



世纪阳光

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

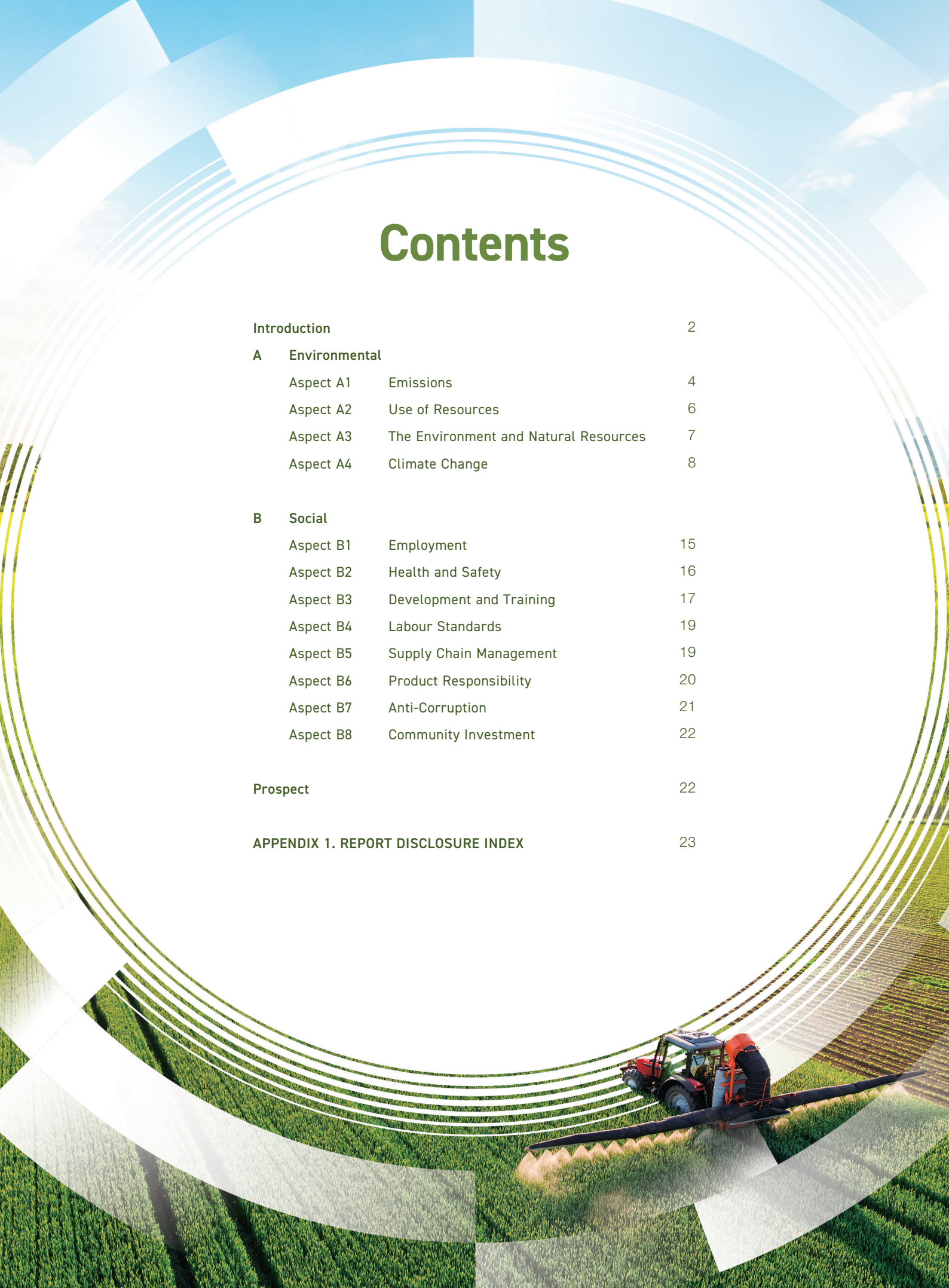
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Create a
Better Living

Environmental, Social and Governance Report 2025

Contents

Introduction		2
A Environmental		
Aspect A1	Emissions	4
Aspect A2	Use of Resources	6
Aspect A3	The Environment and Natural Resources	7
Aspect A4	Climate Change	8
B Social		
Aspect B1	Employment	15
Aspect B2	Health and Safety	16
Aspect B3	Development and Training	17
Aspect B4	Labour Standards	19
Aspect B5	Supply Chain Management	19
Aspect B6	Product Responsibility	20
Aspect B7	Anti-Corruption	21
Aspect B8	Community Investment	22
Prospect		22
APPENDIX 1. REPORT DISCLOSURE INDEX		23



INTRODUCTION

REPORTING SCOPE

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

The Group prepares this report based on the “Environmental, Social and Governance Reporting Guide” set out in Appendix C2 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. This report identifies and discloses significant environmental and social impacts and matters related to the Group’s environmental, social, and governance (“ESG”) activities from 1 January 2025 to 31 December 2025 (the “Reporting Period”).

STATEMENT FROM THE BOARD

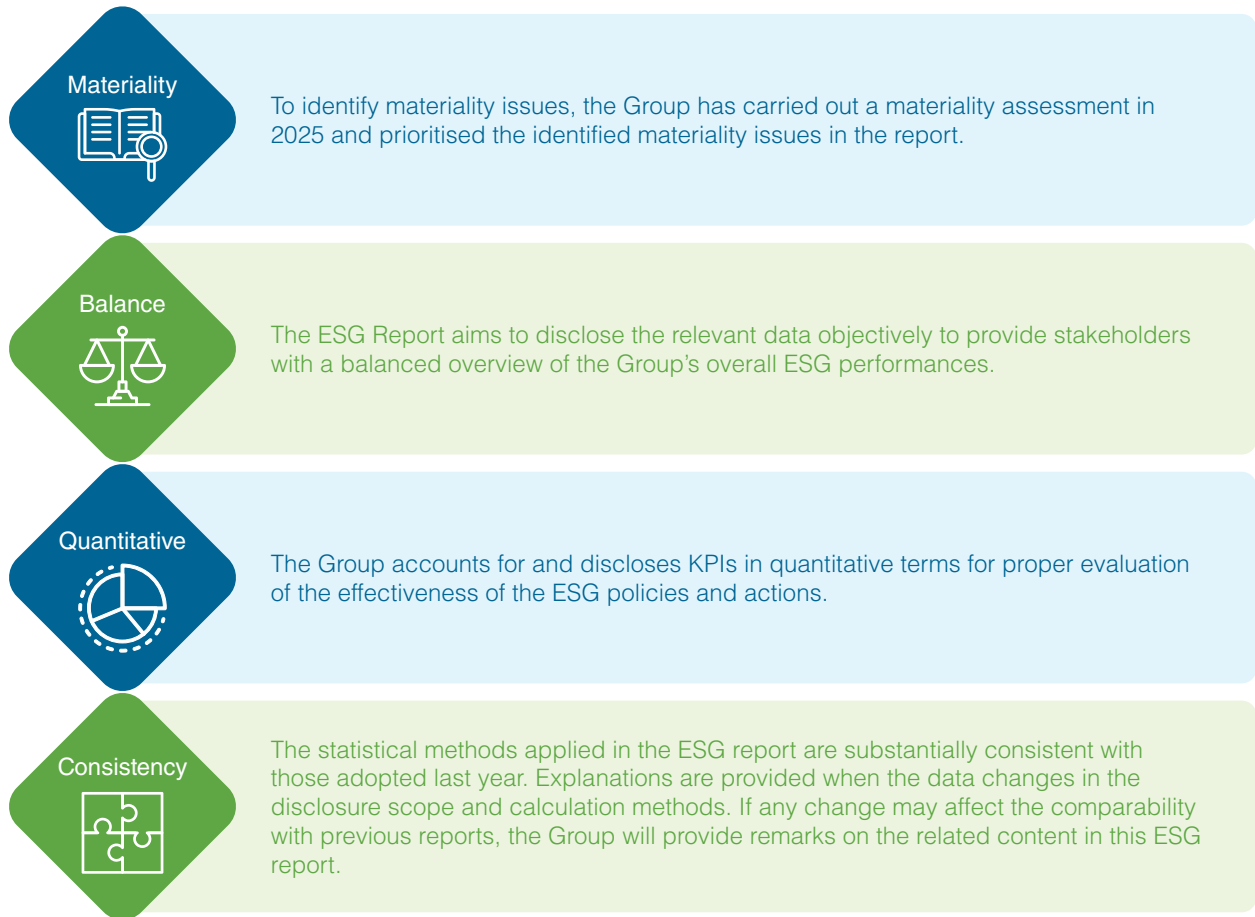
The board of directors (the “Board”) is responsible for the overall performance of our ESG obligations. It undertakes to live up to the key performance indicators (KPIs). The Board recognises that the ESG risks are crucial to the efficient operation of the Group and is determined to integrate the fulfilment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

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

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

REPORTING PRINCIPLES

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



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

A. ENVIRONMENTAL

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

A1: Emissions

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

The Fertiliser Segment of the Group has adopted the more advanced environmental protection facilities and treatment processes to improve the efficiency of dust removal and desulphurisation.

- I. The Group fully utilises residual heat and minimises greenhouse gas emissions.
 - The sulfuric acid system considers the comprehensive utilisation of residual heat.
 - Recycling and reusing of low-heat energy of sulfuric acid.
- II. The Group purchases high-quality coal with low ash content, high volatile matter, low sulphur content, and high calorific value to improve coal combustion efficiency and stabilise the combustion environment, thus ensuring a low emission level of nitrogen oxides.

Type of Pollutants

The Fertiliser Segment of the Group generates hazardous wastes, including used ink drums, used printing plates, and waste engine oil during its production. These are not applicable for detailed disclosure herein as such emissions were minimal in quantity. Non-hazardous wastes, such as all recycled dust, is fully recycled and utilised; all solid wastes are comprehensively utilised; the domestic garbage discharge is disposed of by the environmental and sanitation department.

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

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

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

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


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

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

A2: Use of Resources

During the Reporting Period, the fertiliser segment of the Group adopted a brand licensing model, entrusting other enterprises to manufacture its products. The Group is committed to improving energy efficiency and promoting comprehensive utilisation, while gradually reducing energy consumption.

The energy consumption of the Fertiliser Segment of the Group in 2025 are as follows:

 Resources	Unit	Emission	Density
Electricity	kWh	257,598	N/A
Diesel	litre	N/A	N/A
Water	m ³	N/A	N/A

Energy Use/Water Efficiency Targets and Management

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

The Fertiliser Segment of the Group is committed to improving energy efficiency and recycling resources. Meanwhile, the Group strives to implement various water conservation measures and regular inspection of the water supply system.

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

A3: The Environment and Natural Resources

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

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

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

A4: Climate Change

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

Strategy

The Group is committed to enhancing its business resilience against climate change and building itself as an environmentally responsible enterprise. The Group has refined its risk assessment procedures to analyze the potential impacts of climate change on its operations and value chain, thereby evaluating and formulating the most appropriate mitigation measures.

(i) Climate Risk Assessment

During the reporting period, the Group assessed the following physical climate risks and transition climate risks. Our assessment covers the offices and production bases of the Group in China and Hong Kong.

Physical Risks

We define physical risks as risks related to the physical impacts of climate change, including (i) acute physical risks, such as increased severity of typhoons or floods; and (ii) chronic physical risks influenced by long-term changes in climate patterns (e.g., changes in average annual rainfall or temperature). The above acute and chronic physical risks may increase the risk of power shortages, disrupt supply chains, damage the Group's assets and cause operational interruptions and reduce revenue. Furthermore, both physical risks may increase costs for repairing or restoring damaged sites, hinder employee work, and even cause casualties.

The Group focused its assessment on the following physical climate risks, including:

- Frequent extreme weather events (e.g., heavy rainfall, extreme heat, intense cyclones, floods, droughts and water scarcity) that could adversely affect or pose potential risks to the construction and operation of the Group's projects.
- Long-term changes in climate patterns that could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.

Transition Risks

We define transition risks as the risks arising from the transition from the economy dependent on fossil fuel to a low-carbon economy, which may involve changes in policy, law, technology, markets and social culture. To achieve sustainable development, governments have successively enacted climate-related legislation or tightened regulations to support the global decarbonization vision. For example, the PRC government has recently promoted the goal to achieve "carbon peak by 2030, carbon neutrality by 2060", striving to improve the dual control system of energy consumption, including possible carbon taxes, compliance disclosures, and increased use of new energy by enterprises and households.

The Group focused its assessment on the following transition climate risks, including:

- The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.
- Changes in domestic and international climate change policies, as well as the evolution of global trends such as China's carbon peak and carbon neutrality targets, constituting relevant risk factors.

(ii) Climate Scenario Analysis

During the reporting period, the Group conducted a climate scenario analysis to better understand and respond to the potential impacts of climate change. The analysis covers physical and transition risks, with screening and assessment performed for each risk category. To better identify and analyze potential physical and transition risks the Group may face, we used the Intergovernmental Panel on Climate Change ("IPCC") Shared Socioeconomic Pathways ("SSPs") and the Network for Greening the Financial System ("NGFS") climate scenarios. This approach helps us better understand the resilience of our climate strategy and the potential impacts on core operations under climate variability, thereby enhancing our capacity to respond to climate change.

Physical risks		
Climate scenario	Low-risk scenario	High-risk scenario
	SSP 1-1.9	SSP 5-8.5
Scenario description	<ul style="list-style-type: none"> (a) Rapid global phase-out of fossil fuels; global CO₂ emissions reach net zero around 2050. Renewables dominate, and electrification is widespread. (b) Large-scale afforestation. (c) Rapid development and deployment of low-carbon technologies including storage, hydrogen, and carbon capture and storage. (d) Global cooperation and strict effective climate policies, with consumer behavior shifting to low-carbon choices. 	<ul style="list-style-type: none"> (a) Continued reliance on abundant, globally connected fossil fuel resources. (b) Technological innovation active but focused on extraction and consumption efficiency rather than low-carbon alternatives. (c) Lack of effective global carbon pricing or strict international climate agreements. (d) Global income gaps narrow and investment in human capital increases.
Projected warming	Warming below 2°C by 2100	Warming of 4.4°C by 2100

Transition risks		
Climate scenario	Low-risk scenario	High-risk scenario
	2050 Net Zero	Current Policies
Scenario description	<ul style="list-style-type: none"> (a) Immediate implementation of strict climate policies, with global CO2 emissions reaching net zero around 2050. (b) Carbon pricing reached high levels early (about USD 100 per tCO2e in 2020) and continues to rise rapidly, increasing costs for carbon-intensive goods and services and changing consumption and production patterns. (c) Deployment of carbon dioxide removal (CDR) technologies accelerates decarbonization, though scale is constrained by sustainability considerations. 	<ul style="list-style-type: none"> (a) Maintain existing policies without additional emission pledges or measures. (b) Technological change is slow; fossil fuels still dominate the energy system. Renewables grow but do not disrupt the existing system. (c) Carbon pricing remains low and is insufficient to drive deep decarbonization.
Projected warming	Global warming contained below 1.5°C by 2100 (50% probability).	Warming exceeds 3°C by 2080.



We used these climate scenarios to assess the potential impacts of climate risks on the Group's production and operations, the severity of those risks, and how they link to strategic planning. The potential climate-related risks the Group faces are listed below.

Physical risks					
Risk category	Potential impacts	Risk level		Time horizon ¹	Mitigation measures
		SSP1-1.9	SSP5-8.5		
Frequent extreme weather events (e.g., heavy rain, extreme heat, severe cyclones, floods, droughts, and water shortages) may adversely affect or pose potential risks to the Group's facilities and events.	Production interruption caused by extreme weather may affect infrastructure such as power systems, drainage systems or production equipment, together with associated repair losses.	Low	Medium	Short-term	<ul style="list-style-type: none"> The Group has formulated emergency arrangements and closely monitors our business operations. Purchase insurance for the Group's production facilities and employees. Communicate work arrangements to employees in advance under severe weather conditions to reduce the possible impact of physical risks. The Group will identify such risks and prioritize those with severe impacts to take preventive measures at the earliest opportunity.
	Increased extreme weather may directly affect the operation of warehouses and production bases, e.g., stocks being flooded and damaged, leading to increased costs.	Low	Medium	Medium-term	
	Impact of extreme weather on logistics supply chains, production efficiency and employee commuting, leading to operational and financial losses.	Low	Medium	Medium-term	
Long term changes in climate patterns could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.	Long-term systematic temperature rise will increase the demand for temperature control (e.g., for storage) and energy consumption, potentially leading to higher operating costs, accelerating the ageing of production equipment, and pushing up maintenance costs.	Low	Medium	Medium-term	
	High-temperature environments may expose employees to greater heat stress and health hazards, potentially affecting productivity and overall employee well-being.	Low	Medium	Medium-term	
	Climate change may alter the living habits of consumers in different regions, affecting product preferences and choices.	Low	Medium	Long-term	
	Occurrence of long-term climate risk events leads to reduced insurance claims.	Low	Medium	Short-term	

¹ The time horizons are defined based on the periods during which climate-related risks may impact the Group's operations. The short term is defined as 1 to 3 years, the medium term as 3 to 5 years, and the long term as 5 to 10 years. These selected timeframes are widely adopted within the industry and align with our short-to-medium-term carbon reduction targets and initiatives.

Transition Risks					
Risk Category	Potential Impact	Risk Level		Time Horizon	Mitigation Strategy
		Net Zero 2050	Current Policies		
The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.	In the future, due to stricter carbon emission regulations, production equipment with high energy consumption may be subject to additional taxation or use restrictions, increasing R&D costs.	Medium	Low	Medium-term	<ul style="list-style-type: none"> The Group actively introduces new environmentally friendly equipment and gradually phases out high-energy-consumption facilities in line with national new energy policies. The Group will regularly monitor existing and emerging climate-related trends, policies and regulations, and obtain compliance advisory services when necessary to avoid reputational risks arising from slow response.
	As energy transition and tighter regulations on chemical composition occur, prices of some raw materials may rise due to increased decarbonization costs of upstream suppliers.	Medium	Low	Long-term	
	The Group's products may need to adapt to various demands raised by potential customers regarding climate-related issues.	Low	Low	Medium-term	
Changes in domestic and international climate-change policies, as well as the evolution of global trends such as China's Carbon Peak and Carbon Neutrality targets, constitute relevant risk factors.	Tightening of relevant policies and/or regulations leads to increased costs of compliance, including but not limited to increased operating costs, insurance costs, compliance costs and penalties for non-compliance.	Medium	Low	Medium-term	<ul style="list-style-type: none"> The Group continues to assess the effectiveness of its climate change actions and enhance its capacity to address climate-related matters. Encourage employees to participate in meetings and training to stay abreast of the latest technological developments.
	Stricter disclosure requirements for environmental data, and customers conducting carbon footprint audits on partners, thereby increasing management complexity.	Medium	Low	Medium-term	

Although the Group notes the many challenges described above, it is also mindful of the opportunities presented by climate change. Market demand for low-emission products may bring business opportunities. The Group is committed to seizing emerging business opportunities, keeping pace with the times, and pursuing developmental opportunities.

(iii) Business Model and Value Chain

Climate-related Risk	Current Impact	Expected Impact
<p>Frequent extreme weather events (e.g. heavy rainfall, extreme heat, intense cyclones, floods, drought and water scarcity) that could adversely affect or pose potential risks to the construction and operation of the Group's projects.</p>	<p>Persistent extreme heat and heatwaves will pose challenges to the Group's operations. Extreme heat may lead to a sharp rise in energy demand, further burdening infrastructure. Heavy rainfall may trigger unpredictable flash floods, damage our infrastructure and affect Group operations.</p>	<p>Increased severity of extreme weather events may endanger the Group's property and equipment investments. Acute floods may cause power failures, rendering our production lines inoperable and resulting in the loss of critical production batches.</p>
<p>Long-term changes in climate patterns could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.</p>	<p>The Group's current office and production base operations require water resources. Long-term temperature rise will increase water usage.</p>	<p>Continued temperature rise will require the Group's cooling systems to pay higher energy bills, potentially increasing the Group's operating expenses and R&D expenditure.</p>
<p>The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.</p>	<p>The Group's suppliers may pass on the cost of low-carbon transition to raw material prices. At the same time, market attention to "sustainable R&D" has increased, affecting institutional investors' valuation of the company.</p>	<p>As the global economy transitions to low carbon, market demand for low-carbon emission processes may increase. In addition, climate change may alter consumer habits, affecting the Group's products and market positioning.</p>
<p>Changes in domestic and international climate change policies, as well as the evolution of global trends such as China's carbon peak and carbon neutrality targets, constitute relevant risk factors.</p>	<p>The Group currently needs to invest additional resources to comply with tightened climate change-related policies and/or regulations.</p>	<p>More resources will need to be invested to comply with relevant policies and/or regulations.</p>

(iv) Strategy and Decision-making

The Group recognizes the importance of identifying and mitigating any material impact of climate change and has incorporated climate-related risk analysis into its core risk appetite setting to address identified climate risks. In terms of current and expected changes to the business model and resource allocation, the Group has actively aligned itself with national new energy policy development, gradually phasing out old high-energy-consumption equipment and introducing new environmentally friendly facilities.

Regarding current and expected mitigation efforts, the Group is committed to reducing greenhouse gas emissions and energy consumption and contributing to the transition to a low-carbon economy. We adhere to the “3R” environmental policy in our business operations, i.e., minimize waste, reuse resources, and recycle waste materials. We have established a paperless working environment, requiring the use of electronic documents instead of paper documents to reduce paper waste, and implemented policies on waste management. At the same time, the Group has established comprehensive adaptation measures for physical risks, including implementing “emergency plans” and work arrangements for employees under severe weather conditions to ensure continuity of operations. We also purchase insurance for production facilities and employees, and take preventive measures by prioritizing risks with severe impacts.

Furthermore, the Group recognizes that human resources are the foundation of business development and therefore provides climate-related occupational health and safety training to R&D personnel on a regular basis, enhancing their ability to cope with operational interruptions caused by extreme weather. The Group will continuously monitor emerging climate-related trends, policies and regulations, and obtain professional compliance advisory services when necessary to avoid reputational risks arising from slow response. By continuously evaluating the effectiveness of climate actions and enhancing its response capabilities, the Group is committed to achieving sustainable development in a challenging climate environment.

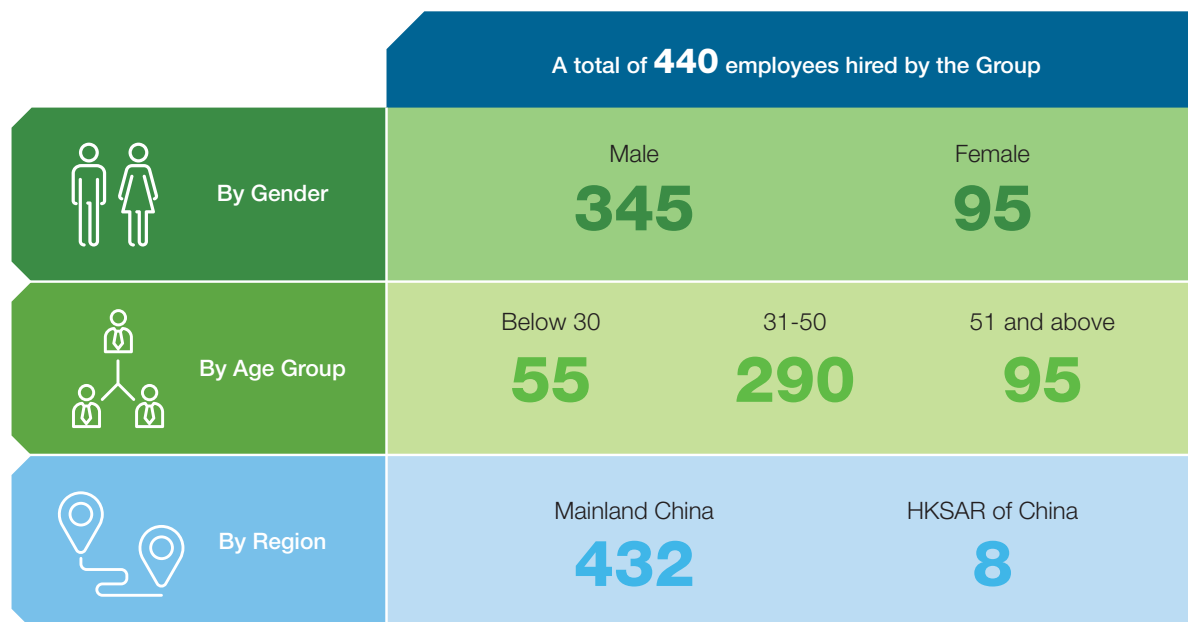
B. SOCIAL

B1: Employment

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

Distribution of Employees

During the Reporting Period, the Group had 450 employees.



Employee Turnover

During the Reporting Period, the overall employee turnover rate of the Group's main business was approximately 30%, of which the turnover rate of the male and female employees was approximately 22% and 8%, respectively. The employee turnover rate by age group was as follows: approximately 5% for employees aged 30 and below; 7% for employees aged 31-40; 4% for employees aged 41-50; and 13% for employees aged 51 and above. The employee turnover rate by geographical region was approximately 30% for employees in Mainland China and 0% for employees in the HKSAR of China. During the Reporting Period, under the geopolitical, energy crisis, and the sharp fluctuations of market prices, the Group effectively regulated the cash flow for fertiliser production and minimised market fluctuations risks. In doing so, the Group has adopted a brand licensing model, entrusting other enterprises to manufacture its products, causing some employees to leave.

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

B2: Health and Safety

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

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

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


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

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

B3: Development and Training

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

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

	Managers and senior management	General staff
 Number of staff received training	10	335
 The total training hours	330 hours	6,200 hours
 Average training hours per capita	33 hours	18.5 hours

The number of staff received training exceeded
78%
of the total number of employees of the Group

Approximately 55 female employees participated in the training, exceeding half of the total number of female employees.

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

I. Group Training Management System:

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

II. Training Program:

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

III. Training Formats:

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

IV. Training Results Evaluation:

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

B4: Labour Standards

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

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

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

B5: Supply Chain Management

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

B6: Product Responsibility

Quality Assurance

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

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



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

Business Ethics

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

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

B7: Anti-Corruption

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

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

The Group has strictly complied with anti-corruption laws and regulations, including the Contract Law of the People’s Republic of China and the Anti-Unfair Competition Law of the People’s Republic of China. During the Reporting Period, there were no legal proceedings related to corruption involving the Group or its employees, and no incidents of non-compliance with anti-corruption requirements occurred.

B8: Community Investment

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

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

PROSPECT

In response to the requirements of the Chinese Government's Ministry of Ecology and Environment and other functional departments regarding the promotion of ultra-low emissions in the coking industry, as well as the guidelines for industrial restructuring issued by the National Development and Reform Commission, the local government in Hami, Xinjiang, where REMT's subsidiary Xinjiang Tengxiang Magnesium Products Co., Ltd. ("Xinjiang Tengxiang") is located, has mandated that designated industry production facilities must undergo upgrading and renovation. This includes major magnesium production enterprises like Xinjiang Tengxiang, which primarily utilise lanthanum coke tail gas for magnesium refining. Due to the fact that the lanthanum charcoal production line at Xinjiang Tengxiang was built and put into operation in October 2010, the facilities of the production line have aged and become outdated. There are issues of environmental pollution and low energy efficiency, and the technological level is outdated, no longer in line with the industrial policies of the Chinese government. The upgrade and transformation of coking enterprises in the Hami region have been included as a key focus of local government supervision and regulation in 2024. Xinjiang Tengxiang has been requested to complete the upgrade of its coal tar production facilities by the end of 2025. Meeting ultra-low emission standards for these production facilities will require substantial investment. Given the current funding pressure on the Group, Xinjiang Tengxiang has applied to the local government for an extension until 2026 to complete the upgrades. Additionally, the board of Xinjiang Tengxiang has authorised management to take proactive measures, including but not limited to introducing venture capital, equity financing, and project cooperation to ensure the normal production of the magnesium plant.

The Board is responsible for assessing and monitoring the environmental, social, and governance risks management, as well as collecting relevant data. It has reviewed its effectiveness as disclosed in the ESG report for the year ended 31 December 2025. The management team will, as always, actively respond to the policy of "Promoting the Application of Green Ecological Fertilisers" (《推動綠色生態肥料的應用》), further promote the development of green fertiliser industry, and continue to strengthen the product differentiation strategy to contribute to the green environmental protection. We will continue to explore new channels for expanding the market of green ecological fertilisers, and strive for a new ecological paradigm of high-quality green development.

APPENDIX I. REPORT DISCLOSURE INDEX

Climate-related Disclosures Content Index

This content index has been prepared in accordance with the HKEX ESG Code and the International Sustainability Standards Board (ISSB) IFRS S2 – Climate-related Disclosures.

Core Area, Aspect, General Disclosure and Key Performance Indicators	Section/Disclosure	Page	
Governance			
19(a)(i) – (iv)	Disclose the oversight of climate related risks and opportunities by governance bodies (e.g., the Board), including member skills, frequency of information receipt, decision making processes, and how metrics and targets are overseen.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
19(b)(i) – (ii)	Disclose management's role in monitoring and managing climate related risks and opportunities, including whether specific positions are assigned and related control procedures.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
Strategy			
20(a) – (d)	Describe climate related risks and opportunities that may affect financial position, including risk types (physical/transition), affected time horizons (short/medium/long term) and definitions.	For climate related opportunities in each period, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
21(a) – (b)	Describe the current and expected impacts of climate related risks and opportunities on the business model and value chain, and where these risks are concentrated in the value chain.	For climate related opportunities in each period, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/

Core Area, Aspect, General Disclosure and Key Performance Indicators	Section/Disclosure	Page	
22(a) – (b); 23	Disclose the response to climate related risks and opportunities and related plans, including resource allocation, transition plans, adaptation/mitigation measures, how resources are deployed, and the progress of plans disclosed in previous annual reports.	The Group is still conducting further internal discussions on climate related transition plans; where feasible, they will be discussed further in subsequent reports. For climate related opportunities, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
24(a) – (b)	Disclose the current impact of climate related factors on financial performance and position during the reporting period, as well as items that may be subject to material adjustments in the following year.	The Group is still conducting further financial analysis and internal discussions, and plans to disclose the financial impacts of current climate related risks and opportunities in future reports where feasible.	/
25(a) – (c)	Disclose the expected impact of climate related risks and opportunities on financial position and cash flows over the short, medium and long term, including investment/financing plans.	The Group is still conducting further financial analysis and internal discussions, and plans to disclose the financial impacts of current climate related risks and opportunities in future reports where feasible.	/
26(a) – (b)	Disclose climate resilience analysis, explaining how scenario analysis is used to assess resilience, including selected scenarios, assumptions, time horizons and adaptive capacity.	For climate related opportunities, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
Risk Management			
27(a) – (c)	Disclose the processes for identifying, assessing, prioritising and monitoring risks and opportunities, and how these processes are integrated into the overall risk management system.	Reporting principles	3

Core Area, Aspect, General Disclosure and Key Performance Indicators	Section/Disclosure	Page	
Metrics and Targets			
28(a) – (c)	Disclose absolute gross greenhouse gas emissions (tonnes of CO2 equivalent), separately reporting Scope 1, Scope 2 and Scope 3 data.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
29(a) – (d)	Disclose the measurement methodology for greenhouse gases, assumptions, basis for selected categories, and measurement approach for Scope 2.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
30	Disclose the amount and percentage of assets or business activities vulnerable to transition risks.	The Group is currently reviewing analytical and quantitative methods available in the market to disclose the percentage of business vulnerable to transition risks.	/
31	Disclose the amount and percentage of assets or business activities vulnerable to physical risks.	The Group is gathering additional data and information (e.g., financial impacts, mitigation measures and residual risks) to disclose the percentage of business vulnerable to physical risks.	/
32	Disclose the amount and percentage of assets or business activities aligned with climate related opportunities.	The Group is currently reviewing more detailed analytical and quantitative methods available in the market to disclose the percentage of business aligned with climate related opportunities.	/
33	Disclose the amount of capital expenditure, financing or investment deployed for climate related risks and opportunities.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/

Core Area, Aspect, General Disclosure and Key Performance Indicators	Section/Disclosure	Page
34(a) – (b)	Explain whether and how internal carbon pricing is applied, and disclose the specific carbon price.	The Group does not currently apply carbon pricing in its decision making. /
35	Explain whether and how climate related performance is considered in remuneration policies.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy. /
36	Encouraged disclosure of industry specific metrics relevant to the particular business model or industry characteristics.	Not applicable /
37(a) – (h)	Disclose climate related targets and their details: metrics, objectives, scope, period, base period, milestones, absolute/intensity nature, and reference to international agreements.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports. /
38(a) – (d)	Disclose the method for setting and reviewing targets, including whether verified by a third party, review process, and revision records.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports. /
39	Disclose actual performance against targets and trend analysis.	Not applicable /
40(a) – (e)	Disclose additional details of greenhouse gas emission targets: gases and scopes covered, gross/net target, decarbonization pathway, and use of carbon credits.	Not applicable /
41	When preparing disclosures related to strategy and targets, consider the applicability of cross industry metrics and industry specific metrics.	Not applicable /



世纪阳光

世紀陽光集團控股有限公司
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