matters.

## ESG Risk Management

The Group attaches great importance to building its ESG risk management system. It conducts comprehensive identification, systematic analysis, and scientific assessment of environmental, social, and governance risks across all aspects of its operations and management, and ranks risks by level according to their likelihood of occurrence and degree of impact. The Board of Directors is clearly designated as the core decision-making body for risk management, ensuring that it remains promptly informed of major risks and the current status of risk management, coordinates the review and approval of risk assessment results for major decisions, approves response plans for major risks, promotes effective risk control across all businesses and matters, and ensures that all types of risks remain within an acceptable range.



## Sustainable Development Goals

While steadily promoting the high-quality development of its main business, the Group actively responds to the United Nations Sustainable Development Goals (SDGs), deeply integrates its own corporate culture and development strategy, anchors the sustainable development direction and goals in line with the characteristics of corporate development, and practices the core concept of SDGs with pragmatic measures, so as to promote the deep integration, resonance and synergy of corporate business development and sustainable development.

### Corporate Governance

**Objectives and Commitments**

Ensure the independence and diversity of the Board of Directors and continuously optimize the corporate governance structure;

Improve the protection system of shareholders' rights and' interests and implement relevant information disclosure systems;

Formulate, maintain and update the Company' s articles of association, management system, rules of procedure and working rules;

Incorporate compliance with business ethics into the scope of employee/executive performance appraisal.

**Action 2025**

The Board continues to improve its comprehensive governance capabilities and effectiveness by performing its duties in accordance with the law, making scientific decisions, effective supervision and collaborative empowerment.

Attach great importance to regular and efficient communication with shareholders, actively supports shareholders to participate in shareholders' meetings, enhances their understanding of the Group' s operations, and provides timely feedback on relevant demands to directors and senior management.

Continue to carry out anti-corruption training to enhance employees' awareness of anti-corruption.

**SDGs**






### Environmental management

**Objectives and Commitments**

Consider the impact on the environment in the Company' s production and operation process;

Reduce carbon emissions, use renewable energy, and help achieve the national carbon peak and carbon neutrality goal.

Reduce the discharge of three wastes, save water resources, and build a "zero" discharge target.

**Action 2025**

During the Reporting Period, the Group had no material environmental penalties and incidents , and its total comprehensive energy consumption was 205.22 thousand tons of carbon dioxide equivalent.

**SDGs**



## Product Innovation

**Objectives and Commitments**

Support and encourage innovative research and development of green and sustainable products;

Implement incentive measures to encourage R&D and innovation project incentives, product incentives, patent incentives, talent incentives and other incentives.

**Action 2025**

R&D investment amounted to RMB 179,000,000.

Strengthen professional team building and overcome many technical problems in the industry.

Promote digital transformation and strictly abide by the bottom line of data security.

## Win-win Partners

**Objectives and Commitments**

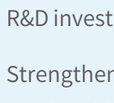
Improve the supply chain management system and incorporate supplier ESG risks into the identification, prevention and control process;

Enhance cooperation within the industry and promote the healthy and sustainable development of the industry.

**Action 2025**

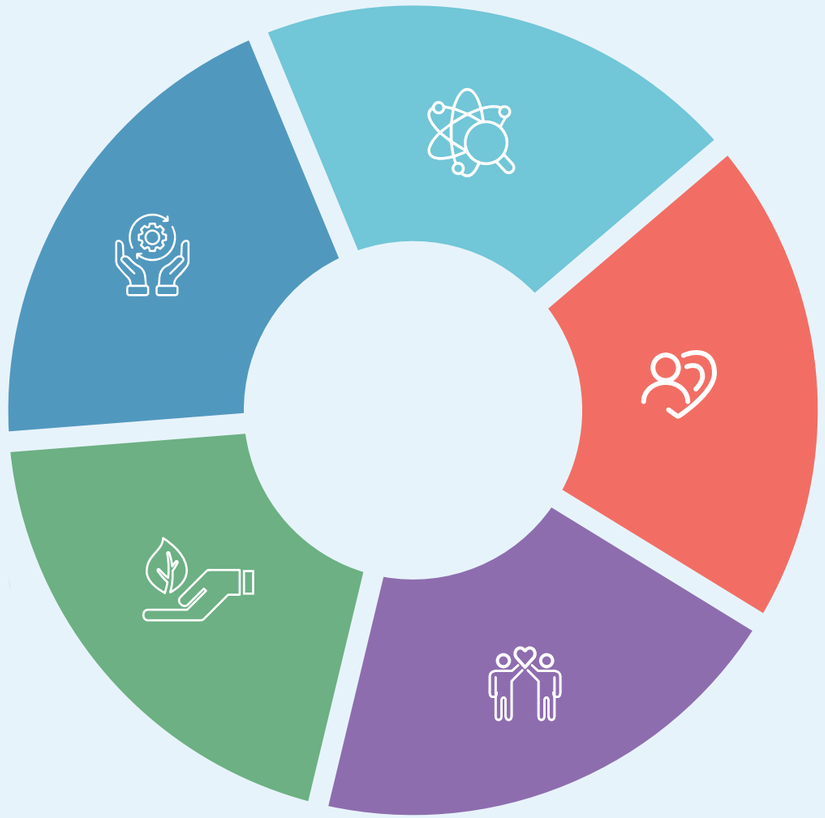
In-depth assessment of supplier risks, selection of high-quality partners and long-term cooperation, and multi-pronged approach to build a strong supply chain security defense line to ensure stable supply.

**SDGs**




**SDGs**



## People-oriented Social Responsibility

**Objectives and Commitments**

Improve customer service management and strive to provide customers with efficient and high-quality services;

Ensure that all employees enjoy equal opportunities in recruitment, career development and promotion, and set up flexible and diversified incentive mechanisms to empower employees to develop rapidly;

Create a safe and healthy working environment, strive to achieve “zero” occurrence of safety incidents, provide targeted care to enhance employee well-being, and remain committed to achieving 100% employee satisfaction.

Ensure “zero” occurrence of customer privacy breaches.

**Action 2025**

Strictly control production links and improve product quality.

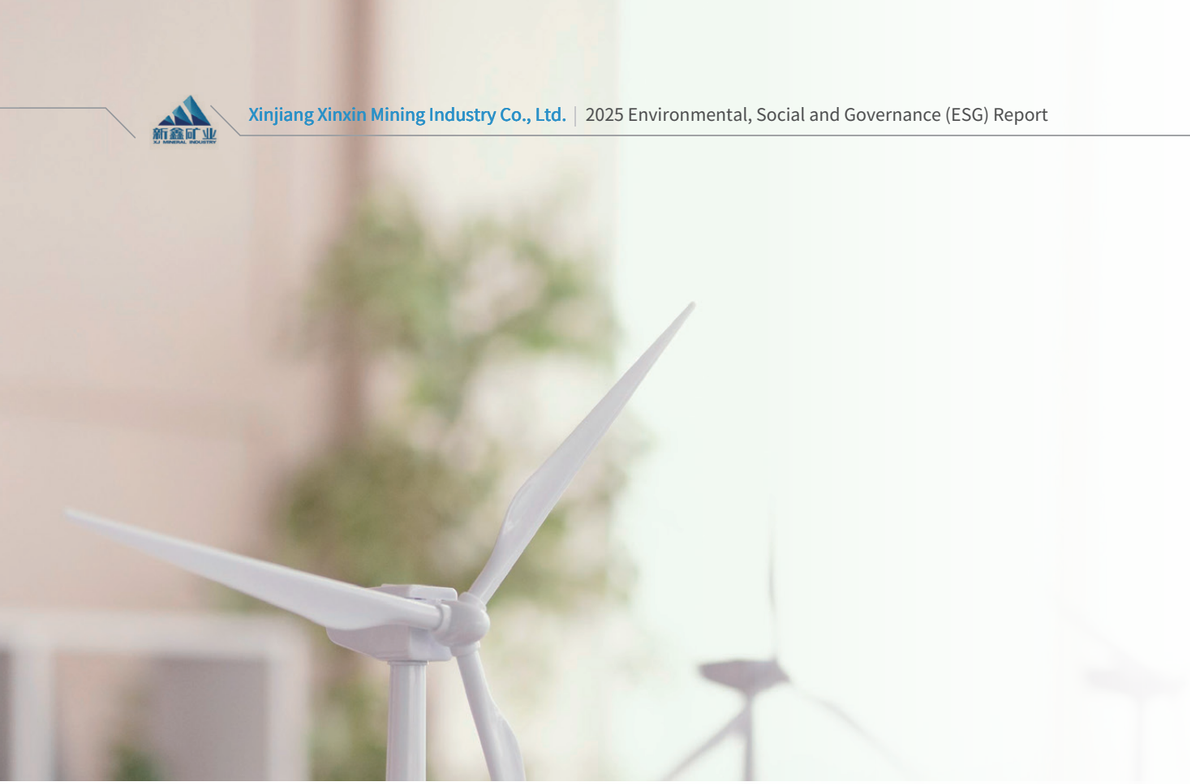
Adhere to the employment principles of fairness, justice, diversity and inclusiveness, and ensure equal opportunities for employees in the whole process of recruitment, career development, promotion and selection. Establish a flexible, diversified and value-oriented incentive mechanism, improve training empowerment and growth channels, and help employees and the enterprise develop together.

Build a safe, healthy, warm, and comfortable working environment, strictly adhere to safety standards, and strive with full effort to achieve “zero” safety incidents. Implement targeted humanistic care, continuously improve the work experience, enhance employees’ sense of belonging and happiness, and commit to achieving optimum employee satisfaction.

Zero leakage of customer privacy and strict observance of information security.

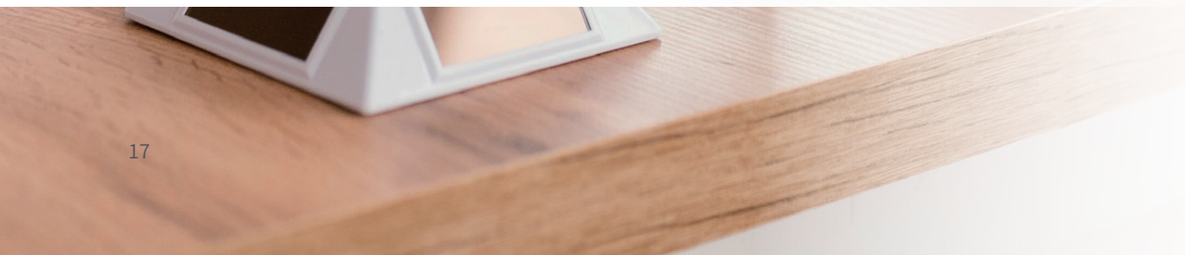
**SDGs**





## Stakeholder Engagement

The Group attaches great importance to the communication and cooperation involved by stakeholders, as well as their feedback on business and ESG, which has an important impact on the Group. In order to proactively understand and respond to their concerns, the Group maintains close communication with stakeholders. Key stakeholder engagements include, but are not limited to, shareholders and investors, customers, suppliers, employees, government and regulatory bodies, non-governmental organizations, trade associations and their communities. When formulating operational strategies and ESG decisions, the Group considers the expectations and issues of stakeholder engagement by adopting diversified engagement methods and communication channels, as outlined below.



| Stakeholder Engagement | Expectations and Concerns | Primary Communication Channels |
|---|---|---|
| Shareholders and Investors | Investment Return, Corporate Governance, Business Compliance, Protection of Voting Rights of Shareholders and Investors, Director Appointment, Information Transparency | Annual General Meetings, Financial Reports, Announcements and Circulars, Information Disclosure, Site Visits |
| Customers | High-Quality Products and Services, Protection of Customers Right | Customer Service Hotline, Customer Satisfaction Survey |
| Suppliers | Supplier Selection, Sustainable Supply Chain | On-site Audit Management System, Supplier Management Meetings and Activities |
| Employees | Enhancement of Manufacturing Company' s policies, Employee Compensation and Benefits, Training and Development, Occupational Health and Safety | Employee Feedback Forms and Suggestion Boxes, Regular Meetings and Management Communication (e.g. Telephone Calls), Performance Appraisals, Site Visits |
| Government and Regulatory Bodies | Compliance with Law and Regulations | Legal Advisor |
| NGOs, Industry associations and Communities | Community Engagement, Business Compliance, Environmental Awareness, Community Development | Community Investment Programs, Environmental Social and Governance (ESG), Public, Charitable Activities |

# Materiality Assessment

The Group places great emphasis on the identification, assessment, and management of ESG issues, conducting an importance assessment annually. This year, based on the results of the previous year' s materiality assessment, we engaged in communications with management and employees and invited external sustainable development experts for discussions. We systematically evaluated the impact of ESG matters on stakeholders and the Group to ensure targeted follow-up in the management of sustainable development affairs and to highlight key disclosures in the ESG report. The importance assessment procedure is outlined as follows:

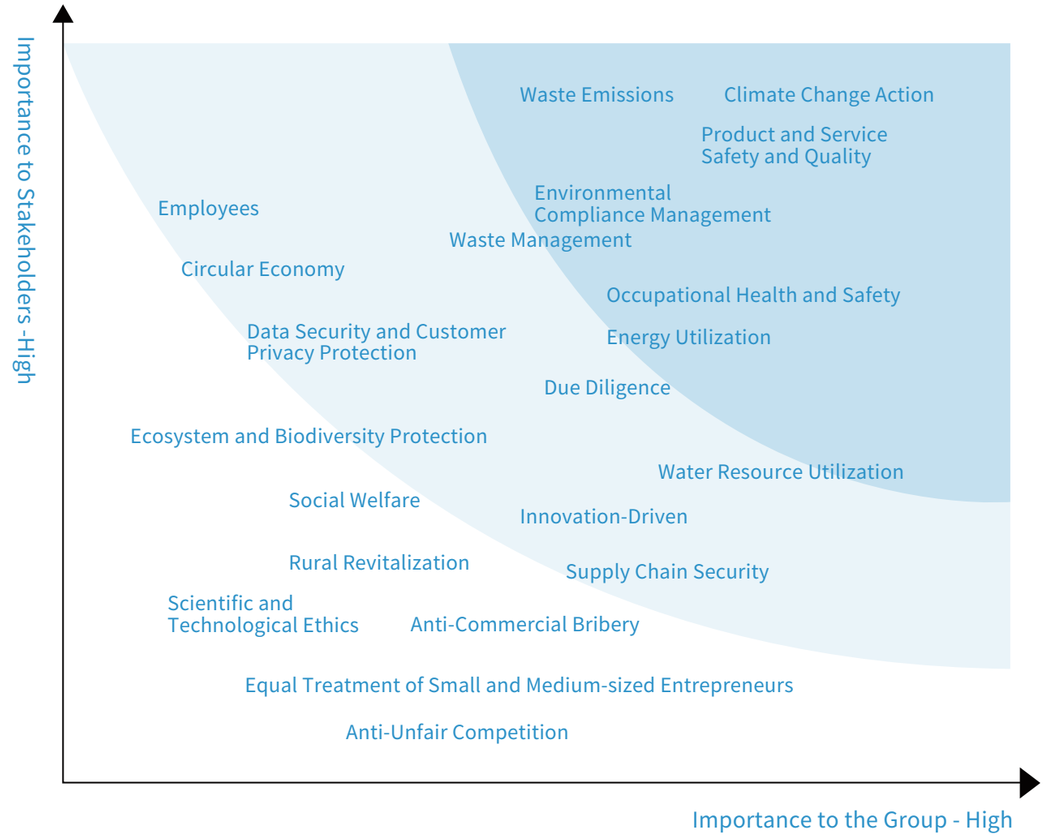
Step 1: Identify potential environmental, social and governance issues by referring to the Environmental, Social and Governance Reporting Guide and benchmarking against peer ESG disclosures, so as to identify and disclose ESG risks and opportunities that may have a material impact on the Group' s business model, value chain, cash flows, financing channels, and cost of capital in the short, medium, and long term.

Step 2: Determine Priorities, Summarize the evaluation results from different stakeholders and management representatives, integrate, analyze, and assess the importance scores of potential ESG issues, and prioritize the issues accordingly.

Step 3: Validation. The management of the Group reviews and confirms the priority list of ESG issues, which is finally approved as the key disclosures in this report.

# Materiality Assessment Matrix

Based on Relative Importance, the Group' s key ESG issues are summarized as follows:



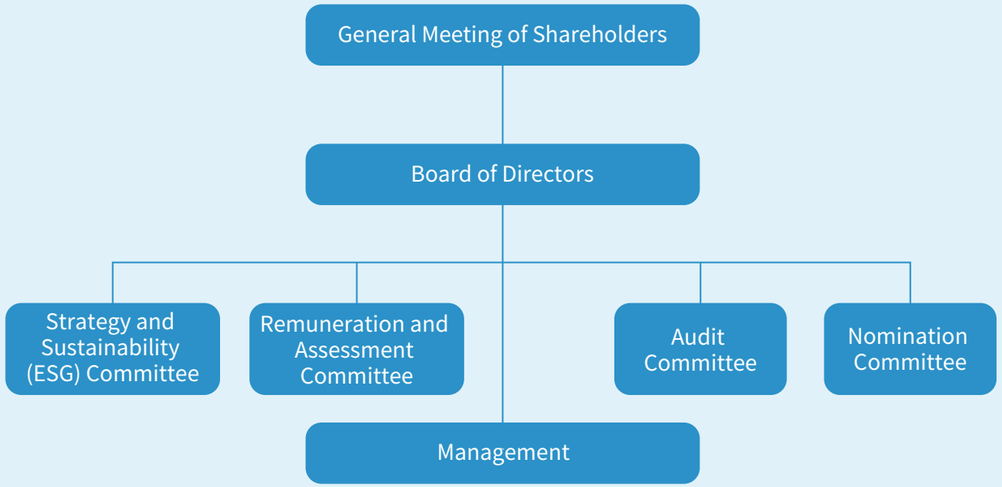



# 01 Corporate Governance

Xinxin Mining consistently adheres to lawful and compliant operations, continuously enhances its risk prevention and control system, deeply promotes the development of a culture of integrity, and fosters the deep integration and concerted efforts of Party-building with production and operations to comprehensively elevate the modernization level of corporate governance. These measures not only align closely with the latest regulatory requirements for the governance of listed companies but also provide a solid institutional foundation and systematic support for the Group’ s high-quality development and sustainable operations.

# Improving Corporate Governance

The Group strictly follows *the Articles of Association* and relevant laws and regulations, establishing a scientifically-based and standardized governance structure. The functions of the General Meeting of Shareholders, the Board of Directors, and the Supervisory Board are fully utilized to form a governance mechanism with clear responsibilities, mutual checks and balances, and efficient collaboration, effectively safeguarding the legal rights and interests of shareholders, the Group, and stakeholders.




Governance Structure

## Shareholders' Meeting

The General Meeting of Shareholders is the supreme authority of the Group, legally safeguarding the equal status and legal rights of all shareholders, ensuring they fully exercise their statutory rights. The convening and procedural processes of the General Meeting strictly adhere to the *Articles of Association*, with meeting chaired by the Chairman. Clear voting procedures and rules for proposal deliberation are established to ensure the fairness of the meeting process and the legality of resolutions.

## Board of Directors

The Board of Directors is responsible for approving and reviewing the Group's overall development strategy, annual business plans, and investment projects relevant to the Group's business development. It evaluates the Group's performance, supervises the management's work, and ensures that the Board acts in the best interests of the Group. The Board's powers and duties include, but are not limited to: approving annual operational targets, formulating profit distribution and loss recovery plans, and performing other responsibilities conferred by *the Articles of Association*.

The Board of Directors of the Group has established several specialized committees, including the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategy and Sustainable Development (ESG) Committee. Among these committees, independent non-executive directors constitute the majority on the Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee, and each of these committees is chaired by an independent non-executive director, ensuring the independence and professionalism of related decisions. The Board of Directors holds elections every three years.

In 2025, the Group convened 6 shareholders' meetings and 8 Board of Directors' meetings.

## Board Diversity

The Group attaches great importance to the diversity of board members of the Company, and when nominating or appointing board members, it will comprehensively consider important factors such as gender, age, professional qualifications and industry experience. In 2025, the Board of Directors will consist of 9 directors, including 1 executive director, 4 non-executive directors, 1 employee representative director and 3 independent non-executive directors. Each director has rich industry experience and good professional knowledge reserve in relevant fields, and the composition of the board of directors meets the regulatory requirements of the Listing Rules of Hong Kong Stock Exchange on board diversity of listed companies.

## Background of Board Members

| | |
|---|---|
| Executive Directors | Mr. Li Jiangping (appointed on 29 August 2025) |
| Non-Executive Directors | Mr. Chen Yin (Chairman), Mr. Zhou Chuanyou, Mr. Wang Lijian, Mr. Hu Chengye |
| Independent Non-Executive Directors | Mr. Hu Benyuan, Mr. Huang Yong, Mr. Lee Tao Wai |
| Employee Representative Director | Ms. Zhang Li (appointed on June 27, 2025) |
| Gender | Male (8); Female (1) |
| Category | Executive Directors (1); Non-executive Directors (4); Independent Non-executive Directors (3); Employee Representative Director (1) |
| Region | China (8); Hong Kong Special Administrative Region (1) |
| Age | 30-39(1);40-49(1);50-59(5);60-69(2) |
| Professional Background | Mining (2); Geology (1); Business (3); Law (1); Accounting (2) |

## Audit Committee

According to t*he Company Law of the People's Republic of China* (hereinafter referred to *as the Company Law*), the Relevant Transitional Arrangements for the Implementation of Supporting Systems and Rules of the New Company Law issued by the China Securities Regulatory Commission, and the Guidelines for the Articles of Association of Listed Companies and other relevant laws and regulations,a listed company shall, before January 1, 2026, stipulate in the articles of association that an Audit Committee should be established in the Board of Directors to exercise the functions and powers of the board of supervisors stipulated in the Company Law, and no more board of supervisors or supervisors should be established. To optimize the corporate governance structure and in light of the Company' s actual circumstances and operational development needs, it was resolved at the 2024 Annual General Meeting held on June 27, 2025, in accordance with the aforementioned regulatory documents, to no longer establish a board of supervisors or have supervisors, and to authorize the Audit Committee of the Board of Directors to exercise the statutory functions and powers of the Board of Supervisors. During the Reporting Period, the Company engaged auditors to audit its internal control for the fiscal year 2025, and the firm issued an unqualified internal control audit report.

## Investor Relations Management

Since 2007, the Company has engaged professional public relations consultancy firms to assist in various investor relations activities, including regular briefings with analysts, with the aim of enhancing transparency of the Company, enhancing communication with shareholders and investors, deepening their understanding and confidence in the Group' s business, and further enhancing the Company' s market awareness and support.

The Group attaches great importance to maintaining continuous and effective communication with shareholders and actively encourages shareholders to attend shareholders' meetings to enhance their understanding of the Group' s business and reflect their concerns to the Directors and senior management. The secretary of the Board and the securities department of the Company are fully responsible for shareholder services, responding to shareholders' inquiries in a timely manner, ensuring that shareholders can fully understand the Company' s situation and effectively convey their opinions to the Board.

In order to ensure that the shareholders' meeting becomes an important platform for shareholders to exchange views with the Board, the Group strictly complies with the requirements of the Listing Rules and provides shareholders with information on the resolutions to be considered at the shareholders' meeting in a timely manner. The Chairman of the Board or his representative, other Directors, chairmen of Board committees, relevant management and external auditors are available at the shareholders' meetings to answer shareholders' questions. The Group also regularly reviews the organization and procedures of shareholders' meetings and makes optimizations when necessary to continuously enhance the effectiveness of meetings and shareholders' participation.

## Shareholders' Communication Policy

Pursuant to Rule 2.07 of the Listing Rules under the expanded paperless listing regime and the requirements for dissemination of corporate communications by electronic means, effective from 31 December 2023, the Company has adopted arrangements for disseminating corporate communications electronically. The Company communicates with shareholders through the publication of annual reports, interim reports, results announcements and other announcements, and the relevant corporate communications will be available on the Company' s website at kunlun.wsfg.hk and the website of the HKEX at www.hkexnews.hk.

The Group strictly complies with relevant laws and regulations and, through measures such as improving the quality of information disclosure, effectively enhances the transparency of corporate operations, deepens communication mechanisms with shareholders and investors, and earnestly safeguards investors' right to know and other lawful rights and interests.

# Comprehensive Risk Prevention and Control

## Risk Management

To implement comprehensive risk management and enhance regulatory compliance, the Group has formulated the Risk Management Measures and carried out special compliance risk investigation work, and established the Compliance Risk List with comprehensive functions and operational implementation through systematic identification, quantitative assessment and grading, so as to improve the early warning system and graded response mechanism. This not only provides a dynamic decision-making basis for prevention and control strategies, but also promotes the continuous optimization of internal systems through management mechanisms, strengthens business operations and improves compliance governance efficiency.

| Risk Management Measures | | |
|---|---|---|
| Formulation and Implementation of the Risk Management System | This mainly includes establishing and improving the risk management system, and clarifying policies, procedures, authorities, and responsibilities | Key contents include:<br>Develop and improve the risk management framework and capability system. Establish systems for position authorization, risk reporting, approvals, accountability, audit inspections, and performance evaluation.<br>Establish a major risk early warning system and an emergency response mechanism for unexpected incidents.<br>Improve the legal counsel system and the checks and balances mechanism for powers in key positions.<br>Affiliated units need to establish early warning systems and risk information reporting systems such as party style and clean government, corporate governance according to law, finance, business management and investment management. |
| Risk Warnings and Countermeasures | Factors that may affect strategic, operational, compliance, and other objectives | Key content includes:<br>Strategic risk: Deficiencies or improprieties in strategy formulation.<br>Legal risk: Failure to implement laws, regulations, and policies.<br>Work safety risk: Inadequate systems, incomplete hazard identification and investigation, habitual violations, weak management of outsourced collaborators, etc.<br>Financial risk: Inaccurate financial reporting, threats to asset security, fraud, etc.<br>Operational control risk: Violations or loss of control in areas such as production, procurement payments, sales collections, fixed assets, fund management, related-party transactions, guarantee financing, personnel, bidding and tendering, contract management, etc.<br>Risk management tools include risk screening questionnaires, risk assessment reports, risk warning letters, risk management bulletins, and risk management ledgers. |

| Risk Management Measures | | |
|---|---|---|
| Risk Assessment | The four steps of risk identification, analysis, evaluation, and response | Risk identification: Through investigations, inspections, supervision, and other methods, clarify risk objectives and attributes.<br>Risk analysis: Analysis is conducted from internal factors (personnel, organization, innovation, finance, safety, etc.) and external factors (economic, legal, social, technological, natural, etc.).<br>Risk assessment: Based on likelihood and degree of impact, risks are classified as major risks and general risks; the degree of impact is divided into three levels: high, medium, and low.<br>Risk response: Includes accepting, avoiding, reducing, and sharing risks, with comprehensive consideration given to cost-effectiveness, combination of measures, control of key positions, and dynamic adjustment. |
| Risk treatment | Establish risk response and emergency mechanisms to ensure risks are identified in a timely manner and handled effectively. | Carry out self-inspection and self-correction, and investigate and rectify issues immediately; for long-term rectification matters, report progress every six months. Business departments identify and report risks on a quarterly basis; the risk management department conducts supervision or special investigations.<br>Units receiving risk warning letters must conduct analysis and assessment, formulate rectification plans, and ensure implementation. Crisis events are handled according to procedures: establish a crisis response body, formulate a response plan, implement response measures, summarize lessons learned, and pursue accountability. |
| Risk control | Through supervision, evaluation, rewards and penalties, and accountability, ensure risk management is properly implemented. | After rectification is completed, the case shall be closed according to procedures. Report on the status of risk management to the Board of Directors every six months and carry out supervision and evaluation. |

## Internal Audit System

The Group places great importance on the institutionalization, standardization, and digitalization of its internal audit system. By implementing a “three-tier review” mechanism—under which the audit team, department head, and Audit Committee each independently review the audit conclusions—it ensures the objectivity and fairness of audit conclusions through rigorous procedures.

### A Sound Institutional Framework

The Group has formulated institutional documents such as the Internal Audit Management Measures and the Special Audit (Investigation) Measures, clearly stipulating the principles of audit independence and scope of coverage. Key areas including environmental protection, employee health and safety, product responsibility, supply chain management, and ethical governance, as well as the operational conduct and performance in these areas, are systematically incorporated into the scope of routine annual audit review.

### Full-Process Risk Management

| Prevention in Advance | Control During the Process | Post-audit follow-up |
|---|---|---|
| Integrated supervision by the finance, legal, audit, and other departments to promptly identify potential risk points. | The audit function adopts an operating model that combines "on-site inspections + routine audits" to conduct ESG penetrating audits across operational links such as procurement, production, and sales. | After the audit is completed, closed-loop management of audit issues is established, rectifications are completed, and the rectification completion rate is calculated. |

### Enhancing the professionalism of the audit team

The Group’ s internal audit personnel continue to strengthen their professional capabilities, form specialized audit teams, and systematically cultivate a new generation of auditors through an “audit-as-training” approach, so as to enhance the practical effectiveness of the audit function.

## Compliance Operations

In order to effectively identify and proactively manage, prevent and deal with compliance risks, the Group has established corresponding compliance management systems such as the Compliance Management Measures of Xinxin Mining. By establishing a systematic and complete compliance management system, the division of responsibilities among the Board of Directors, managers, compliance management departments and each business department, the Group promotes all employees to comply with laws and regulations, industry norms and corporate systems, effectively identifies, evaluates, prevents and deals with compliance risks, and ensures the Company's legal operation, compliance operation and high-quality development.

In 2025, the Group revised **32** systems and added **120** systems, with a cumulative number of system catalogues reaching **291**.

The Group upholds compliance operations as the foundation for sustainable corporate development. Through enhancing the governance framework, optimizing business processes, and strengthening risk control measures, we ensure the continued achievement of efficient and standardized operations within the legal regulatory framework.

### Legal Opinion Mechanism for Major Decisions

The Legal Department coordinates with business departments to provide legal opinions and formal letters, reinforcing compliance endorsement for major decisions.

### Legal Participation and Compliance Opinions

The Legal Department oversees significant business matters throughout the process, ensuring a 100% legal review rate for major decisions.

### Dynamic Management System

In response to amendments in national laws and external market risks, the system identifies new risk points in contract management and institutional development, dynamically enhancing the risk prevention and control system, with a 100% legal review rate for contract documents.

### Contract Management System

Through random checks, organized contract management, and joint reviews by relevant departments, the system improves contract review quality and efficiency, elevating the overall level of contract management.



## Compliance Culture Promotion

In accordance with the provisions of relevant laws and regulations such as the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Mineral Resources Law of the People's Republic of China, and the Tendering and Bidding Law of the People's Republic of China, the Group clearly regulates the key contents of publicity and education on the rule of law, and publishes authoritative interpretation information of laws and regulations in real time through diversified communication channels such as the Group's official website and new media platforms. At the same time, we make full use of internal announcement demonstration columns and electronic display screens to continuously update the content of publicity and education on the rule of law, so as to strengthen the awareness of the rule of law among all employees and create a corporate culture atmosphere of compliance with the law.

### Legal Education Activities

The Company organized its headquarters employees to attend the public trial of a duty-related crime case at the People's Court of Tianshan District, Urumqi, receiving warning education in a "zero-distance, immersive" manner. On National Constitution Day, Xinjiang Yakesi organized a joint police-enterprise legal education activity, inviting police officers from public security authorities into the enterprise to deliver special lectures on constitutional knowledge, laws and regulations, and common legal risks in corporate operations and management, thereby enhancing employees' awareness of the rule of law and their ability to act in accordance with the law, and promoting a positive atmosphere of respecting, learning, abiding by, and using the law.




## Standardizing Business Ethics

The Group adheres to principles of fairness, transparency, and integrity in its business ethics, strictly complies with laws and regulations such as the Company Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, and the Provisional Regulations on Prohibiting Commercial Bribery, establishes a comprehensive anti-corruption management system, and strengthens measures for integrity risk prevention and control.

## Anti-Corruption Management System

Based on its actual operational and management conditions, the Group has formulated and implemented systems such as the Xinxin Mining Discipline Inspection Commission Daily Supervision Work Measures (Trial) and the Guiding Plan for Establishing a Long-term Mechanism for Preventing and Combating Commercial Bribery. Led and coordinated by the Discipline Inspection and Supervision Office, the Group has built and continuously improved an integrity risk prevention and control system covering all management personnel, employees, and business partners. The Group persists in strengthening standardized operations, supervision and inspection, compliance management, and education and training. It coordinates internal oversight functions including legal, internal control, audit, discipline inspection and supervision, and inspections, to improve a three-dimensional oversight framework characterized by "integrated top-down and bottom-up efforts combined with self-inspection and self-correction". This framework is used to deeply rectify deviations in systems, misunderstandings in interpretation, and gaps in implementation, comprehensively preventing and resolving various risks and hidden dangers in business ethics and integrity, thereby providing a strong guarantee for the Group' s high-quality development.

In 2025, the Group did not receive any real-name reports of illegal activities such as duty crimes, bribery, extortion, fraud and money laundering; There were no duty-related crimes, bribery, extortion, fraud and money laundering cases; There were no concluded corruption litigation cases brought by the Group or employees.

## Integrity Risk Prevention and Control

The Group has established the Implementation Rules for Integrity Risk Prevention and Control of Xinxin Mining (Trial) and other systems, a systematic anti-corruption risk assessment mechanism, which is based on the Party Committee, focused on by the Discipline Inspection Commission and implemented by the Discipline Inspection and Supervision Office, comprehensively identifies and evaluates potential risks in various business areas, formulates targeted response measures, and continuously strengthens anti-corruption risk management. The Company conducts annual reviews on the effectiveness and compliance of internal controls to prevent and promptly detect bribery and corruption risks.

The Discipline Inspection Commission of each unit organizes members of the corporate leadership team and personnel in key areas and key positions to sign the Party Conduct and Clean Government Responsibility Agreement and the Position Integrity Commitment Letter to ensure that all signatures are signed and no one is missed. And take this opportunity to carry out integrity education, clarify the significance, enhance ideological understanding, and consciously standardize the integrity behavior of cadres and employees.



In 2025, Xinxin Mining and its affiliated units signed **305** the Party Conduct and Clean Government Construction Target Responsibility Agreement and **543** the Position Integrity Commitment Letter.

## Anti-Corruption Training

The Group thoroughly implements General Secretary Xi Jinping' s important thought on the Party' s self-revolution, grounds its efforts in the actual needs of enterprise reform and development, and conscientiously fulfills its political responsibility for exercising full and strict governance over the Party. In concrete practice, it further strengthens loyalty to the Party; through in-depth study and thorough understanding, it continuously deepens theoretical armament; and via learning and education, it steadily enhances self-discipline awareness. Centering closely on themed activities of the Party Conduct and Clean Governance Education Month, the Group adheres to the combination of positive incentives and negative warnings, advances clean governance and anti-corruption work with clear priorities, phased steps, and targeted measures, enhances the relevance and effectiveness of the education month, promotes integrity through education, and does a solid job in routine warning education. The Group closely integrates educational activities and anti-corruption training with all key work, enabling directors, leading officials, and employees to improve their ability to perform duties in accordance with the law, firmly establish a work style of diligence and integrity, and continuously elevate the high-quality development of anti-corruption work. Through measures such as professional integrity education, institutional constraints, complaint investigation, and mechanism strengthening, the Group continuously standardizes the Group' s operational decision-making and management behaviors, forms a working mechanism of mutual restraint and mutual supervision, strengthens work style building at all levels, alerts to integrity risks, and firmly fosters employees' awareness of combating corruption and upholding integrity, thereby safeguarding the improvement of the Group' s economic benefits and management level.

In 2025, middle-level and senior management of the Group attended a Party-building warning and education meeting, and all key management personnel of the Group and its subsidiaries were present.

Number of Anti-Corruption Training Sessions conducted : **34**

Number of Employees Received Anti-Corruption Training: **1,093**

Number of Employees Receiving Anti-Corruption Training as a Percentage of All Employees: **59.43**%

Hours of Anti-Corruption Training Received by Employees: **22** hours

## Reporting Management

The Group has established a well-developed whistleblowing and petition reporting system. It has formulated systems such as the Interim Measures for Petition Work, established a leading group for petition work, and set up multiple reporting channels including a reporting hotline, an email address, and physical petition mailboxes. A whistleblowing and petition reporting system has also been implemented to prevent and combat illegal and non-compliant activities such as crime, bribery, and corruption. This system is open to all employees and the public for supervision and reporting, with designated personnel responsible for receiving and processing reports, effectively integrating oversight from the masses. Meanwhile, the Group places high importance on protecting the rights and interests of whistleblowers, strictly enforcing confidentiality policies regarding reporting information and whistleblower identities, and earnestly safeguarding whistleblowers' personal privacy and their legitimate rights and interests in reporting. Concurrently, the Group maintains a clear "zero-tolerance" policy towards any form of corruption. It strictly prohibits employees from demanding, requesting, accepting, or receiving any form of undue benefits from units or individuals with whom the Group has business dealings. The Group also requires partners to make commitments to integrity and self-discipline, jointly fostering a clean and honest business environment.

## Reporting Channel

Reporting Hotline: 0991-4850719

Email Address: xjxxkyjw@126.com

Correspondence Address: Correspondence address: Discipline Inspection and Supervision Office of Xinjiang Xinxin Mining Industry Co., Ltd. No. 501 Ronghong South Road, Cooperation Zone, Urumqi Economic and Technological Development Zone, Xinjiang

Postal Code: 830023

# 02 Environmental Governance

The Group strictly abides by laws and regulations on ecological and environmental protection, mineral resource development and other relevant fields, fully standardizes environmental practices in mining development, and effectively prevents ecological and safety production risks. In accordance with the law, the Group has formulated and issued a series of management systems and procedural documents to establish a comprehensive, multi-level and full-life-cycle legal supervision system for the mining environment, providing a solid institutional guarantee and clear compliance guidance for mining environmental governance. With the further advancement of ecological civilization construction, the Group has continuously strengthened law-based supervision, revised and improved management systems, enhanced compliance oversight, and pressed ahead with primary responsibility. It has specially regulated ecological restoration in mining areas, legally established a lifelong accountability system for ecological restoration and mandatory requirements for green mine construction, and refined statutory standards for environmental access, process control and liability accountability in mining development. The Group strictly implements the principles of “those who cause damage shall be responsible for restoration” and “simultaneous mining and restoration”, and continuously consolidates the legal defense line for ecological and environmental protection in the mining industry.

# Addressing Climate Change

Against the backdrop of deepening global climate change impacts and the comprehensive advancement of China' s "Dual Carbon" strategy, the Group adheres to benchmarking against domestic and international sustainability disclosure standards, continuously enhancing its climate governance capabilities. Strictly adhering to core requirements such as the *International Financial Reporting Standards Sustainability Disclosure Standard No. 2 – Climate-related Disclosures (IFRS S2)*, the Group incorporates climate-related matters into its materiality assessment framework and systematically builds a climate governance system. By deeply integrating climate risk management into corporate strategic planning and daily operations, the Group actively aligns with the evolving trends of policies and regulations and the green transformation direction of the industry, contributing to the national carbon peak and carbon neutrality goals.

## Climate Change Governance

The Group continuously improves its climate change governance system, integrating climate change management into all aspects of production and operations, establishing and refining relevant management systems, formulating work plans to address climate change, advancing carbon peak tasks, and comprehensively driving the green transformation and development of the enterprise. In 2025, the Group conducted low-carbon knowledge training, with over 400 participants engaging in an online energy-saving and low-carbon knowledge quiz activity via the WeChat platform.

## Climate Change Response Strategy

The Group focuses on the development direction of clean and low-carbon, with innovation in production processes at its core, promoting the upgrading of green equipment and building a clean and low-carbon production energy system; integrating low-carbon concepts into the entire process of corporate planning and construction; adhering to innovation-driven strategies, strengthening technological innovation capabilities, driving the transformation of development models towards green and low-carbon, and achieving green operations and sustainable development.

| Climate-Related Risks | | Potential Financial Impact | Response Measures |
|---|---|---|---|
| Entity Risk | Acute: Extreme weather: Dust dispersion in high winds | Infrastructure damage, increased repair and maintenance costs<br>Increased risk of equipment damage | Sprinkling water on waste rock to suppress dust; enclosed workshops for crushing, screening, and covered conveyor belts<br>Covering the tailings sand in the tailings pond with gravel<br>The original open-type concentrate storage warehouse was converted into an enclosed type |
| | Chronic: Rising average temperatures | | |
| | Policy and legal risks<br>Tightening Emissions Policies<br>Litigation risk | | |
| Transition Risk | Market Risks<br>Intensifying Market Competition<br>Rising Energy Costs | Rising Product Costs<br>Intensified market competition leads to<br>lower product prices | Technological advances drive higher production efficiency, spreading costs more thinly<br>Enhance competitiveness through technological innovation |
| | Technology transition risk<br>Failure in the investment direction of new technologies; low-carbon substitutes for similar services | Increased investment costs<br>Reduced revenue due to a decline in customers | Seek more mature new technology solutions to accelerate the low-carbon transition |
| | Reputational risk<br>Negative evaluations of the Company by stakeholders | Damage to reputation causes the stock price to fall<br>Leading to reduced revenue | Promoting green development and enhancing investor reputation |

| | Climate-Related Opportunities | Potential Financial Impact | Response Measures |
|---|---|---|---|
| Climate Opportunity | Improving energy efficiency<br>Improved energy use efficiency | Improved energy use efficiency reduces costs | Continuously improve energy use efficiency |
| | Products and services<br>Product upgrades bring in more customers<br>Investors prefer companies with stronger green and low-carbon performance | New products can increase the company's revenue<br>Better green and low-carbon performance than other companies in the industry drives up the share price, ultimately increasing revenue | Increase R&D investment, accelerate iterative technological improvements, and promote the application of new energy equipment in production and operations |

## Impact, Risk, and Opportunity Management

The Group' s climate risk management policy system consists of three modules: risk identification, risk assessment, and risk response. Through institutionalized, proceduralized, and systematic management, it comprehensively enhances the ability to identify and control climate-related risks and opportunities. Risk identification focuses on physical risks and transition risks, establishing a comprehensive screening mechanism covering the entire business chain to achieve comprehensive, accurate, and dynamic updates of risk factors. Risk assessment integrates qualitative and quantitative methods to scientifically evaluate the probability and potential impact of risks, providing a basis for management decisions. Risk response involves developing and implementing mitigation, adaptation, and transfer measures based on assessment results, incorporating them into the Group' s overall risk management system for dynamic tracking and periodic evaluation, continuously optimizing and improving to enhance the Group' s climate resilience and sustainable development capabilities.



**Risk Identification**

The Company regularly scans the internal and external operating environment to identify potential risks arising from climate physical changes and low-carbon transitions, ensuring no significant risks are overlooked.

**Risk Assessment**

Identified risks are prioritized based on the probability of occurrence and impact, determining management priorities and providing a basis for resource allocation.

**Risk Response**

Based on the risk assessment results, targeted control measures are developed and implemented, including operational adjustments, energy efficiency improvements, and emergency plans, to reduce risk exposure.

## Metrics and Targets

The Group is transitioning to a secure and low-carbon energy enterprise, responding to the decisions and deployments of the CPC Central Committee and the State Council on "carbon peak and carbon neutrality". With technological innovation as the core driver, it vigorously promotes the replacement of new energy equipment, reduces reliance on non-renewable resources, and builds a resource-saving and environmentally friendly production model. In 2025, the Xinjiang Yakesi Company purchased 29,000 green certificates to offset carbon emissions, actively responding to the "dual carbon" goals.


绿色电力证书交易凭证
GREEN ELECTRICITY CERTIFICATE TRANSACTION VOUCHERS
购买方
29000兆瓦时
生产方

The Group' s Scope 1 direct greenhouse gas emissions primarily originate from the combustion of coal, natural gas, diesel, and gasoline. In 2025, the Group' s total greenhouse gas emissions, calculated in carbon dioxide equivalent, were 205.22 kilotons. The densities for nickel and copper (total emissions/total metal content of nickel and copper) were 6.16 tons of carbon dioxide equivalent per ton of processed material (nickel) and 3.68 tons of carbon dioxide equivalent per ton of processed material (copper), respectively.

The Group' s greenhouse gas emissions accounting follows the Guidelines for Greenhouse Gas Emissions Accounting and Reporting for Other Non-ferrous Metal Smelting and Processing Enterprises (Trial) issued by the National Development and Reform Commission, with the quantities of relevant emissions calculated accordingly.

| Greenhouse Gas Emissions | Unit | 2025 |
|---|---|---|
| Direct (Scope 1) Greenhouse Gas Emissions | Thousand tons of $CO_2$ equivalent | 109.82 |
| Direct (Scope 1) Greenhouse Gas Emissions per Million RMB Revenue | Thousand tons of $CO_2$ equivalent/CNY | 0.04 |
| Direct (Scope 2) Greenhouse Gas Emissions | Thousand tons of $CO_2$ equivalent | 95.40 |
| Indirect (Scope 2) Greenhouse Gas Emissions per Million RMB Revenue | Thousand tons of $CO_2$ equivalent/CNY | 0.03 |
| Total Greenhouse Gas Emissions | Thousand tons of $CO_2$ equivalent | 205.22 |

| Greenhouse Gas Emissions | Unit | 2024 | 2025 |
|---|---|---|---|
| Nickel | $tCO_2e$ / per ton processed | 16.55 | 6.16 |
| Copper | $tCO_2e$ / per ton processed | 8.60 | 3.68 |



# Carbon Emission Reduction Measures

The Group adheres to the concept of green and low-carbon development, incorporating carbon reduction targets into the medium- and long-term development strategy of the enterprise, and promoting the transformation of development methods towards green, circular, and low-carbon models. Increase efforts in green technology research and development, promotion, and application, accelerate energy-saving and carbon-reduction upgrades, and construct green and low-carbon projects to enhance energy and resource utilization efficiency.

## "Coal-to-Electricity" Project

In 2018, Xinjiang Yakesi implemented the "Coal-to-Electricity" project, installing a new type of 8 MW regenerative electric boiler. The heat storage tank temperature meets the design requirements, reducing annual coal consumption by 2,500 tons. The project has fully realized clean heating, lowered carbon emissions, and effectively protected and improved the atmospheric environment.



## Boiler (Coal-to-Gas) Project

The Fukang Smelter implemented a boiler coal-to-gas retrofit project with a new 50t/h gas-fired boiler (1.25MPa, 400°C superheated steam), commissioned in May 2022.

The project saves approximately 10.8 million kWh of electricity annually, reduces fossil fuel use by around 11,000 tce of standard coal per year, and cuts carbon emissions by about 30,000 tonnes per year compared with coal-fired boilers.



## Steam Heating Replaced by Hot Water Heating

The Fukang Smelter converted its steam heating system to hot-water heating. The original steam heating in the nickel electrolysis workshop and the old cobalt workshop was changed to hot-water heating and connected to the hot-water system of the East District heat exchange station in the plant area, reducing energy waste caused by steam being discharged at the end of the steam heating system. After being connected to the East District heat exchange station, the average flow increased by 1.45 t/h, which was 0.95 t/h lower than the original steam heating flow of 2.4 t/h. This saves 4,104 tons of steam annually, equivalent to 410 tons of standard coal, and reduces carbon dioxide emissions by approximately 662 tons.

## Energy Management Platform Project

The Fukang Smelter built an energy management and control system, supplementing and improving the three-level energy measurement, and establishing an energy management platform, including 255 electricity meters, 87 water meters, 10 compressed air measurement devices, 28 steam measurement devices, and 1 natural gas flow meter. Through the platform, real-time monitoring of energy consumption in workshop processes and teams is achieved, along with energy consumption alerts and automatic statistics. The initiative of workshops in energy management has improved, transforming the energy management model from extensive to refined. The annual energy-saving rate is expected to be about 3%, reducing comprehensive energy consumption by approximately 800 tons of standard coal.

## Phasing Out Outdated Electromechanical Products

The Fukang Smelter formulated the Implementation Plan for Phasing Out Outdated Electromechanical Equipment, with a plan to complete the replacement of all Y-series motors within three years. In 2021, four S9-series transformers were replaced with S13-series transformers, totaling 3,700 KVA. In addition, six Y2-series motors above 100 kW were replaced with energy-saving motors rated at Level 2 energy efficiency, totaling 810 kW.

In 2022, a total of 175 outdated Y-series motors ranging from 0.75 kW to 90 kW were phased out and replaced with YE4-series energy-saving motors rated at Level 2 energy efficiency.

In 2023, more than 120 outdated motors below 100 kW were replaced.

In 2024, 72 outdated electric motors ranging from 3 kW to 45 kW were phased out.

In 2025, a further 21 outdated electric motors were gradually phased out.





## Energy-saving Upgrade Project for the Heating System

The Fukang Smelter upgraded and renovated the heat exchange system in the plant area. The specific upgrades include:

(1) Replacing two high-efficiency heat exchange units and four circulating water pumps, along with matching frequency control cabinets;

(2) Adding various instruments such as regulating valves, temperature and flow meters, installing five sets of digital control systems, and a condensate recovery system to achieve precise temperature control and real-time operational monitoring.

The upgraded heating system has significantly improved automation, enabling unattended operation and remote control. The newly added heat exchange units adopt a steam-water separation and indirect heating method, effectively solving the “water hammer” issue caused by the original direct steam-water mixing heating, further ensuring the safety and stable operation of the heating system. It is estimated that the overall energy-saving rate after the upgrade will be 20%, saving 7,177 tons of superheated steam annually, 667,000 $m^3$ of gas, equivalent to 755.9 tce of standard coal, and reducing carbon dioxide emissions by 1,443.8 $tCO_2$, demonstrating significant energy-saving and emission-reduction effects.





## Use of Clean Energy

The atrium roofs of the office and dormitory buildings of Hua’ ou Mining, a subsidiary of the Group, are equipped with photovoltaic power generation glass, which generates electricity for daily facilities. The project investment was RMB 3.63 million, with an estimated annual power generation of 108,000 kWh.



# Environmental Management

The Group strictly adheres to environmental protection laws and regulations such as the *Environmental Protection Law of the People’s Republic of China and the Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Strengthening Ecological Environmental Protection and Resolutely Winning the Battle Against Pollution.* It focuses on environmental governance, resource utilization, waste management, climate change response, and ecological protection to build an environmentally friendly and sustainable mining industry. During the Reporting Period, there were no major environmental penalty incidents in the Group.

Total Environmental Investment (RMB 100 million)

**2.61**

Percentage of Total Environmental Investment to Operating Revenue (Percent)

**10.19**



The Group has established systems such as the *Environmental Protection Management System* to clarify the environmental responsibilities and work requirements of each department, ensuring the orderly implementation of environmental protection work. Additionally, the Company incorporates environmental performance into the executive evaluation system and ensures the effectiveness of the environmental management system through regular reviews and special inspections. The Company has obtained ISO 14001 Environmental Management System certification, continuously improves the system, strictly controls production emissions, and ensures comprehensive compliance with discharge standards.




Xinxin Mining ISO 14001 Environmental Management System Certification

## Environmental Risk and Monitoring Management

The Group has formulated and implemented the *Environmental Factor Identification and Evaluation Control Procedure*, clarifying the identification and evaluation process of environmental risks to ensure comprehensive and accurate identification and assessment of environmental factors in the Company’ s activities, products, and services. In accordance with internal management requirements, the Company continuously carries out environmental performance monitoring and evaluation. Through systematic tracking of Key Performance , process performance, and management objectives, it comprehensively grasps the operational effectiveness of the environmental management system. The Company continuously strengthens the construction of environmental monitoring capabilities and compares monitoring results with laws and regulations, internal targets, and environmental management plans to ensure that critical environmental factors remain under control and all operations strictly comply with system procedures and relevant management requirements.

## Hazard Investigation and Emergency Response Plans

The Group has established a comprehensive hazard identification and management system, systematically inspecting key areas such as the entire production process, environmental protection facilities, hazardous chemical management, and waste treatment according to plan. For identified hazards, specific rectification measures are formulated, with clear responsible departments and deadlines, to effectively reduce environmental risks at the source.

During the Reporting Period, the Group' s environmental hazard identification rate reached 100%.

## Environmental Emergency Response Plan

The Group strictly aligns with the requirements of national laws and regulations such as the Measures for the Emergency Management of Environmental Incidents and the Emergency Response Plan for Environmental Incidents of Enterprises and Public Institutions, and has systematically established the Emergency Response Plan for Environmental Incidents and related emergency management systems. By refining the graded response mechanisms and standardized handling procedures for various types of sudden environmental incidents, it has further strengthened accountability at all levels to ensure rigorous organization, rapid response, and standardized handling of emergency work. The Group consistently conducts routine emergency drills to test the scientific soundness and operability of the plans through practical exercises, and continuously improves emergency management measures based on drill evaluation results, thereby steadily enhancing its capabilities in environmental risk early warning, emergency response, and comprehensive prevention and control, and providing solid support for the Company' s safe and stable operations.

### Special Emergency Drill

In October2025, Xinjiang Yakesi, to comprehensively enhance the environmental protection level and emergency response capabilities of the concentrator, as well as to train the emergency rescue team' s practical skills, ensuring rapid and effective emergency measures in the event of hazardous waste leakage, organized an “Emergency Drill for Hazardous Waste Leakage at the Concentrator” activity as required by the Company' s environmental protection department.



## Environmental Protection Training and Promotion

The Group complies with environmental protection laws and regulations and regularly organizes systematic environmental protection training courses to strengthen employees' environmental awareness and professional competence, ensure that every employee has a thorough understanding of environmental regulations and the importance of sustainable development, and enhance practical skills such as energy conservation and emission reduction, and resource recycling and reuse.

During the Reporting Period, the Group carried out a total of 80 environmental protection training sessions, totaling 147 hours, covering 2,106 employee attendances, with an overall workforce coverage rate of 90.4%.

# Pollutant Emissions

The Group complies with the Mineral Resources Law of the People' s Republic of China, the Environmental Protection Law of the People' s Republic of China, the Environmental Impact Assessment Law of the People' s Republic of China, the Air Pollution Prevention and Control Law of the People' s Republic of China, the Solid Waste Pollution Prevention and Control Law of the People' s Republic of China, the Environmental Protection Regulations of Xinjiang Uygur Autonomous Region, and national standards such as General Industrial Solid Waste Storage and Disposal Site Pollution Control Standards (GB18599-2020), Comprehensive Emission Standards for Air Pollutants (GB16297-2004), Emission Standards for Nickel, Cobalt, and Manganese Industrial Pollutants (GB25467-2010), as well as the State Council' s action plans for air, water, and soil pollution prevention and control, and other relevant laws, regulations, and policies.

The Group has established management systems for wastewater, exhaust gas, and waste, such as the Responsibility System for Eco-Environmental Protection and the Administrative Measures for Eco-Environmental Information Disclosure. The safety and environmental protection team, as the lead responsible party, ensures lawful and compliant handling of the generation, storage, flow, utilization, and disposal of pollutants, while increasing the recycling of waste and striving to reduce waste emissions. In 2025, the Group did not experience any serious violations of relevant standards, rules, or regulations.

## Wastewater Management

The wastewater generated by the Group mainly consists of domestic sewage and mine water from mining areas, with the primary pollutants being chemical oxygen demand (COD) and ammonia nitrogen. To ensure compliant wastewater discharge, the Company has installed automatic monitoring facilities at sewage discharge outlets to monitor various pollutants, while continuously improving wastewater management and disposal measures to minimize the impact on the surrounding environment.

The Group implements classified treatment and recycling of wastewater, focusing on the reuse of productive wastewater. Domestic sewage is treated and reused for greening and irrigation, while part of the tailings pond and mineral processing wastewater is treated and recycled for production to reduce freshwater consumption.

**Wastewater Emission Reduction Measures**

Treated domestic sewage is partially reused for industrial production, mine greening, and dust suppression.

By introducing integrated water purifiers, the sedimentation speed of tailings slurry is improved, enhancing the quality of concentrator recycled water, with a reuse rate reaching 84%.

**Wastewater Treatment Measures**

Wastewater treatment stations have been established to conduct pretreatment, biochemical treatment, and advanced treatment of wastewater.

Multiple mine water treatment plants and domestic sewage treatment plants have been built to enhance wastewater treatment capacity.

**Source Prevention of Acidic Wastewater**

A small amount of acidic wastewater discharged from flue gas scrubbing in the amine unit, a small amount of acidic wastewater discharged from the sodium alkali desulfurization area, and similar streams are managed in accordance with the principles of "separating clean water from contaminated water and reusing water repeatedly," effectively increasing the recycling rate of production wastewater. Equipment indirect cooling water, as well as slag-flushing water from the side-blown furnace and converter, is recycled; drainage from the softened water system is used in the smelting slag-flushing system; contaminated acid and acidic wastewater from the acid production system, after treatment at the newly built sewage treatment station, are stored in the clean water tank for use at various water consumption points, and production wastewater is not discharged externally.

**Wastewater Management Goals and Planning**

Promote comprehensive efforts in source prevention, classified treatment, and comprehensive utilization with the core goals of wastewater reduction, resource recovery, and harmless treatment. Further improve management systems, strengthen technological support, clarify responsibilities, enhance supervision and incentive mechanisms, focus on controlling mining wastewater pollution risks, improve wastewater recycling levels, and promote the coordinated development of mineral resource exploitation and water ecological environment protection.

## Wastewater Recycling and Reuse

The domestic sewage treatment unit of the Fukang Smelter' s advanced wastewater treatment project has officially entered the trial operation phase. The unit adopts the SBR (Sequencing Batch Reactor) activated sludge process, with a designed treatment capacity of 160 cubic meters per day, meeting the domestic sewage treatment needs of the plant. The effluent quality is expected to meet the urban greening water standards specified in Urban Wastewater Reuse—Water Quality of Urban Miscellaneous Water (GB/T 18920-2020). The treated effluent is used for plant greening irrigation in summer and further advanced treatment in the production wastewater treatment system in winter. After the project is operational, it is expected to save approximately 3,600 tons of fresh water annually, achieving both resource and economic benefits.



## Wastewater Reuse

The Group always adheres to the concept of green, low-carbon and sustainable development, takes the efficient recycling of water resources as a key measure to promote high-quality development, and systematically advances water conservation, pollution control, energy saving, emission reduction and the upgrading of production processes. Relying on key facilities such as integrated water purification equipment in sewage treatment stations, the Group has continuously strengthened the tailings sedimentation and separation process, greatly improved solid-liquid separation efficiency and treatment effect, and simultaneously optimized the water quality indicators of return water before the plant, so as to stably ensure the quality and quantity of production water supply from the source and lay a solid foundation for the safe, efficient and stable operation of the whole mineral processing process. Focusing on the whole-chain optimization of production water for mineral processing, the Group has successively completed a number of technical transformations, including the preparation of cellulose with tailings pond return water, the dilution of concentrate concentration with product water, and the circulation of equipment cooling water. Through process restructuring and system integration, the Group has continuously improved the utilization rate of return water for mineral processing production, truly realized the reduction, reuse and recycling of water resources, empowered industrial upgrading with green technologies, and promoted the high-quality and sustainable development of the enterprise with the concept of ecological priority.



## Waste Gas Management

The Group' s waste gas mainly comes from nitrogen oxides ($NO_x$) and sulfur oxides ($SO_x$) generated by industrial production. Waste gas discharge strictly complies with desulfurization, denitrification and dust removal standards. Automatic monitoring equipment is installed at all discharge outlets to implement online monitoring and quantitative management, realizing real-time monitoring and efficient treatment of waste gas, and continuously promoting waste gas emission reduction. The Group has formulated waste gas treatment targets and plans, strengthened whole-process control, promoted ultra-low emission transformation, continuously reduced the total pollutant discharge, improved treatment efficiency, and promoted the coordinated effect of pollution reduction and carbon reduction. It accelerates the construction of green mines and clean production systems, and makes every effort to ensure the continuous improvement of atmospheric environmental quality in mining areas. During the Reporting Period, all waste gas of the Group was treated and discharged in compliance with standards.

The Group' s smelters are equipped with comprehensive recovery and utilization facilities to reduce exhaust gas emissions, using the double-contact double-absorption process to treat sulfur dioxide (SO2) emissions. Sulfur dioxide in the exhaust gas is fully recovered and converted into by-product sulfuric acid for external sales. The facility achieves a sulfur dioxide removal rate of 90% to 95%, ensuring that the emitted sulfur dioxide meets the requirements of the national Emission Standard of Pollutants for Nickel, Cobalt, and Manganese Industry (GB 25467-2010). By 2025, the Group' s control target for harmful sulfur dioxide emissions is 12 tons.

Nitrogen Oxides ($NO_x$)

**113.77** Tons

Sulfur Oxides ($SO_x$)

**10.92** Tons

Total

**124.69** Tons

Exhaust Gas Emission Intensity

**0.048** Tons per million in revenue

## Dust Control

The Group implemented environmental projects such as homogenization renovation of water slag stockyards, dust collection system renovation, plant enclosure renovation, installation of wind and dust suppression nets at material yards, renovation of dust removal systems for smelting, crushing, and screening, and dry beach management of tailings ponds, effectively addressing issues of dust dispersion during windy weather and unorganized dust emissions within plants.

### Solving the Challenges of “Water Hazards” and “Dust Disturbances”

Kalatongke Mining, taking into account local environmental characteristics and actual production conditions, developed and implemented a “dust suppression through water treatment” plan. A pumping station and storage pond were built in the tailings pond catchment area, and a sprinkler pipeline network was laid across the dry beach area of the mining site. When dust arises from the dry beach in summer, dust suppression is achieved through spraying collected water from the tailings pond.

## Solid Waste Management

The Group’ s main solid wastes include waste rock, tailings sand, and smelting slag generated during mining, mineral processing, smelting, and refining activities. The Group implements a “reduction, resource utilization, and harmless treatment” classification management for solid waste. Mining waste rock is crushed and used for underground backfilling and road construction, with the remaining portion stored in waste rock yards meeting environmental requirements; processed mineral tailings sand is partially used for backfilling mining voids underground, with the rest stored in tailings ponds meeting environmental standards; other solid wastes are fully recycled; smelting slag is partly supplied to nearby cement plants as corrective raw material for cement production and partly used for underground backfilling; hazardous waste is subject to full-process standardized monitoring and compliant transfer. The Group’ s industrial solid waste disposal and utilization rate has reached **100**%.





### Waste Treatment and Emission Reduction Measures




01 Develop hazardous waste management plans as required, improving hazardous waste management systems, records, and other documentation.

02 Solid waste generated from production and daily activities is classified into general, significant, and hazardous categories based on environmental impact, with designated storage and labeling.

03 Process and utilize solid waste according to approved procedures, transferring it to qualified units for disposal. Based on the characteristics of solid waste and the need for reuse, recycled solid waste is treated either on-site or off-site.

04 Seal storage areas for oil depots, laboratories, and other on-site facilities, implementing ground hardening or specialized anti-leakage trenches; collect hazardous waste generated from maintenance, classify and store it according to hazardous waste categories, with containers and storage sites adhering to national standards for anti-leakage measures.

#### Waste Treatment Targets

Centered on the core principles of reduction, resource utilization, and harmless treatment, focus on solid waste control throughout the mining, mineral processing, smelting, and refining processes to achieve standardized disposal, efficient utilization, and controllable risks for industrial solid waste.

Kalatongke Mining treats smelting slag and tailings sand for use as underground backfill in mining operations, fully tapping the utilization value of solid waste and reducing solid waste emissions.

| Indicator | 2024(Thousand Tons) | 2025(Thousand Tons) |
|---|---|---|
| Non-hazardous Waste | 2,789.03 | 3,141.06 |
| Hazardous Waste | 0.08 | 2.80 |

## Noise Management

The primary sources of noise include mining machinery and transport equipment during mining operations, as well as noise from crushing, screening, and grinding equipment in mineral processing plants; noise generated by dust removal fans, pumps, vibrating screens, blowers, induced draft fans, and air compressors during operation. Various types of fans and dust removal fans are equipped with silencers and placed in soundproof fan rooms. Air compressors, ball mills, crushing equipment, etc., are all placed inside the plant buildings. Mining machinery operates underground, and various water pumps are placed in pump rooms.

# Optimizing Resource Management

The Group adheres to the energy management philosophy of scientific energy use and high-efficiency energy conservation, strictly complies with laws and regulations such as the *Energy Conservation Law of the People' s Republic of China* and relevant local government regulations, and formulates and implements internal management systems such as the *Energy Management Measures*. The Group continues to strengthen the whole-process management and control of resources such as energy and water, promotes the efficient recycling of energy resources, continuously optimizes the energy structure, and contributes to sustainable development.

## Energy Management

The direct energy consumption in the Group' s production process mainly includes coal, natural gas, diesel, and gasoline, supplemented by externally purchased electricity and coke through pipelines. The Group' s energy use complies with the industry standard *Energy Consumption Limit per Unit Product of Nickel Refining YS/T 708-2022 and the national standard Energy Consumption Limit per Unit Product of Non-ferrous Metal Smelting Enterprises* GB 21251-2014.

| Indicator | Unit | 2025 |
|---|---|---|
| Total Direct Energy Consumption | Megawatt-hour | 490,114.32 |
| Total Indirect Energy Consumption | Megawatt-hour | 476,399.7 |
| Total Energy Consumption per Million in Revenue | Tons of standard coal/CNY | 46.37 |
| Comprehensive Energy Consumption | Megawatt-hour | 966,514.02 |
| Energy Consumption Density | Tons of standard coal per million yuan in revenue | 259.15 |
| Direct Energy Consumption | | |
| Diesel | Tonnes | 1,699.95 |
| Gasoline | Tonnes | 2.09 |
| Natural Gas | 10,000 cubic meters | 1,924 |
| Indirect Energy Consumption | | |
| Purchased Electricity | Megawatt-hour | 406,709.19 |
| Coke | Tons | 29,953.41 |
| Steam Consumption | Tons of standard coal | 701.06 |
| Waste Heat Energy Consumption | Tons of standard coal | 314.06 |
| Renewable Energy Consumption | Tons of standard coal | 5,281 |
| Proportion of Renewable Energy Consumption | Percent | 14.63 |
| Wind Energy Consumption | Tons of standard coal | 4,713.6 |
| Solar Energy Consumption | Tons of standard coal | 552.3 |
| Hydropower Energy Consumption | Tons of standard coal | 12.5 |
| Biomass Energy Consumption | Tons of standard coal | 2.8 |
| Total Volume of Green Electricity Transactions | 10,000 kilowatt-hours | 11,035 |
| Trading Green Electricity Certificates | 10,000 sheets | 6.73 |

## Energy-saving Measures

### Energy Saving and Emission Reduction with Solar Panels

Hua' ou Mining, a subsidiary of our Group, has introduced solar heating panels, saving nearly RMB 150,000 in monthly electricity costs while eliminating the need for an additional air-source heat pump, while also providing a green and sustainable solution for later-stage heating of mineral processing water temperature, heating in living areas, and underground hot air supply.



### Meeting Energy Saving and Consumption Reduction Standards

To thoroughly implement the national green and low-carbon development strategy and accelerate energy saving and consumption reduction in the industrial sector, the inspection team from the Hami City' s Industry and Information Technology Bureau carried out the 2025 energy conservation inspection of key energy-using enterprises in the industrial sector at Xinjiang Yakesi. According to the on-site verification and calculations conducted by the inspection team, the comprehensive energy consumption per unit of product in Xinjiang Yakesi' s mining and ore processing operations both reached the advanced national standard level.

### Strengthen awareness of energy conservation and emission reduction

Our Group organized specialized training and promotional activities on energy saving and emission reduction, covering energy management knowledge and practical skills, continuously improving employees' awareness and operational capabilities in energy conservation.

### Energy Conservation Promotion Week and Low-Carbon Day activities

During the 2025 Energy Conservation Promotion Week, Xinjiang Yakesi successfully held a series of energy conservation publicity and Low-Carbon Day activities centered on the theme of "Improving energy efficiency and leading with innovation." These activities aimed to strengthen employees' awareness of energy conservation, promote new energy-saving technologies and products, and improve energy efficiency.



## Energy Management Performance and Targets

The Group has set energy management targets, including core indicators such as reducing energy consumption intensity and increasing the proportion of renewable energy use. Through measures such as energy efficiency improvements and clean energy substitution, it is advancing its green and low-carbon transition. During the reporting period, the energy management performance targets were basically achieved.

| Indicator | Target | Achievement Status |
|---|---|---|
| Reduction Rate of Energy Consumption Intensity | Reduce Energy Consumption Intensity | In Progress |
| Share of Renewable Energy Consumption | Increase The Share of Renewable Energy Consumption | In Progress |
| Annual Completion Rate of Energy-Saving Projects | 100% Annual Completion Rate | In Progress |

# Water Resource Management

The Group strictly complies with national laws and regulations such as the *Water Law of the People's Republic of China* and related standards, establishing a systematic water resource management framework that clarifies responsibilities and operational requirements for water use, protection, and management. The Group promotes the implementation of water resource risk identification, water-saving measures, and water usage monitoring at various production bases to ensure effective accountability. At the same time, the Group establishes water resource management goals, strengthens rigid constraints on water resources, promotes the conservation, intensive use, and safe utilization of water resources, and comprehensively enhances water security capabilities.

## Water Conservation Measures

The Group vigorously advocates for water conservation, improves the reuse rate of tailings water, and reduces the use of fresh water; scientifically and reasonably adjusts circulating water volume to reduce evaporation; enhances management to recover condensed water; intensifies wastewater treatment efforts to improve the reuse rate. The Group also strengthens employees' awareness of water conservation through comprehensive training and promotional activities, fostering a good atmosphere for water conservation across the Group and encouraging employees to consciously practice water-saving measures. As of now, the daily usage of pre-plant recycled water at the mineral processing plant has exceeded 11,000 cubic meters, with a phased pre-plant recycled water utilization rate reaching 85%, a record high. This has saved 490,000 cubic meters of fresh water annually, reducing fresh water costs by approximately 1.99 million.



Fukang Smelter's Certificate for Improving Water Resource Utilization


Xinjiang Yakesi Conducts Water-Saving Training

| Indicator | Unit | 2025 |
|---|---|---|
| Water Consumption | 10,000 cubic meters | 472.55 |
| Water Use Intensity | Cubic meters/tonne of throughput | 0.76 |
| Total Water Recycling and Reuse Volume | Ton | 1,616,449 |

# Packaging Material Management

The packaging materials used for the Group's main products, including electrolytic nickel, electrolytic copper, and cathode copper, are steel straps for bundling.

| Indicator | Unit | 2025 |
|---|---|---|
| Packaging Steel Straps | Ton | 34.8 |
| Unit Consumption | Ton | 1.88 |

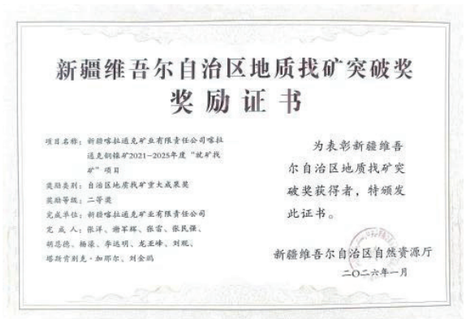
| Indicator | 2025 |
|---|---|
| Non-Renewable Material Consumption (Tons) | 1,535,252.8 |
| Non-Renewable Material Consumption per Million RMB Revenue (Tons) | 599.4 |
| Consumption of Toxic and Hazardous Materials (Tons) | 292,895 |
| Toxic and Hazardous Material Consumption per Million RMB Revenue (Tons) | 114.35 |
| Packaging Material Usage (Tons) | Cobalt/0.00887 (Packing steel strapping 0.00559 /Filter cloth 0.00328) |
| Packaging Material Usage per Million RMB Revenue (Tons) | Nickel / 0.01158、Copper / 0.01389 Cobalt / 0.02112 (steel strapping 0.01331 / filter cloth 0.00781) |

# Mineral Resource Management

The Group is committed to resource control, participates in the new round of strategic action for prospecting breakthroughs, optimizes the guarantee capacity of strategic mineral resources, and strengthens the security defense line of industrial and supply chains. Meanwhile, the Group continuously enhances its comprehensive operation capacity of mineral resources, promotes the development and cooperation of mineral resources, and strives to build itself into a domestic nickel-dominated diversified metal enterprise with abundant resource reserves, outstanding operational efficiency and strong competitiveness.

## Deep Exploration of Internal Resources

The mines under the Group are located in favorable sections of well-known metallogenic belts, with strong ore-forming backgrounds and significant breakthrough potential. The Group has conducted a comprehensive review of its exploration right projects, advanced mine exploration and reserve expansion, continuously increased investment in geological exploration, established cooperation with top domestic research institutions, and supported major scientific research projects. In recent years, the results of exploration and reserve expansion have been remarkable, providing solid resource support for the Group's healthy and stable development. The Group's Kalatongke copper-nickel mine's 2021–2025 "Prospecting Around Existing Mines" project was awarded by the Xinjiang Uygur Autonomous Region.



新疆维吾尔自治区地质找矿突破奖
奖励证书

项目名称：新疆喀拉通克矿业有限责任公司喀拉通克铜镍矿2021-2025年度"就矿找矿"项目
奖励类别：自治区地质找矿重大成果奖
奖励等级：二等奖
完成单位：新疆喀拉通克矿业有限责任公司
完 成 人：张洋、谢军辉、张雷、张民强、胡思德、杨豪、李选明、龙正坤、刘凯、塔斯肯别克·加那尔、刘金鸽

为表彰新疆维吾尔自治区地质找矿突破奖获得者，特颁发此证书。

新疆维吾尔自治区自然资源厅
二〇二六年一月

## Integration of External Resources

Adhering to the core strategy of resource priority, the Group not only fully leverages its own advantageous resources, but also actively promotes the integration and cooperation of external resources. It is steadily advancing toward diversified development, continuously enhancing its core competitiveness, and striving to build itself into an influential benchmark enterprise in China.



# Mine Technological Upgrading and Construction

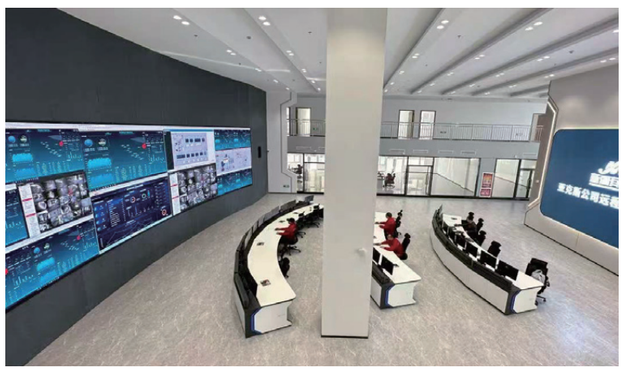
The Group has advanced technical renovation projects at various mines. By expanding production scale to reduce unit costs, it has effectively improved economic efficiency and market competitiveness. During the renovation process, the Group has continuously introduced new technologies and implemented environmental protection measures to achieve sustainable development goals, and driven the transformation of traditional advantageous industries toward intelligence, informatization and digitalization.

### Development and Application of an Intelligent Mine Ventilation System

After the intelligent ventilation system at the Kalatongke Mine was completed and put into operation, it achieved intelligent control of the main fan, one-click reversal of the main fan, unattended operation of the main fan, variable-frequency operation of the main fan during shift handover periods, real-time warning of fire risk points, and real-time acquisition and analysis of airflow data, providing assurance for the reliable operation of the mine ventilation system and the prevention of underground safety accidents. It not only reduced the operating and management costs of the mine ventilation system, but also decreased the occurrence of safety accidents, generating significant economic and social benefits.

### Yakesi Remote Intelligent Control Center Recognized as an Advanced-Level Smart Factory of the Autonomous Region

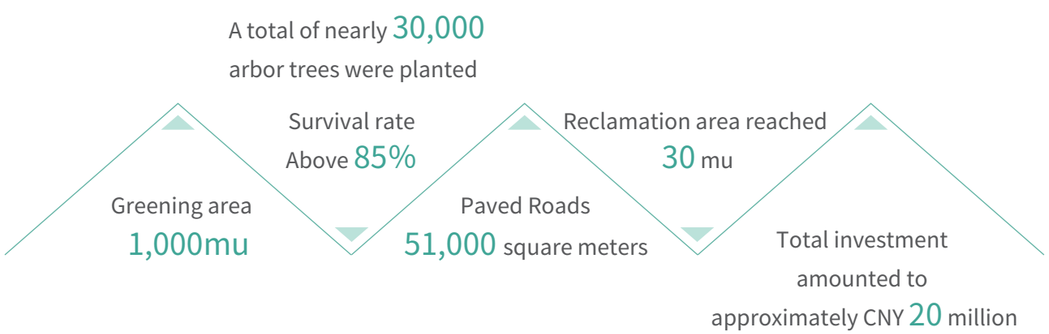
Hami Remote Intelligent Control Center of Xinjiang Yakesi Company has realized remote driving of electric locomotives and remote operation of fixed crushing hammers from 130 kilometers away. Integrating remote dispatching and control, it enables centralized and unified data management as well as coordinated mining and processing operations. It has become the first completed remote intelligent control center for non-coal mines in Xinjiang and was selected for the second batch of advanced-level smart factories of the autonomous region in 2025.



# Biodiversity Conservation

The Group deeply understands that biodiversity conservation has become a critical issue for global sustainable development and consistently regards participation in global biodiversity governance as a core responsibility. Actively responding to international frameworks such as the United Nations Sustainable Development Goals (SDGs) and the Convention on Biological Diversity, and aligning with national strategies for ecological civilization and the life-cycle management philosophy, the Group proactively implements the requirements of ecological development. It actively integrates into the global environmental governance system and continuously advances the restoration, protection, and enhancement of biodiversity. The Group systematically identifies and addresses nature-related risks, actively pursues green development opportunities, and persistently strengthens its ecological and environmental management capabilities, thereby contributing to global sustainable development as a responsible central enterprise.

Xinjiang Yakesi has carried out ecological environment restoration and land reclamation efforts surrounding its mining area. From 2010 to 2024, the Company initiated large-scale afforestation activities on the Gobi terrain adjacent to the plant site, where conditions for reclamation were relatively favorable. A total of nearly 30,000 trees have been planted, achieving a survival rate of over 85% and reclaiming an area of 30 mu (approx. 2 hectares). This has resulted in the formation of a roadside forest belt centered along the access road to the mine, yielding significant improvements to the external environment of the mining area. Concurrently, the Company has undertaken projects to green and beautify the mining area and to pave roads. To date, a total area of 1,000 mu (approx. 66.7 hectares) has been greened, 51,000 square meters of roads have been paved, with cumulative investments amounting to approximately RMB 20 million.




## Biodiversity Conservation Measures Surrounding the Mine

Since the construction of its own mine, Xinjiang Yakesi has continuously built a modern mining environment, establishing human-centered facilities such as garden-style dormitory buildings, a cultural corridor, the Gobi Hundred Flowers Garden, a gymnasium, a training center, an ore culture landscape belt, a geological culture square, and a water dance square. To enhance ecological quality, it engaged landscaping units to test the soil and water quality in the mining area, scientifically select and cultivate seedlings, and implement soil replacement planting. With a cumulative investment of more than RMB 20 million, it has planted over 1 million trees, shrubs, and flowers of various species, including elm, willow, populus euphratica, calligonum, saxaul, tamarisk, apricot, and mulberry, achieving a 100% survival rate. The greening area has reached 1,000 mu, realizing full coverage of the main roads and all areas suitable for greening, forming a three-dimensional landscaping pattern and significantly improving the environment of the mining area.

## Green Mining&Green Factory

The Group upholds the philosophy of “responsible mining” and explores a path for green mining development that harmonizes mining operations with the ecological environment. The Group strictly complies with relevant laws and regulations, including the Mineral Resources Law of the People’ s Republic of China and the Land Administration Law of the People’ s Republic of China, to ensure compliance in production and operations while minimizing impacts on the local environment.

## Kalatongke Mining Green Mining Practice

Kalatongke Mining has consistently and thoroughly implemented the national decisions and plans for ecological civilization construction, responded to the call for “carbon peaking and carbon neutrality,” and aimed to promote the high-quality development of the mining industry. It has simultaneously advanced the development of green mines and green factories, achieving sustainable green development featuring energy conservation and carbon reduction, environmental protection, quality improvement, and efficiency enhancement, and has received honors such as “National Green Mine.”

Building a Standardized System:Improve core systems such as the sound safety standardization framework and standard cost management models, covering all areas including resource development and utilization, environmental protection, energy audits, ecological restoration, and production safety, thereby forming a standardized management model in which “there are systems to follow, detailed rules to observe, and processes to verify.”

Resource Conservation and Comprehensive Utilization: Breakthroughs have been achieved in smelting waste heat utilization technology, enabling efficient recovery of waste heat during the smelting process and saving approximately 6,000 tons of standard coal annually;

The resource utilization of water-quenched slag has been advanced, turning waste into valuable materials while reducing solid waste storage, thereby establishing a circular economy model of “mining-processing-recovery-reuse.” The tailings underground backfilling project has utilized 78,900 cubic meters (110,000 tons), with a target of 23,000 cubic meters (24,000 tons) for 2025.

Treatment of the Three Types of Waste and Compliant Discharge: Wastewater treatment: Mine water, after multi-stage sedimentation, is used for backfilling and mineral processing production. The underground inflow water treatment project has been completed and is pending trial operation; after treatment, it will be used for smelting production. Mineral processing wastewater settles in the tailings pond along with the tailings, and all return water is reused in mineral processing. Smelting acid-making wastewater is treated by the “controlled-release sulfide + lime neutralization + HDS” process and then reused in smelting. Domestic sewage, after integrated treatment, is used for landscaping in the plant area.

Exhaust gas treatment: Organized flue gas enters the two-conversion two-absorption acid-making system after gravity and electrostatic dust removal; tail gas and fugitive collection flue gas are desulfurized by the composite amine method before being discharged in compliance with standards. Fugitive exhaust gas is collected through gas hoods and treated by electrostatic dust removal and the newly built fugitive flue gas collection system before compliant discharge. The discharge outlets are equipped with online flue gas monitoring systems and data is uploaded to the national development platform in real time. Waste treatment: Smelting water slag is mainly sold to cement plants within Xinjiang as an additive, with production and sales in balance and sales exceeding output; it is stored in a standardized manner in the tailings pond, and part of it is used for underground cemented backfilling. Waste rock stripped during mining is crushed and ore is sorted from it, while tailings are reused for underground backfilling. Hazardous waste is strictly managed in accordance with laws and regulations. A management plan has been formulated and filed on the autonomous region’ s solid waste platform. Collection, storage, and in-plant transportation are carried out in a standardized manner throughout the process, and disposal is entrusted to qualified entities in compliance with regulations.

Land Reclamation： Practicing the concept of “restoration alongside mining” and adopting advanced greening technologies; carrying out land reclamation and vegetation restoration, and continuously increasing ecological cover in the mining area. In 2025, the plant area’ s greened area reached 34,480 square meters, with an investment of RMB 4 million, while RMB 2 million was invested in the tailings pond for water spraying on the dry beach surface to reduce dust.

Energy Conservation and Emissions Reduction： Energy-efficient products and technologies were vigorously promoted throughout the entire mine, with a focus on implementing the low-voltage fan retrofit project in the smelting workshop. By installing advanced variable-frequency speed control devices, real-time and precise regulation of fan operating conditions was achieved, effectively reducing energy consumption and promoting the low-carbon transformation of production processes.

## Green Mine Practices at Xinjiang Yakesi

With the goal of “building a sustainable mining operation,” Xinjiang Yakesi has transformed its development model, built a resource-saving and environmentally friendly enterprise, and vigorously explored new models for environmental protection and ecological reclamation, achieving “ecological mine environments, environmentally friendly production processes, and resource utilization of solid waste.” Aiming to “develop a circular economy and build green mining,” it adheres to the principles of “protecting during development and developing during protection” and “producing while remediating,” treating mine-area reclamation and ecological restoration as important tasks for promoting the company’ s sustainable development. It formulated the Green Mine Plan for the No. 30 Ore Body of Huangshan Copper-Nickel Mine, established the working approach of “step-by-step implementation and phased treatment,” and, while developing and utilizing mineral resources, has consistently upheld both economic benefits and ecological environmental protection in fulfilling its corporate social responsibilities.

## Green Factory Practices at Fukang Smelting Plant

Fukang Smelting Plant practices the concept that “lucid waters and lush mountains are invaluable assets,” and was awarded the title of National Green Factory in October 2020. The plant deeply integrates the green development concept into the entire production management process, optimizes process linkages, strengthens energy-saving upgrades, and improves energy utilization efficiency. First, it optimizes production processes, reviews energy consumption, material consumption, and emission nodes, eliminates outdated process equipment, promotes the substitution of clean energy, builds new gas-fired boilers, optimizes process coordination, strengthens energy-saving upgrades, and improves energy utilization efficiency. Second, it enhances refined management and control, improves management systems, breaks down and assesses energy consumption indicators, and establishes an energy management system to achieve real-time monitoring of energy consumption. Third, it promotes the integration of intelligent and green production by introducing automated and intelligent equipment and systems, strengthening automation upgrading and transformation in production processes, exploring green electricity substitution, increasing the proportion of renewable energy use, and carrying out product carbon footprint accounting to support the achievement of the “dual carbon” goals.

## Tailings Management

The Group fully recognizes the important responsibility and significance of standardized tailings management. In strict accordance with the Mine Safety Law of the People’ s Republic of China and other national laws, regulations and relevant standards, the Group has formulated and established a supporting system including the Tailings Pond Safety Management System. It has improved management specifications and strengthened control measures in four dimensions: operation technology, safety management, accident emergency response, and dam patrol operation. Among them, the operation technology dimension defines the process implementation requirements and maintenance standards for safety monitoring facilities; the safety management dimension standardizes personnel allocation, risk identification, regular evaluation and other management requirements, with a focus on strengthening safety control during extreme weather and flood seasons; the accident emergency response dimension clearly defines applicable scenarios for emergency evacuation, and standardizes the whole-process management of emergency plan formulation, emergency drills and accident emergency rescue; the dam patrol operation dimension details daily operation specifications such as tailings discharge and inspection of flood discharge facilities. Meanwhile, the Group has formulated the design code for tailings ponds using the form-bag method, further clarifying technical standards for dam construction design and construction, operational safety prevention and control, and safety monitoring arrangements. Standardized and normalized management has been adopted to build a strong line of defense for the safe operation of tailings ponds.



### Tailings Pond Construction Design and Construction Management

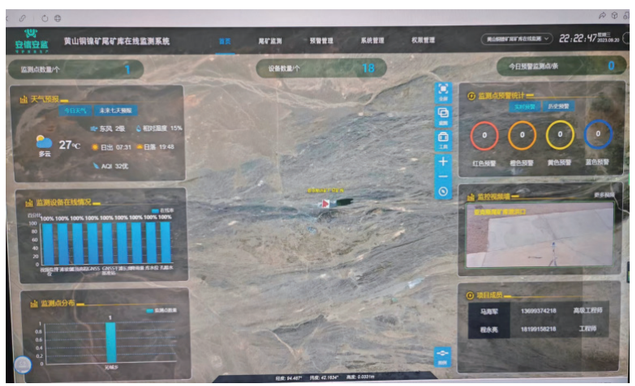
The Jiawuer Tailings Pond of the Kalatongke Copper-Nickel Minehas been constructed in line with the principle of overall planning and phased design and implementation. The construction design for the tailings pond focuses on the core safety control requirements at each stage, strengthens the allocation of safety protection facilities throughout the entire process, and scientifically deploys safety facilities for flood discharge, seepage prevention, landslide prevention, and seismic resistance in light of the construction characteristics and differentiated control requirements of the starter dam, intermediate dam, and mid-to-late-stage dam. At the same time, it establishes and improves a full-cycle, full-coverage safety monitoring system, comprehensively consolidating the safety foundation of project construction and continuously enhancing the intrinsic safety level of the tailings pond.

### Tailings Pond Operation Management

The Group strictly implements pre-job safety management measures and has established the Tailings Pond Safe Operation Management System to verify and confirm employees’ safety, physical and mental conditions, and the integrity of various facilities and equipment one by one, so as to ensure that responsibilities are fulfilled and inspections are in place. Special safety operation procedures covering all scenarios, including pipeline inspection, flood control during flood seasons, and freeze protection in winter, have been formulated, and supporting management measures for equipment maintenance and routine upkeep have been improved simultaneously to realize standardized management and control of the whole process. A regular safety inspection mechanism has been established, led by relevant persons-in-charge of the mine, to conduct comprehensive inspections on the tailings pond dam body, safety protection facilities and environmental protection facilities on a regular basis. The inspection contents, judgment criteria and closed-loop disposal requirements for problems are clearly defined to ensure that potential hazards are identified and rectified at an early stage. Emergency response measures for accidents have been improved. For common emergencies such as tailings leakage, pipeline blockage and pipe burst, specific disposal procedures and operation specifications have been refined to enhance emergency response capacity and risk prevention and control capabilities.

## Online Tailings Pond Monitoring System

Xinjiang Yakesi upgraded the tailings pond of the concentrator in accordance with the Safety Regulations for Tailings Ponds and the Engineering Technical Specifications for Online Safety Monitoring Systems of Tailings Ponds, mainly to monitor key data such as dam displacement, dry beach, slope, and pond water level in the reservoir area. At the same time, the system was connected to the Autonomous Region’ s non-coal mine safety production risk monitoring and early warning platform, enabling real-time data upload, comprehensive monitoring, and all-round safety coverage with no blind spots.



### Environmental Management of Tailings Ponds

The Group firmly upholds the concept of safe development and implements all tasks related to risk prevention, control, and emergency management for tailings storage facilities with high standards and stringent requirements. In strict accordance with relevant national and industry laws, regulations, and standards, it has established a safety risk prevention and control system for tailings storage facilities featuring "source control, process monitoring, and closed-loop management." It regularly carries out comprehensive and precise inspections and rectification of potential safety hazards, achieving graded risk control and dynamic elimination of hidden dangers. The Group has improved emergency response plans and on-site disposal plans, strengthened the emergency command system, fully equipped emergency rescue teams and materials, and regularly organized practical emergency drills to enhance coordinated emergency response and rapid reaction capabilities. It has reinforced safety management responsibilities at all levels, forming a working structure with clear responsibilities and coordinated management, resolutely safeguarding the bottom line of safe production at tailings storage facilities and ensuring the safety of the Company's production and operations, the surrounding ecological environment, and the lives and property of the public.



### Risk Prevention and Control for Tailings Storage Facilities

The Group firmly upholds the concept of safe development and implements all tasks related to risk prevention, control, and emergency management for tailings storage facilities with high standards and stringent requirements. In strict accordance with relevant national and industry laws, regulations, and standards, it has established a safety risk prevention and control system for tailings storage facilities featuring "source control, process monitoring, and closed-loop management." It regularly carries out comprehensive and precise inspections and rectification of potential safety hazards, achieving graded risk control and dynamic elimination of hidden dangers. The Group has improved emergency response plans and on-site disposal plans, strengthened the emergency command system, fully equipped emergency rescue teams and materials, and regularly organized practical emergency drills to enhance coordinated emergency response and rapid reaction capabilities. It has reinforced safety management responsibilities at all levels, forming a working structure with clear responsibilities and coordinated management, resolutely safeguarding the bottom line of safe production at tailings storage facilities and ensuring the safety of the Company's production and operations, the surrounding ecological environment, and the lives and property of the public.

### Emergency Management for Tailings Storage Facilities

The Group has established systems such as the Emergency Response Plan for Production Safety Accidents at Tailings Storage Facilities. In response to various risks including dam stability, piping and dam failure, flood overtopping, geological disasters, electric shock, and drowning, it has developed a comprehensive emergency management system covering special emergency plans for overtopping, dam failure, and piping, as well as on-site disposal plans for falls from height, mechanical injuries, and other incidents. It has clarified the responsibilities of the emergency rescue command headquarters, headed by the plant director as chief commander, and each working group, standardized the entire response process for accident reporting, response activation, personnel evacuation, on-site handling, and recovery, and improved supporting mechanisms for emergency materials and equipment reserves as well as coordination and communication among emergency departments and personnel. At the same time, it has formulated standardized management forms for the activation and termination approval of emergency response plans, as well as for learning, training, drills, and revisions, comprehensively strengthening the production safety defense line for tailings storage facilities and ensuring their safe and stable operation.

### Comprehensive Emergency Drill for a Tailings Pond Incident Involving Water Levels Exceeding the Alert Threshold During the Flood Season

The Group organized and carried out a comprehensive emergency drill for a tailings pond incident involving water levels exceeding the alert threshold during the flood season, simulating a dangerous situation in which heavy rainfall caused the water level in the tailings pond to rise sharply. The “human defense + technological defense” monitoring system in the reservoir area issued a timely alarm, and on-duty personnel verified the risk in accordance with regulations and reported it level by level. The Group promptly launched emergency consultations, activated a Level II emergency response, and simultaneously reported the situation to the State-owned Assets Supervision and Administration Commission and the local emergency management authorities. Multiple specialized task forces were mobilized to the site, where they performed their respective duties and coordinated efforts in drainage and pressure reduction, embankment construction to prevent overtopping, intelligent monitoring, medical support, and other emergency response measures. After the danger was eliminated, the Group conducted a post-incident review based on the “three orientations,” identified problems, established ledgers for closed-loop rectification, revised and improved the specialized emergency response plan, continuously enhanced the professionalism and standardization of emergency handling for tailings ponds, strengthened the safety line for production, and demonstrated the responsibility and commitment of a central state-owned enterprise.

### Comprehensive Utilization of Tailings Pond Resources

The Group attaches great importance to the comprehensive utilization of tailings pond resources. Tailings from the mineral processing workshop are transported to the tailings pond for disposal, while clarified water settled in the tailings pond is recovered and reused in the workshop’ s daily production. By promoting a tailings return-water reuse model, the Company has significantly reduced its intake of fresh water, effectively achieving water conservation and lower consumption in production while ensuring the continuity and stability of operations. In addition, the Company has made clear plans to implement the comprehensive utilization project for the re-extraction of tailings sand from the Wuqiar tailings pond, and has already engaged with the design unit to advance the preparation of the project’ s preliminary design. It plans to complete all preparatory documentation related to the re-extraction within this year and then officially commence the tailings sand re-extraction work.

### Tailings Pond Closure and Post-Closure Management

The Group strictly complies with national laws, regulations, and standards such as the Regulations on the Safety Supervision and Administration of Tailings Ponds and the Safety Technical Code for Tailings Pond Closure Works, and scientifically prepares the Tailings Pond Closure Design plan. After expert review and approval by the competent authorities, it organizes closure works in an orderly manner to ensure that the entire closure construction process is compliant, controllable, safe, and standardized. It has established and improved a long-term management mechanism for post-closure tailings ponds, clarified the responsible management entities, assigned dedicated personnel and positions for post-operation maintenance and management, and incorporated post-closure tailings pond management into the company’ s key work on production safety and ecological environmental protection, ensuring clear accountability, effective management, and concrete implementation of measures.

### Management of Nearby Community Residents

The Group strictly fulfills its primary responsibility for tailings pond safety management, and there are no residential villages within a 10 km radius. For residents living beyond the 10 km radius, it has established and improved a coordinated management mechanism with surrounding communities, maintained regular community communication and engagement, and promptly disclosed information related to the operation, maintenance, and safety control of tailings ponds, thereby safeguarding residents’ rights to know, participate, and supervise.

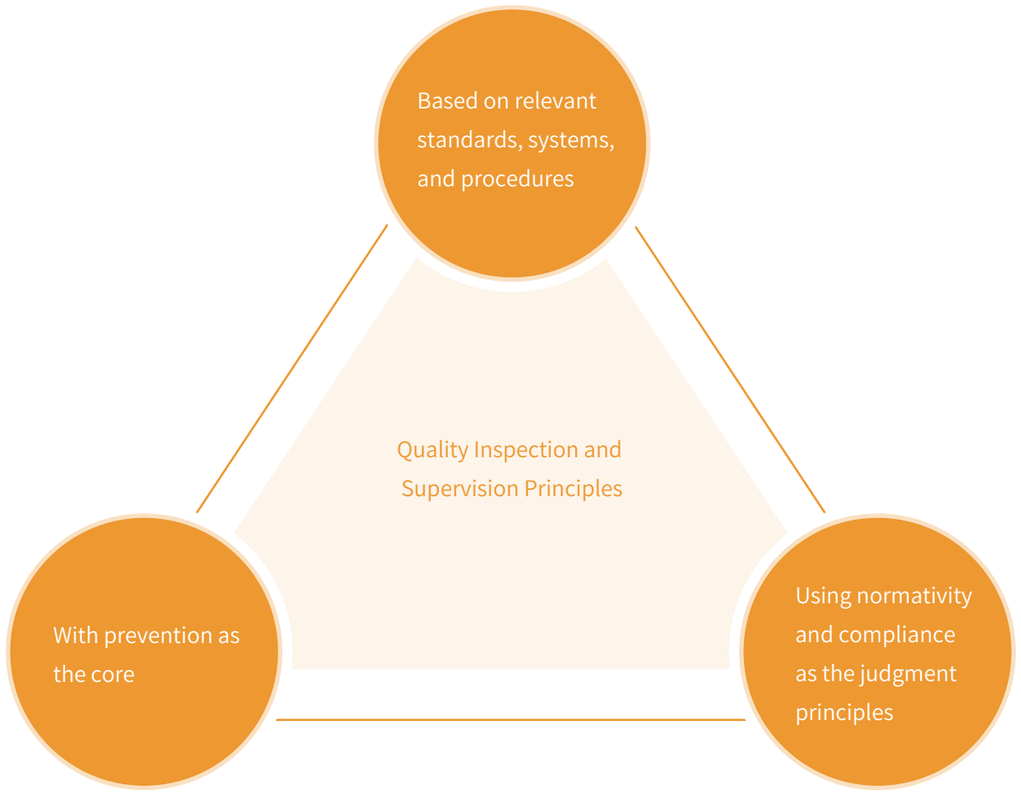



# 03 Social Governance

The Group actively fulfills its social responsibilities throughout the entire process of mineral resource development. We firmly uphold the bottom line of production safety, safeguard the occupational health and legal rights of our employees, and foster harmonious labor relations. We deepen enterprise-community partnerships and coordinated development with local communities by prioritizing local employment, promoting local procurement, and improving benefit-sharing mechanisms to support rural revitalization and the improvement of people’s livelihoods. We respect regional cultures and the rights of indigenous peoples, and have established robust mechanisms for social risk prevention, communication, and consultation. Through active involvement in charitable initiatives, infrastructure assistance, and emergency support, we promote responsible development that drives the synergy between the enterprise, society, and the environment, thereby achieving a win-win outcome for both resource development and local prosperity.

# Product Quality Management

The Group strictly complies with the *Product Quality Law of the People's Republic of China* and applicable industry laws and regulations, consistently adhering to the quality management policy of "Quality First, Safety Foremost". Safety and quality requirements are integrated throughout the entire product lifecycle. A series of management system documents, including the *Quality, Environment, Occupational Health and Safety Management Manual*, have been formulated and implemented, establishing a quality management system covering resource extraction, production operations, product sales, and related services. This promotes the standardized, normalized, and systematic operation of quality management, continuously enhances product reliability and stability, and drives continuous improvement in the Company' s overall operational management. During the Reporting Period, no material quality incidents occurred.



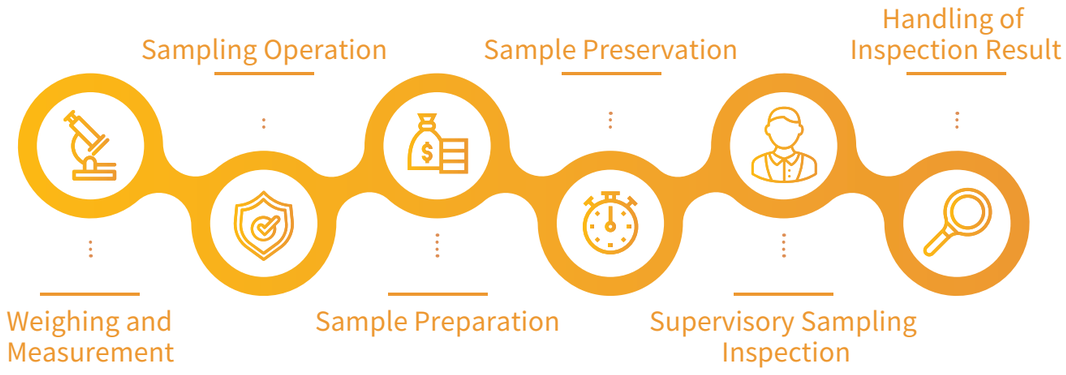




ISO 9001 Quality Management System Certification

## Quality Inspection and Supervision Process

The Group has established a quality management system that covers the entire product lifecycle, ensuring the quality, safety, and stability of products and services through institutional standardization, personnel capability building, and process control. The Group has developed the *Product Recall System*, establishing a closed-loop management mechanism covering feedback reception, quality investigation, root cause analysis, corrective action formulation, and effectiveness verification, ensuring traceability, strong control, and closed-loop management of quality risks. During the Reporting Period, the Group experienced no product recalls due to health and safety reasons.




▲ Product Quality Management Process

## Quality Training

To further improve the quality management system, the Group has comprehensively strengthened quality control responsibilities at all levels and positions, continuously enhanced quality risk prevention and control capabilities throughout the entire process and value chain, and steadily improved product safety assurance levels. These efforts have solidified the product safety and quality defense line, providing robust support for the Group' s high-quality development.

### Product Quality Initiatives

Quality is the lifeline of an enterprise and the core element for winning market competition. The Group adheres to the principle of winning through quality, treating quality training as a crucial foundation for building a quality management system. We regularly conduct comprehensive quality management training covering all business processes from research and development to after-sales service. The training content includes core modules such as the latest quality management system standards, quality control specifications for key processes, and prevention and handling of quality issues. Through systematic and professional training, we strive to strengthen the quality awareness of all employees, standardize operational behaviors, improve the quality control system, build a solid quality defense line from the source, and provide customers with stable and reliable high-quality products and services.



# Innovative R&D

## Innovative R&D System

To thoroughly implement the decisions and deployments of the Company at both levels, accelerate technological innovation, and vigorously pursue the strategy of revitalizing the enterprise through science and technology and strengthening the enterprise with talents, the Group has formulated institutional documents including the *Management System for Technological Innovation Projects* and the *Management Measures for "Five Small" Technological Activities*. These documents define the organizational structure and standardize management processes such as R&D project initiation, technological innovation project procedures, and industry-university-research collaboration projects. As of the end of 2025, the Group has been recognized as a "High-tech Enterprise" and a "Specialized and Sophisticated SME that produces new and unique products".

In 2025, the Company' s R&D expenses amounted to 179 million yuan, accounting for 7% of its main business revenue. The total number of R&D employees was 69.







High-tech Enterprise Certificate

# Encouraging R&D

The Group has formulated the *Reward Measures for Employee Innovation Activities and* the *Reward Measures for Technological Innovation Achievements.* These provide both material and honorary incentives for valuable technological improvements and creative activities that can generate lasting impact, including “technological innovation activities”, “QC group activities, Five Small initiatives (small reforms, small inventions, small designs, small creations, small productions), and rationalization suggestions”. The Company has established a Technology Contribution Award, with the Technology Center responsible for the daily work of evaluating technological innovation awards. This award recognizes technology projects that have solved difficulties and key problems in areas such as technological innovation, transformation of technological achievements, introduction of advanced technologies, and large-scale production of high-tech products, making outstanding contributions to the Company’ s “cost reduction and efficiency enhancement”.

## Xinxin Mining 2025 R&D Expense Activities Ignite Innovation Momentum

The Group successfully held the 2025 R&D Expense Exchange, Training, and Inspection Activity. This training and inspection aimed to strengthen R&D expense management, enhance the efficiency and quality of scientific research project execution, and safeguard the company's innovative development. Participants included the responsible leaders, finance personnel, technology management personnel, and human resources backbone personnel from the affiliated high-tech production units.



Xinxin Mining 2025 R&D Expense Exchange, Training, and Inspection Activity

# Innovation Projects

The Group has always adhered to technological innovation as its core engine, anchored in the core goals of improving quality and efficiency as well as transformation and upgrading. Based on the actual conditions of mine production, it has continuously increased R&D investment and technological breakthroughs, striving to promote breakthroughs in key core technologies and the implementation of achievements.

## Technological Innovation Empowers Cost Reduction and Efficiency Enhancement:

The horizontal short-hole lateral mining technology developed by Kalatongke Mining has increased mining efficiency by 55% and halved the consumption of explosive materials;

The “fine grinding - classification - stepped flotation - reagent optimization” technology developed Xinjiang Yakesi has successfully resolved the challenge of beneficiating high-magnesium, low-grade ores, increasing copper recovery by 4.89% and nickel recovery by 0.16%;

The Fukang Smelter has adopted a chemical method to replace the electro-oxidation method for preparing black nickel, saving nearly RMB 6 million annually. This technology was awarded the Group’ s Innovation Achievement Award, setting a clear direction for enterprise-wide innovation and efficiency creation.




The Key Technologies and Equipment for Efficient and Green Paste Filling Mining in Ecologically Fragile Western Mining Areas were awarded the Nonferrous Metals Industry Science and Technology Award (Second Prize).

## Technological Breakthroughs

In 2025, the first filling access road W9 in the 286 sublevel of the Huangshan Copper-Nickel Mine, operated by Xinjiang Yakesi, was successfully completed, marking a significant milestone in the technological transformation project for deep-level filling mining. In response to complex geological conditions such as poor rock structure and developed fissures, the technical team innovatively adopted the “advanced pipe shed + arch support” technique, implemented short excavation with immediate support, and applied full-section shotcreting for sealing. By dynamically optimizing the plan based on site conditions, the team flexibly overcame a series of technical challenges.



# Collaborative R&D

The Group has joined hands with universities and research institutes to tackle technical difficulties in production and R&D, and carried out entrusted and joint R&D for key technical tackling projects.

### Kalatongke Company collaborated with BGRIMM Technology Group

Karatungk Mining and the Mining and BGRIMM Technology Group collaborated on research into safe and efficient mining technologies and equipment. As the No. 1, No. 2, and No. 3 ore bodies of the company are all gently inclined, existing mining methods have limitations. To control dilution and loss rates as well as costs, both parties initiated a trial in the 875m panel of the No. 1 ore body. After optimization, over 40 industrial trials were completed cumulatively across four panels. The project achieved remarkable results: explosive consumption was reduced by over 52%, monthly stop production capacity reached 1,500 tons, the oversize rate was controlled below 15%, significantly reducing costs and labor while enhancing operational safety.

### Deep Integration of Industry, Academia, and Research Achieves Dual Leap in Mineral Processing Technology and Economic Benefits

Xinjiang Yakesi invested over 20 million yuan in collaboration with research institutions such as the Beijing General Research Institute of Mining and Metallurgy, Wuhan University of Technology, and Kunming Institute of Technology. Extensive technical research was conducted in areas such as increasing the processing capacity of low-grade refractory ores, grinding fineness, recovery rates, and automation control. This led to a cumulative improvement in mineral processing recovery rates of over 5%, generating additional benefits of approximately 4.4 million yuan. The challenge of "increasing concentrate grade while reducing magnesium content" was overcome, with nickel concentrate grade rising from 5% to over 10%, peaking at 14% at one stage. The product's magnesium oxide content was maintained at around 7%, greatly reducing smelting and processing costs.

# Intelligent Mining

To thoroughly implement the directives of the *Opinions of the General Office of the Communist Party of China Central Committee and the General Office of the State Council on Further Strengthening Mine Work Safety* and other relevant policies, the Group has consistently adhered to the development direction of high-end, intelligent, and green mining, achieving significant results in this regard.

### Technology Empowers Electromechanical Transportation

The Group has effectively promoted the automation, digitalization, and intelligent upgrade and transformation of its storage, loading, and transportation systems, significantly enhancing corporate efficiency.

### Accelerating the Upgrade of Electromechanical Transportation Equipment:

- The Group has completed the intelligent upgrade of the transportation system at Huangshan Copper-Nickel Mine, where remote centralized control of transportation has replaced traditional manual driving. Currently, four electric locomotives at Xinjiang Yakesi haul two trains, each consisting of 10 cars, resulting in significantly improved operational efficiency. Remote driving technology not only makes transportation more efficient but also reduces human errors and accident risks;

- In response to the prominent issues of the original belt system—"low efficiency, high loss, and difficult maintenance"—a breakthrough team was formed at the workshop of the Group's Kalatongke Company. Adopting a "master-apprentice" model to carry out practical problem-solving efforts, the team independently completed key procedures such as equipment positioning and cable laying, advancing the installation work opportunistically while strictly adhering to safety protocols. This upgrade not only replaced traditional motors with high-efficiency, energy-saving permanent magnet drum motors but also equipped the underground 410m level with independent power distribution devices, and added water tank cooling devices at the 224m and 375m levels. Following the transformation, the workshop concurrently conducted specialized training for underground belt operators to ensure the efficient and stable operation of the new system. This upgrade significantly reduced equipment operating load and maintenance intensity, propelled a qualitative leap in ore transportation efficiency, and fully achieved the transportation goal of "uninterrupted, high efficiency, low loss," laying a solid foundation for unimpeded ore transport.

## Technology Empowers Mine Monitoring

To achieve safe and intelligent mining and meet the intrinsic safety requirement of “fewer people means safety, no people means ultimate safety,” the Group’ s Yakesi Company has employed a microseismic monitoring system, a stress monitoring system, a surface GNSS monitoring system, and a surface OTDR monitoring system to jointly construct a comprehensive monitoring network. This network provides real-time monitoring of the surface and rock mass fracturing and development patterns in various mine levels, as well as surface subsidence, effectively enhancing mine safety warning capabilities and providing strong support for underground production safety. Additionally, the Company has introduced surface AR smart cameras and drone inspection technology. The surface AR smart cameras monitor the mining area’ s surface conditions in real time, providing intuitive visual information. Drones equipped with 3D laser scanning equipment conduct periodic inspections, enabling timely detection of anomalies such as surface subsidence and effectively preventing ground subsidence accidents. In 2025, the mechanization utilization rate for underground operations exceeded 90%, and the number of underground operators was reduced by 10. The on-site safety management level has significantly improved, with reduced exposure of personnel in hazardous areas and a lower risk of safety accidents. The precise control and real-time monitoring provided by automated equipment have also reduced safety hazards caused by human operational errors.



Intelligent Monitoring and Mechanization Work in Synergy

### Remote Intelligent Control Center Completed and Put into Trial Operation

Xinjiang Yakesi maintained close communication and full collaboration with the Changsha Mining Research Institute and the construction unit, ensuring the steady progress and completion of the intelligent control center according to schedule for trial operation. The center has integrated 17 existing production control systems for mining and processing, simultaneously displaying real-time operational conditions of the six major systems at the Huangshan Copper-Nickel Mine, including the main shaft hoisting operation, underground ventilation, drainage, and power supply. It also provides video surveillance feeds from subsystems such as AI intelligent monitoring, as well as various process flows and indicators of the mineral processing plant. Every detail is clearly visible, effectively achieving broader and deeper interconnectivity across the plant and mine.



Yakesi Remote Intelligent Control Center Completed and Put into Trial Operation

## Precise Control of Mineral Processing Automation

Xinjiang Yakesi employs mineral processing frequency conversion technology to monitor data in real-time and automatically and precisely adjust reagent dosing flow, ensuring accurate reagent addition. The automated control system can precisely manage the ore feed, water volume, and concentration of the ball mill, ensuring the stability of grinding performance and truly achieving unmanned operation of the grinding process. At the same time, advanced sensors monitor equipment operating parameters in real-time, automatically adjusting working conditions based on ore properties to improve grinding efficiency and reduce energy consumption.



Precise Control of Mineral Processing Automation, Enhancing Quality, Efficiency, and Reducing Energy Consumption

# Intellectual Property Protection

Our Group has established an Intellectual Property Reward System to standardize IP management, encourage employee innovation, and promote the application of scientific and technological achievements. We have achieved a 100% patent grant rate for core technologies related to the comprehensive utilization of nickel, copper, and tailings resources. In addition, in collaboration with the Xinjiang Intellectual Property Service Center, we have improved the IP management mechanism for research projects to ensure clear ownership of intellectual property in industry-university-research collaborations.

In 2025, the Group filed 37 new patent applications, comprising 6 invention patents, 29 utility model patents, 1 design patent, and 1 software copyright. Among these, 1 invention patent, 6 utility model patents, and 1 software copyright have been granted.

# Technology Ethics

With the vigorous development of the digital economy, artificial intelligence technology is reshaping the landscape of various industries at an unprecedented pace. The Group actively introduces advanced front-end crushing equipment, strengthens R&D design and technological upgrading, achieving lean operations and quality and efficiency improvement. It continuously optimizes automation systems, improves remote control capabilities and professional staffing, and promotes the deep application of AI and big data, effectively reducing labor intensity, improving the working environment, stabilizing process flows, and comprehensively enhancing production efficiency and safety control levels.

# Strict Supply Chain Management

## Supply Chain Management

The Group has established the *Materials Procurement Management System*. For suppliers, the Group conducts comprehensive assessments from multiple dimensions including qualifications, reputation, and supply capacity. Under similar conditions, the Group prioritizes partners with good performance in environmental, social, and governance aspects and active fulfillment of social responsibilities, ensuring that the overall level of suppliers meets the Group’ s requirements.



## Supplier Assessment

The Group’ s supplier review and admission are conducted through an online platform. Suppliers register and apply independently, and undergo admission assessment by a third-party company to obtain qualified supplier status.

Key Considerations for Supplier Assessment:

- Compliance with national laws and regulations, maintaining good reputation;
- Possession of certain scale and sound authentic financial condition;
- Capability to perform contracts and good contract performance record;
- Other conditions stipulated by relevant state authorities and the Company.

In supplier selection, the Group has always strictly controlled suppliers’ environmental, social, and governance practices. Environmental protection performance, energy conservation and consumption reduction levels, safety production protection, qualifications and certifications, management capability, and technical capability are incorporated into the comprehensive supplier evaluation system. Priority is given to suppliers who use environmentally friendly products or provide environmental services. In 2025, all suppliers of the Company passed the supplier assessment.

## Supplier Management

The Group has established a comprehensive procurement mechanism to manage and oversee its supply chain processes. This involves conducting thorough and integrated reviews and evaluations of suppliers' qualifications, reputation, supply capacity, and other aspects. Under equal conditions, the Group prioritizes suppliers with strong reputations in environmental management and social responsibility when making selections, ensuring that the standards of engaged suppliers meet the Group's requirements.

Regarding engineering labor outsourcing, the Group has formulated and strictly implements a series of supply chain management systems, including the *Installation, Maintenance, and Infrastructure Construction Project Visa Acceptance Standards, Engineering Bidding Management System, Infrastructure Engineering Quality Management System, Engineering Project Management System, Engineering Budget (Final Account) Management System, and Infrastructure Engineering Acceptance Management System.* For materials and equipment procurement, the Group has established and strictly enforces supply chain management systems such as the *Materials Procurement Management Measures,Contract Management Measures,Procurement Control Procedures, Production Equipment Control Procedures, Energy Resources Control Procedures, Equipment and Materials Procurement Qualified Supplier Evaluation Measures, Comparative Price Procurement Rules, Materials Bidding Management System, Materials Quality Acceptance Management System, Bulk Materials Management System, Emergency Procurement Management System, and Chemical Reagents Management System.*

In 2025, the number of key suppliers by region is as follows:

| Supplier Region | Fukang Smelter | Karatungk Mining | Xinjiang Yakesi | Hami Zhongxin | Hua'ou Mining |
|---|---|---|---|---|---|
| Xinjiang Uygur Autonomous Region | 104 | 139 | 166 | 85 | 89 |
| Anhui Province | 5 | 6 | - | 1 | 2 |
| Liaoning Province | 2 | 7 | 7 | 3 | 1 |
| Shaanxi Province | 6 | 5 | 4 | 2 | - |
| Jiangsu Province | 16 | 34 | 5 | 2 | 6 |
| Sichuan Province | 3 | 8 | 6 | - | 2 |
| Hebei Province | 4 | 12 | - | - | 3 |
| Henan Province | 5 | 6 | 2 | 1 | 7 |
| Hunan Province | 5 | 2 | 5 | - | 6 |
| Zhejiang Province | 9 | 10 | 3 | - | 7 |
| Guangdong Province | 5 | 6 | 3 | 1 | 1 |
| Shandong Province | 7 | 10 | 1 | 4 | 8 |
| Beijing City | 7 | 18 | 10 | - | 7 |
| Shanghai City | 4 | 7 | 9 | - | 5 |
| Yunnan Province | 4 | - | 5 | 1 | 2 |
| Hubei Province | - | 12 | - | 2 | 1 |
| Chongqing Municipality | - | 1 | - | - | - |
| Shanxi Province | - | 2 | 1 | - | - |
| Jilin Province | - | 3 | - | - | - |
| Heilongjiang Province | - | 2 | - | - | - |
| Gansu Province | 5 | 6 | 3 | 6 | - |
| Ningxia Autonomous Region | - | - | - | - | - |
| Jiangxi Province | 3 | 5 | 1 | 1 | - |
| Guizhou Province | - | - | - | - | - |
| Fujian Province | 1 | - | 2 | - | - |
| Tianjin City | 2 | - | - | - | - |

## Supplier Supervision

During supplier admission, the Group compares the supplier list against the list of prohibited trading enterprises to ensure the exclusion of unqualified suppliers. Throughout the contract performance process with suppliers, the Group adheres to the principles of integrity and compliant operation, regarding the *Integrity Cooperation Agreement* as an important component of business contracts. Partners are required to explicitly disclose supervision channels in the contract, aiming to strengthen anti-corruption supervision among partners and regulate the conduct of personnel from both parties.

# Customer Relationship Management

## Customer Service

The Group has established a robust customer communication mechanism, engaging with customers through various channels including telephone, WeChat, and face-to-face communication to ensure timely and accurate collection and processing of customer feedback. Based on feedback submitted by customers, the Group optimizes production process management, reduces production costs through refined management, and flexibly adjusts pricing strategies in response to market dynamics and customer needs, thereby enhancing customer satisfaction and strengthening market competitiveness.

The Group distributed questionnaires to its key customer base regarding its core products, conducting research across six critical dimensions: product quality, personnel competence, contract compliance, pricing, after-sales service, and delivery performance. The survey results indicated that customer evaluations for all metrics were either "very satisfied" or "satisfied," with no instances of "dissatisfied" or "basically satisfied" reported. During the reporting period, the Group did not receive any complaints concerning its products or services.

Overall Customer Satisfaction (Score)

100

Customer Satisfaction Rate (Percent)

100

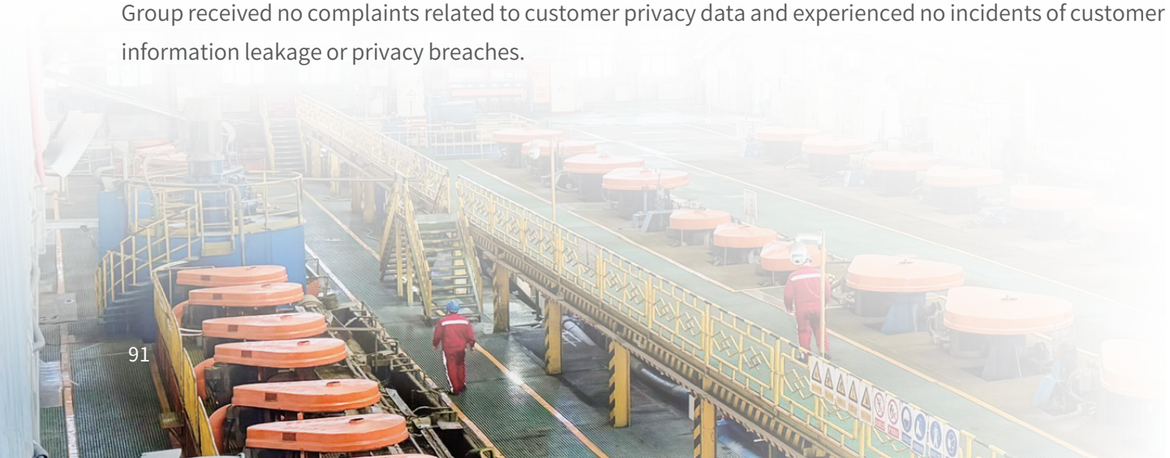
## Customer Privacy Protection

The Group diligently safeguards the data security of both its clients and itself. It has established comprehensive guidelines for professional conduct, explicitly requiring employees to properly secure office equipment such as laptops. Furthermore, employees are strictly prohibited from unauthorized dissemination of company documents, electronic data, training materials, and other related information.

- Business, financial, personnel, contractual, client data, research statistics, technology, marketing plans, management files, and meeting content that have not been publicly disclosed are considered corporate secrets, and employees are obligated to maintain confidentiality.
- Commercial technical information, inventions, and research results obtained by employees in the course of their duties are the property of the company. Reproduction, imitation, reprinting, excerpting, or dissemination of such information is prohibited without written authorization.
- Without client consent, the company will not use collected client data for promotional purposes. Additionally, as the company focuses on industrial products, it does not collect or store any consumer data.

## Ensuring Information Security

The Group places high importance on information security and customer privacy protection, strictly complying with national laws and regulations including the *Cybersecurity Law of the People's Republic of China,* the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*. It fully implements regulatory requirements concerning network and data security, establishes the *Cybersecurity* policy, and actively promotes standardized information system construction. The Company has established an information security management department responsible for coordinating the formulation and implementation of information security strategies. System accounts, permission settings, and passwords are regularly reviewed and updated to achieve comprehensive protection of core intellectual property, customer privacy, and business data. In 2025, the Group received no complaints related to customer privacy data and experienced no incidents of customer information leakage or privacy breaches.







The Group consistently regards customer privacy protection as a critical component of compliance management, continuously improving its dual protection system encompassing both technical and managerial aspects. At the technical level, it systematically advances the security protection of data throughout its entire lifecycle, comprehensively applying technical measures such as data encryption, information desensitization, and hierarchical access control to effectively prevent customer information leakage, tampering, and illegal acquisition, ensuring data security is controllable and traceable. At the management level, it strictly implements the primary responsibility for data security, improves the customer privacy protection system, conducts regular privacy compliance reviews of third-party collaborations and access verifications for data-related positions, strengthens supervision and checks and balances in key processes and positions, and continuously enhances internal governance capabilities and risk prevention and control levels. During the Reporting Period, Fukang Smelter obtained the Level II Cybersecurity Protection Filing Certificate.


网络安全等级保护
备案证明

依据《中华人民共和国网络安全法》和《信息安全等级保护管理办法》的有关规定，新疆新鑫矿业股份有限公司阜康冶炼厂 单位的：

第 三 级 铜车间制酸控制系统 系统

予以备案。

证书编号： 65230099032-25003

中华人民共和国公安部监制

备案公安机关（盖章）

2025年11月21日

### Information Security Training

Fukang Smelter organized a special training session on information security and privacy protection, covering employees involved in customer data processing and relevant partners. The training content included privacy protection regulations, compliance operation standards, and case studies, aiming to enhance employees' compliance awareness and protection capabilities.



## Data Security Emergency Plans and Drills

To ensure the effectiveness and operability of emergency plans, the Group regularly organizes emergency drills. By constructing realistic security threat scenarios, it tests and continuously improves the emergency response process. This initiative aims to enhance the Company' s rapid response capabilities in security incidents, further strengthen the information security emergency management system, and provide solid assurance for the stable operation of business. In 2025, the Energy and Information Department conducted an emergency drill simulating virus infection caused by mistakenly downloading malicious software.

# Quality Training

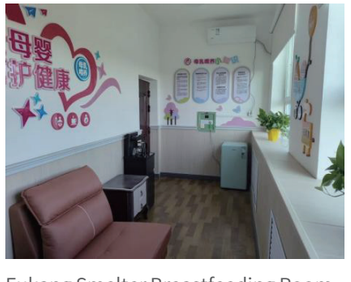
## Labor Rights and Interests

The Group is committed to creating a diverse and equal workplace ecosystem, strictly complying with relevant laws and regulations including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions of the People's Republic of China on the Prohibition of Child Labor*, the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, and the *Law of the People's Republic of China on the Protection of Disabled Persons*. It implements compliant and equal employment policies. The Group upholds the principle of equal pay for equal work and resolutely eliminates all forms of discrimination based on gender, ethnicity, and other factors. Through the formulation of documents including the Compilation of Management Systems, the *Compilation of Human Resources Department Systems*, and the *Management Measures for Employee Conduct Standards*, the Group has established a comprehensive employment management system covering labor contracts, compensation, rewards and penalties, attendance, leave, and training, ensuring the protection of every employee's legitimate rights and interests.

The Group strictly prohibits the use of child labor and any form of forced labor, and rigorously monitors employment practices throughout its operations to ensure the elimination of all types of non-compliant labor practices. Should any instance of forced labor be discovered, it will be seriously addressed in accordance with relevant national laws, regulations, and internal systems. During the Reporting Period, the Group established a comprehensive preventive measure system in key areas including recruitment, employment, and compensation, and no instances of child labor or forced labor were found in its production and operation processes.

## Protection of Women's Rights and Interests

The Group firmly safeguards women's rights and interests, strictly complying with the *Law of the People's Republic of China on the Protection of Women's Rights and Interests*, implementing the Outline for Women's Development in China (2021-2030), and formulating the *Detailed Implementation Rules for Female Employee Work*. It has established a comprehensive welfare guarantee system for female employees, legally protecting their rights to leave including maternity leave, prenatal check-up leave, breastfeeding leave, and parental leave. Measures such as organizing Women's Day activities, conducting specialized training on women's rights protection, and providing mother and baby rooms enhance the well-being of female employees. During the Reporting Period, the Group purchased specific illness insurance for female employees and organized "two cancers" screening, with all 340 female employees completing specialized physical examinations, comprehensively protecting the health of female employees.



Fukang Smelter Breastfeeding Room

### Specialized Training Activity on Women's Rights Protection

The Group organized a legal education and rights protection campaign for female employees, centered on the *Special Provisions on Labor Protection for Female Employees*. The campaign was widely promoted through the WeChat public account, and offline reading sessions and interactive Q&A activities were organized to help female employees deepen their understanding of laws and regulations related to rights protection. This initiative enhanced their legal awareness and confidence in safeguarding their rights, further optimizing the company's environment for protecting the legitimate rights and interests of female employees.





Number of Employees Taking Maternity Leave

**25** Person

Return-to-Work Rate After Maternity Leave

**100** Percent

Number of Employees Taking Parental Leave

**26** Person

Return-to-Work Rate After Parental Leave

**100** Percent

## Democratic Management and Employee Communication

The Group adheres to democratic management, formulating systems including the *Management Measures for Workers' Congress*, the *Management Measures for Employee Representatives*, and the *Implementation Measures for Factory Affairs Disclosure* to safeguard employees' rights to information, participation, and supervision, further enhancing employees' sense of belonging and promoting positive interaction between the Company and its employees.

During the Reporting Period, one session of the Workers' Congress was convened, with 70 employee representatives in attendance. Discussions covered employee benefits, working environment improvements, and company policies. Five items were reviewed and approved, and three collective contracts were signed.

In daily management, the Group is committed to establishing diversified communication channels and efficient mechanisms to ensure transparent information flow within the organization and to guarantee that every employee 's suggestions are heard and form a closed feedback loop.

### Internal Communication Platform

Regular publication of key information such as company policy updates, latest project progress, and cultural activity arrangements through office software and other communication tools, ensuring every employee can access important information promptly.

### Employee Suggestion Box

Establishment of a convenient suggestion box system to encourage employees to submit constructive suggestions, questions, or any concerns at any time. The Discipline Inspection and Supervision Department is responsible for regularly compiling relevant feedback and taking measures to follow up and address it, ensuring every opinion receives a timely and specific response.



### Departmental Meetings

Regular monthly departmental meetings provide a platform for direct dialogue between management and employees.

### Site Research

Management and trade union members conduct irregular grassroots visits each month, going deep into the production front line to understand employee needs and difficulties.

## Employee Satisfaction Survey

The Group actively listens to employees' voices by conducting satisfaction and engagement surveys. These surveys gather employee opinions on topics such as training and learning, career development, departmental collaboration, processes and systems, and compensation and benefits. The survey results are used to improve company and departmental management, enhancing employee well-being. During the reporting period, employee satisfaction with the company scored 9 points.

## Protecting Employee Safety

The Group strictly complies with the provisions of the Law of the *People's Republic of China on the Prevention and Control of Occupational Diseases*, providing occupational hazard notifications to employees in positions exposed to occupational hazards. It conducts pre-employment, on-the-job, and pre-resignation occupational health examinations for new employees and those in positions exposed to occupational hazards. Third-party organizations are regularly engaged to carry out occupational hazard factor testing and issue reports, effectively preventing occupational diseases and ensuring the protection of employees' health rights and interests.

The Group strictly implements occupational health testing requirements, regularly organizing health examinations for employees and issuing test reports. It ensures the implementation of pre-employment, on-the-job, and pre-resignation health examinations, guaranteeing that all relevant employees complete the examinations without exception.

In the past three financial years, the Group has experienced no employee fatalities due to work-related accidents, resulting in a work-related fatality rate of 0%.

This year, the company strictly implemented its primary responsibility for workplace safety, firmly upheld the bottom line of safe development, and maintained a stable and improving safety record.

Significant achievements have been made in the prevention and control of work-related injuries:

The number of work-related injuries, the work-related injury rate, and the number of workdays lost due to work-related injuries have all been controlled at zero. No major personnel injury incidents caused by work have occurred, effectively safeguarding the life and health rights and interests of employees.

Improvement in Safety Operation Efficiency:

The number of workdays lost due to work-related injuries per million in revenue remained at zero, achieving a positive synergy between safety production and operational development, thereby laying a solid safety foundation for the high-quality growth of the enterprise.

Strengthening of Risk Control Capabilities:

The injury rate per million working hours consistently remained at zero, with both the number of safety incidents and the number of major or above safety incidents achieving the "dual zero" target, leading to a systematic enhancement in intrinsic safety levels.



# Employee Recruitment and Employment

## Employee Hiring

The Group adheres to the principles of open recruitment, fair competition, and merit-based selection. It has established the *Recruitment and Employment Management System* to clarify recruitment needs and attract a wide range of outstanding talents through internal selection, external recruitment, and campus recruitment channels. During the Reporting Period, a total of 279 individuals were recruited, including 181 through campus recruitment, 92 through social recruitment, and 6 through other recruitment channels.

In addition, the Group has established internal systems such as the *Employee Onboarding and Offboarding Management Measures* and the *New Employee Probation Period Management Measures* to guide the signing, performance, modification, termination, and conclusion of labor contracts. The Human Resources Department conducts exit interviews to improve management.

## Employee Diversity Structure

| Employee Turnover in 2025 | |
|---|---|
| Total Employee Turnover | 76 people |
| Employee Turnover Rate | 4.13% |
| Male turnover rate | 4.54% |
| Female turnover rate | 2.35% |

| Indicators | Unit | 2025 |
|---|---|---|
| Total Number of On-Duty Employees | Person | 1839 |
| Number of Veteran Employees | Person | 57 |
| Number of Employees with Disabilities | Person | 8 |
| Male | Person | 1499 |
| Female | Person | 340 |
| 35 Years Old and Below | Person | 832 |
| 35-49 years old | Person | 566 |
| 50 years old and above | Person | 441 |

# Employee Compensation and Benefits

## Compensation Incentives

The Group systematically constructs and improves institutional systems such as the *Compensation Management Measures, Compensation Implementation Rules, Employee Performance Evaluation Management Measures*, and *Headquarters Employee Performance Evaluation Management Measures*. It deeply links employee compensation with job value, competency, and performance evaluation results, reflecting the principles of fairness, meritocracy, and performance-based rewards through institutionalized, standardized, and scientific compensation distribution mechanisms, continuously enhancing corporate governance and talent motivation. During the Reporting Period, the average compensation per employee was higher than the regional average, with per capita revenue reaching RMB 1.3952 million.

**Compensation Structure**

The employee compensation system follows the principles of rationality and motivation, consisting of basic salary, position salary, economic responsibility assessment salary, and safety assessment salary.

**Performance Appraisal**

A monthly assessment, monthly payout, and adjustable compensation calculation mechanism are implemented, with hierarchical and categorized evaluations. Different assessment contents and evaluation weights are set for middle managers, technical professionals, and workers, combining 360-degree evaluations and forced distribution methods. The evaluation results are directly linked to position adjustments, compensation rewards and penalties, and eligibility for awards.

**Performance Appeal**

After employees submit performance appeal materials, the HR department registers and reviews them. If the materials are complete, the process is initiated, coordinating relevant parties to retrieve evaluation evidence and verify actual work performance. If necessary, communication and verification between both parties are organized. After forming a review opinion and completing approval, the appellant is informed in writing, and relevant departments are notified for record.



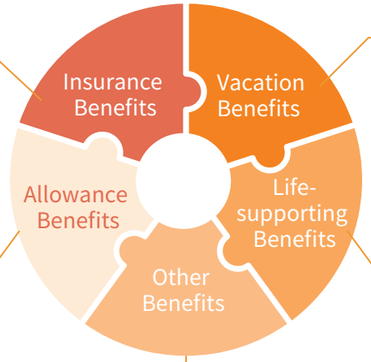
**Equity Incentives**

Continuously advancing talent incentives, closely aligning employees' personal interests with The Company' s long-term development, and launching the H-share Stock Appreciation Rights Incentive Plan to fully motivate senior management and core talents, effectively attracting and retaining outstanding management and business backbones, ensuring The Company' s long-term development.

## Employee Benefits

The Group places high importance on employee welfare, establishing a comprehensive welfare and security system that provides benefits to employees in areas such as basic security, daily life, and medical health, creating a caring workplace environment. For retired employees, the Group has established a retirement employee security system to ensure they are cared for and supported in their old age.

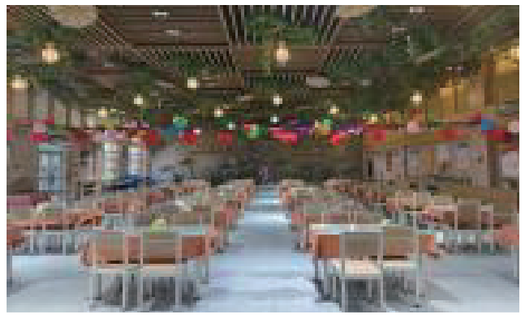
- Five social insurances and one housing fund, supplementary medical insurance, enterprise annuity.
- Statutory holidays, marriage leave, maternity leave, paternity leave, bereavement leave, annual leave, family visit leave, etc., with flexible leave policies.




- Seniority allowance, skill level allowance, health subsidy, heating subsidy, holiday allowance, high-temperature subsidy, only-child subsidy, field subsidy, etc.
- Annual health check-ups, birthday gifts, holiday welfare items.
- Fitness centers, welfare canteens, dormitory apartments, shared bikes, shared book bars, etc.



Fitness Center



Welfare Canteen



Dormitory Apartment



Shared Books

# Enriching Employee Life

The Group values employees' physical and mental health, organizing diverse cultural and sports activities to enrich their leisure time, effectively promoting team communication and integration, enhancing cohesion and employees' sense of belonging and happiness, continuously fostering a positive and harmonious cultural atmosphere.

## Health Lectures and Workshops

The Group invites medical experts and psychological counselors to hold multiple lectures and workshops for employees on topics such as healthy eating, mental health, and stress management.

### Mental Health Lecture

The Fukang Smelter invited psychological counselors to conduct a mental health lecture, focusing on common psychological issues among employees, stress relief, and career planning. Through case studies and interactive teaching, the lecture provided in-depth explanations. After the lecture, employees actively engaged in discussions. The grassroots union chairperson expressed a commitment to better serving the staff, while some employees noted that the methods could also be applied to family education. This event effectively enhanced employees' psychological adjustment abilities, promoting both physical and mental health as well as family harmony.



Fukang Smelter Mental Health Lecture Event

## Festivals and Cultural & Sports Activities

During important festivals such as the Spring Festival, Eid al-Adha, and Mid-Autumn Festival, The Group organizes celebratory activities covering cultural cultivation, parent-child interaction, and ethnic unity gatherings to promote traditional culture and enhance employees' sense of belonging and cohesion.

In 2025, The Group held a series of cultural and sports activities, including basketball, volleyball, badminton, radio calisthenics competitions, and other diverse cultural events, aiming to enrich employees' leisure life, improve physical fitness, stimulate vitality, and foster teamwork spirit.

## “Dragon Boat Festival with Zongzi, Warm-hearted Union” themed activity

In 2025, Xinjiang Yakesi held the themed activity "Dragon Boat Festival with Zongzi Warmth, Caring Labor Union". The activity enhanced employees' understanding of the origin and traditional customs of the Dragon Boat Festival. A variety of fun games were organized, including dryland dragon boat racing, zongzi-themed riddles, drum-and-pass-zongzi, and zongzi-star celebration, as well as handcraft activities such as sachet and five-color rope making. The event strengthened employees' cultural identity and team cohesion.



"Dragon Boat Festival with Zongzi, Warm-hearted Union" themed activity

## Exclusive Summer Camp Activities for Employees' Children

In 2025, Kalatongke Mining held a three-day themed summer camp titled "Red Childhood, Green Companionship," aimed at addressing the childcare needs of employees' children during the summer vacation. The event organized 30 children to visit the Koktokay Geological Exhibition Hall, mine tunnels, and other sites. It also included patriotic education classes and fun sports games, allowing the children to learn about their parents' work and strengthen their patriotic sentiments. Additionally, it enhanced the employees' sense of belonging and work motivation.



Exclusive Summer Camp Activities for Employees' Children at Kalatongke Company



## "Full Energy" Sunshine Fitness Dance Activity

In 2025, the Fukang Smelter organized an employee sunshine fitness dance competition with the theme "Youthful Fukang Smelter, Dancing into the Future." A total of six teams from various workshops across the factory participated, performing programs such as fitness dance, cheerleading, and Baduanjin, showcasing the employees' vibrant spirit and teamwork. The event aimed to respond to the national fitness initiative, encourage employees to adopt a healthy lifestyle, and extend the rigorous attitude and youthful energy from the competition into daily work, collectively driving the factory's high-quality development.




Fukang Smelter's "Full Energy" Sunshine Fitness Dance Activity

## Assistance to Employees in Need

The Group upholds the principle of humanistic care, paying attention to employees' life difficulties and practical needs, conveying care and warmth through concrete actions. It provides assistance to employees in need to the best of its ability through measures such as distributing consolation funds, hospitalization allowances, and employee pairing support, working together with employees to overcome challenges. During the reporting period, the company assisted 31 employees in need.

## Holiday Greetings and Employee Care Activities

On the occasion of the "May Day" International Labor Day, various units meticulously organized "May Day" warmth-delivering activities to extend high respect and sincere greetings to the vast number of laborers who are diligently working on all fronts. These efforts effectively conveyed the organization's care and warmth to the hearts of employees. Xinjiang Yakesi deeply practices the people-centered development philosophy, genuinely caring for and showing concern for employees. Members of the company's leadership team visited production frontlines, workshop positions, and employees' homes to conduct visits, offer condolences, and provide support to relatives and employees in need. They presented consolation funds and holiday greetings to the employees being visited, further spreading the warmth of the enterprise and the care of the organization, effectively enhancing employees' sense of belonging, happiness, and fulfillment.



China Hua’ ou Mining's "Cool Breeze" Sweeps Through Factory and Mine Frontlines

# Promoting Employee Development

## Employee Training

The Group upholds the concept of “talent as the primary resource,” continuously improving talent management mechanisms. It has established systems such as the *Training Management Measures and Employee Self-Learning Management Measures*, building a diversified training system. This includes rich courses such as new employee onboarding training, professional skills training, qualification certification training, external study tours, ideological education courses, and party-building education training, fully supporting employees’ career development. The Group designs and provides customized training courses for employees at different levels. During the Reporting Period, the total investment in employee training was 3.6211 million yuan, with per capita training investment of 2,000 yuan. The total training duration was 64,496.55 hours, and the employee training coverage rate was 88.85%.

**Training Status by Gender**

| | Number of trainees (people) | Percentage of Trained Employees (%) | Average Training Hours (Hours) |
|---|---|---|---|
| Male employees | 1,339 | 89.32 | 39.95 |
| Female employees | 295 | 86.76 | 37.3 |

**Training Status by Job Level**

| | Number of trainees (people) | Percentage of Trained Employees (%) | Average Training Hours (Hours) |
|---|---|---|---|
| Senior management | 33 | 91.66 | 90.9 |
| Middle management | 108 | 90.75 | 63.53 |
| Basic employees | 1,493 | 81.18 | 35.6 |

### Leadership Training

In 2025, Yakesi, Xinjiang, conducted a three-day on-site coaching session for the second phase of the "Five Good" team initiative, focusing on three major objectives: "targeted empowerment, comprehensive coverage, and practical implementation." The session covered eight key teams, and through method optimization, tool implementation, and cultural integration, it strengthened the team leaders' closed-loop management mindset, enhanced decision-making scientificity and execution efficiency, and injected endogenous momentum for safe production and high-quality development.



Training on "Five Excellence" Work Teams of Xinjiang Yakesi Company

## Professional Skills Training

In 2025, Kalatongke Mining organized a special training session for communication personnel, inviting senior journalists from the Altay Media Center to conduct a "workshop on-site teaching + theoretical and practical integration" training for over 30 new employees from grassroots workshops. The training focused on "practical empowerment and precise problem-solving," covering multiple fields. Through practical exercises, it helped participants bridge the gap between theory and practice, enhancing their capabilities and supporting the company's development.

## Internal Trainer Team

The Group has formulated the Management Measures for Internal Trainers and established an internal trainer team consisting of employees with extensive work experience from multiple departments such as the Business Department, Human Resources Department, and Finance Department, as well as senior leaders, to provide professional knowledge and skills training to employees. From the perspective of management and business process optimization, the team designs and delivers customized training content based on the actual needs of different departments and positions.

During the Reporting Period, the Company's trainer team totaled 105 members and conducted 296 training sessions.

## Smooth Development Path

The Group established a fair and transparent career development system, formulated the *Employee Career Development Management Measures*, designed exclusive promotion channels for management, professional, and technical positions, providing employees with diversified development platforms to support them in achieving their career aspirations and self-worth.

The Group has established an employee recognition and reward mechanism, setting up various awards such as “Annual Outstanding Employee,” “Kakuang Craftsman,” and “Position Star” to recognize employees who excel in their work and provide corresponding material rewards, thereby motivating all employees to continuously pursue excellence.



# Safe Production and Occupational Health Management

The Group has established a comprehensive safety production management organizational system and formulated relevant systems including the *Safety Production Management System, Management System for Safety Inspections and Investigation of Potential Accidents, Fire Safety Responsibility System, Quality, Environment, and Occupational Health and Safety Management Manual, Management System for Regular Safety Production Meetings, System Granting Grassroots Units the Authority to Evacuate Personnel in Emergencies, Management Measures for Plateau Occupational Disease Health, and Management System for Work-related Injury Accidents.* These comprehensively and systematically define key elements such as the safety management organizational structure, safety responsibilities for each position, work operation mechanisms, emergency management and response procedures, key points of safety training and inspections, and fire management, covering all important aspects and necessary processes of safety management across the board. This builds a solid defense line for enterprise safety production and lays a firm safety foundation for the stable operation and long-term development of the enterprise. During the Reporting Period, The Group experienced no major safety accidents.




Kalatongke Mining ISO 45001 Occupational Health and Safety Management System

**A** Zero fatalities from work safety accidents attributable to the unit.

**B** The serious injury rate per thousand people does not exceed 1%

**C** The minor injury rate per thousand people does not exceed 3%

Safe Study Production Management Goals

## Work Safety Management Committee

The Group has established a Work Safety Committee to build a comprehensive work safety prevention and control system through target management, hazard identification, responsibility implementation, and accident handling, effectively safeguarding employees' health rights, reducing the incidence of safety accidents, and laying a solid foundation for production and operations.

In 2025, the Group' s units allocated RMB 97.859 million for work safety expenses, conducted 41 safety inspections, collaborated with external professional institutions for 9 safety inspection consulting services, and carried out 5 ecological environment inspections and technical consulting services.

## Work Safety Investment

The Group continues to increase safety investments and actively promotes intrinsic safety construction. All production units under The Group are fully equipped with safety directors, full-time safety management personnel, and registered safety engineers. Mining units are also staffed with 'five-position' mine managers and professional technicians in geology, ventilation, electromechanics, and tailings ponds.

In 2025, the Group' s units allocated 97.859 million yuan for work safety expenses, conducted 41 safety inspections, collaborated with external professional institutions for 9 safety inspection consulting services, and carried out 5 ecological environment inspections and technical consulting services.

## Safety Risk Management

**Risk management**

- The Group conducts risk identification, assessment, and response for occupational health and work safety. Through comprehensive inspections, potential risk points are accurately identified, risk levels are assessed using scientific methods, and control priorities and response measures are clarified.

**Emergency management**

- The Group has formulated systems and prevention plans such as the *Production Safety Accident Emergency Response Plan* and the *Emergency Preparedness and Response Management Standards*, covering emergencies like fires, explosions, poisoning, and leaks, and clarifying emergency response procedures, handling measures, and responsibility assignments. The Company regularly organizes safety drills to enhance employees' emergency response and self-rescue capabilities and continuously optimizes the plans based on drill outcomes. During the Reporting Period, a total of 187 safety emergency drills were conducted.

**Hazard identification**

- Comprehensively identify potential risks in the production process, develop risk control lists, and strengthen various safety risk management measures. Additionally, The Company actively encourages employees to participate in risk inspections and management, urging them to report and address identified safety risks promptly. During the Reporting Period, the hazard rectification rate reached 100%.



# Safety Production Management Measures

## Safety Incident Management

The Group has formulated systems such as the *Emergency Response Plan for Safety Accidents and Emergency Rescue Management System* to further strengthen the chain of safety production responsibilities and improve the safety production responsibility system and accident prevention mechanism covering all employees, processes, and aspects. Strictly implement the accident reporting, investigation, and accountability system, and build a closed-loop management mechanism of “inspection—rectification—review—improvement” to ensure the continuous stability and improvement of safety production conditions.




## Data Empowers Emergency Management

The project *Multi-Source Data-Driven Intelligent Decision-Making and Control Platform for Mine Processes*, submitted by Yakesi Resources Development Co., Ltd., fully demonstrates the company's profound accumulation and innovative capabilities in the field of intelligent safety production management.




## Safety Training

In 2025, Xinxin Mining Headquarters conducted a total of 25 safety education and training sessions for all employees, 6 specialized training sessions for safety management personnel, and organized 6 external exchange training sessions on safety, new technologies, and new equipment. Subsidiary units conducted a total of 410 training sessions for all employees, 76 training sessions for safety management personnel, and 21 external exchange sessions. Safety education and training included 177 hours for primary leaders and safety management personnel, 102 hours for employee re-education, and 288 hours for new employee onboarding education.



## "Safe Production Month" Training Activities

The Group’ s Kalatongke Company launched the 2025 “Safety Production Month” Consultation Day with the theme “Everyone Talks Safety, Everyone Knows Emergency—Identify Hidden Hazards Around You,” aiming to enhance the safety awareness of all employees through multi-dimensional interactions of “speaking, learning, competing, and promoting” and to strengthen the enterprise’ s safety production defenses.

Karatongke Mining carried out the 2025 "Safe Production Month" Consultation Day event under the theme "Everyone Talks Safety, Everyone Knows Emergency Response—Identifying Safety Hazards Around Us." The initiative aimed to enhance the safety literacy of all employees through a multi-dimensional linkage of "talking, learning, competing, and promoting," thereby strengthening the enterprise's safe production defense line.

Fukang Smelter Launches "Safety Production Month" Campaign, Focusing on Risk Prevention and Control, Supported by Capacity Building, and Promoting Safety Culture. All workshops (departments) and external cooperative units took the "Safety Production Month" campaign as an opportunity to organize comprehensive and multi-level safety hazard inspection and rectification efforts. Combined with the "Fukang Smelter Internal Reporting and Reward Mechanism for Accident Hazards," employees were encouraged to participate in hazard identification activities. All personnel watched the "Safety Production Month" themed promotional video, took a safety pledge, and solemnly signed their names on the themed banner.







## Safety Production Equipment

In 2025, the Group's production mines ensured safety production by increasing the number of shuttle cars and mechanized equipment. At the same time, remote automation system upgrades were implemented for surface main ventilation fans, compressed air equipment, and underground water pumps, achieving unmanned operation and enhancing safety production assurance capabilities.

## Related Party Safety Management

The Group established a standardized safety management and control system centered on the *External Unit Safety Management Regulations*, achieving full-process, full-element, and full-lifecycle management of contractors and external construction units. During the contract signing phase, strict implementation of safety agreement signing and audits of qualifications, systems, and performance capabilities ensured controllable risk sources. Before entering the site, all personnel completed safety training and assessments to ensure necessary safety awareness and operational capabilities. During construction, dynamic supervision was implemented through work permit management, risk disclosure, on-site inspections, and special inspections. Violations and rectifications were incorporated into annual safety performance evaluations, forming a traceable, quantifiable, and assessable management loop to solidify responsibilities and ensure the effective implementation of safety measures.

## Occupational Health Management

The Group has formulated internal management systems such as the Occupational Hazard Monitoring and Evaluation Management System and compiled the Job Occupational Hazard Identification List, clearly defining hazard factors and harmful substances. Occupational hazard factor testing is conducted in the working environment to ensure compliance with relevant national standards. Close attention is paid to changes in hazard factors and employee health conditions. A series of measures, including the configuration of occupational health protection facilities, improvement of the working environment, provision and use of personal protective equipment, and health surveillance, are solidly promoted to effectively prevent and control the risks of occupational hazard factors and the occurrence of occupational diseases in the workplace. During the reporting period, there were no new cases of occupational diseases in the Group, and both the number of occupational disease occurrences and the occupational disease incidence rate were zero.

The Group strictly adheres to national occupational health laws and regulations, establishes and improves the occupational health management system, continuously enhances the monitoring, early warning, and governance mechanisms for occupational disease hazard factors in the workplace, strengthens source prevention and process control, effectively prevents and reduces occupational disease hazards, and safeguards the occupational health rights and interests of production line employees.

### Occupational Health Protection Measures

- Provide occupational disease prevention facilities, personal protective equipment for occupational diseases, and occupational health examinations during work processes, and set up warning signs for occupational hazard notifications;
- In toxic and harmful workplaces where acute occupational injuries may occur, install alarm devices, configure on-site first aid supplies, flushing equipment, emergency evacuation routes, etc;
- Establish an emergency rescue plan for occupational disease hazards, incorporating it into the management of the safety production emergency rescue system. In the event of an occupational disease accident, take immediate emergency measures and report to relevant departments.

# Practicing Social Responsibility

The Group never forgets to fulfill its social responsibilities and actively participates in various social public welfare initiatives, contributing to the construction of a harmonious society through practical actions. During the Reporting Period, The Group cumulatively invested CNY 64,400 in various social welfare initiatives.

## Participating in Targeted Poverty Alleviation

The Group provided targeted assistance to the relocated impoverished village in the Luotuoquanzi Development Zone of Qincheng Township by arranging employment for relocated farmers and herders, and donating funds and materials to address water supply and road construction issues. Additionally, the Group visited the neighboring Jijitai Village in Qincheng Township to offer condolences to villagers in need, providing daily necessities and consolation funds to improve their living conditions. The number of individuals assisted in 2025: 31.

## Empowering Rural Revitalization

The Group assisted the Qia Ka Village in southern Xinjiang in developing its sweet potato specialty industry by providing villagers with training in planting techniques and field management skills. By adopting the villagers' cooperative model, the Group promoted local employment, addressed the issue of surplus labor, effectively increased villagers' income, and enhanced their sense of well-being.

The Group has deepened its efforts in consumption-based assistance, focusing on purchasing high-quality agricultural products such as honey, sea buckthorn juice, and Xinjiang dried fruit gift boxes. Through targeted procurement initiatives, the Group has built a bridge connecting production and sales, helping high-quality agricultural products expand their market reach. This effort injects corporate strength into rural revitalization and demonstrates the Group's sense of responsibility.

The Group actively supports the development of rural industries, assisting Qia Ka Village in southern Xinjiang in cultivating a distinctive sweet potato industry. It provides villagers with training in planting techniques, field management, and other skills, promotes local employment through the villagers' cooperative model, addresses the issue of local labor surplus, and effectively drives villagers' income growth and prosperity, enhancing their sense of happiness in life. Furthermore, the Group actively promotes the development of rural planting and breeding industries by purchasing products from targeted farmers and breeders, precisely helping a wide range of rural planting and breeding practitioners increase their income and achieve prosperity, empowering rural revitalization through concrete actions.

## Carrying Out Volunteer Activities

The Group actively encourages and guides its affiliated factories and mining enterprises to regularly carry out volunteer service activities, promoting employees to integrate the spirit of Lei Feng into their daily work and job practices. With a collaborative awareness of unity and mutual assistance, they practice their original aspirations, continuously drawing strength from the spirit of Lei Feng to strive for progress, goodness, unity, and hard work. This effectively transforms the learning of Lei Feng's spirit into a powerful driving force for promoting the high-quality development of the enterprise.

## Supporting Community Development

The Group proactively integrates into the development context of the community, continuously deepens enterprise-community collaboration, diligently provides community services, promotes resource sharing and joint development, and ensures that enterprise development and community construction resonate in harmony. Through practical actions, it effectively promotes mutual integration, progress, and win-win cooperation between the enterprise and the community, jointly building a new pattern of harmonious development. In 2025, the Group donated approximately RMB 57,000 in public welfare contributions.



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| Reporting Principles | | |
| Describe or explain how the following reporting principles are applied in preparing the ESG report:<br>Materiality: The ESG report should disclose:<br>(i) The process for identifying and selecting material ESG factors;<br>(i) If the issuer has engaged with stakeholders, describe the key stakeholders identified and the process and outcomes of the issuer's engagement with stakeholders.<br>Quantitative: Disclose the standards, methodologies, assumptions, and/or calculation tools used for reporting emissions/energy consumption (if applicable), as well as the sources of conversion factors used.<br>Consistency: The issuer should disclose any changes in the methods or KPIs used in the ESG report (if any), or any other relevant factors affecting meaningful comparison. | About This Report | 06 |
| Report Scope | | |
| Explain the scope of the ESG report and describe how entities or businesses are selected for inclusion in the ESG report. If there are changes in the reporting scope, the issuer should explain the differences and reasons for the changes. | About This Report | 06 |

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| KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. | Solid Waste Management | 55-57 |
| KPI A1.5 Description of emissions target(s) set and steps taken to achieve them. | Pollutant Emissions | 52-54 |
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| KPI A3.1 Describe the significant impacts of activities on the environment and natural resources and the actions taken to manage these impacts. | Optimize Resource Management | 54-61 |
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| KPI B1.2 Employee turnover rate by gender, age group, and region. | Employee Recruitment and Employment | 95-98 |
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| KPI B2.2 Number of workdays lost due to work-related injuries. | Ensuring Employee Safety | 99-100 |
| KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Safe Production and Occupational Health Management | 108-110 |



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| KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Whistleblowing Management | 30 |
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| Addressing Climate Change | | |
|---|---|---|
| (I) Governance | | |
| An issuer shall disclose information about: | | |
| (a) Information on the governance body (which may include the board of directors, committees, or other equivalent governance bodies) or individuals responsible for overseeing climate-related risks and opportunities. Specifically, the issuer must identify the relevant body or individuals and disclose the following information: | | |
| (i) How the body or individual determines whether there are appropriate skills and competencies currently or in the future to oversee the strategy for addressing climate-related risks and opportunities; | Climate Action | 39-46 |
| (ii) The manner and frequency with which the body or individual is informed about climate-related risks and opportunities; | Impact, Risk, and Opportunity Management | 39-46 |
| (iii) How the body or individual considers climate-related risks and opportunities in overseeing the issuer's strategy, significant transaction decisions, risk management processes, and related policies, including whether the body or individual has considered trade-off assessments related to such climate-related risks and opportunities; | Impact, Risk, and Opportunity Management | 39-46 |
| (iv) How the body or individual oversees the setting of targets related to climate-related risks and opportunities and monitors progress toward achieving them, including whether relevant performance indicators are incorporated into compensation policies and how they are incorporated; and | Climate Action | 39-46 |
| (b) The role of management in governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities, including the following information: | | |
| (i) Whether the role is delegated to specific management personnel or a management committee and how such personnel or committee is supervised; and | Climate Action | 39-46 |
| (ii) Whether management uses controls and procedures to assist in overseeing climate-related risks and opportunities; if so, how these controls and procedures are integrated with other internal functions. | Climate Action | 39-46 |
| (II) Strategy | | |
| Climate-related risks and opportunities | | |
| The issuer shall disclose information to enable an understanding of the climate-related risks and opportunities that it reasonably expects could affect its cash flows, access to finance, or cost of capital in the short, medium, or long term. Specifically, the issuer shall: | | |
| (a) describe the climate-related risks and opportunities that it reasonably expects could affect the issuer's cash flows, access to finance, or cost of capital in the short, medium, or long term; | Climate Action - Strategy | 40-41 |
| (b) for each climate-related risk identified by the issuer, explain whether the issuer considers the risk to be a climate-related physical risk or a climate-related transition risk; | Climate Action - Strategy | 40-41 |
| (c) for each climate-related risk and opportunity identified by the issuer, specify the time horizon (short, medium, or long term) over which it reasonably expects the risk or opportunity could affect the issuer; and | Climate Action - Strategy | 40-41 |
| (d) explain how the issuer defines short term, medium term, and long term, and how these definitions relate to the planning horizon for its strategic decisions. | Climate Action - Strategy | 40-41 |

| Business Model and Value Chain | | |
|---|---|---|
| The issuer shall disclose information to enable an understanding of the current and anticipated impacts of climate-related risks and opportunities on its business model and value chain. Specifically, the issuer shall disclose the following: | | |
| (a) describe the current and anticipated impacts of climate-related risks and opportunities on the issuer's business model and value chain; and | Climate Action - Strategy | 40-41 |
| (b) describe where climate-related risks and opportunities are concentrated in the issuer's business model and value chain (e.g., geographic regions, facilities, and asset types). | Climate Action - Strategy | 40-41 |
| Strategy and Decision-making | | |
| The issuer shall disclose information to enable an understanding of the impact of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: | | |
| (a) information on how the issuer has and plans to address climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set, as well as any legally or regulatory required targets. Specifically, the issuer shall disclose the following information: | Climate Action - Strategy | 40-41 |
| (i) changes to the issuer's business model (including resource allocation) made or anticipated in response to climate-related risks and opportunities; | Climate Action - Strategy | 40-41 |
| (ii) any adaptation or mitigation efforts undertaken or anticipated (directly or indirectly); | Climate Action - Strategy | 40-41 |
| (iii) any climate-related transition plan of the issuer (including information on the key assumptions used in developing the transition plan and the factors the plan relies on), or if the issuer does not have such a plan, an appropriate negative statement; | Climate Action - Strategy | 40-41 |
| (iv) how the issuer plans to achieve any climate-related objectives (including any greenhouse gas emission targets, if any); and | Climate Action - Indicators and Targets | 40-41 |
| (b) the issuer’ s current and future plans for resourcing the actions. | Climate Action - Indicators and Targets | 40-41 |
| (c) disclose the progress of the plans disclosed in previous reporting periods. | Climate Action - Indicators and Targets | 40-41 |



| Financial Position, Financial Performance, and Cash Flows | | |
|---|---|---|
| Current Financial Impact | | |
| (a) The issuer shall disclose qualitative and quantitative information on how climate-related risks and opportunities have affected the issuer’ s financial position, financial performance, and cash flows during the Reporting Period; and | Climate Action - Strategy<br>The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | 39-40 |
| (b) Identify information on climate-related risks and opportunities when there is a significant risk that will lead to material adjustments to the carrying amounts of assets and liabilities in the relevant financial statements in the next reporting year. | Climate Action - Strategy<br>The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | 39-40 |
| Expected Financial Impact | | |
| (a) The issuer shall disclose qualitative and quantitative information on how its financial position is expected to change in the short, medium, and long term after considering its strategy for managing climate-related risks and opportunities, taking into account the following:<br>(i) its investment and disposal plans; and<br>(ii) its planned funding sources for implementing the strategy; and | Climate Action - Strategy<br>The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | 39-40 |
| (b) Based on the issuer's strategy for managing climate-related risks and opportunities, its expected changes in financial performance and cash flows in the short, medium, and long term. | Climate Action - Strategy<br>The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | 39-40 |

| Climate Resilience | | |
|---|---|---|
| (a) The issuer shall disclose qualitative and quantitative information on the identified climate-related risks and opportunities as of the reporting date to enable others to understand:<br>(i) the impact of the issuer's analysis results on its strategy and business model (if any), including how the issuer needs to respond to the impacts identified in the climate-related scenario analysis;<br>(ii) the scope of significant uncertainties considered in the issuer's assessment of climate resilience; and<br>(iii) the issuer's ability to adjust its short, medium, and long-term strategies and business models in response to climate developments; | Climate Action - Strategy | 39-41 |
| (b) How and when climate-related scenario analysis is conducted, including:<br>(i) the input data used;<br>(ii) the key assumptions made by the issuer in the analysis; and<br>(iii) the Reporting Period for conducting climate-related scenario analysis. | Climate Action - Strategy | 39-41 |
| (III) Risk Management | | |
| (a) The issuer shall disclose the processes and related policies used to identify, assess climate-related risks, and determine their priorities and ongoing monitoring, including information on the following:<br>(i) the input data and parameters used by the issuer;<br>(ii) whether and how the issuer uses climate-related scenario analysis to identify climate-related risks;<br>(iii) how the issuer assesses the nature, likelihood, and extent of the impact of such risks;<br>(iv) whether and how the issuer prioritizes climate-related risks relative to other types of risks;<br>(v) how the issuer monitors its climate-related risks; and<br>(vi) whether and how the issuer has changed the processes it uses compared to the previous Reporting Period; | Climate Action - Impact, Risk, and Opportunity Management | 39-41 |
| (b) The processes used by the issuer to identify, assess climate-related opportunities, and determine their priorities and ongoing monitoring (including whether and how the issuer uses climate-related scenario analysis to identify climate-related opportunities); and | Climate Action - Impact, Risk, and Opportunity Management | 39-41 |
| (c) How and to what extent the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management processes. | Climate Action - Impact, Risk, and Opportunity Management | 39-41 |



| (IV) Metrics and Targets | | |
|---|---|---|
| Greenhouse Gas Emissions | | |
| (a) The issuer shall disclose the total absolute greenhouse gas emissions (expressed in metric tons of $CO_2$ equivalent) during the Reporting Period, categorized as:<br>Scope 1 greenhouse gas emissions;<br>Scope 2 greenhouse gas emissions; and<br>Scope 3 greenhouse gas emissions. | Climate Action - Indicators and Targets | 43 |
| (b) Unless required otherwise by the regulatory authority or another exchange where the issuer is listed, the issuer shall measure its greenhouse gas emissions in accordance with the *Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)*. | Climate Action - Indicators and Targets | 43 |
| (c) Disclose the methods used for measuring greenhouse gas emissions | Climate Action - Indicators and Targets | 39-43 |
| (d) For Scope 2 greenhouse gas emissions, disclose the region-based Scope 2 greenhouse gas emissions and provide information on any contractual documents necessary to understand such emissions; and | Climate Action - Indicators and Targets | 43 |
| (e) For Scope 3 greenhouse gas emissions, disclose the categories included in the issuer's measurement of Scope 3 greenhouse gas emissions in accordance with the categories described in the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*. | Not Applicable | |
| Climate-related Risks and Opportunities | | |
| (a) The issuer shall disclose the amount and percentage of assets or business activities vulnerable to the following risks:<br>(i) Climate-related transition risks; and<br>(ii) Climate-related physical risks. | The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | |
| (b) The issuer shall disclose the amount and percentage of assets or business activities involving climate-related opportunities. | The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | |

| Capital allocation, internal carbon pricing, remuneration, and industry metrics | | |
|---|---|---|
| (a) The issuer shall disclose the amount of capital expenditure, financing, or investment allocated to climate-related risks and opportunities. | Climate Action - Impact, Risk, and Opportunity Management<br>The Group is reviewing the financial impact related to climate and will provide quantifiable information in the future, including the amount and percentage of assets or business activities at risk. | 39-41 |
| (b) The issuer shall disclose the following:<br>(i) Explain how the issuer may and does apply carbon pricing in decision-making (e.g., investment decisions, transfer pricing, and scenario analysis); and<br>(ii) The price per metric ton of greenhouse gas emissions used by the issuer to assess the cost of its greenhouse gas emissions; or an appropriate negative statement confirming that the issuer does not apply carbon pricing in decision-making. | Not Applicable | |
| (c) The issuer shall disclose how climate-related considerations may and are incorporated into remuneration policies, or provide an appropriate negative statement. | Climate Action | 39-46 |
| Capital allocation, internal carbon pricing, remuneration, and industry metrics | | |
| (d) In determining which industry metrics to disclose, the Exchange encourages issuers to refer to the industry-specific disclosure requirements related to the disclosure topics outlined in the IFRS S2 Industry-Based Disclosure Guidance and other international environmental, social, and governance reporting frameworks, and consider their applicability. | Climate Action | 39-46 |

| Climate-related Targets | | |
|---|---|---|
| (a) The issuer shall disclose (i) the qualitative and quantitative climate-related targets it has set to monitor progress toward achieving its strategic objectives; and (ii) any targets required by laws or regulations, including any greenhouse gas emission targets. | Climate Action - Indicators and Targets | 39-41 |
| (b) The issuer shall disclose the methodology for setting and reviewing each target and how it monitors progress toward achieving them. | Climate Action - Indicators and Targets | 39-41 |
| (c) The issuer shall disclose information on the performance of each climate-related target and an analysis of trends or changes in the issuer's performance. | Climate Action - Indicators and Targets | 39-41 |
| (d) For each greenhouse gas emission target, the issuer shall disclose:<br>(i) Which greenhouse gases are covered by the target;<br>(ii) Whether the target covers Scope 1, Scope 2, or Scope 3 greenhouse gas emissions;<br>(iii) Whether this target is a total greenhouse gas emissions target or a net greenhouse gas emissions target;<br>(iv) Whether the target is derived using a sectoral decarbonization approach; and<br>(v) The issuer plans to use carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. | Climate Action - Indicators and Targets | 39-41 |

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