



2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

LYGEND RESOURCES & TECHNOLOGY CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability) Stock Code:2245

Contents

04	About the Report
06	Message from the Chairman
08	About Lygend Resources
08	Company Overview
09	Business Layout
10	Development Journey
12	2025 Key Performances

98	Appendix 1: Performance Indicators
102	Appendix 2: The HKEX ESG Reporting Code Applicable to the Reporting Period

01	Sustainability Management	
	Board of Directors Statement	16
	ESG Governance	17
	United Nations Sustainable Development Goals	18
	Stakeholder Communication	20
	Materiality Analysis	21

02	Responsible Governance, Steady Foundation	
	Corporate Governance	24
	Information Disclosure and Investor Relations Management	25
	Internal Control and Risk Management	26
	Business Ethics and Compliance	28
	Information Security and Privacy Protection	31

03	Operational Excellence, Value Co-Creation	
	R&D and Innovation	34
	Quality Assurance	36
	Quality Customer Service	39
	Sustainable Supply Chain	41

04	Green Transformation, the Carbon-Neutral Future	
	Addressing Climate Change	48
	Environmental Management System	62
	Emission and Waste Management	64
	Use of Resources	70
	Biodiversity Conservation	75

05	Fertile Ground, Shared Success	
	Rights and Interests Protection	78
	Training and Development	82
	Care and Communication	87
	Health and Safety	90

06	Community Well-being, Empowering Development	
	Community Development	96
	Public Welfare and Charity	97



About the Report

The Report is the 2025 Environmental, Social, and Governance ("ESG") Report ("the Report") of Lygend Resources & Technology Co., Ltd. ("Lygend Resources") and aims to set forth our strategies, policies, measures, and achievements related to corporate sustainability and social responsibility fulfillment in 2025.

Reporting Period

The Reporting Period is from 1 January 2025 to 31 December 2025 ("the Reporting Period"). To enhance the comparability and forward vision of the Report, some content has been extended to cover prior and subsequent years.

Preparation Basis

The Report has been prepared mainly in accordance with Appendix C2 "Environmental, Social and Governance Reporting Code" to the "Listing Rules published by the Stock Exchange of Hong Kong Limited ('HKEX') (the "Listing Rules") and the "GRI Sustainability Reporting Standards 2021" issued by the Global Reporting Initiative (GRI). During the preparation process, we also referred to the United Nations 2030 Sustainable Development Goals (SDGs), the "China Corporate Social Responsibility Reporting Guidelines" (CASS-ESG 6.0) issued by the Chinese Academy of Social Sciences, and other requirements.

Reporting Principle

Materiality

The Company identifies the impact of each issue on its business model, operations, development strategy, financial condition, performance, cash flow, financing methods, and costs in the short, medium, and long term, and assesses whether its performance on each issue will have a material impact on the economy, society, and environment.

Quantitative

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

Balance

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

Consistency

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

Data Expectation

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

Report Scope and Definitions

For ease of expression, "Lygend Resources & Technology Co., Ltd. and its subsidiaries" are also referred to as "Lygend Resources", "the Group", "the Company", or "company" in the Report.

Regarding data disclosure, the scope of environmental and social data disclosed in the Report primarily covers the Group's production facilities, including:

Jiangsu Wisdom	Jiangsu Wisdom Industrial Co., Ltd.
Xi'an Pengyuan	Xi'an Pengyuan Metallurgical Equipment Co., Ltd.
HPL	PT Halmahera Persada Lygend
ONC	PT Obi Nickel Cobalt
KPS	PT Karunia Permai Sentosa
DCM	PT Dharma Cipta Mulia

Report Access

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

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

Confirmation and Approval

The Report has been confirmed by the management and was approved by the Board of Directors on April 29, 2026.

Message from the Chairman

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

As the global transition to a low-carbon economy enters an advanced stage of industrial transformation, nickel, as a core metal in the new energy revolution, is seeing its industrial chain undergo a historic opportunity for value reconfiguration driven by the dual imperatives of green upgrading and high-quality development. Against this backdrop, ESG has evolved from a mere "nice-to-have" to a "must-answer question" for enterprises seeking robust operations and the building core competitiveness. Adhering to the spirit of "Striving for Excellence, Perseverance Without Limits", Lygend Resources has comprehensively integrated ESG principles into every aspect of corporate governance and operations. Grounded in responsibility and driven by innovation, we achieved solid progress in sustainable development over the past year.

We fortify our foundation through responsible governance. The Company has continuously refined its ESG management structure, deeply integrating relevant goals into business strategy, and enhancing a governance mechanism with clear rights and responsibilities by optimizing the supervisory functions of the Board of Directors. We adhere to business ethics, launching the Integrity Education Platform whistleblowing platform, refining internal control and risk prevention systems, and safeguarding corporate credibility.

We drive the future of our industry through quality and innovation. Upholding the principle of "quality first", we have built a quality management system covering end-to-end process, maintaining a record of zero quality incidents throughout the year. Meanwhile, we have strengthened supply chain management by prioritizing green partners, enhancing resilience and transparency across the industrial chain. Lygend Resources has deepened collaborative innovation with industry, academia, and research institutes, using technological breakthroughs to drive product upgrades. Among these, the third-generation technology applied in our HPAL project has reached the world's top level in the field of laterite nickel ore processing.

We practice ecological symbiosis through green transformation. By improving our environmental management system, the Company has achieved ISO 14001 certification for several core businesses and set clear targets for emission control, energy use, and resource recycling. We have continued to implement energy-saving retrofits and increase the use of clean energy, strengthened biodiversity conservation, and taken concrete actions to respond to China's "dual carbon" goals.

We regard talent as our most valuable asset. The Company has continuously improved its employee training and development system, launching specialized programs such as the "Elite Talent Program" to broaden career growth pathways for employees. We consistently focus on employee well-being and workplace safety, striving to create an inclusive and fair working environment that supports mutual growth between employees and the Company.

We are also committed to creating shared value with society. Through diversified approaches such as industrial chain collaboration, community engagement, public welfare initiatives, and more, we share the fruits of our development with society, empower local community building, and foster a virtuous ecosystem of win-win cooperation.

Facing the new challenges and opportunities brought by global industrial chain restructuring and low-carbon transformation, Lygend Resources will continue to take ESG as our strategic compass, working together with partners to deepen the high-quality and sustainable development of the nickel industrial chain, and jointly create a greener, more inclusive future.

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

Cai Jianyong



About Lygend Resources

Company Overview

Ningbo Lygend Resources Technology Co., Ltd., established in 2009 and headquartered in Ningbo, Zhejiang, was listed on the Main Board of SEHK in 2022 (stock code: 02245.HK). The Company is a nickel entire industry chain service provider and has achieved a globally leading position in the trading of nickel products. Adhering to the business philosophy of "internationalization, specialization, and resource diversification", the Company has mastered a complete nickel product production process, including both pyrometallurgical and hydrometallurgical smelting technologies, and is one of the first Chinese companies to simultaneously develop pyrometallurgical and hydrometallurgical projects in Indonesia. Starting from nickel ore trading, the Company actively responds to the national "Belt and Road Initiative", continuously expanding to the upstream and downstream of the nickel industry chain over the years, completing the vertical integration of links in the nickel industry chain, covering an integrated business layout including upstream nickel product trading, nickel product production and sales, with products widely used in downstream fields such as new energy and stainless steel. The Company has been honored with awards including Top 500 Private Enterprises in China, Top 100 Multinational Corporations in China, Top 500 Manufacturing Enterprises in China, and Forbes China Sustainable Development Industrial Enterprises Top 50.

Corporate Philosophy, Mission, and Vision

Corporate philosophy	Corporate mission	Corporate vision
Power and excellence, always without limits	Integrating global resources, building an industrial ecosystem	Becoming a globally leading nickel industry chain service provider

Core Values

- Be open-minded, brave to change, and diligent to practice
- Collaborate openly with capital, company, employees, and partners to advance together on the path to becoming a global leader in the integrated mineral resources industry
- Stick to open-mindedness as the most powerful tool for development

- Create and share a healthy industry ecosystem, and build a platform where employees can work together and share the rewards of their efforts

- Take responsibility and prioritize responsibility over capability
- Be responsible for the team, the environment, and the community

- Be bold to explore and innovate, and keep up the spirit and competitiveness of the team
- Be customer-oriented, and continuously innovate in production, business, and management based on meet customer needs

Open-mindedness

Sharing

Responsibility

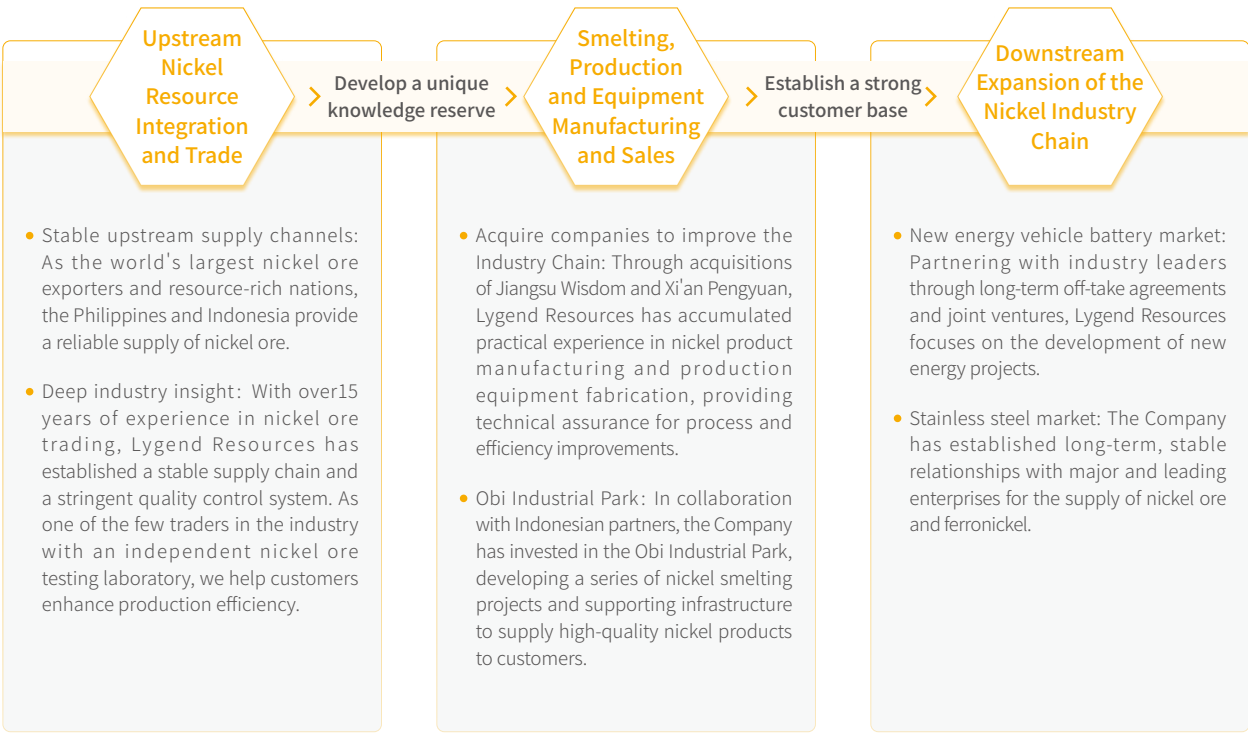
Innovation

Core Values of Lygend Resources

Business Layout

As a globally leading service provider covering the entire nickel industry chain, Lygend Resources has always focused on nickel, one of the country's strategic mineral resources. Starting from nickel product trading, the Company has continuously pursued vertical integration across the industrial chain, building an integrated business model that spans trading, production, and sales of nickel products. Adhering to the development strategy of "internationalization, specialization, and resource diversification", the Company actively responds to the national "dual carbon" goals and the "Belt and Road Initiative", continuously enhances its full-industry-chain service capabilities, and committed to becoming a world-class service provider covering the entire nickel industry chain.

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



Industrial Ecosystem of Lygend Resources

The Company achieved full release of its annual production capacity, with marked improvements in the quality of all series of nickel products, providing strong support for overall performance growth. Faced with multiple challenges including fluctuations in nickel ore supply, changes in the macro environment, and excess capacity in the industry, the Company proactively optimized its business model. By dynamically adjusting sales strategies and implementing flexible procurement mechanisms, it effectively controlled costs and enhanced operational efficiency.

During the Reporting Period, the Company recorded operating revenue of RMB 40,239.8 million, representing a year-on-year growth of 37.7%; net profit attributable to the parent company of RMB 2,857.4 million, reflecting a year-on-year increase of 61.1%.

Development Journey

2009

Riding the Waves, Setting Sail in Trade

- The Company was established in January 2009 with a registered capital of RMB 2 million.

2015-2018

Expanding into Manufacturing, Pursuing Industrial Development

- In 2017 The Company acquired Jiangsu Wisdom, completed the layout of the domestic nickel product production segment.
- In 2018, The Company integrated Xi'an Pengyuan

2018-2025

Levering Domestic Experience, Expanding Overseas

- In 2018, the Company initiated preparations for the Indonesia project, collaborating with Indonesian partners to jointly invest in the construction of the "Obi Nickel-Cobalt High Pressure Acid Leaching (HPAL) Smelting Project".
- In 2018, the RKEF (Rotary Klin Electric Furnace, RKEF) pyrometallurgical project was launched on Obi Island, Indonesia.
- In 2021, Phase I of the HPAL project, comprising two production lines, was completed and commenced operation. The production lines of the "Obi Nickel-Cobalt Smelting Project" were commissioned in May and October respectively, achieving designed capacity in July and December of the same year.
- In 2022, Lygend Resources was listed on the Main Board of the Hong Kong Stock Exchange.
- In January 2023, Phase II of the HPAL (hydrometallurgical) project was commissioned, reaching designed capacity in March of the same year.
- In May 2023, all eight production lines of Phase I of the pyrometallurgical project were fully commissioned.
- In 2023, the first batch of battery-grade nickel sulfate was produced.
- In September 2024, the ONC hydrometallurgical project at the Obi Island Industrial Park reached designed capacity.
- In 2025, production lines of Phase II of the pyrometallurgical project were successively commissioned.

2025 Key Performances

Honors and Recognitions



Key Performances

Financial Performance

Operating revenue of	representing a year-on-year growth of	Net profit attributable to the parent company of	reflecting a year-on-year increase of
RMB 40,239.8 million	37.7 %	RMB 2,857.4 million	61.1 %

Responsible Governance, Steady Foundation

0	0
litigation cases related to unfair competition	information security incidents

Operational Excellence, Value Co-creation

0	0	0
major liability accidents related to product quality occurred	product recalls related to product quality and safety	complaints received regarding products and/or services

Subsidiaries HPL and ONC obtained **Responsible Minerals Assurance Process (RMAP) certification**.

Green Transformation, the Carbon-Neutral Future

Lygend Resources and its subsidiaries Jiangsu Wisdom, Xi'an Pengyuan, and HPL have all **obtained ISO 14001 Environmental Management System certification**.

Investment in environmental protection facilities

RMB **321.10** million

Water recycled usage volume	water recycling rate
88,030.47	64.61 %
thousand cubic meters	

Community Well-being, Empowering Development

Total investment in social welfare reached³

RMB **7.35** million

Fertile Ground, Shared Success

0 incidents of child labor, forced labor, workplace discrimination, or harassment

Total number of full-time employees was¹

15,210 persons

Total training hours reached

126,769 hours

average training hours per person totaled

8.27 hours

Total health, safety, and environmental investment reached²

RMB **389.99** million

Lygend Resources and its subsidiaries Xi'an Pengyuan, Jiangsu Wisdom and HPL have all **passed ISO 45001 Occupational Health and Safety Management System certification**.

¹ The total workforce across the Group was 15,453.

² In this Report, the health, safety, and environmental investment data covers the entire Group.

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

01 Sustainability Management

Lygend Resources has embedded the concept of sustainable development into its corporate governance and operational decision-making. The Company has improved its ESG governance structure, clarified top-down ESG management responsibilities, and is committed to translating long-term ESG goals into strategic actions. It continues to engage and collaborate with stakeholders to jointly advance the implementation of sustainable development practices.

■ Board of Directors Statement

■ ESG Governance

■ United Nations Sustainable Development Goals

■ Stakeholder Communication

■ Materiality Analysis

Board of Directors Statement

“

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

”

ESG Governance

Lygend Resources has established an ESG governance structure led by the Board of Directors. Under the Board's supervision, the ESG Management Committee, the ESG Working Group, the ESG Office, and various business units and subsidiaries. This structure ensures the coordinated promotion and implementation of ESG initiatives.

The Board ESG Management Committee of Lygend Resources is chaired by the Chairman. Members of the ESG Management Committee are individuals within the Group who possess the ability to identify and manage ESG risks. Serving as an internal body between the Board and the business units and subsidiaries, the ESG Management Committee is responsible for facilitating upward and downward communication to coordinate ESG matters.

The ESG Management Committee is responsible for identifying the Group's ESG risks and opportunities, and for regularly reporting the status of their management to the Board. It also coordinates stakeholder communications, conducts materiality analysis on ESG issues, formulates governance strategies and methodologies, oversees day-to-day management and information disclosure, and sets targets as well as periodically reviewing progress against those targets. When discrepancies arise between the effectiveness of measures and the targets, the ESG Management Committee develops appropriate corrective actions. For further details on the responsibilities and working mechanisms of the Group's ESG Management Committee, please refer to the "Terms of Reference and Working Rules of the Environmental, Social, and Governance Committee" on the Company's official website.

Decision-making Level

The Company's Board of Directors plays a supervisory and decision-making role in the Group's ESG strategy, management approach, and objectives.

The Board

Management Level

This level is responsible for the comprehensive leadership and coordination of ESG efforts at the executive level of the Group. It oversees the ESG work of subsidiaries and regularly reports to the Board of Directors.

ESG Committee

Execution Level

This level is tasked with implementing the requirements set forth by the ESG Committee. It collaborates with departments related to ESG issues to advance the Company's ESG initiatives and regularly reports the latest progress to the Group's ESG Management Committee.

ESG Working Group

Each Business Unit and Subsidiary

ESG Office

ESG Governance Framework of Lygend Resources

To ensure the Board effectively fulfills its oversight responsibilities for sustainable development, Lygend Resources regularly provides sustainability training to Board members. During the Reporting Period, the Company delivered professional training and policy guidance to Board members covering key areas such as listing rules, the "Corporate Governance Code", and anti-corruption, ensuring they accurately grasp the latest regulatory requirements and compliance standards.

United Nations Sustainable Development Goals

Lygend Resources actively responds to the United Nations Sustainable Development Goals (SDGs), committing to translating the concept of sustainable development and strategic objectives into practical actions, and conveying to all stakeholders its sense of responsibility in practicing sustainable development.

Responsible Governance, Steady Foundation

- Optimizing board structure, ensuring diversity and professionalism
- Strengthening ESG governance framework, securing steady implementation of sustainability strategy
- Building diversified communication channels, ensuring information disclosure quality and supporting investor decision-making



- Fortifying business ethics defense, deepening risk management and internal control for stable progress
- Unblocking diversified compliance feedback channels, creating a clean and compliant organizational environment
- Advancing responsible supply chain development, enhancing resilience and compliance across the industry chain

Green Transformation, the Carbon-Neutral Future

- Promoting climate governance, strengthening identification, management, assessment, and response to climate risks and opportunities, and continuously enhancing climate adaptability and business resilience
- Improving environmental management system, consolidating environmental compliance and emergency response capability
- Strictly controlling pollutant emissions, upgrading treatment processes and equipment to reduce adverse environmental impact



- Deepening energy saving and resource utilization in office and production operations, supporting circular economy development
- Actively fulfilling ecological and biodiversity protection responsibilities, improving ecosystem functions through practical actions, and safeguarding our shared home

Operational Excellence, Value Co-Creation

- Establishing a market-oriented R&D system, building the "Lygend Non-Ferrous Metal Materials Innovation Laboratory", and continuously generating innovative outcomes with industry influence
- Deepening cooperation with upstream and downstream partners and research institutes, efficiently integrating external innovation resources
- Organizing specialized intellectual property training to enhance employees' awareness and application capabilities; systematically advancing IP protection, encouraging patent filings, and establishing infringement risk prevention mechanisms covering the entire product development process

- Continuously conducting quality management certifications, embedding quality awareness into corporate development, and fostering a strong quality culture
- Providing High-Quality Services to Customers, Meeting Needs and Enhancing Satisfaction
- Building a responsible supply chain, improving whole-lifecycle supplier management, strengthening raw material quality and source control, and enhancing supply chain resilience and stability



Fertile Ground, Shared Success

- Optimizing talent recruitment mechanisms, refining talent structure to match dynamic business development
- Promoting equality and diversity, creating a fair and just workplace environment
- Safeguarding employee rights, prohibiting child labor, forced labor, and all forms of discrimination

- Constructing a multi-dimensional employee empowerment system, driving overall competency and efficiency improvement
- Improving career advancement pathways, enhancing employee belonging and organizational identity
- Strengthening occupational health and safety controls, optimizing employee benefits and implementing safety production management



Community Well-being, Empowering Development

- Supporting rural characteristic industries, boosting local employment and economic growth, facilitating community integration and sustainable development
- Participating in community co-building, livelihood care, and specific practices to support local development

- Funding education, supporting cultural heritage projects, and promoting multi-dimensional public welfare actions including sports development



Stakeholder Communication

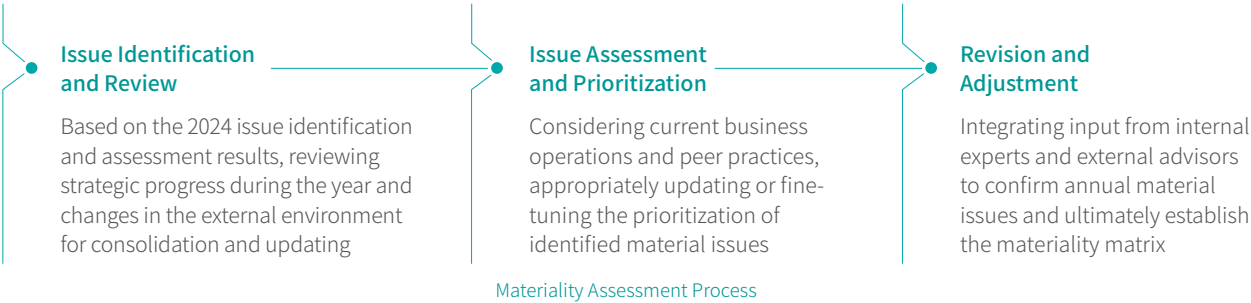
Lygend Resources places high importance on the views and expectations of its stakeholders. The Company has established regular communication channels and mechanisms with stakeholders, receiving and responding proactively to their concerns on an ongoing basis. Based on stakeholders' expectations, the Company appropriately adjusts its ESG action strategies and management plans, promoting multi-party participation in sustainable development management.

The main communication channels and methods between the Company and its stakeholders are as follows:

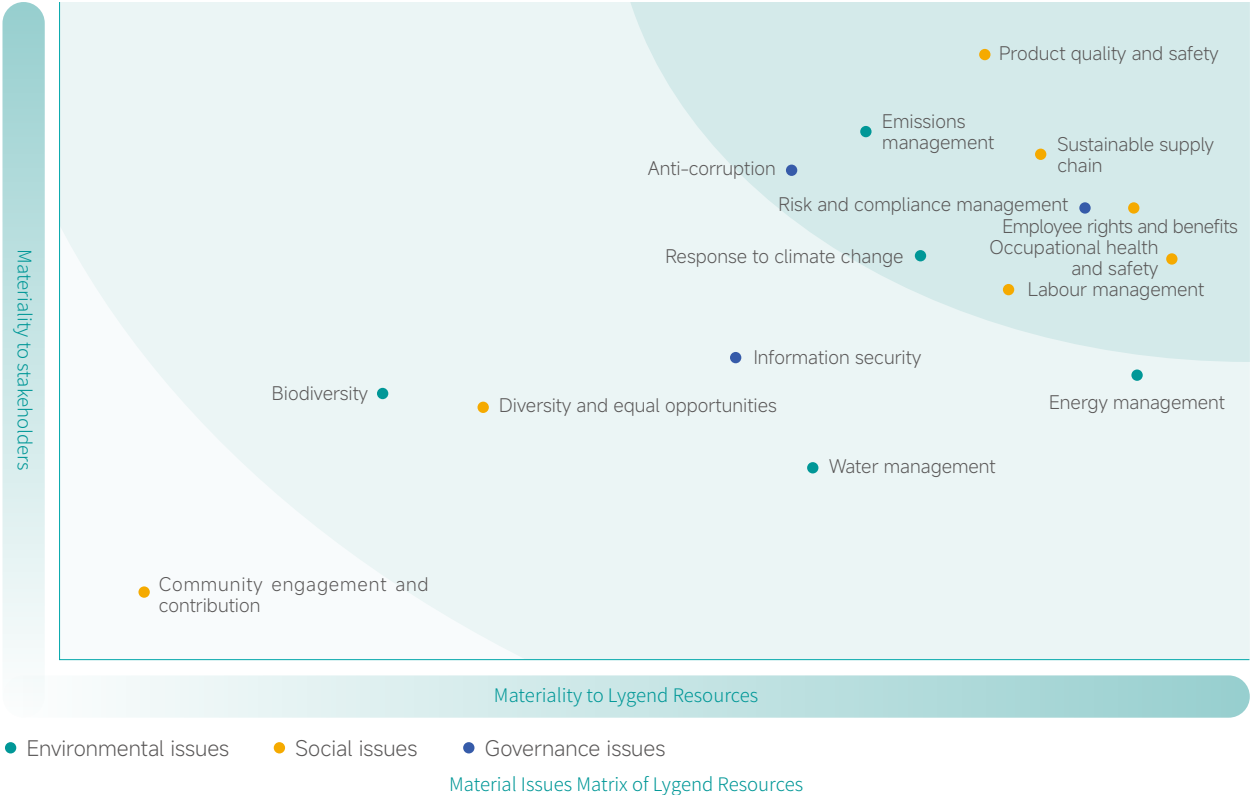
Stakeholders	Issues of Interest	Main Communication Channels
 Employees	- Labor management - Occupational health and safety - Employee rights and benefits - Diversity and equal opportunity - Anti-corruption	- Employee activities - Training programmes - Performance appraisal - Employee satisfaction surveys - Internal communication platforms - Internal emails
 Customers	- Product quality & safety - Sustainable supply chain - Response to climate change	- Company website - Official announcements - Emails and customer service hotline
 Investors	- Anti-corruption - Risk and compliance management - Energy management - Emissions management - Water resource management	- Shareholders' meetings - Announcements and circulars - Earnings briefings - Company website - Roadshows and reverse roadshows - Investor hotline and email
 Suppliers and business partners	- Sustainable supply chain - Product quality and safety - Emissions management	- Site visits - Business conferences - Supplier evaluation - Supplier guidance - Meetings
 Government departments and regulatory authorities	- Response to climate change - Energy management - Emissions management - Water resource management - Risk and compliance management - Anti-corruption - Biodiversity	- Official correspondence - Information disclosures - Meetings - Site visits
 Public and Community	- Community engagement and contributions - Biodiversity	- Information disclosures - Exchanges and mutual visits - Media interviews - Charity and public welfare activities

Materiality Analysis

To systematically identify priorities for sustainable development, Lygend Resources conducts regular materiality analysis. By integrating actual business operations, communication with internal and external stakeholders, and industry benchmarks, the Company assesses the significance of each issue to clarify priority directions for resource allocation, ensuring that ESG management aligns with stakeholder expectations and business development.



During the Reporting Period, the Company reviewed and updated its material issues based on changes in the external environment and the characteristics of its own business operations. This process identified nine high-materiality issues, five medium-materiality issues, and one low-materiality issue. Based on the results of materiality identification, the Company prioritizes these issues and, in this report, discloses and responds to its core performance and key achievements in the relevant areas to all stakeholders.



02 Responsible Governance, Steady Foundation

Lygend Resources is committed to creating solid, shareable long-term value for its stakeholders through sound corporate governance. The Company adheres to business ethics, strictly complies with domestic and overseas laws, regulations, and industry standards, and continuously improves its governance structure by benchmarking against industry's best practices. By establishing a scientific and efficient decision-making mechanism and a robust risk management and internal control system, the Company ensures stable and compliant operations. On this basis, the Company upholds transparent and timely information disclosure, actively fulfills its social responsibilities, continuously enhances its governance level, and strengthens the foundation of long-term corporate value, thereby deeply embodying the corporate spirit of "power and excellence, always without limits".

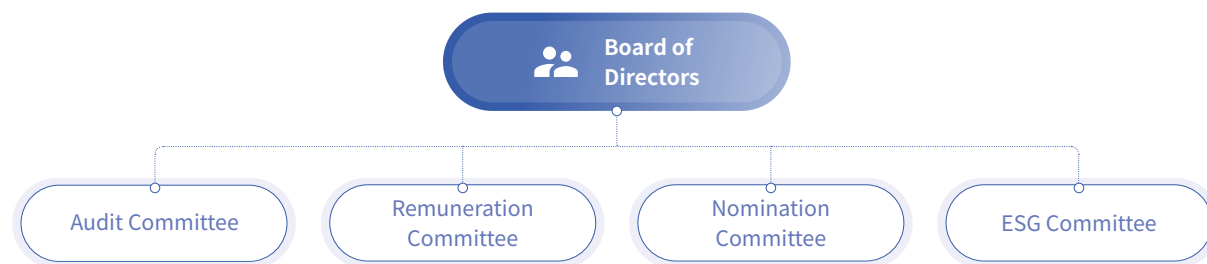
- Corporate Governance
- Information Disclosure and Investor Relations Management
- Internal Control and Risk Management
- Business Ethics and Compliance
- Information Security and Privacy Protection



Corporate Governance

Lygend Resources upholds the principle of responsible governance, strictly complies with the "Company Law of the People's Republic of China", the "Arrangements for the Transitional Period for the Implementation of Supporting Systems and Rules of the New Company Law", the "Guidelines on the Bylaws of Listed Companies (2025 Revision)", and the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited", as well as other laws, regulations, and regulatory requirements. The Company has also established internal governance systems, including the "Articles of Association", the "Rules of Procedure for Shareholders' Meetings", and the "Rules of Procedure for Board of Directors' Meetings". During the Reporting Period, the Company closely monitored regulatory developments in light of its operational realities and conducted a comprehensive revision of the "Articles of Association" and related governance systems. Accordingly, the Board of Supervisors has been abolished, and its original functions have been transferred to the Audit Committee under the Board of Directors in accordance with the law, and the "Rules of Procedure for the Board of Supervisors' Meetings" have been simultaneously repealed. Through this adjustment to its governance structure, the Company has further improved its governance mechanism featuring clear rights and responsibilities and efficient operation, thereby embedding responsible governance throughout its entire business management process.

Lygend Resources has established a governance structure with the Board of Directors as the primary decision-making body, responsible for formulating the Group's overall strategy and fundamental policies. The Board has four Board Committees, each with clearly defined functions and coordinated division of responsibilities, systematically fulfilling supervisory and decision-making duties in key areas to safeguard the fundamental interests of the Company and all shareholders.



Board Structure of Lygend Resources

Lygend Resources has formulated and implemented the "Board Diversity Policy", committing to enhancing the diversity and professionalism of its board members. When selecting and recommending board candidates, the Company comprehensively considers dimensions such as gender, age, cultural background, and professional experience, with the Nomination Committee reviewing and overseeing the implementation of board diversity. During the Reporting Period, the Company elected employee representative directors to the second Board of Directors through the Employees' Congress, further optimizing the board structure and strengthening employees' democratic participation in governance. As of the end of the Reporting Period, the Board of Directors consisted of nine directors, including two female directors, meeting the gender diversity requirement. All board members possess extensive industry experience and professional expertise in areas such as overall management and strategic development, finance and accounting, policy research and corporate governance, and metal production and trade, enabling the Company to improve the scientific and comprehensive nature of its decision-making from multiple dimensions and perspectives.

Lygend Resources continuously enhances governance effectiveness, driving scientific decision-making and high-quality development. The Securities Affairs Department, as the standing administrative body of the Board of Directors, takes multiple measures such as pre-meeting communication to support directors in performing their duties, fully solicits their opinions, and improves meeting efficiency and decision quality. At the same time, the Company actively pays attention to the rights and demands of key stakeholders such as shareholders and customers, incorporates environmental friendliness and resource conservation into its decision-making priorities, and guides the enterprise toward green, low-carbon, and sustainable transformation.

During the Reporting Period, Lygend Resources held 10 board meetings and 5 Shareholders' meetings.

Information Disclosure and Investor Relations Management

Lygend Resources is committed to establishing transparent and efficient communication mechanisms to ensure the comprehensiveness and accuracy of information access for all stakeholders. The Company strictly complies with laws and regulations such as the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited", the "Measures for the Administration of Information Disclosure of Listed Companies", and the "Securities and Futures Ordinance", as well as internal policies and systems such as the "Articles of Association", the "Related Party Transaction Decision-Making Rules", and the "External Guarantee Management Rules", to ensure the quality of information disclosure and effectively support investors' decision-making judgments.

To promote deep interaction with stakeholders, the Company actively builds diversified and regular communication channels. It adopts various methods such as online and offline roadshows to significantly increase the frequency of communication with investors. Online, the Company makes full use of social media, the official website, and other channels to broaden the scope of interaction with investors and enhance the accessibility and interactivity of information. Offline, the Company regularly holds earnings briefings, investor exchange events, and other activities to promptly convey the Company's operating dynamics and strategic plans to investors and actively respond to market concerns. During this year's communication, the Company focused on presenting and introducing the ESG practices at the Obi project base to investors, which received high recognition from them. During the Reporting Period, the Company organized a total of one annual results briefings and 139 internal research visits and outbound exchanges for investors.

During the Reporting Period

The Company organized a total of

1
annual results briefing

139

internal research visits and outbound exchanges for investors



Looking ahead, the Company will further optimize its investor relations management mechanism and information disclosure processes to continuously enhance its market image and brand value. It will continue to deepen communication with stakeholders, promptly convey operating results and strategic direction, and share development achievements with investors.



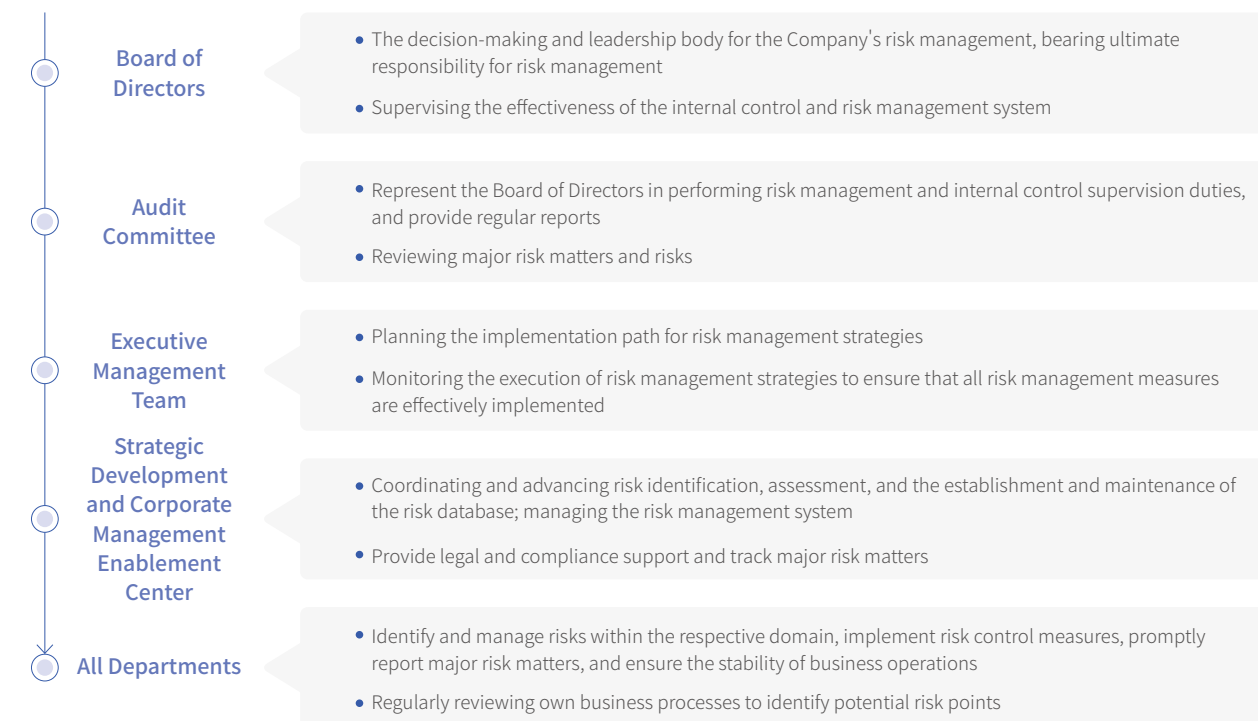
Internal Control and Risk Management

Lygend Resources regards risk management and internal control as the core safeguards for the Company's stable operations. Based on internal governance documents such as the "Risk Management Manual," "Risk Management Rules," and "Internal Control Manual," the Company continuously promotes mechanisms for risk identification, assessment, response, and monitoring. Through regular risk inspections and internal evaluations, the Company continuously optimizes its risk control strategies, effectively enhances compliance operations and risk resilience, and provides solid support for the achievement of strategic objectives.

During the Reporting Period, the Company further consolidated its institutional foundation by formulating and implementing the "Company Safety Management Manual", the "Patent Management Measures", the "Longitudinal Research Projects and Funding Management Measures", and the "Off-office Audit Management Measures", and by revising and updating the "IT Asset Management Measures" and the "Engineering Procurement Management Measures". These efforts have further enhanced the Company's management level and risk management capabilities at the institutional level.

Risk Management Framework

To continuously improve its risk management level, Lygend Resources constantly optimizes the Company's risk management architecture. The Board of Directors, as the highest decision-making and oversight body for risk management, leads a risk management structure comprising the "Board of Directors – Audit Committee – Executive Management Team – Strategic Development and Corporate Management Enablement Center – All Departments". Leveraging an efficient reporting and coordination mechanism, the Company ensures clear responsibilities and smooth interactions across all levels, steadily strengthening its integrated capabilities in risk prevention, identification, and response.



Risk Management Framework of Lygend Resources

Risk Identification and Response

To systematically enhance risk prevention and control capabilities, Lygend Resources continuously carries out risk identification across the Group. The Company has established a regular risk identification mechanism, focusing on dynamic monitoring and assessment of changes in the internal and external environment, engineering construction, work safety, and procurement and sales operations.

The Company continuously improves its risk management procedures to ensure timely identification, accurate assessment, and effective response to both external and internal risks. During the Reporting Period, the Company conducted risk assessments through methods such as questionnaires and dedicated interviews, and managed the assessment outcomes via risk alerts, targeted management actions, organizational structure adjustments, and revisions to management responsibilities. In addition, the Company carried out semi-annual and annual internal control self-assessments. Upon review and confirmation by the Board of Directors, it was determined that the Company maintained effective internal control in all material respects, with no significant internal control deficiencies identified relating to financial reporting or non-financial reporting. Looking ahead, the Company will further strengthen daily supervision and internal control evaluations to provide strong support for its sustainable development.

Risk Management Culture Development

To enhance employees' risk awareness and compliance operation capabilities, Lygend Resources systematically conducts risk management-related training. The Company has established a regular training mechanism, providing new employees with specialized training covering the four key functions of "risk control, legal affairs, internal control, and compliance". Through real case analyses, the training conveys the core concept that "everyone is a risk manager" and clarifies the code of conduct requiring employees to seek consultation for any matter, keep records of all operations, and strictly follow process authorities. On this basis, the Company continues to strengthen new employees' practical skills in risk identification, process development, and other dimensions, thereby consolidating the foundation of risk prevention and control for all staff. During the Reporting Period, the Company conducted seven risk and internal control training sessions for new employees.

For key departments and critical systems, the Company carries out in-depth specialized promotion and training. Each month, targeted training is provided to procurement personnel from the perspectives of law, risk management, and processes, ensuring that compliance baselines are upheld at the front line of business operations. In addition, the Company delivers specialized training via online platforms tailored to different positions and departments according to specific system content and procedural requirements. By implementing a regular training mechanism, the Company further consolidates the standardized foundation of business processes, ensuring stable operation on a compliant track.



Business Ethics and Compliance

Lygend Resources upholds integrity as the foundation of its business, and is committed to fostering a responsible, ethical, and mutually beneficial commercial environment. The Company strictly complies with laws and regulations such as the "Criminal Law of the People's Republic of China", the "Civil Code of the People's Republic of China", and the "Interim Provisions on Banning Commercial Bribery", and integrates anti-corruption requirements into its operations and management through the continuous implementation of the "Audit and Supervision Rules", the "Employee Gift Management Rules", and the "Employee Handbook". During the Reporting Period, the Company promulgated and implemented the "Off-office Audit Management Measures", aiming to strengthen audit supervision over departing personnel in key positions by clarifying role responsibilities and audit procedures, so as to objectively assess performance during their term of office and further improve the Company's oversight and restraint mechanisms. HPL also consistently implements the "Code of Ethics and Conduct" and the "Anti-Bribery, Anti-Corruption and Anti-Money Laundering Policy", continuously reinforcing the foundation of a clean and upright culture.

In terms of market competition, the Company strictly complies with relevant laws and regulations such as the "Anti-Unfair Competition Law of the People's Republic of China", actively maintains a fair and honest market order, effectively safeguards the legitimate rights and interests of customers and other business operators, and ensures that all commercial activities operate in a transparent and compliant framework. During the Reporting Period, the Company did not encounter any litigation cases related to unfair competition.

Anti-Corruption Management Framework

To continuously deepen integrity and compliance initiatives, Lygend Resources has been improving its anti-corruption management system. Under the leadership of the Board of Directors and the Audit Committee, the Audit and Supervision Department serves as the core regulatory enforcement body, systematically carrying out anti-corruption and anti-fraud work. Guided by the working principle of "combining punishment and prevention, with a focus on prevention", the Company works through cross-departmental collaboration and detailed division of responsibilities to jointly strengthen the governance foundation of honest operations, ensuring that integrity and compliance requirements are fully integrated into every aspect of its business.

Responsibilities of the Audit and Supervision Department

- Design, organize, and oversee the implementation of the anti-bribery and anti-fraud system, continuously updating and improving it based on business development, risk assessments, and supervisory reviews
- Implement process controls and key monitoring measures for the Company's anti-bribery and anti-fraud efforts, conduct regular and ad-hoc audits and inspections, and report findings to the Board of Directors
- Handle reports of bribery and fraud, investigate reported cases, and provide recommendations for resolution
- Promote and conduct relevant anti-bribery and anti-fraud training and awareness programs

Risk Assessment of Commercial Bribery and Corruption

Lygend Resources refers to the framework of "ISO 37001:2016 Anti-Bribery Management Systems - Requirements with Guidance for Use" to assess the risks of commercial bribery and corruption, aiming to establish a sound mechanism for prevention, detection, and response, ensure clean operations, and safeguard corporate reputation and competitiveness. The Company continuously conducts comprehensive evaluations around the implementation of anti-corruption policies, the level of leadership commitment and support, the effectiveness of employee training, internal and external communication mechanisms on anti-bribery, and reporting and investigation procedures. Through an in-depth analysis of the probability of risk occurrence and the degree of impact in business processes, the Company has identified procurement operations and engineering construction as key high-risk areas subject to close monitoring.

In response to the above high-risk areas and identified management weaknesses, Lygend Resources has taken a series of targeted preventive measures. In procurement management, the Company worked with multiple departments to further standardize integrity clauses in contracts, ensuring that all newly added suppliers sign integrity agreements. Meanwhile, the Company carried out regular audits of domestic subsidiaries, headquarters buildings, and Obi project management. For identified weaknesses in procurement price comparison, supplier admission, and on-site supervision, it urged relevant units to strictly enforce management systems and enhance progress control. By continuously conducting post-audit checks, the Company ensured the closed-loop rectification of issues identified in audits, effectively improving its ability to prevent and respond to corruption and fraud risks.

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

Strengthen Full-Process Supervision and Inspection

- Commercial ethics risk assessments are incorporated into routine audits.
- Implement institutional norms such as the "Engineering Procurement Management Measures" and the "Supplier Management Measures".
- Regulating bidding and procurement activities and the full lifecycle management of suppliers. The Company strengthens oversight of the tendering and price-comparison processes, conducts regular on-site inspections of construction sites, and performs periodic visits to suppliers and contractors.

Sign Integrity Commitments

- Sign the "Commitment Letter of Integrity and Self-Discipline" with all employees
- Establish multi-channel complaint and reporting channels.



Increase Integrity Training and Publicity

- Provide professional guidance to board members on listing rules, the "Corporate Governance Code", and anti-corruption matters to ensure that management stays abreast of the latest compliance requirements.
- Organize key position holders to participate in lectures on crime prevention in office, and deliver specialized compliance and integrity training to park management and management trainees. During the Reporting Period, a total of nine integrity education and training sessions were organized domestically, covering more than 220 person-times.
- Conduct irregular face-to-face discussions with high-risk positions such as procurement and construction management, clarifying the consequences of fraudulent behavior through policy dissemination and warning education.
- Regularly publish integrity cases and professional knowledge via the official WeChat account, carry out integrity training on an ongoing basis, and issue integrity reminders during important holiday periods to urge all employees to adhere to the bottom line of integrity.
- Regularly visit suppliers and construction partners to establish an environment of honest operations through on-site communication, and assist in identifying and reporting improper conduct.

Whistleblowing and Whistleblower Protection

Lygend Resources continuously improves its whistleblowing and supervision mechanisms for misconduct, encouraging all stakeholders to report violations through open channels. The Company strictly complies with the "Complaints and Reporting Procedures", which set out clear requirements for handling improper conduct such as bribery, embezzlement, and fraud by employees, and conducts timely investigations and actions in accordance with these provisions. By continuously optimizing its reporting processes and whistleblower protection mechanisms, the Company provides institutional safeguards to uphold integrity-driven business operations.

Lygend Resources has established multiple, open reporting channels, including email, telephone, WeChat, website, and mailboxes, to ensure the transparency and accessibility of its whistleblowing policies and procedures. During the Reporting Period, the Company officially launched Integrity Education Platform on the WeChat official account of the Audit and Supervision Department, and simultaneously enabled the reporting function on the account to further expand channels for integrity-related complaints. The Company stipulates that upon receipt of a report, the Audit and Supervision Department shall verify the content of the report and organize an investigation, ensuring that the investigation report is completed and submitted to the responsible person and the Chairman of the Board within a maximum of three months. In addition, the Company continues to prominently display information about its reporting channels in various tender documents, procurement contracts, new employee onboarding training materials, the Company website, office areas, production facilities, dormitories, and cafeterias, ensuring that relevant policies and channels reach a wide audience and are effectively implemented.

Lygend Resources' Public Whistleblowing Channels

- **Whistleblowing Hotline, QQ, WeChat:** 18658231930
- **Whistleblowing Email:** shenji@lygend.com
- **Whistleblowing Website:** Lygend Resources & Technology Co., Ltd. Official Website Integrity Whistleblowing⁴
- **Whistleblowing Mailbox:** Audit and Supervision Department, 6th Floor, Building C10, R&D Park, 299 Guanghua Road, Yinzhou District, Ningbo, Zhejiang Province, China
- **Whistleblowing Official Account:** WeChat official account



Whistleblowing Process of Lygend Resources

Lygend Resources has established a sound whistleblower protection mechanism, clearly stipulating that all materials related to reports may only be accessed by designated personnel, thereby effectively protecting the privacy and legitimate rights of whistleblowers. The Company has designated the Audit and Supervision Department as the sole functional unit with authority to conduct anti-fraud investigations, and it reports directly to the Chairman of the Board and the Audit Committee, ensuring the independence, objectivity, and high level of confidentiality in the acceptance and verification of reports. Confidentiality is the foremost principle, and the Company strictly implements information leakage prevention systems and procedures to guarantee the absolute security of whistleblowers' identities and the contents of their reports. Furthermore, the Company strictly prohibits any form of retaliation against whistleblowers, and any confirmed instances will be subject to serious accountability in accordance with laws and regulations.

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

Information Security and Privacy Protection

Lygend Resources regards information security as the lifeline of its business operations and strictly complies with relevant laws and regulations. The Company continuously implements institutional norms such as the "IT Operations and Maintenance Management System" and the "Data Security Management System", fully enforcing management requirements for key processes such as testing and release, and continuously improving its management system. During the Reporting Period, there were no incidents of penalties imposed by regulatory authorities due to violations of information security-related laws or regulations.

To effectively protect customer privacy and prevent information leakage, the Company conducts regular maintenance of system software and hardware as well as backups, implements access permission controls for critical data, and assigns dedicated personnel to manage passwords and perform periodic updates. The Company explicitly prohibits employees from accessing information systems without authorization and forbids the transfer or lending of equipment storing commercial secrets for any purpose beyond work requirements. Facing increasingly complex information security threats, the Company uses a bastion host to isolate and audit access to core hosts and application systems, as well as to log all operational activities throughout the entire process. Relying on a unified Identity and Access Management system (IAM) and strategies such as mandatory periodic password changes, the Company comprehensively safeguards account security.

On the technical protection front, the Company configures firewall security policies and deploys Web Application Firewalls (WAF) at server boundaries, intercepting large numbers of unauthorized access attempts and Trojan attacks, and blocking nearly ten thousand website attack incidents. In addition, the Company has established a standardized backup mechanism to ensure daily incremental backups and weekly full backups of production and server data, conducts at least one recovery drill every six months, and strengthens tracking and protection for cross-border data transfers and external distribution, thereby building a comprehensive data security barrier.

Lygend Resources firmly upholds the baseline of information security. The Company commissions a professional third-party agency to conduct comprehensive information security vulnerability scans and carries out rectifications based on the vulnerability scan results from the cybersecurity department. To address potential security threats, the Company has established a sound information security emergency response mechanism, isolating affected hosts from the network, conducting targeted detection and categorized handling to effectively prevent the spread of risks. Meanwhile, the Company continuously provides information security training to all newly hired employees to ensure that security guidelines are effectively applied in their daily work. During the Reporting Period, the Company's server host security software operated smoothly, with no risk incidents occurring and no information security events recorded.



03 Operational Excellence, Value Co-Creation

Lygend Resources adheres to a development philosophy centered on innovation-driven growth and quality first, committed to leading industry progress through technological breakthroughs and continuously delivering high-quality products and professional services to customers. The Company has built an efficient and sustainable supply chain system to ensure stable and responsible supply, providing reliable integrated solutions for global partners.

- R&D and Innovation
- Quality Assurance
- Quality Customer Service
- Sustainable Supply Chain



R&D and Innovation

Lygend Resources has established a market-oriented R&D system, continuously generating innovative outcomes with industry influence. The Company actively promotes open cooperation and exchanges, and implements a strict intellectual property protection mechanism to ensure that technological advantages are transformed into sustainable core competitiveness.

R&D System

Lygend Resources regards technological R&D and process innovation as the driving force for its sustainable development, and has built a differentiated product and technology system covering the entire chain from R&D to industrialization. In accordance with the "Several Opinions of the State Council on Improving and Strengthening Administration of Scientific Research Projects and Funds Supported by Central Finance" and the "Notice by the State Council of Several Measures for Optimizing the Management of Scientific Research and Improving Scientific Research Performance", the Company has formulated internal management measures such as the "Measures for the Management of Vertical Research Projects and Funds". These efforts aim to improve the innovation-oriented R&D system and standardize R&D and innovation management.

The Company has established a sound R&D management system, clearly defining the responsibilities of each functional department in innovation project management and forming an efficient and collaborative technology research mechanism. This system ensures that R&D activities are closely aligned with the Company's strategic objectives, providing institutional guarantees for technological innovation and the commercialization of research outcomes. In addition, the Company continues to increase R&D investment to support forward-looking technology exploration and industrial application.

R&D Achievements

Lygend Resources regards R&D and innovation as the core engine driving its sustainable development and is committed to building a systematic technological R&D platform. The Company has established the "Lygend Nonferrous Metal Materials Innovation Laboratory", striving to build a comprehensive innovation platform integrating the functions of "technology R&D – industrial incubation – talent aggregation".

This platform is closely aligned with the Company's strategy and the needs of industrial upgrading, focusing on multiple directions including high-end material preparation process research, low-grade and refractory resource development, valuable metal recovery, comprehensive resource utilization, as well as mine resources and business expansion. By establishing a domestic physical R&D base, the platform has significantly improved R&D efficiency, systematically covering the full-chain technology layout from resource recovery and high-end material preparation to downstream applications, thereby enhancing the Company's technical reputation and innovative competitiveness in the industry.



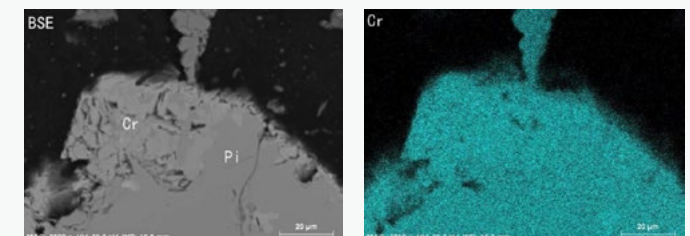
Lygend Nonferrous Metal Materials Innovation Laboratory

Cooperation and Communication

The Company continues to strengthen the development of its R&D and innovation system, actively building an open and diversified collaborative R&D framework. By deepening cooperation with upstream and downstream partners as well as research institutes, the Company efficiently integrates external innovation resources, effectively stimulating R&D vitality and innovation momentum.

Indonesia Laterite Nickel Ore Comprehensive Recovery of Chromite Beneficiation Technology Development Project

In 2025, Lygend Resources collaborated with Changsha Mining Research Institute to carry out a specialized development of chromite beneficiation technology for the comprehensive recovery of chromium ore from Indonesian laterite nickel ore. The project covers key stages such as process mineralogy studies, optimization of beneficiation process technology, flow sheet testing, and product inspection. At present, all experimental work and the review of test reports have been completed, providing reliable technical support for the subsequent efficient and comprehensive utilization of resources.



BSE backscattered electron image of chromite (Cr) disseminated in and around chromite spinel (Pi), and corresponding Cr elemental mapping

2025 Smelting Slag Disposal and Utilization Conference

From September 26 to 28, 2025, Lygend Resources participated in the "2025 Smelting Slag Disposal and Utilization Conference". The conference focused on exchanging insights and discussing topics such as the comprehensive disposal and utilization of copper smelting slag and zinc smelting slag, as well as the recovery and utilization of waste heat from blast furnace steelmaking slag.

Intellectual Property Protection

Lygend Resources actively advances intellectual property (IP) protection efforts, strictly complying with laws and regulations such as the "Trademark Law of the People's Republic of China", the "Detailed Rules for the Implementation of the Patent Law of the People's Republic of China", and the "Patent Law of the People's Republic of China". The Company has formulated institutional documents including the "Patent Management Measures" to implement standardized and institutionalized controls over the creation, management, utilization, and protection of intellectual property. A clear innovation incentive mechanism has been established, oriented toward improving patent quality and cultivating high-value patents. In 2025, the Company filed a total of 23 patent applications, received acceptance notices for 16 applications, and was granted 10 patents.

While safeguarding its own intellectual property, the Company consistently respects the IP rights of others. IP protection is embedded throughout the entire product development process, with IP searches and infringement risk assessments conducted at each key stage—including project initiation, development, and market launch—to respect the innovative achievements of others.

Quality Assurance

Lygend Resources has established a product quality management system that runs through the entire process. Through standardized quality control and a continuous improvement mechanism, the Company ensures that product performance and reliability reach industry-leading levels. The Company insists on integrating quality awareness into every aspect of its development, actively fostering a quality culture, and aims to provide customers with stable, reliable, and high-quality products.

Quality Management System

Lygend Resources strictly complies with the "Product Quality Law of the People's Republic of China" and other relevant laws and regulations. The Company has formulated a series of institutional documents, including the "Measures for the Management of Nonconforming Products", "Measures for the Management of Quality Acceptance of Outsourced and Purchased Products", "Measures for Quality Rewards and Penalties in Production Workshops", and "Product Quality Inspection Management Measures", establishing a comprehensive quality document system that covers the entire quality management process. During the Reporting Period, the Company did not incur any major product quality liability accidents, nor did it experience any situation requiring the recall of sold or shipped products for safety and health reasons.

The Company continues to carry out certification work related to quality management, advancing system certification, product certification, and service certification to safeguard product quality and safety. In 2025, Lygend Resources and several of its subsidiaries obtained ISO 9001 Quality Management System Certification.



Lygend Resources



HPL



ONC



KPS



Jiangsu Wisdom



Xi'an Pengyuan

Product Quality Management

Lygend Resources formulates and implements product quality control and integrated management measures. In line with its business characteristics and actual production conditions, the Company simultaneously develops more targeted and practical implementation plans. Together, these form a vertically coordinated, full-chain quality control and improvement system.

Product Quality Control and Improvement Management Measures

System and Responsibility Framework

- Jiangsu Wisdom strictly complies with operating procedures and equipment maintenance requirements to ensure standardization and compliance in the inspection process.
- Xi'an Pengyuan implements a Project Management System (PMS), incorporating product quality management into the entire project implementation process.
- KPS issues the "Regulations on Sampling, Numbering, and Composition Testing of RKEF Process Samples", specifying requirements for sampling, numbering, and testing.
- HPL and ONC establish Standard Operating Procedures (SOP), using two sets of parallel experiments to ensure data accuracy.

Process Control and Inspection

- Jiangsu Wisdom focuses on completion rates and effective remedies after delays to ensure inspection tasks are completed on time.
- Xi'an Pengyuan establishes workshop laboratories equipped with spectrometers, ultrasonic thickness gauges, metallographic microscopes, and other devices.
- KPS specifies the testing frequency, composition standards, and feedback deadlines for each key indicator to ensure efficient and orderly analysis with timely result output.
- HPL and ONC's quality control measures cover the entire testing process, including sealed rapid sampling, standardized sample pretreatment, preventing sample degradation or contamination, dedicated personnel allocation, standard solution preparation, and instrument calibration.

Collaboration and Improvement Mechanism

- Jiangsu Wisdom encourages employees in relevant positions to proactively report quality issues and actively share knowledge on quality improvement, reflecting cross-departmental collaboration and continuous improvement.
- KPS departments collaborate with each other to achieve closed-loop management between on-site operations and laboratory analysis, enhancing data accuracy and production process stability.
- HPL and ONC establish a problem-handling procedure: if anomalies are detected during testing, inspection is immediately halted and reported; factors such as samples, reagents, operations, and instruments are jointly investigated, corrective actions are taken accordingly, and results are released only after verification of conformity. The entire process is documented and archived, forming a closed-loop management system.

Lygend Resources takes clear quality standards as a prerequisite, and through standardized laboratory testing and complete data traceability, lays the foundation for quality judgment. All inspection data are fed back to the procurement department for use in supplier performance evaluation and graded management. When inspection anomalies occur, the Company immediately initiates a dual verification mechanism comprising internal self-inspection and re-inspection by external authoritative institutions, and makes disposition decisions such as acceptance or return based on final scientific conclusions, effectively safeguarding overall operations and product quality. During the Reporting Period, the Company did not experience any product recalls related to product quality or safety.

For nonconforming products, the Company has established a closed-loop management process covering the entire flow from procurement, through production, to finished goods. This process runs through key stages such as incoming inspection of purchased items, first article and patrol inspections during production, rework and repair, and final finished product warehousing, and it standardizes the classification criteria, review authority, and disposal procedures for nonconforming products. At the same time, by implementing a standardized tiered control mechanism, the Company strengthens the identification and responsiveness to nonconforming products, ensuring timely control of quality risks at each stage and continuous improvement.

Quality Culture Development

Lygend Resources and its subsidiaries continue to deepen the development of a quality culture, conducting hierarchical and content-specific quality-related training for all employees every year to consolidate quality culture management. The Company holds monthly quality meetings and delivers specialized training on quality awareness and responsibility. In addition, technical lectures led by senior engineers are organized on an ad hoc basis to provide in-depth interpretation of core processes and professional knowledge, continuously enhancing the team's expertise and quality management capabilities. In 2025, KPS completed the compilation of the "Quality Management Manual" and organized all departments to study and undergo training on its contents. HPL and ONC carried out multiple quality control training programs for frontline operators, including the "Raw and Auxiliary Material Quality Standards" and the "Process Indicator Control Standards", achieving 100% coverage of employees.

Learning New Detection Methods for Nickel Element in Ferronickel

In 2025, to strengthen the professional skills of the inspection team and promote the upgrading of testing standards, the subsidiary Jiangsu Wisdom organized a special training program titled "Learning New Detection Methods for Nickel Element in Ferronickel". This initiative systematically introduced and promoted the more precise and reliable gravimetric method as the new standard detection method. Adopting a training model combining theoretical instruction with hands-on practice, inspectors not only quickly mastered the principles and operational essentials of the new method but also verified its higher accuracy and repeatability through comparative testing. This provides technical assurance for production process control and consistency in product quality.



Detection Method Learning

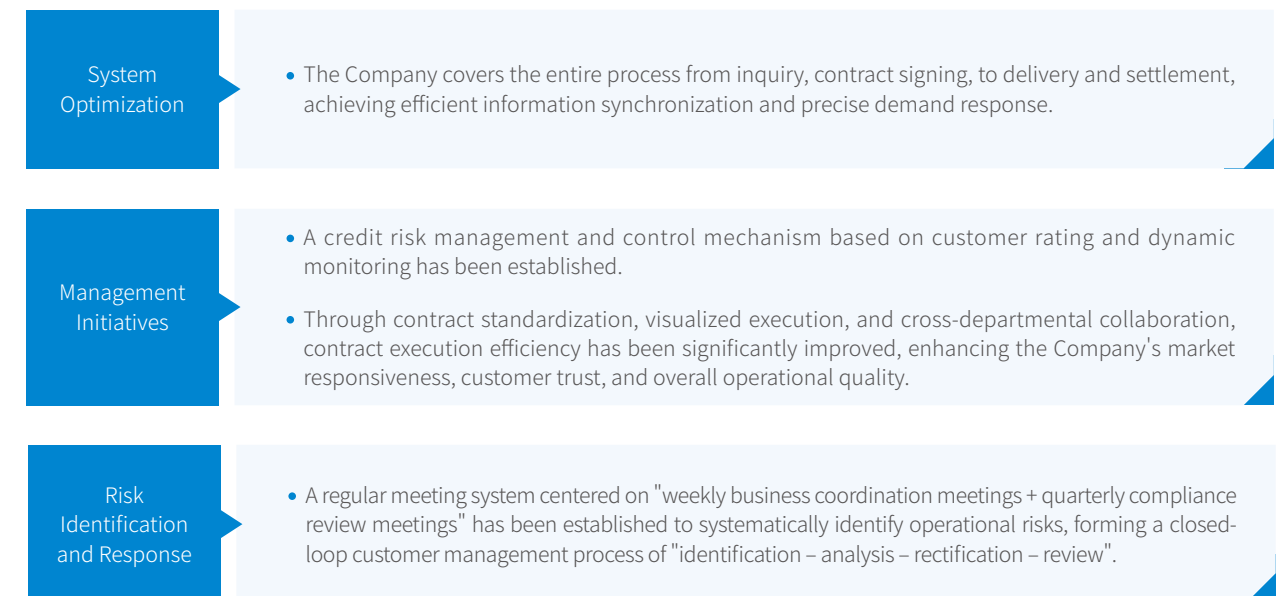
Quality Customer Service

Lygend Resources always adheres to the customer-first philosophy, committed to providing high-quality services, meeting customer needs, and enhancing customer satisfaction. In the field of customer service, the Company has built a comprehensive, multi-tiered service system, and through effective responsible marketing management, fully safeguards customer rights and interests, laying a solid foundation for the Company's long-term development.

Customer Service and Complaint Management

Lygend Resources consistently centers on customers' core needs, systematically building and continuously optimizing its response mechanisms. The Company focuses on key aspects such as supporting services, product quality, delivery timelines, and port operations to develop an agile and precise response system. Through proactive deployment and iterative process improvements, it ensures efficient coordination and reliable delivery at every stage, creating a continuously value-added service experience for customers.

Furthermore, Lygend Resources has formulated multidimensional customer service management initiatives, continuously iterating its customer service system to provide clients with more forward-looking and demand-aligned solutions, thereby consolidating its competitive edge in the market and enhancing operational stability.



Multidimensional Customer Service Management Measures of Lygend Resources

In terms of customer complaint response, the Company has established a complaint management and response mechanism, setting different management levels, response time limits, and communication rhythms based on the importance of the customer. Senior management directly handles complaints from strategic customers and focuses on core steps such as root cause analysis of quality issues, implementation of corrective actions, negotiation of compensation plans, and adoption of customer suggestions. This enables a closed-loop management process from immediate response to continuous improvement, ensuring efficient resolution of problems and driving internal system optimization. During the Reporting Period, the Company received no complaints regarding its products and/or services.



Feedback Receipt

The sales team serves as the primary contact, responsible for collecting and documenting all customer feedback and issues.



Internal Coordination

Based on the specific content of the customer feedback, the sales team will immediately coordinate with relevant departments such as Production and Logistics to ensure that the issues are addressed professionally and effectively.



On-Site Response

We quickly collaborate with departments including Production and Logistics to verify the situation reported by the customer and formulate efficient countermeasures, ensuring the customer's operations remain unaffected.



Quality Improvement

For any identified quality issues, the Company requires enhanced quality management, review, and supervision to ensure all products meet the required standards.

Lygend Resources Customer Service Process



Customer Satisfaction

Lygend Resources regards customer satisfaction as a core indicator for measuring the quality of its services and driving continuous improvement, and has established a systematic mechanism for research, analysis, and optimization. The Customer Service Department coordinates the implementation of tiered management and regular surveys, and sets up cross-departmental task forces to advance this work collaboratively, ensuring that customer feedback is comprehensively collected and effectively translated into action.

The Company extensively gathers customer opinions around key dimensions such as product quality, service response, and professional support. All survey results are incorporated into specialized analyses and directly linked to the performance evaluations of relevant departments, forming a management closed loop of "collection – evaluation – improvement – feedback".

Looking ahead, Lygend Resources will continue to refine its customer-centric service management system, systematically applying the results of satisfaction surveys to process optimization and team empowerment. This will further enhance the precision of service responses and the level of customer experience, thereby strengthening the foundation of trust for the Company's long-term and steady development.

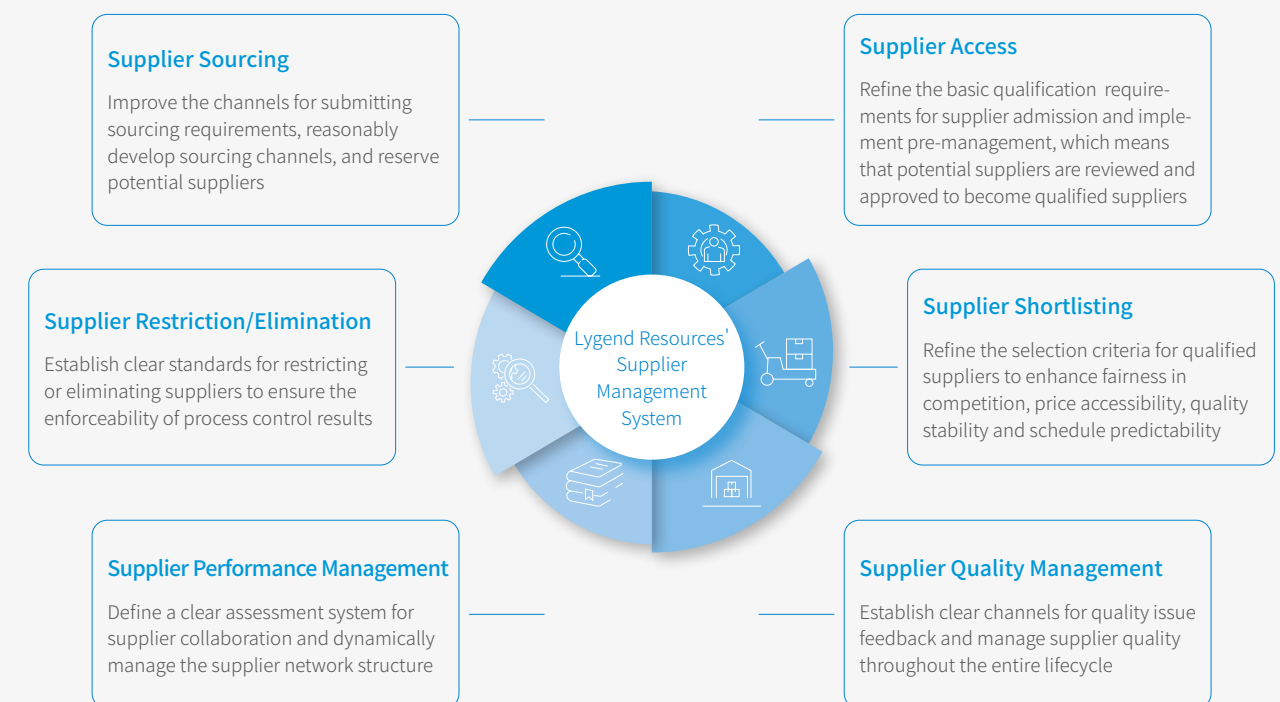
Sustainable Supply Chain

Lygend Resources leverages the strengths of the industrial chain to build a responsible supply chain. The Company continuously improves supplier lifecycle management, strengthens raw material quality control and origin management, and enhances supply chain resilience and stability. It establishes close, stable, mutually beneficial, and win-win cooperative relationships with supply chain partners to foster a sustainable industrial ecosystem.



Supplier Management

Lygend Resources, in accordance with laws and regulations such as the "Bidding Law of the People's Republic of China" and the "Regulations on the Implementation of the Bidding Law of the People's Republic of China". In line with its actual management needs, the Company has formulated a series of supplier management systems. The Company also explicitly stipulates requirements in contracts concerning supplier business ethics, fair competition, quality and service, labor protection, work safety, as well as data and privacy protection, so as to promote effective supplier management. The Company continuously improves its supplier management system by sorting out and integrating historical management experience with current business requirements. From supplier sourcing, qualification, shortlisting, quality management, and performance evaluation to restriction and phase-out mechanisms, the Company has comprehensively refined six major management modules and developed corresponding management measures. This forms a structured management approach covering the entire supplier lifecycle, effectively driving continuous improvement in supply chain collaboration efficiency and stability.



Screening and Management

- In 2025, the Company optimized the online registration process for suppliers, improved the information structure, and added a special certification declaration module. Suppliers are encouraged to provide special qualifications already recognized by the market in areas such as manufacturing and enterprise management. The Company also reviews suppliers' financial capability and whether their sales representatives are from the original manufacturer.
- Select high-quality suppliers that demonstrate outstanding performance in quality, cost, delivery compliance, and responsiveness.
- Establish a supplier classification management system. Taking into account the material characteristics and differences in the petrochemical and metallurgical industries, restructure the material classification standards and match corresponding qualified supplier resources accordingly.

Evaluation and Exit

- Implement a combined model of "on-site audit + qualification certification". For newly introduced key suppliers, conduct on-site audits to assess their production, quality, environmental, and safety management systems. For existing core suppliers, carry out periodic offline site inspections to ensure that quality, production environment, and other issues comply with the Company requirements.
- For suppliers that fail to meet standards, take measures such as rectification and suspension of cooperation, and decide whether to restore their qualification or eliminate them based on the results of the rectification.

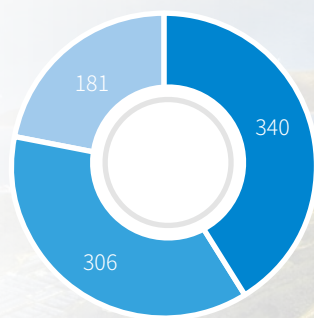
Lygend Resources Supplier Management Measures

Building on the further improvement of its supplier management system, Lygend Resources deeply embeds digital tools into its management processes, leveraging technology to drive the coordinated enhancement of compliance and efficiency.

Supplier Digital Management Practices

Lygend Resources continues to advance the digital management of its supply chain. In 2025, the Company launched an online management module for procurement processes, achieving full-link online collaboration from order distribution, price comparison, and contract execution to shipment. This has enhanced real-time visibility into procurement progress and data traceability. On this basis, the Company front-loaded supplier prequalification reviews and mandated precise matching between procured materials and supplier qualifications, thereby strengthening the rationality of selection at the source. By the end of the Reporting Period, the Company had achieved a fully online closed-loop process covering supplier admission, on-site inspection, prequalification review, and contract amendments, embedding compliance into the business workflow and effectively reducing the risk of non-compliance.

Number of Suppliers by Region⁵



- Number of suppliers in Mainland China, Hong Kong, Macau, and Taiwan
- Number of suppliers in Indonesia
- Number of suppliers in other overseas regions

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

Supply Chain ESG Management

Regarding each stage of the procurement process and the specific characteristics of suppliers, Lygend Resources, based on internal supply chain environment and social risk-related policies, sets clear requirements for suppliers' compliance and performance standards in the areas of environment, social responsibility, and governance. The Company has established a complete closed-loop risk management process that includes ESG risk identification, assessment, and response measures, to ensure the ongoing health and efficient operation of the supply chain. The Company conducts regular on-site audits, evaluations, and verifications of suppliers' environmental impact, product quality, and work safety, promoting the continuous improvement of suppliers' risk management capabilities.

Supplier Integrity Management

To build stable and healthy cooperative relationships, Lygend Resources actively safeguards the legitimate rights and interests of both the Company and its partners. The Company requires that 100% of newly selected suppliers sign the "Commitment Letter of Integrity", emphasizing fair competition and integrity requirements, and communicates to suppliers the channels for submitting feedback and reporting misconduct. In addition, the Company conducts integrity training for all employees and requires every newly hired employee to sign a "Commitment Letter of Integrity and Self-Discipline" as required.

Supply Chain Environmental Management

The Company explicitly requires in contracts that suppliers must comply with environmental protection laws and regulations during production and service processes. It encourages and gives priority to suppliers that have passed the ISO 14001 Environmental Management System Certification, an important performance bonus criterion. The Company implements tiered environmental responsibility management for suppliers at different stages and continuously refines on-site audit standards for suppliers.

Supply Chain Responsibility Transmission

In 2025, Xi'an Pengyuan adopted a combination of contractual constraints and on-site audits to continuously convey sustainability requirements to its suppliers. Xi'an Pengyuan explicitly incorporated clauses on environmental protection, labor rights, and business ethics into agreements, and conducted joint on-site visits to verify and guide suppliers' implementation of environmental protection measures, work safety, and labor protection provisions, thereby ensuring that supply chain management responsibilities were effectively fulfilled.

Supply Chain Stability

The Company actively promotes the domestic substitution of key equipment spare parts, and has established a full-process traceability system covering material requisition and batch records, enabling effective monitoring of the sources and flow of raw materials. For product quality issues, a rapid response mechanism has been set up, with collaboration between the quality inspection and procurement departments, to ensure prompt handling of problems and maintain production continuity. In addition, the Company investigates the existing partners of suppliers to assess their stability and supply quality, and expands cooperation with several large suppliers, continuously optimizing the supply structure to enhance the stability and risk-resilience of the supply chain.

Supplier Communication and Cooperation

Lygend Resources is committed to growing together with its suppliers, providing customized resource support and diversified, efficient communication channels. The Company offers professional guidance in multiple stages such as supplier admission assessments and daily management, continuously improving suppliers' overall capabilities.

Supplier Exchange and Diversified Expansion

In 2025, facing challenges where high-risk raw materials were affected by multiple factors—including market prices, geopolitical risks, and transportation stability—the Company focused on optimizing the supplier system and systematically advanced diversification efforts. Through industry conferences, targeted outreach, and other means, the Company proactively expanded supplier channels to upstream/downstream affiliated companies, actively gathering market intelligence and cooperation opportunities. In this process, the Company gradually built a supply system covering multi-regional sources and various types of suppliers, and established cooperation with alternative feedstock suppliers.

Due Diligence Management in the Mineral Supply Chain

Key metal minerals play a strategically supportive role in the Company's business. Lygend Resources fully understands that enhancing transparency in the mineral supply chain is fundamental to ensuring the stability and sustainability of the industrial chain, as well as an important measure for winning long-term customer trust.

Lygend Resources strictly follows the "Chinese Due Diligence Guidelines for Mineral Supply Chain" and the laws and regulations of host countries where it operates abroad and has formulated the "Responsible Raw Materials Procurement Policy". The Company identifies and updates the list of Conflict-Affected and High-Risk Areas (CAHRA) countries/regions on a quarterly basis, embedding the principles of responsibility, sustainability, and ethics into supply chain management. This list is primarily used for supply chain risk identification and due diligence grading management and serves as an important reference for risk assessment in procurement decision-making. The Company requires all suppliers to uphold business integrity, respect human rights, safeguard labor rights and interests, fulfill occupational health and safety responsibilities, and meet environmental obligations, and prohibits procurement from conflict-affected and high-risk areas.

In addition, the Company has established a risk-based due diligence system to identify and manage supply chain risks, including those related to environment, society, and governance. To continuously verify the effective operation of the system, the Company regularly conducts due diligence audits of the mineral supply chain, assesses supplier risks based on audit findings, and adopts corresponding risk management and improvement measures in line with actual conditions. During the Reporting Period, subsidiaries HPL and ONC obtained certification under the RMAP, marking the Company's achievement of internationally leading standards in mineral supply chain management.



ONC Responsible Minerals Assurance Process (RMAP) Cobalt and Nickel Mine Certifications



HPL Responsible Minerals Assurance Process (RMAP) Cobalt and Nickel Mine Certifications



04 Green Transformation, the Carbon-Neutral Future

Against the backdrop of global low-carbon transition and responsible resource development, Lygend Resources has positioned green transformation as a key pillar of its long-term development strategy and integrates environmental responsibility into production operations and management decisions. Upholding compliance as the baseline, the Company actively implements green production and operations in areas such as emission reduction, pollution control, resource efficiency, and energy conservation. It continues to strengthen its management capabilities in addressing climate change and ecological impacts, striving to collaborate with stakeholders to jointly safeguard our shared home.

■ Addressing Climate Change

■ Environmental Management System

■ Emission and Waste Management

■ Use of Resources

■ Biodiversity Conservation

Addressing Climate Change



Lygend Resources has fully recognized the significant impact of global climate change on its operations. The Company is committed to continuously improving its climate governance framework and management mechanisms, deepening the systematic identification, analysis, and assessment of climate-related risks and opportunities. Climate-related considerations are fully integrated into daily operations and management decisions, with a focus on enhancing the overall resilience of the business.

Governance

Lygend Resources has established a comprehensive climate governance system spanning strategic, managerial, and operational levels. Through standardized governance structures and processes, a four-tier top-down governance framework has been formed: Board of Directors -ESG Management Committee - ESG Office - Functional Departments. The respective responsibilities and division of labor are clearly defined at each level, ensuring systematic and ongoing supervision and management of climate-related matters.

The Board of Directors bears ultimate responsibility for climate governance, overseeing the scientific rigor and compliance of climate policies, strategies, management principles, and objectives. The Board is responsible for approving dedicated climate governance policies, emission reduction targets, and low-carbon transition strategies, making decisions on climate-related risks and opportunities, and conducting regular reviews of the effectiveness of the climate governance framework. To ensure and continuously enhance its expertise and governance capability, the Board also undergoes regular training on climate change.

The ESG Management Committee is responsible for reviewing and verifying climate-related risks and opportunities and regularly monitoring the implementation and progress of climate policies, strategies, and objectives. Through dedicated reporting, internal risk assessment, external expert consultation, and industry analysis, the Committee continuously obtains updated information on climate risks and opportunities and develops corresponding response measures accordingly. The ESG Management Committee reports regularly to the Board of Directors on progress toward climate targets and the status of risk mitigation efforts.

The ESG Office, composed of dedicated ESG personnel, is responsible for executing daily tasks such as implementing climate response measures, accounting for carbon emission data, preparing disclosure documents, overseeing departmental performance, and supplier climate-related activities.

Each functional department undertakes tasks assigned by the ESG Management Committee and is required to submit an annual climate performance report to the Committee, outlining the achievement of objectives, existing issues, and improvement measures.

The Company has conducted a prudent assessment of incentive and constraint mechanisms related to climate management and plans to appropriately incorporate climate-related performance into its compensation policies⁶ in the future.

⁶As of the end of the Reporting Period, the Company has not yet incorporated climate-related performance into its remuneration policy. This is primarily because its production capacity has not yet stabilized, with ongoing project commissioning, capacity expansion, and adjustments to implementation plans. As a nickel and cobalt resource development and smelting enterprise, the outcomes of climate actions are significantly influenced by factors such as production scale and technological iteration, and require validation over a longer time horizon. In the short term, it is therefore difficult to establish stable and controllable metrics suitable for remuneration assessment, and the objective conditions for integration into the remuneration framework are not yet in place.

The Company intends to initiate the alignment of its remuneration policy once production capacity stabilizes and quantified climate targets are established. Controllable indicators will be selected for inclusion in performance assessments, and a detailed plan will be disclosed upon review and approval by the Remuneration Committee.

Strategy

To systematically identify the potential impacts of climate-related risks and opportunities on business models and value chains, and to clarify priorities for climate governance, management, and response, the Company references mainstream disclosure frameworks such as the "International Financial Reporting Sustainability Disclosure Standard 2: Climate-related Disclosures (IFRS S2)". It conducts climate risk and opportunity identification, materiality assessments, and financial impact evaluations, while continuously refining response strategies for key climate risks. Building on this, the Company further carries out climate scenario analysis. By integrating business operations and industry trends, climate risks requiring priority attention and potential opportunities are identified at the current stage. The primary climate-related risks and opportunities identified are presented in the table below.

Type of Climate Risk	Main Category	Specific Risks /Opportunities
Physical Risk 	Acute Risk	Heavy Precipitation
		Heatwaves
		Typhoons
		Extreme Cold
		Drought
		Wildfires
	Chronic Risk	Water Shortage
Transition Risk 	Reputation Risk	Inadequate Information Disclosure
	Policy and law Risk	Enhanced Carbon Emission Control
	Market Risk	Customer Demand Shifts
	Technology Risk	Pressure for Process Upgrades
Transition Opportunity 	Resource Efficiency	Energy Efficiency Improvement
	Energy Source	Use of Clean Energy
	Products and Services	Growth in Demand for New Energy Materials
	Adaptability	Proactive Response

List of Climate-related Risks and Opportunities

Climate Scenario Analysis

In 2025, the Company conducted its first climate scenario analysis based on sample assets covering the subsidiaries included in the scope of this report. To ensure the timeliness and relevance of the analysis results, the Company plans to conduct scenario analysis every five years and establish a dynamic reassessment triggering mechanism--when there are significant adjustments to national "dual carbon" policies, major updates to industry low-carbon technology standards, or substantial changes in the company's business structure, the reassessment process will be promptly initiated. This aims to further identify and evaluate the potential impact of climate-related risks on corporate operations and business performance, and to comprehensively assess climate resilience.

Physical Risk Assessment

For physical risks, the Company adopts the SSP2-4.5 and SSP5-8.5 scenarios from the Intergovernmental Panel on Climate Change (Intergovernmental Panel on Climate Change, IPCC) to analyze the exposure of relevant assets to physical risks under medium and high greenhouse gas emission scenarios across baseline, near to medium-term, and long-term timeframes. The assessment measures the proportion of asset value loss due to physical risks using metrics such as physical risk exposure and the Physical Value-at-Risk (PVaR) of selected physical risks.

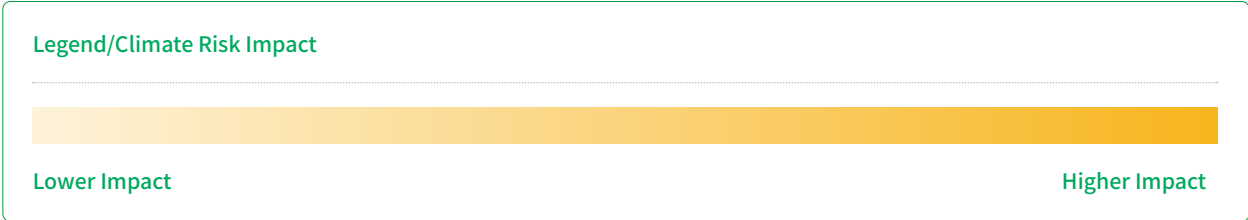
Scenario	IPCC SSP2-4.5	IPCC SSP5-8.5
Scenario Assumption	Medium-emission scenario with moderate climate policy intervention. Under this scenario, global greenhouse gas emissions remain roughly at current levels until around mid-century, then decline, resulting in an increase in global average temperature of about 2.7°C above pre-industrial levels by the end of the century.	- High-emission scenario without climate change policy intervention. - Under this scenario, global greenhouse gas emissions and concentrations continue to rise, leading to an increase in the global average temperature of more than 4 °C C above pre-industrial levels by the end of the century.
Analysis Time Nodes	Baseline Period (2025), Near-to-Medium Term (2030), Long Term (2050)	
Key Assumptions	- The geographic location of the assets in this scenario analysis is assumed to remain unchanged throughout the analysis timeframe (i.e., up to and including 2050). - This scenario analysis does not consider insurance or any physical climate risk mitigation measures.	

Physical Risk Scenario Selection and Key Assumptions

Based on the risk rating data of each asset under the above scenarios at different time nodes, the Company has performed a weighted calculation using the holding value weight of each asset, and analyzed the current asset risk exposure as well as the near-to-medium term and long-term trend analysis results.



Risk Type	Baseline	2030		2050	
		SSP2-4.5	SSP5-8.5	SSP2-4.5	SSP5-8.5
Extreme Heat					
Extreme Cold					
Drought					
Water Scarcity					
Heavy Precipitation					
Typhoon					
Wildfire					
Sea-Level Rise					
Ecological Environmental Damage					



Lygend Resources Climate Physical Risk Exposure⁷

The scenario analysis results indicate that under both the SSP2-4.5 and SSP5-8.5 climate scenarios, the risks of extreme heat, heavy precipitation, typhoons, and ecological environmental damage faced by the Company generally show an upward trend over time, though the degree of change and urgency vary across risk types. Among these, heavy precipitation risk is relatively more urgent, with risk exposure concentrated in regions where assets are clustered, such as Ningbo, Zhejiang, and Obi Island in Indonesia. Under the high-emission SSP5-8.5 scenario, extreme heat risk is projected to intensify in the long term, with associated risk exposure rising notably by 2050. Additionally, typhoon risk exposure may also increase in the long term. Climate models exhibit some uncertainty in simulating tropical cyclones near the equator, which could lead to potential overestimation in long-term projections; the Company will continue to monitor relevant research developments. The remaining physical risks have relatively limited impact on the Company's overall assets and operational activities.

For the three types of physical risks that are of relatively high materiality to the Company—extreme heat, heavy precipitation, and typhoons—the Company further estimated the PVaR of sample assets up to 2050. Under both the SSP2-4.5 and SSP5-8.5 scenarios, without considering already implemented or potential mitigation measures, typhoons may cause significant losses to Ningbo Lygend, while heavy precipitation may cause moderate losses to several of Lygend Resources' sample assets. In contrast, the PVaR for extreme heat risk at each sample location in 2050 is mostly below 2%, indicating that the risk is relatively manageable.

In response to the three types of physical risks identified in the scenario analysis that have relatively material impacts, Lygend Resources has initiated a full value chain impact assessment, systematically mapping risk transmission pathways, quantitatively evaluating their potential effects on key financial metrics, and developing targeted response measures aligned with business characteristics. These initiatives are fully integrated into the Company's sustainability strategy and daily operational risk management system, to continuously enhance overall operational resilience.

⁷ In the table, the proportion of assets with medium high and high physical risk exposure levels is calculated based on the holding enterprise value.

Risk Category	Impact Period	Affected Region	Impact Pathway and Affected Operations	Value Chain Impact Level	Financial Impact Description	Climate Resilience Building Initiatives
Heavy Precipitation	Near-to-medium term, Long term	Ningbo, Obi Island	• Operational Disruption: Flooding may inundate the Company's plant area, causing severe damage to production infrastructure. Equipment repairs are time-consuming and costly, leading to prolonged production line interruptions and forcing a complete shutdown of the plant. • Supply Chain Disruption: Flooding may cause port closures and land route blockages, affecting the import of raw materials and the shipment of finished products, thereby hindering subsequent production. The Company's ability to deliver goods to downstream industry customers on schedule is compromised, potentially impacting long-term business relationships. • Personnel Safety: Extreme weather conditions threaten the safety of employees during commuting, transportation, and outdoor work.	Upstream, Downstream, Direct Operations	Increased equipment repair costs, higher capital expenditures, constrained production capacity, reduced operating revenue, and threats to employee personal safety.	• Strengthen infrastructure construction: Implement flood control upgrades for facilities, especially factories and warehouses located in Ningbo and Obi Island, such as constructing flood embankments and upgrading drainage systems, to enhance the flood resilience of the facilities. Given that the local infrastructure on Obi Island may be relatively weak, increased investment is required to ensure the safety of key facilities. • Establish early warning mechanisms and emergency response plans: Cooperate with local meteorological departments to set up an extreme rainfall (flood) early warning system for timely flood forecasting information. Develop emergency response plans that specify personnel evacuation routes, material relocation measures, and other actions in the event of a flood, and conduct regular drills. • Optimize Supply Chain Management: Assess the impact of flooding on the supply chain, identify backup suppliers, and prepare an emergency logistics roadmap. For example, establish backup warehouses to ensure timely material supply when local warehouses are affected by floods. • Procure Risk Transfer Instruments: Purchase insurance coverage for asset damage, logistics delays, and related risks to reduce financial losses through risk transfer.
Typhoon	Near-to-medium term, Long term	Ningbo, Obi Island	• Strong winds and heavy rain may damage the plant facilities at production sites, leading to workshop leaks and equipment exposure damage. Equipment repairs are time-consuming and costly; meanwhile, the Company must halt production according to emergency response plans, directly disrupting the production process. • Personnel Safety: Extreme weather conditions threaten the safety of employees during commuting, transportation, and outdoor work. • Supply Chain Disruption: Raw material procurement relies on stable logistics. Typhoons can lead to port operation shutdowns and road transport blockages, impacting raw material imports and finished product shipments. This results in order delivery delays, damages long-term relationships with suppliers and customers, and increases supply chain management costs and risks.	Upstream, Downstream, Direct Operations	Increased equipment repair and insurance costs, leading to higher operating expenses and capital expenditures, constrained production capacity, reduced operating revenue, and threats to employee personal safety.	• Facility Reinforcement: Strengthen facilities, especially factories and warehouses in Ningbo, by reinforcing building structures and installing wind-resistant doors and windows. Secure and protect critical equipment to prevent damage during typhoons. • Emergency Plan Development: Formulate a typhoon emergency response plan, including personnel evacuation procedures and material reserve strategies. Prior to a typhoon's arrival, promptly organize the evacuation of personnel to safe zones to ensure employee safety. • Enhance Early Warning and Response: Strengthen communication and cooperation with local governments to obtain timely typhoon warning information and follow their emergency directives. Actively support local government disaster recovery efforts after the typhoon passes.
Extreme Heat	Near-to-medium term, Long term	Ningbo, Xian, Jiangsu	• Reduced Efficiency: Under extreme heat, metal components of equipment are prone to deformation due to thermal expansion and contraction, leading to a significant increase in equipment failure rates and severely impacting production efficiency. • Increased Energy Consumption: High-temperature weather raises the Company's cooling demand. Cooling systems require more water and electricity, significantly increasing energy costs. Additionally, the Company may face power supply constraints and electricity rationing risks, further disrupting production schedules. • Personnel Safety: Extreme heat poses serious health risks to frontline employees, making them prone to heatstroke, heat exhaustion, and other heat-related illnesses. This leads to reduced work efficiency, increased absenteeism, and raises the Company's labor costs and production losses.	Upstream, Downstream, Direct Operations	Increased equipment repair costs, higher energy consumption costs, elevated operating expenses and capital expenditures, reduced order volumes, decreased operating revenue, and threats to employee personal safety.	• Equipment Maintenance and Management: High temperatures may affect the normal operation of equipment. Develop a high-temperature equipment maintenance plan, conduct regular inspections and servicing, enhance the equipment's heat resistance, and ensure stable operation in high-temperature environments. For example, upgrade the cooling systems of smelting equipment to improve heat dissipation efficiency. • Energy Management Upgrade: Implement an energy management system, carry out energy-efficiency retrofits for cooling and ventilation systems, and utilize clean energy sources such as solar and wind power to reduce reliance on traditional energy, lower energy costs, and cut carbon emissions. • Improve Working Conditions: In high-temperature regions such as Xi'an, provide employees with a comfortable working environment, such as installing air conditioning, fans, and other cooling equipment, and supplying heat-relief medications and beverages. Reasonably schedule work hours to avoid high-intensity outdoor tasks during peak heat periods. • Establish a High-Temperature Subsidy Mechanism: Strictly implement national high-temperature subsidy policies, establish a standardized high-temperature subsidy distribution system, and ensure that subsidies are issued promptly and in full according to temperature changes and working conditions, safeguarding employees' rights and interests. • Focus on Employee Health: Enhance health monitoring for employees, organize regular physical examinations, and promptly identify and address health issues caused by high temperatures. At the same time, conduct training on heat-related illness prevention and cooling strategies to improve employees' self-protection awareness.

Transition Risk and Opportunity Assessment

For transition risks and opportunities, the Company conducted a climate scenario analysis focusing on policy risks dominated by carbon pricing. The Company selected the Delayed Transition Scenario and the 2050 Net Zero Scenario from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) to reflect the risk differences under disorderly and orderly transition pathways.

Scenario	NGFS Delayed Transition	NGFS 2050 Net Zero Scenario
Scenario Assumption	● Governments postpone (typically until after 2030) and abruptly introduce low carbon transition policies, with policy intensity increasing rapidly year by year, ultimately meeting the Paris Agreement's 2 °C temperature control target.	● The NGFS 2050 scenario assumes that effective climate policies are introduced globally at present, leading to an orderly transition worldwide, achieving net-zero emissions by 2050, and meeting the Paris Agreement's 1.5°C temperature control goal by the end of the century.
Analysis Time Nodes	● Near to Medium Term (2030), Medium to Long Term (2040), Long Term (2050)	

Transition Risk Scenario Selection

Based on the carbon price assumptions under the two NGFS transition scenarios mentioned above and combined with the carbon emission gaps of the Company's various asset sites, the Company further quantifies the Carbon Value at Risk (CVaR) to assess the potential impact of rising carbon prices on the value of each asset under different time nodes and transition pathways. The results of the transition risk scenario analysis are shown in the table below.

	2030		2040		2050	
	Delayed Transition	2050 Net Zero	Delayed Transition	2050 Net Zero	Delayed Transition	2050 Net Zero
Ningbo Lygend						
Xi'an Pengyuan						
Jiangsu Wisdom						
DCM						
HPL						
ONC						
KPS						
Summary of the Indonesia Obi Industrial Park						

Lygend Resources Climate Transition Risk Scenario Analysis Results⁸ (Risk Level)

Risk Level	Low	Medium-Low	Medium	Medium-High	Hight Above
CVaR Value Range	0%-1%	1% - 5%	5%-10%	10% - 30%	Over 30%

⁸ In the table, the risk level is displayed based on the range in which the CVaR falls. Carbon Value at Risk (CVaR) = Total Carbon Emission Cost / Enterprise Value; where Total Carbon Emission Cost = Own Carbon Emission Gap × Carbon Price. It represents the percentage of the company's assets that are vulnerable to climate-related transition risks.

The scenario analysis results indicate that climate transition risks for most of Lygend Resources' sites are relatively manageable. In the medium to long term, Jiangsu Wisdom faces relatively high transition risks. The Company will actively monitor domestic and international carbon reduction policy requirements, explore multiple decarbonization pathways, and respond to the low-carbon transition trend.

While assessing transition risks, the Company also actively identifies strategic opportunities arising from the climate transition. As global "dual carbon" goals advance and deepen, low-carbon development has become an industry consensus, generating new growth momentum for the Company in areas such as resource utilization, energy structure, and product services.

Risk/Opportunity Category	Impact Period	Impact Pathway and Affected Operations	Value Chain Impact Level	Financial Impact Description	Climate Resilience Building Measures
Transi- tion Risk	Reputational Risk	Medium-term, Long-term	Direct Operations, Downstream	Decrease in Operating Revenue: Reputation damage will reduce customers' willingness to collaborate, leading to fewer orders or customers switching to competitors, thereby directly impacting sales volume and market share, resulting in a decline in operating revenue.	● Integrate climate risks into strategic planning: Develop corresponding climate risk response strategies and transition plans and provide detailed explanations in disclosures to proactively address the demands of global investors for climate-related information. ● Strengthening Communication with Strengthen: Enhance communication and engagement with stakeholders such as customers, suppliers, investors, and the community. Address their concerns and expectations in a timely manner to gain their understanding and support. In addition to regularly publishing sustainability reports, promptly disclose the progress and outcomes of Lygend Resources' climate risk response initiatives through channels such as the corporate website and social media to improve information transparency. For example, share the latest updates on the Company's efforts in energy conservation, emission reduction, and low-carbon technology. ● Enhance Data Quality and Reliability: Establish a robust system for carbon emission data collection, monitoring, and analysis to ensure accuracy and completeness of data. Engage independent third-party institutions to verify climate-related information, thereby strengthening credibility.

Risk/Opportunity Category	Impact Period	Impact Pathway and Affected Operations	Value Chain Impact Level	Financial Impact Description	Climate Resilience Building Measures
Transition Risk	Policy and Legal Risk	Short-term, Medium-term, Long-term	Direct Operations, Downstream	Increased Credit Risk: Insufficient compliance may affect the Company's credit assessment among clients and financial institutions, leading to higher financing costs. Increased R&D Costs: To meet new policy requirements, the Company will need to invest more in the R&D of low-carbon processes. Increased Decarbonization Costs: Rising carbon prices will raise expenses for carbon allowance purchases and carbon emission compliance.	● Strengthen Policy Research and Compliance Management: Closely monitor changes in domestic and international policies and regulations related to resource development, environmental protection, and trade, providing a basis for the Company's strategic decisions. Meanwhile, enhance internal compliance management to ensure that all production and operating activities fully comply with legal and regulatory requirements, thereby avoiding legal risks arising from non-compliance.
					● Develop Clear Green Transition Goals and Plans: Referring to the national "dual-carbon" targets and relevant industry standards and aligned with Lygend Resources' business characteristics and development strategy, set specific, quantifiable green transition goals. Break down these goals into concrete phased tasks, formulate detailed implementation plans and timelines, and clearly define the roles and responsibilities of each department in the green transition to ensure the objectives are achieved smoothly. ● Enhance Climate-Related Information Disclosure: In accordance with relevant policy requirements and international practices, establish and improve a climate-related information disclosure system. Regularly disclose the Company's environmental performance, greenhouse gas emissions, water resource utilization, and other relevant data to the public, thereby enhancing transparency and credibility. Strengthen the review and management of disclosed information to ensure its truthfulness, accuracy, and completeness. At the same time, adopt a clear and accessible communication style for disclosures, making it easier for stakeholders such as investors and consumers to understand and assess the Company's capabilities in addressing climate risks.

Risk/Opportunity Category	Impact Period	Impact Pathway and Affected Operations	Value Chain Impact Level	Financial Impact Description	Climate Resilience Building Measures
Transition Risk	Market Risk	Short-term, Medium-term, Long-term	Downstream	Revenue Volatility Risk: Insufficient supply of low-carbon products may lead to customer churn and a decline in operating revenue.	● Implement Carbon Footprint Management: Establish a carbon footprint background database, and commission domestic or international institutions to conduct carbon footprint accounting and certification, obtaining authoritative carbon footprint data and certification labels. Display carbon labels on products or packaging to clearly communicate the product's carbon footprint level to customers, thereby enhancing the product's green image and market competitiveness. At the same time, benchmark the product's carbon footprint level against leading domestic and international standards as a key performance indicator, and continuously reduce the product carbon footprint by improving production processes, adopting energy-efficient equipment, and optimizing logistics and distribution. ● Increase Green R&D and Innovation: Gain a deeper understanding of customer demand for low-carbon products, allocate resources to R&D efforts focused on low-carbon products, leverage new energy, energy-saving, and environmental protection technologies, and develop products with enhanced low-carbon performance and cost-effectiveness. For example, develop more efficient energy storage equipment and energy-saving resource processing machinery. ● Optimize Inventory Management: Enter long-term contracts with key raw material suppliers to ensure stable supply and relatively reasonable pricing over a specified period. Adjust inventory levels appropriately based on market demand forecasts and raw material price trends. At the same time, optimize the inventory structure to reduce holding costs and improve capital efficiency.
					● Optimize Technology R&D Management: Establish partnerships with universities and research institutions to jointly conduct low-carbon technology R&D, while accelerating the translation and application of scientific and technological achievements. Prior to investing in low-carbon transition technology R&D or application, conduct comprehensive techno-economic analyses to assess the cost-effectiveness, feasibility, and risks of the technologies. During the implementation of low-carbon technology projects, rationally plan project schedules, optimize resource allocation, and avoid cost overruns due to project delays or resource waste. ● Adopt a Gradual Technology Upgrade Strategy: Develop cost-effective and flexible carbon-reduction technology solutions tailored to each operational location. For certain high-cost low-carbon transition technologies, implement a phased approach. Start with small-scale pilot projects to verify technical feasibility and effectiveness and scale up deployment once the technology is mature and costs are reduced. As technology advances and costs decline, gradually phase out low-carbon technologies that are excessively costly or inefficient, update and replace them in a timely manner, and maintain technological advancement and economic viability.

Risk/Opportunity Category	Impact Period	Impact Pathway and Affected Operations	Value Chain Impact Level	Financial Impact Description	Climate Resilience Building Measures
Transition Opportunities	Resource Use Efficiency	Short-term, Medium-term	Direct Operations	Reduced Operating Costs: Decreased expenses for energy, water, and other resources, along with lower carbon emission-related costs.	● Precise Energy Consumption Management: Establish a digital energy management platform, improve sub-metering of energy consumption, conduct energy management system certification and audits, and achieve visual and fine-grained control of energy usage. ● Energy Efficiency Improvement Retrofits: Implement waste-heat recovery, water-saving circulation, and energy-saving upgrades for key equipment. ● Solid Waste Resource Utilization: Establish a graded recovery mechanism for smelting slag, extract valuable metals, and repurpose tailings.
	Energy Sources	Medium-term, Long-term	Upstream, Direct Operations	Reduced Operating Costs: Lower exposure to fossil fuel price volatility, and access to policy and financing incentives for green energy use.	● Promote Implementation of Green Electricity Infrastructure: Establish renewable energy utilization targets, drive the procurement and consumption of green electricity. Put photovoltaic power generation facilities into operation, increase the self-sufficiency rate of green electricity, and reduce the cost of purchased electricity. ● Explore Electrification Transition: Explore electrification upgrades for high energy-consumption processes to increase the proportion of clean energy use.
	Products and Services	Short-term, Medium-term, Long-term	Downstream	Increased Operating Revenue: By advancing technological innovation and process improvements, develop low-carbon nickel-cobalt products to meet customers' green procurement demands, thereby enhancing market competitiveness.	● Promote Transparency of Product Carbon Data: Establish a product carbon footprint accounting and disclosure mechanism to enhance the transparency of carbon data throughout the entire lifecycle. ● Co-develop Low-Carbon Products: Collaborate with key customers on green design and application and pilot the construction of low-carbon production lines.
	Adaptive Capacity	Short-term, Medium-term, Long-term	Upstream, Direct Operations, Downstream	Increased Operating Revenue: Faster adaptation to policy and market changes, enhanced customer loyalty, and access to green financing and business opportunities.	● Policy Trend Dynamic Monitoring: Establish a policy and market information monitoring mechanism and regularly conduct scenario analysis and opportunity assessment. ● Industry Standards Participation: Engage in the development of industry low-carbon standards and pilot projects to enhance the overall adaptive capacity of the enterprise.

Enhancing Climate Resilience

Lygend Resources has deeply integrated climate resilience into its operational management and strategic decision-making. Focusing on physical risk mitigation and the management of transition risks and opportunities, the Company systematically advances climate adaptation and emission reduction actions across the entire value chain. In 2025, through engineering-based defense reinforcement, process energy efficiency improvements, and optimization of the energy mix, the Company has continuously strengthened its adaptability to extreme weather and the low-carbon transition.

Physical Risk Mitigation

In response to the three types of highly material physical risks identified in the scenario analysis—heavy precipitation, typhoons, and extreme heat, the Company adopts a coordinated approach across three dimensions: engineering defenses, early-warning response, and personnel protection, to continuously reduce asset exposure and operational disruption risks.

Upgrading of flood and typhoon prevention facilities

- For low-lying areas and coastal facilities in the factory, we will continue to promote the expansion and renovation of the drainage system, the heightening and reinforcement of flood control dikes, and the waterproof encapsulation of key equipment. The expansion of sewage treatment facilities and the technical upgrading of overflow reuse will indirectly enhance flood control resilience.
- A regular inspection mechanism for the drainage system will be established, focusing on the operation of drainage ditches, catchment wells, drainage pumps and other facilities. Comprehensive inspections and repairs will be carried out on waterproof facilities for walls, low-lying areas, as well as doors and windows of workshops to prevent rainwater backflow.

Emergency response to extreme weather

- Emergency response drills shall be conducted annually, covering scenarios such as fire, poisoning, heatstroke, gas leakage, special equipment accidents, dormitory fire safety, and secondary disasters caused by extreme weather, combining tabletop exercises with on-site practical drills.
- A graded response plan for severe weather shall be formulated, with differentiated measures implemented in accordance with yellow, orange and red early warning levels. The emergency response procedures for typical scenarios, including total plant power outage, water ingress into key equipment, and rain leakage in the raw material conveying system, shall be clearly defined.
- Each workshop shall carry out at least one special drill for severe weather every year. Key workshops shall organize special emergency drills for typhoons, heavy rainfall and flood backflow to ensure smooth implementation of the whole process: emergency information reporting, on-site command, personnel evacuation and post-disaster recovery.

Safety protection for work in high-temperature environments

- A high-temperature emergency support mechanism will be established. Heatstroke-prevention beverages will be provided daily, and additional heat-clearing and summer-relief food will be supplied during high-temperature warning periods. Meanwhile, mobile air coolers and spray cooling devices will be added, and the ventilation system will be optimized to improve the working environment at high-temperature posts. In 2025, Xi'an Pengyuan, a subsidiary, invested a special fund of RMB 49,100 in heatstroke prevention and cooling, ensuring the full implementation of material supply and equipment maintenance.
- Work arrangements will be dynamically adjusted based on temperature monitoring, and flexible measures such as off-peak production or shortened continuous working hours will be implemented.

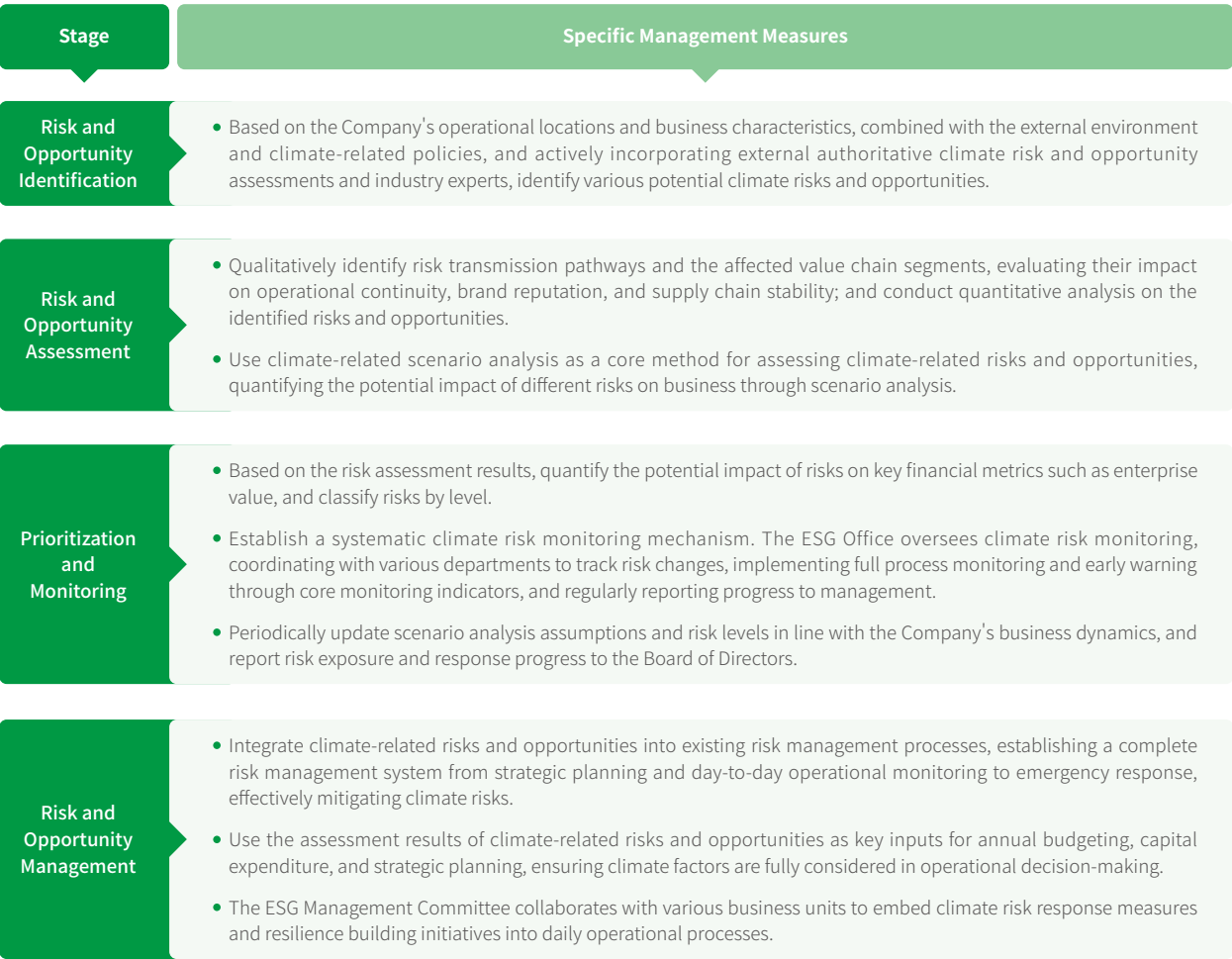
Physical Risk Mitigation Measures

Managing Transition Risks and Opportunities

To address the transition pressures arising from tightening carbon pricing, increasingly stringent low-carbon policies, and technological shifts, while seizing the green growth opportunities driven by the global energy transition, the Company systematically advances emission reduction, decarbonization, and the development of low-carbon competitiveness, focusing on key areas such as energy efficiency improvement, waste heat recovery, energy digitalization, and green electricity substitution. Detailed annual key initiatives, actions, case studies, and outcomes related to energy conservation and carbon reduction are provided in Section 4.4.1 "Energy Management" of this report.

Risk Management

Lygend Resources has integrated climate risk and opportunity management into its comprehensive enterprise risk management framework. By establishing a scientific closed loop process of identification, assessment, response, and monitoring, the Company systematically evaluates the potential impacts of physical and transition risks across the entire industry chain. Simultaneously, it actively seizes strategic opportunities such as resource efficiency improvement, green electricity substitution, and low-carbon product upgrades, striving to translate climate resilience into a long-term competitive advantage and laying a solid foundation for the Company's sustainable development.



Lygend Resources Climate Risk and Opportunity Management Process

Metrics and Targets

To ensure the global comparability and rigor of data while meeting the disclosure requirements of investors and clients, the Company strictly adheres to ISO 14064-1:2018 and "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard" to continuously account for greenhouse gas emissions across the organization. This enables regular assessment of climate actions and their performance, driving the continuous improvement of climate response strategies and solutions. The GHG emission data⁹ for the Company during the Reporting Period are presented in the table below.

Metrics	Unit	2024	2025 ¹⁰
Scope 1 Greenhouse Gas Emissions ¹¹	Tonnes in thousands of CO ₂ e	1,486.64	3,253.34
Scope 2 Greenhouse Gas Emissions ¹²	Tonnes in thousands of CO ₂ e	473.45	3,150.89
Total Greenhouse Gas Emissions (Scope 1 + Scope 2)	Tonnes in thousands of CO ₂ e	1,960.09	6,404.23
Greenhouse Gas Emission Intensity	Tonnes in thousands of CO ₂ e/Million RMB revenue	0.07	0.16

Lygend Resources has formulated climate targets appropriate for its current development stage, drawing on the latest international climate change agreements, industry trends, and its own business characteristics. The targets were established through a process led by the ESG Management Committee, reviewed and approved by the Board of Directors, and subsequently cascaded by the ESG Management Committee to the relevant functional departments and subsidiaries. The ESG Management Committee regularly tracks departmental progress toward the targets and helps coordinate resources to support their implementation.

Currently, the Company focuses on technological upgrades and energy structure optimization within its own operations, aiming to advance climate goals through direct emission reduction actions. Carbon credits are not utilized for offsetting emissions at this stage, ensuring that the achievement of climate targets is substantive and sustainable.

Climate Targets ¹³	Climate Transition Action Pathway	
Short-term: Promote energy-saving technology upgrades in nickel smelting processes and explore pathways for traditional energy substitution by green electricity.	Scope 1	Production Process Optimization for Carbon Reduction
Medium-term: Establish a carbon emission accounting system for key suppliers and a supplier green assessment framework to promote coordinated emission reductions across the value chain.	Scope 2	Green Energy Substitution in Energy Structure
Long-term: Align with international low-carbon mining standards to achieve carbon neutrality in operational emissions (Scope 1 + 2) / steadily drive continuous reduction in operational emissions (Scope 1 + 2).	Scope 3	Supply Chain Collaborative Emission Reduction

⁹ The measurement methods, input data, and associated assumptions for the Company's greenhouse gas (GHG) emissions are primarily based on internationally and locally accepted accounting frameworks, combined with the current business model and data availability conditions, in order to reasonably reflect the overall emission levels of the Company's Scope 1 and Scope 2 greenhouse gases. Core assumptions include the use of the latest authoritative national emission factors, the accuracy and reliability of metering facilities, and internal records. As of the end of the Reporting Period, there have been no material changes in the Company's GHG measurement methods, key input data, or core assumptions compared to the previous Reporting Period.

¹⁰ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, resulting in a year-on-year increase in relevant data. Additionally, the Company made adjustments to its energy structure this year based on economic considerations, resulting in fluctuations in Scope 1 and 2 greenhouse gas emissions.

¹¹ Scope 1 greenhouse gas emissions mainly originate from the direct combustion of gasoline, diesel, natural gas, liquefied petroleum gas, and other fuels, as well as process related emissions and fugitive releases from operational and production activities. Data are primarily sourced from internal records such as energy bills and are calculated in accordance with the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Refinement)* published by the Intergovernmental Panel on Climate Change (IPCC).

¹² Scope 2 greenhouse gas emissions primarily arise from purchased electricity consumption. Electricity data is sourced from internal records such as electricity payment invoices. The electricity emission factors are selected from the *Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors* jointly issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics. The Scope 2 greenhouse gas emissions presented in this report are calculated on a location-based basis.

¹³ Currently, the Company's production capacity is still in a phase of gradual ramp-up, with capacity structure undergoing continuous dynamic adjustment, and the carbon emission monitoring system remains under improvement. It is anticipated that in 2026, the Company will still be in the capacity ramp-up stage, where carbon emissions per unit of product will be significantly influenced by capacity utilization rates, and data will lack long-term comparability. By 2027 and beyond, capacity utilization across the Company's projects is expected to gradually stabilize. At that point, the carbon inventory data from a full calendar year after reaching full production will be used as the baseline year, and quantitative emission reduction targets will be formulated in alignment with the industry decarbonization roadmap to ensure the targets' scientific rigor and implementability.

Environmental Management System

Lygend Resources strictly adheres to the relevant environmental management and protection laws and regulations of the operating locations and requires each production unit to establish a comprehensive environmental management system in adherence to local regulations to ensure that the environmental management processes and systems are legal and compliant. The Company has developed and implemented the "Environmental Management Policy" that outlines the management guidelines and principles for key issues such as emissions and pollutant management, resource usage, and ecological protection, providing effective guidance for advancing environmental management efforts. Based on this, each subsidiary shall establish standardized environmental management systems in accordance with local regulations and their respective operational characteristics.

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

Mainland China

- "Environmental Protection Law of the People's Republic of China"

Indonesia

- "Law No. 32 of 2009 on Environmental Protection and Management of the Republic of Indonesia"
- "Government Regulation No. 21 of 2021 on Marine Environmental Protection of the Republic of Indonesia"
- "Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia on Environmental Audit (Ministerial Decree No. 3 of 2013) "
- "Implementation Regulation of the Government of the Republic of Indonesia on Environmental Protection and Management (Government Regulation No. 22 of 2021) "
- "Regulation No. 5 of 2021 on Procedures for Issuing Technical Approvals and Operational Compliance Licenses in the Field of Environmental Pollution Control of the Ministry of Environment and Forestry of the Republic of Indonesia"
- "Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia on Environmental Quality Index (Ministerial Decree No. 27 of 2021) "

To clarify the key directions and priorities of environmental management, the Company has formulated long-term environmental management objectives based on its production structure and operational characteristics, focusing on four key dimensions: emissions, energy usage, resource utilization, and greenhouse gas emissions. These targets provide strategic guidance for the implementation of environmental management practices.

Emissions	Energy usage	Resource Utilization	Carbon emissions
Optimize production processes and strengthen source control of pollutants to achieve continuous reduction in the emission of various pollutants and promote the classification and recycling of waste and its efficient utilization to minimize the environmental impact of waste to the greatest extent.	Actively explore and promote energy-saving technologies and the application of renewable energy, reasonably organize the energy usage structure, and improve energy efficiency.	Accurately assess resource demands, optimize resource allocation, strengthen the conservation and management of water resources, raw materials, and other resources, and improve resource recycling efficiency.	Develop scientific and effective carbon reduction strategies, gradually improve carbon emission monitoring and accounting mechanisms, while increasing investment in low-carbon projects, and strive to reduce carbon emissions per unit of output.

Lygend Resources has consistently advanced the standardization of its environmental management system by referring to externally recognized industry standards and actively engaging in external audits and certification of the environmental management system. As of the end of the Reporting Period, Lygend Resources and its subsidiaries -Jiangsu Wisdom, Xi'an Pengyuan, and HPL- all obtained ISO 14001 environmental management system certification.



Lygend Resources



HPL



Jiangsu Wisdom



Xi'an Pengyuan

To effectively prevent potential environmental safety incidents and risks, and to enhance environmental emergency response capabilities, production subsidiaries of Lygend Resources have established procedures for the identification and management of environmental hazards, as well as corresponding emergency response plans. Examples include the "Hazard Identification and Risk Control" program developed by ONC, and the "Environmental Emergency Preparedness and Response Procedure" established by KPS.

While strengthening its environmental management system, Lygend Resources also places high importance on enhancing and cultivating environmental awareness among all employees and encourages them to actively fulfill their environmental management responsibilities. During the Reporting Period, several subsidiaries of Lygend Resources conducted environmental protection training activities focusing on environmental requirements, management practices, and related regulations, which effectively improved employees' daily awareness and practical capabilities in environmental management.

Jiangsu Wisdom Annual Environmental Training

In 2025, Jiangsu Wisdom organized a total of five specialized training sessions focusing on key themes such as environmental facility safety, standardized operations, and management system implementation. The training covered employees in production, technical, and management positions. Through a combination of theoretical instruction and case studies, employees' environmental awareness, operational compliance, and emergency response capabilities were effectively enhanced.

Xi'an Pengyuan "Beautiful China, I Take the Lead" Environmental Awareness Campaign and Practical Activities

During the 2025 Environmental Protection Month, Xi'an Pengyuan organized a month long series of environmental awareness campaigns and practical activities under the theme "Beautiful China, I Take the Lead." Through diverse forms and channels, the program aimed to deepen environmental knowledge among all employees and enhance their sense of responsibility and initiative in environmental protection.



In addition, subsidiaries of Lygend Resources in Indonesia have strengthened employees' awareness and practical capabilities in environmental risk identification, pollution prevention, and emergency response through external environmental training, knowledge sharing and workshops, as well as themed activities for environmental days.

Emission and Waste Management

To ensure the compliant management of emissions and wastes, production subsidiaries of Lygend Resources have established a comprehensive control mechanism covering source reduction, process control, and end-of-pipe treatment. The Company strictly complies with applicable local regulations in all operating areas, sets internal control standards and management procedures for wastewater, exhaust gases, and various types of waste, and continuously reduces the environmental impact of production and operational activities through technological upgrades and management optimization. In 2025, the company invested RMB 321.10 million in environmental protection facilities.

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

Types of Emissions	Mainland China	Indonesia
Wastewater 	"Water Pollution Prevention and Control Law of the People's Republic of China"	"Regulation on Domestic Wastewater Quality Standards No. P.68/Menlhk/ Setjen/ Kum.1/8/2016 of the Ministry of Environment and Forestry of the Republic of Indonesia" "Ministerial Regulation No. P.16/MENLHK/SETJEN/KUM.1/4/2019P on the Second Amendment to Minister of Environment Regulation No. 5 of 2014 concerning Wastewater Emission Standards" "Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia on Wastewater Emission Standards and Domestic Wastewater Treatment Technology (Ministerial Decree No. 11 of 2025) — (Repeals and replaces Minister of Environment and Forestry Regulation No. P.68/MENLHK/SETJEN/KUM.1/8/2016) " "Technical Approval of Wastewater Emission Standards (S.508/F/F.PKL.6.2/ B/06/2025) " "Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia on Domestic Wastewater Quality Standards (Ministerial Decree No. 11 of 2025) "
Exhaust gas 	"Atmospheric Pollution Prevention and Control Law of the People's Republic of China"	"Regulation on Emission Quality Standards for Thermal Power Plants No. P.15/ MENLHK/SETJEN/KUM.1/4/2019 of the Ministry of Environment and Forestry of the Republic of Indonesia" "Regulation of the Ministry of Environment and Forestry of the Republic of Indonesia No. P.14/MENLHK/SETJEN/KUM.1/7/2020 on Air Pollution Standard Index" "Technical Approval for Compliance with Emission Quality Standards S.214_F_2_ PKL.3.11_B_4_2025"
Waste 	"Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"	"Law of the Republic of Indonesia No. 18 of 2018 — Concerning Waste Management" "Regulation of the Minister of Environment and Forestry of the Republic of Indonesia — Concerning Management of Waste Containing Hazardous and Toxic Materials and Hazardous and Toxic Waste (No. 9 of 2024) " "Regulation No. 6 of 2021 on Procedures and Requirements for the Management of Hazardous and Toxic Waste of the Ministry of Environment and Forestry of the Republic of Indonesia" "Regulation No. 19 of 2021 on the Procedure for the Management of Non-Hazardous and Toxic Waste of the Minister of Environment and Forestry of the Republic of Indonesia"

Wastewater management

Lygend Resources places high importance on wastewater discharge control. Each of its production subsidiaries has established comprehensive internal regulations and management procedures covering key aspects such as wastewater collection, centralized treatment, compliant discharge, and monitoring, ensuring that the concentrations of water pollutants in all wastewater streams do not exceed the regulatory limits applicable in their respective operating locations. The subsidiary, Jiangsu Wisdom, has formulated the "Soil and Groundwater Hidden Hazard Investigation and Inspection System", while HPL has developed management documents such as the "Standard Operational Procedure - Management of Runoff" and the "Standard Operational Procedure - Water Pollution Control", "Operational Procedure for Effluent Outlet of Wastewater Treatment Facility (IPAL)" , and ONC has developed "Water Pollution Control Procedure".

Lygend Resources has legally applied for and obtained pollutant discharge permits in compliance with local regulatory requirements and has implemented targeted treatment measures for wastewater from different sources and types to ensure compliance with discharge standards. For the RKEF pyrometallurgical process, all generated process wastewater is reused in the production cycle, resulting in no discharge of industrial wastewater. Process wastewater from the HPAL hydrometallurgical process undergoes chemical and physical treatment via "neutralization + precipitation." The wastewater is first pH-adjusted in a neutralization tank and then directed to a sedimentation tank for solid-liquid separation to remove heavy metal pollutants, ensuring that the effluent meets discharge standards. Domestic sewage generated from operational activities is treated in a sewage treatment station, followed by multi-stage sedimentation, before being discharged in compliance with applicable regulations.

Obi Industrial Park Settling Pond

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



To further enhance wastewater treatment efficiency and improve effluent quality, the subsidiary HPL increased its investment in the treatment of both production and domestic sewage during the Reporting Period. The newly constructed domestic sewage treatment station has effectively improved wastewater treatment capacity and effluent quality.

HPL has implemented the expansion of the domestic sewage treatment station.

In 2025, the subsidiary HPL invested in expanding a domestic wastewater treatment station with a capacity of 100 m³/h based on its existing wastewater treatment facilities. The station employs an integrated "A/O-PAC+PAM sedimentation-disinfection" process, effectively reducing pollutant indicators in domestic wastewater.

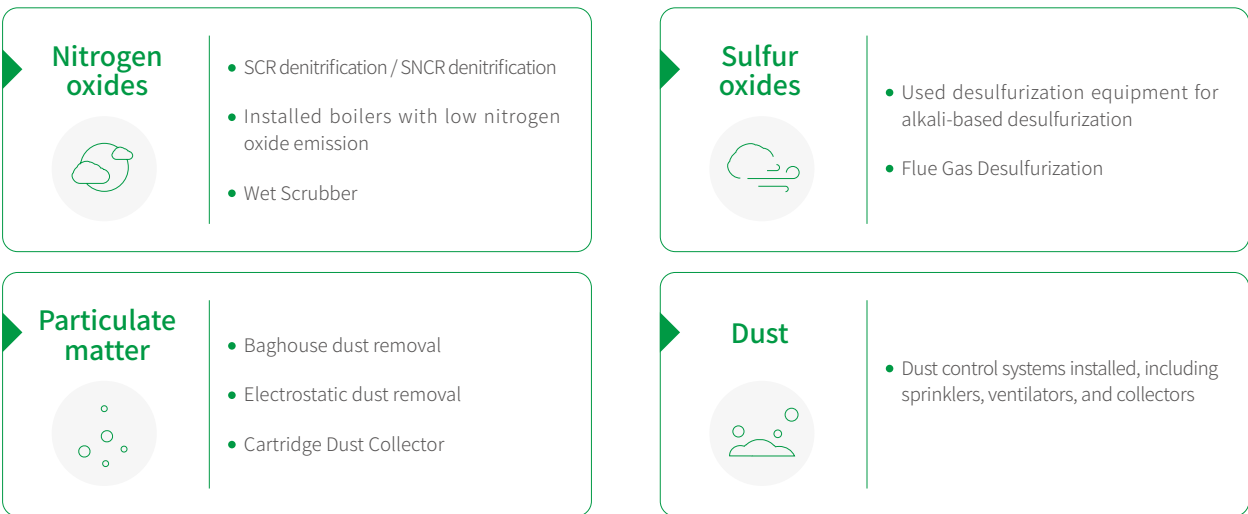


Lygend Resources has established strict testing standards for various water pollutants in wastewater and continuously ensures that wastewater parameters meet both internal and external regulatory requirements through regular self-inspections and third-party testing. For instance, HPL is connected to the real-time wastewater monitoring system of Indonesia's Ministry of Environment and Forestry and regularly commissions third-party laboratories for water quality testing. Key water quality parameters are continuously monitored to ensure that wastewater discharge complies with Indonesia's environmental protection regulations and further minimizes environmental impact.

Exhaust Gas Management

In terms of exhaust gas management, Lygend Resources strictly enforces regulatory requirements or control standards that exceed statutory levels. By improving institutional frameworks, applying targeted treatment technologies, and strengthening process monitoring, the Company has reduced the adverse environmental impacts of exhaust emissions. All production-based units under Lygend Resources have established standardized procedures and regulations for the comprehensive, process-wide management of exhaust gases. Jiangsu Wisdom has clearly defined exhaust gas management requirements for production processes in its: "Xi'an Pengyuan Self-Inspection Program" and "Environmental Protection Facility Management Measures"; HPL has formulated and enforced the "Exhaust Gas Emission and Treatment Standard" and "Air Quality Monitoring and Management Policy"; KPS strictly implements exhaust gas process control in accordance with the "Dust Removal Process Technical Specifications".

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



Overview of Exhaust Gas Treatment Measures

During the Reporting Period, Lygend Resources implemented a series of technological improvements and upgrades to its exhaust gas treatment equipment and processes, effectively enhancing the efficiency of exhaust gas collection and treatment.

The adoption of cartridge dust collectors has enhanced dust removal efficiency

Xi'an Pengyuan has introduced cartridge dust collectors, which utilize surface filtration on the cartridges and pulse-jet cleaning to achieve efficient collection of dust from production exhaust gases. This equipment features high dust removal efficiency, low operational resistance, and ease of maintenance, contributing to the continuous reduction of particulate emissions and enhancing the stability and energy efficiency of the exhaust gas treatment system.

Lygend Resources conducts regular tracking and monitoring of exhaust gases from all emission sources and periodically engages third party agencies for compliance testing. The relevant monitoring data from Jiangsu Wisdom and Xi'an Pengyuan is transmitted in real time to local ecological and environmental authorities, while HPL and KPS are connected to the Continuous Emission Monitoring System (CEMS) of Indonesia's Ministry of Environment and Forestry. This enables continuous control of exhaust emissions and allows for timely response to potential anomalies. ONC, KPS ensure compliant emissions through regular internal and external exhaust gas monitoring mechanisms.

During the Reporting Period, air emissions data are as follows.

Air Emissions	Unit	2024	2025 ¹⁴
Nitrogen oxides	Tonnes	1,036.48	2,743.41
Sulfur oxides	Tonnes	1,800.21	8,108.52
Particulate matter	Tonnes	653.76	1,593.50

Waste Management

In the area of waste management, Lygend Resources adheres to a dual focus on compliant disposal and resource utilization, implementing full-process control over all types of waste—from classification and collection to treatment and recycling as needed. In accordance with local regulations and internal standards, the Company has established standardized management procedures to mitigate environmental risks associated with waste. For example, HPL has developed the "Standard Operating Procedures for Hazardous Waste Management" and "Standard Operating Procedures for Non-Hazardous Waste Management", while Xi'an Pengyuan has formulated the "Hazardous Waste Management Standard" and other management documents.

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

In mainland China, domestic and kitchen waste generated by Lygend Resources' operations is collected by local sanitation departments and subsequently treated by municipal facilities. Process waste and production scrap from manufacturing activities are evaluated, with valuable portions either recycled internally or through third party recovery. The remaining waste is disposed of in compliance with regulations by authorized third party agencies.

¹⁴ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, leading to a year-on-year increase in the relevant data.

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

For the tailings generated by HPL, the Company strictly adheres to local regulations and adopts dry stacking, with a compliant landfill at a 195-hectare Dry Stack Tailing Facility (DSTF) in ex-pit. This is managed according to the Suitability License for Operations (SLO) and standardized operating procedures (SOP), and all tailings are placed in landfill areas authorized by the local government.

Regarding the standardized disposal of tailings, ONC constructed and put into operation Indonesia's first tailings storage facility employing a wet discharge process during the reporting period. Its design and management strictly adhere to both Chinese and Indonesian standards. The facility innovatively adopts a "sandwich-type" impermeable structure, which significantly exceeds the local national standard. Through the hydraulic deposition process for slurry tailings, it not only effectively suppresses dust and enhances the seismic resistance of the dam but is also expected to shorten the ecological reclamation cycle of the storage area, setting a technological benchmark for the green upgrade of the global nickel industry chain.

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

In 2025, to further advance waste reduction and compliant management throughout the waste lifecycle, all production units under Lygend Resources actively implemented waste reduction initiatives. These included waste classification, source reduction, closed loop waste management, and end of life recycling, aiming to establish an environmentally and resource conscious clean production model.



Source Reduction

• Xi'an Pengyuan has adopted laser cutting to reduce production slag

To minimize production slag at the source, Xi'an Pengyuan has replaced certain plasma cutting operations with laser cutting. The higher precision and narrower kerf of laser cutting effectively reduce the generation of metal slag during production, thereby improving material utilization efficiency and achieving waste reduction at the source.

• Xi'an Pengyuan utilizes eco friendly coolant to reduce hazardous waste generation

To minimize the production of hazardous waste, Xi'an Pengyuan has promoted the use of environmentally friendly coolants in its production processes. Compared with conventional products, the new coolant requires less frequent replacement, effectively retards equipment corrosion, reduces spent coolant generation, and alleviates pressure on waste disposal.



End-of-Pipe Waste Reduction

• Implement the Resource Utilization Demonstration Project for Tailing Slag

The Resource Utilization Demonstration Project for Tailing Slag uses waste slag from HPAL's hydrometallurgical smelting as raw material. The iron resources within the slag are pretreated and processed into rebar. This not only significantly reduces slag emissions and generates economic benefits through resource recovery but also decreases reliance on ore mining. The project marks the first application of RKEF technology, which enhances iron resource recovery rate, saves energy consumption, reduces costs, and substantially lessens environmental pollution. Thereby, it transforms waste slag into high-value-added products, achieving intensive and circular resource utilization.

• KPS Utilizes Nickel Slag for Foundation Backfilling

KPS employs the water quenched or dry slag generated during production for engineering foundation backfilling, substituting conventional backfill materials. This advances the resource recovery of slag, reduces end of pipe stockpiling and disposal of waste, and achieves an annual cumulative backfill volume of 300,000 metric tons.

Lygend Resources places high importance on employee involvement in waste reduction and management. Through regular training and awareness initiatives, the Company actively guides staff to implement environmental measures—such as source reduction and segregated recycling—in their daily work, collectively advancing waste management and resource recovery goals.



Waste Reduction Measures in Indonesia



Xi'an Pengyuan has carried out waste management training

In 2025, Xi'an Pengyuan conducted specialized training for employees on solid waste management. The training focused on the latest regulatory requirements for solid waste, with emphasis on interpreting key issues such as the revised "Solid Waste Pollution Prevention and Control Law", the classification and grading management of hazardous waste, and corporate environmental credit evaluation. By incorporating case studies, the training further clarified the enterprise's management responsibilities throughout the entire lifecycle of solid waste and reinforced the role of compliant operations in mitigating environmental risks.

The amount of waste generated by the Company during the Reporting Period is as follows.

Indicator	Unit	2024	2025 ¹⁵
Total amount of hazardous waste	Tonnes in thousands	16,568.55	22,527.83
Intensity of hazardous waste	Tonnes in thousands/Million RMB revenue	0.57	0.56
Total amount of non-hazardous waste	Tonnes in thousands	31.01	4,152.91
Intensity of non-hazardous waste	Tonnes/Million RMB revenue	1.06	103.20

¹⁵ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, leading to a year-on-year increase in the relevant data.

Use of Resources

Lygend Resources values all forms of energy and natural resources. The Company continuously improves its energy and resource management systems, advances projects to enhance energy and resource efficiency, and actively explores resource recycling models. These efforts aim to reduce dependence on natural resources and contribute to the development of a circular economy.

Energy Management

Lygend Resources consistently regards energy management as a critical foundation for addressing climate change and achieving a low carbon transition. The Company strictly standardizes energy use in production activities and office operations, advances the standardization of its energy management system, and continuously improves energy efficiency through targeted energy-saving technological upgrades. All production units under Lygend Resources have established a series of management documents governing energy management and usage. For instance, Jiangsu Wisdom has formulated the "Energy Management and Assessment Procedures" and the "Energy Consumption Quota Management System", while HPL has developed the "Energy Management System", among others. As of the end of the Reporting Period, Jiangsu Wisdom has obtained ISO 50001 Energy Management System certification.



Jiangsu Wisdom Energy Management System Certification

In 2025, to strengthen energy performance assessment and accountability implementation, Jiangsu Wisdom set an energy target: the comprehensive energy consumption per unit of nickel iron product shall not exceed 1,500 grams of standard coal per ton (calculated on a nickel metal equivalent basis), which was achieved as planned for the full year. Additionally, Jiangsu Wisdom conducted an energy audit during the year. The audit aimed to systematically identify and diagnose energy usage in operational activities, clarify pathways for energy efficiency improvement based on the audit results, and provide data support and directional guidance for energy saving management.

Lygend Resources actively identifies potential energy saving opportunities in its operations, increases investment in energy conservation management, implements technological upgrades and operational optimization in key areas, and establishes a closed loop management system covering energy performance assessment, auditing, process management, and improvement, to enhance operational energy efficiency. During the Reporting Period, multiple production units under Lygend Resources further implemented energy saving management optimizations and energy efficiency retrofits, achieving positive results.



Production Processes

Jiangsu Wisdom Upgrades the Main Body of the Submerged Arc Furnace

Jiangsu Wisdom replaced and upgraded the insulation materials of the main body of its submerged arc furnace, enhancing the overall thermal insulation performance and temperature control stability of the furnace. This retrofit reduces heat loss during production, achieving energy conservation and consumption reduction while extending the equipment's service life.

Xi'an Pengyuan Carries Out Workshop Lighting Upgrade and CNC Machine Tool Replacement

Xi'an Pengyuan has comprehensively replaced the traditional lighting system in its workshops with energy-efficient LED fixtures, reducing electricity consumption and maintenance costs while improving illumination conditions. Additionally, the Company has upgraded conventional lathes to computer numerical control (CNC) machine tools, which enhances machining precision and production efficiency, avoids energy waste from idling and inefficient operation associated with traditional lathes, and effectively controls the energy consumption per unit of product.

HPL and ONC Implement Waste Heat Recovery

HPL and ONC utilize waste heat generated by acid plant facilities to produce steam, which is then used for the operation of production equipment, thereby achieving waste heat recovery. Additionally, they source electricity from more efficient power generation facilities and blend 40% Fatty Acid Methyl Ester (FAME) into the diesel they use, thereby reducing fossil fuel consumption.

KPS Deploys Online Energy Management Platform and Implements Waste Heat Recovery from High Temperature Flue Gas

The KPS energy management platform integrates real time data from the power plant, gas stations, and various production units, enabling dynamic optimization of energy generation and consumption under the Production Department Dispatching Office. Relying on quota based assessment and data analysis, the platform drives operational improvements and technological upgrades, providing systematic support for continuously reducing comprehensive energy consumption and enhancing energy efficiency. In addition, KPS directs high temperature flue gas generated from electric furnaces to rotary kilns for waste heat recovery, effectively replacing a portion of conventional fuel consumption. This initiative achieved an annual saving of 55,000 metric tons of lignite.



Office Operations

Application of Energy Efficient Lighting Systems

HPL, ONC and KPS have promoted and implemented LED lighting fixtures. Lighting in some housing facilities is equipped with motion sensing devices, enabling precise electricity usage to improve power efficiency.

Smart Regulation of Energy Using Equipment

The Ningbo office building strictly implements scheduled and zoned air conditioning usage and applies intelligent management to air conditioning temperature settings. Through scientific and rational control of the temperature range, unnecessary electricity consumption is reduced.

Green Commuting

At the Ningbo office site, a portion of older fuel powered vehicles have been replaced with new energy vehicles, reducing fuel consumption and fleet exhaust emissions.

Lygend Resources also conducts regular energy management and energy saving training for employees, comprehensively enhancing staff energy saving awareness and promoting company wide participation in energy conservation. During the Reporting Period, Jiangsu Wisdom organized a total of three energy-focused training sessions for management personnel, covering areas such as energy data management, regulatory compliance, policy standards, and energy saving awareness. These sessions effectively improved the professional capabilities of the managerial staff.

To continuously improve its energy consumption structure and reduce reliance on fossil fuels, Lygend Resources has actively promoted the adoption of clean energy. This includes constructing distributed photovoltaic (PV) power generation projects and implementing green electricity procurement, thereby increasing the proportion of clean energy used and advancing the transition toward green and lowcarbon operations. During the Reporting Period, Jiangsu Wisdom's PV power generation project produced an annual output of over 1.1 million kWh, equivalent to a reduction of approximately 671 tons of carbon emissions. Additionally, subsidiaries collectively procured 20 million kWh of green electricity, equivalent to a reduction of approximately 10,612 tons of carbon emissions.

During the Reporting Period

3
energy-focused training sessions for management personnel organized by Jiangsu Wisdom



Jiangsu Wisdom's PV power generation project produced an annual output of over

1.1 million kWh equivalent to a reduction of approximately **671** tons of carbon emissions



subsidiaries collectively procured 20 million kWh of green electricity

20 million kWh equivalent to a reduction of approximately **10,612** tons of carbon emissions



During the Reporting Period, the energy consumption data for Lygend Resources is shown in the table below.

Indicator	Unit	2024	2025 ¹⁶
Direct Energy	Gigawatt hour (GWh)	2,998.13	7,673.76
Indirect Energy	Gigawatt hour (GWh)	703.11	3,826.18
Total Energy Consumption	Gigawatt hour (GWh)	3,701.24	11,499.94
Energy Consumption Intensity	Gigawatt hour (GWh) / Million RMB revenue	0.13	0.29

¹⁶ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, leading to a year-on-year increase in the relevant data.

Water Resource Management

Lygend Resources strictly complies with local water resource management regulations in all its operating locations. All water extraction activities are conducted under appropriate permits, ensuring compliance and stability of water supply. The Company has established standardized water resource management systems and regulations to govern water usage. For example, Jiangsu Wisdom has formulated the "Water Usage Management System and Water Conservation Management Regulations", HPL has developed the "Production Water Management Measures," and KPS has established the "KPS Maintenance Workshop Water System Fine Operation and Recycling Management Measures", among other management documents.

The Company focuses on the regulated use and conservation management of both domestic and production water. Through measures such as the application of water-saving fixtures, production water recycling, and secondary utilization, reliance on fresh water is reduced. In the RKEF pyrometallurgical process, all process wastewater generated during production is reused for cooling, slag flushing, and other stages, achieving 100% recycling of industrial water. For the HPAL hydrometallurgical process, the annual water reuse rate reaches 40% to 50%.

Wastewater Reuse

- By establishing a circulating water tank, Jiangsu Wisdom centrally collects, treats, and reuses equipment cooling water generated during production, achieving highly intensive utilization of water resources.
- Xi'an Pengyuan installed a self-built water tank in the workshop, enabling laboratory water to be collected, treated, and filtered for secondary use in experiments, thereby creating an internal circulation of experimental water and reducing the intake of fresh water.
- HPL and ONC implemented technical upgrade projects such as the reuse of wastewater from limestone grinding and slurry preparation processes and the recycling of thickener overflow water. Additionally, they organized water-saving skill competitions, effectively reducing water consumption. Actual annual water usage was 8 million cubic meters lower than the planned amount.
- KPS implemented a closed-loop water circulation system to recycle water used for slag washing. The wastewater after washing is first cooled in a cooling tower and then reused in the slag-washing process.

Rainwater Harvesting and Utilization

- KPS has constructed a rainwater harvesting and reuse system. This system collects rainwater through pipelines, subjects it to multi-stage sedimentation and filtration, and then pumps the treated water back for use in production processes such as electric furnace cooling, casting machine spraying, and road cleaning. The estimated daily water reuse volume reaches 10,000 cubic meters.
- HPL has installed rainwater collection ponds to reuse the collected water resources in production operations. The annual cumulative volume of reused water from the rainwater collection ponds exceeds 1.05 million cubic meters.

The annual cumulative volume of reused water from the rainwater collection ponds of HPL exceeds

1.05 million cubic meters

Key Water-Saving Projects and Initiatives of Lygend Resources in 2025

During the Reporting Period, the water resource consumption data for Lygend Resources is shown in the table below.

Indicator	Unit	2024	2025 ¹⁷
Water consumption	m ³ in thousands	33,494.15	48,219.81
Intensity of water consumption	m ³ in thousands/Million RMB revenue	1.15	1.20
Water recycling volume ¹⁸	m ³ in thousands	51,387.84	88,030.47
Water recycling rate	%	60.54	64.61

¹⁷ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, leading to a year-on-year increase in the relevant data.

¹⁸ In 2025, the Company has revised the statistical and calculation methodology for water recycling volume, with corresponding retrospective adjustments made to the 2024 data.



Other Resource Management

Lygend Resources place high importance on the consumption of materials and packaging in office and production activities as well as product packaging. The Company implements resource recovery for valuable used materials, contributing to the development of a circular economy model tailored to the industry's characteristics.



Office Operations

Launch of the "Online Office Supplies Application System"

A "full lifecycle" control mechanism for office supplies has been implemented. By introducing digital application management, the "Online Office Supplies Application System" requires employees to request office resources as needed, enabling source side control of usage.

Promotion of Paperless Operations

Electronic approvals and electronic contracts are comprehensively promoted. Double sided printing is encouraged, and electronic versions of meeting materials are prioritized.

Reuse of Office Furniture

Furniture made from recyclable panel materials is utilized, and a portion of second hand furniture is procured to reduce new purchases of office furniture, thereby increasing the circular use rate of furnishings.



Production Processes

Secondary Use of Waste Resources

At the Obi Industrial Park waste treatment plant, the leachate from waste piles is utilized as industrial fertilizer liquid, reducing the purchase of external fertilizer liquid. Some kitchen waste is used as secondary fuel and waste material. For waste incineration, a portion of used cooking oil is employed as a combustion aid to lower energy consumption during burning.

In the management of packaging materials, Lygend Resources has gradually considered adopting biodegradable and recyclable environmentally friendly packaging materials. Purchases of packaging materials are made according to actual shipping and transportation needs, thereby reducing unnecessary resource waste. The packaging materials used in the Company's operations primarily include woven bags and plastics. During the Reporting Period, the data on packaging materials consumed by the Company is shown in the table below.

Indicator	Unit	2024	2025 ¹⁹
Total Consumption of Packaging Materials	Tonnes	4,912.96	11,133.46
Intensity of Packaging Materials Consumption	Tonnes/Million RMB revenue	0.17	0.28

¹⁹ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, leading to a year-on-year increase in the relevant data.

Biodiversity Conservation

Lygend Resources regards biodiversity protection as a key component of fulfilling its environmental responsibilities. The Company consistently monitors the potential adverse impacts of its project lifecycle activities on surrounding ecosystems. Through practices and actions such as ecological risk assessment, process monitoring, and ecological restoration, it is committed to effectively managing and mitigating ecological impacts, aiming to achieve harmonious coexistence between humans and nature.

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

During the Reporting Period, Lygend Resources carried out multiple initiatives focused on biodiversity protection and ecosystem restoration. Through targeted ecological restoration actions, the Company has contributed to improving local ecological functions and stability.



05 Fertile Ground, Shared Success

Lygend Resources regards talent as the core driving force for the Company's sustainability and consistently adheres to a people-oriented management philosophy. The Company is committed to fostering a fair, open, diverse, and inclusive work environment, and ensures the legitimate rights and interests of employees through standardized recruitment and management processes. It continuously improves training systems, career progression pathways, and compensation and benefits mechanisms for all employees. While fully implementing occupational health and safety safeguards, the Company deepens employee care and promotes the synergistic growth of employees with corporate development.

■ Rights and Interests Protection

■ Training and Development

■ Care and Communication

■ Health and Safety

Rights and Interests Protection

Lygend Resources is committed to building diversified talent channels and development systems to select and attract high-caliber professionals for the Company's sustainable growth. In all its operating regions, the Company strictly complies with local labor laws and regulations. Through continuously improving management processes, we ensure that the lawful rights and interests of employees are fully upheld.

Employee Rights

Lygend Resources strictly complies with the legal and regulatory requirements in Mainland China, Indonesia, and other operating locations. The Company consistently implements internal employee management systems such as the "Human Resources Management Standard" and "Recruitment Management Measures" to compliant employment principles. This ensures fairness in talent recruitment and hiring processes, safeguarding the legitimate rights and interests of employees.

Mainland China

"Labour Contract Law of the People's Republic of China"

"Regulation on the Implementation of the Labour Contract Law of the People's Republic of China"

"Social Insurance Law of the People's Republic of China"

"Regulation on Work-related Injury Insurances"

"Interim Regulations on the Collection and Payment of Social Insurance Premiums"

"Regulation on the Administration of Housing Accumulation Funds"

Indonesia

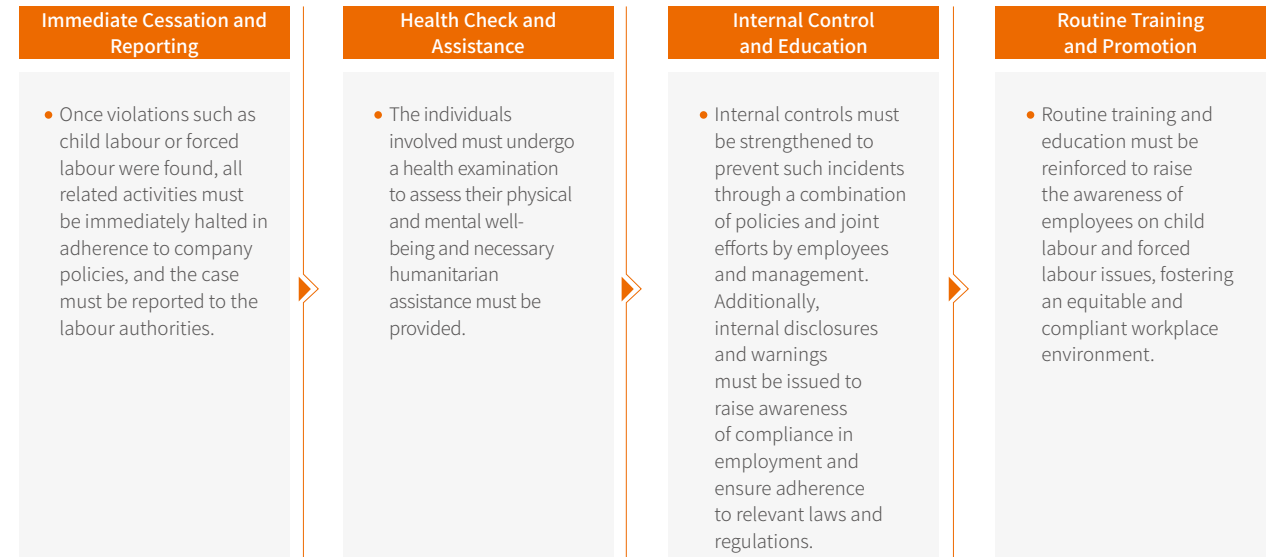
"Labour Law of the Republic of Indonesia" (Law No. 13 of 2003)

"Law on the Social Security Administering Body of the Republic of Indonesia" (Law No. 24 of 2011)

"Regulation of the Ministry of Manpower and Transmigration No. PER.01/MEN/1981 on the Obligation to Report Occupational Diseases"

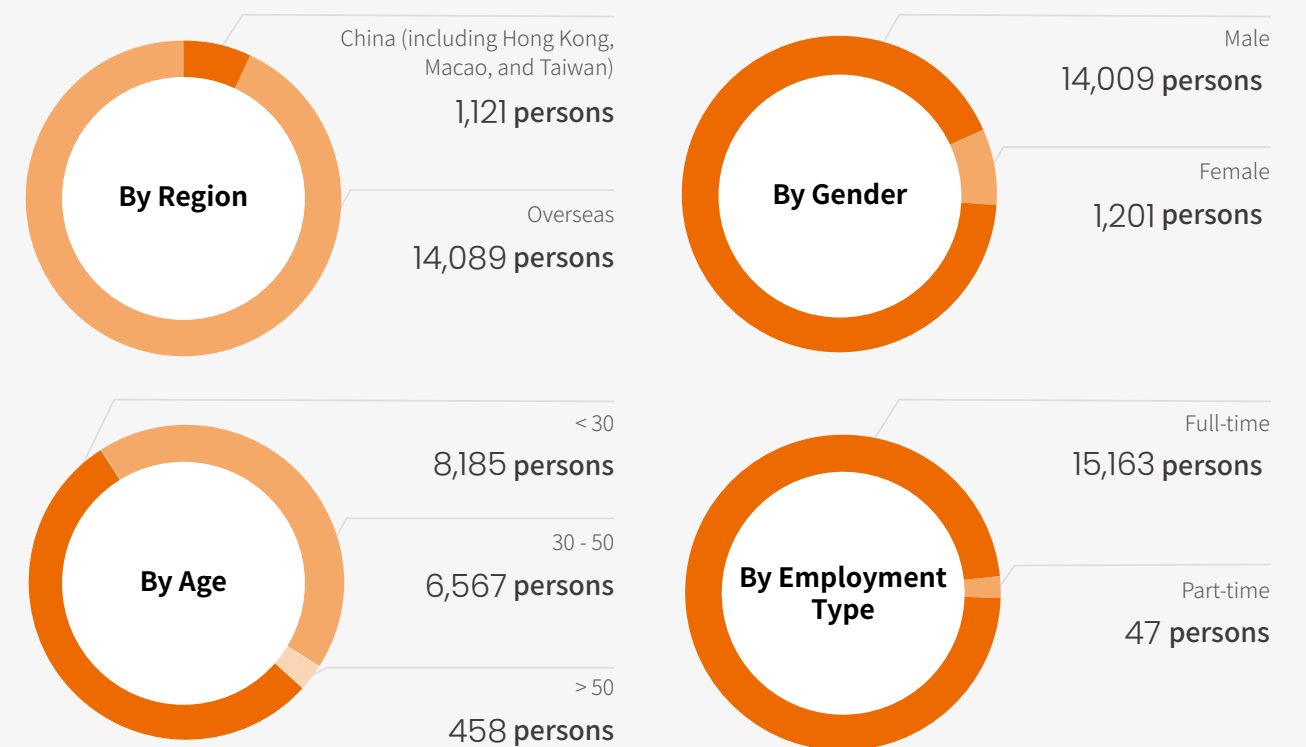
Local Laws and Regulations Followed by Lygend Resources

Lygend Resources has established a rigorous labor compliance process to prevent employment risks throughout the entire recruitment-to-onboarding cycle. During the talent recruitment stage, the Company verifies candidate identity information three times and promotes compliant employment policies in interviews and training, eliminating violations such as child labor or forced labor at the source. In daily management, the Company firmly opposes any discrimination based on gender, age, education, region, nationality, race, or religious belief, and controls overtime hours on the production side through approval mechanisms, advocating for minimal overtime in office areas. The Company also distributes human rights training materials to onsite employees at Obi, continuously enhancing all employees' awareness of rights protection. During the Reporting Period, no incidents of child labor, forced labor, workplace discrimination, or harassment were identified.



Handling Process for Employment Violations

Total²⁰
15,210 persons

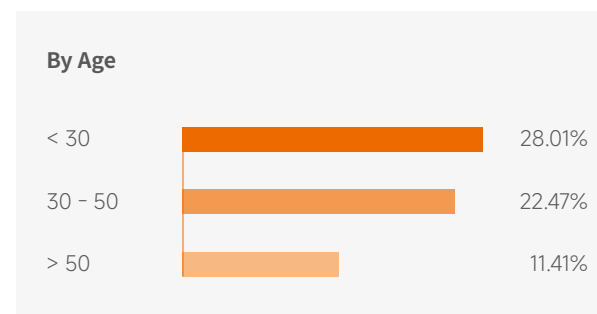
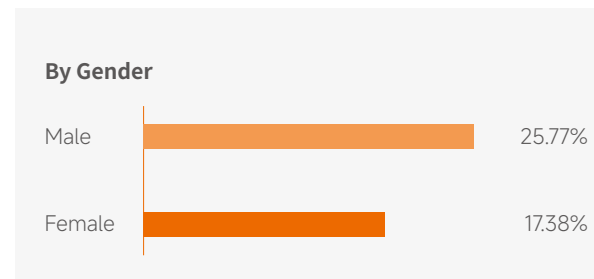
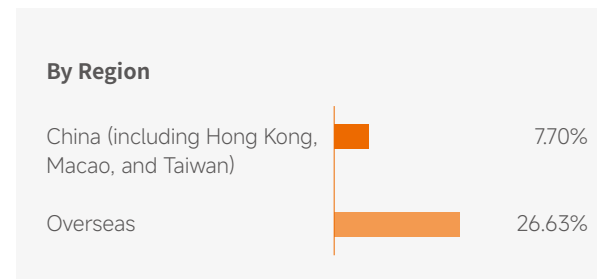


Overview of Employee Composition

²⁰ The total workforce across the Group was 15,453.

Employee Turnover Rate Overview

Total employee turnover rate **25.07%**



Employee Recruitment

Lygend Resources follows the "Recruitment Management Procedures", systematically conducting talent selection and reserves aligned with strategic development needs to provide human resources support for ongoing and potential projects. The Company attracts specialized professionals through channels such as campus recruitment, social recruitment, internal referrals, and overseas talent exchange programs, while advancing the cultivation of local talent overseas. In campus recruitment, the Company continuously strengthens market promotion, gradually enhancing corporate recognition and employer brand image. Additionally, the Company focuses on building a sustainable talent pipeline. While responding to internal promotion strategies, it continuously optimizes the educational background and age structure of its workforce. By developing a diversified talent system, the Company provides solid talent security and strategic support for industrial upgrading and sustainable development.



Establishing University-Enterprise Collaboration and Cross-Regional Recruitment Mechanisms

Lygend Resources has built a multilevel, multichannel talent recruitment system. The Company extensively participates in campus recruitment sessions, social recruitment fairs, and specialized recruiting events, aiming to attract domain experts through a multidimensional selection mechanism.

In campus recruitment, Lygend Resources actively implements the "Talents Program" and "Elite Program", establishing university-industry collaboration and cross-regional recruitment mechanisms. The Company conducts on campus offline recruitment and promotional sessions and cooperates with local talent centers to build talent reserves. To further deepen the selection of outstanding graduates, the Company has extended its offline recruitment reach to key universities across the country, such as Northeastern University and Central South University. Through cross-regional recruitment, Lygend Resources optimizes the structure of its talent pipeline and continues to enhance the development of a diverse talent team.



Campus Recruitment Presentation

Equality and Diversity

While effectively safeguarding employees' labor rights, Lygend Resources actively promotes equality and diversity. The Company respects the diverse backgrounds of employees in process such as recruitment, employment and daily management, and prohibits discrimination based on gender, age, nationality, race, or religious belief. The Company strictly adheres to the "Human Resource Management System" and has established the "Employee Reward and Disciplinary Management Procedures," which defines the standards for handling workplace violations such as discrimination and harassment. In response to workplace misconduct, the Company implements serious disciplinary measures, including written warnings, major demerits, and termination of employment contracts. To ensure responsiveness and effective resolution, the Company designates dedicated personnel to maintain multiple complaint channels, such as WeChat. It requires that after implementing corrective actions, the handling results be promptly communicated to the complainant, followed by monitoring and closure of the complaint.

Lygend Resources integrates the concept of diversity into daily employee education and awareness activities. The Company respects the cultures and religious beliefs of employees from various ethnic groups and actively promotes multicultural exchanges among staff to enhance team cohesion. Moreover, the Company places high importance on the health needs of female employees and gender equality in the workplace. To this end, it has established a female care mechanism, utilizing occasions such as International Women's Day to organize diverse activities at headquarters and subsidiaries, including health knowledge lectures, themed gatherings, gift distributions, and holiday greetings. These initiatives aim to eliminate gender barriers in the workplace and foster an equitable professional environment.

Training and Development

Lygend Resources places a strong emphasis on fostering employees' professional growth and career advancement, and has established a comprehensive and diversified development mechanism that encompasses allemployees. The Company has developed a systematic training system, clear promotion pathways, and a robust performance management framework. It is dedicated to creating a fair and equitable environment for employment and development, continuously improving employees' professional capabilities and job satisfaction, and fully unleashing their motivation and innovative potential.

Empowerment and Development

Lygend Resources values employees' career growth and skill development, and is committed to building a systematic, comprehensive training system. The Company formulated internal management systems such as the "New Employee Training Manual", "Training Management Measures", and "University Graduate Training Management Measures", and established a standardized training framework that spans all employee levels and covers the entire career lifecycle. This framework is supported by fundamental processes—including the archiving of course materials and the management of training participation—to ensure both the quality of training and full traceability.

Regarding course design, the Company provides a diverse portfolio of learning programs encompassing general competencies, management skills, and specialized expertise, aimed at enhancing employees' overall capabilities and professional qualifications. To bolster internal knowledge transfer and cultivate a robust instructor team, the Company has implemented a five-tier certification system, ranging from junior to honorary instructor levels. During the Reporting Period, several new internal certified instructors were onboard through demonstration lectures and teaching certification processes, thereby further strengthening the Company's self-sustaining capacity for training system development.



Employee Training System of Lygend Resources

Lygend Resources continuously refines its talent development system, aiming to elevate employees' overall capabilities through diversified capacity-building initiatives and to foster alignment between job requirements and personal growth. For fresh graduates and newly hired employees, the Company has implemented a structured training program encompassing multiple dimensions, including corporate culture, office tools, compliance requirements, and product knowledge. This system is designed to facilitate rapid integration into the workplace and strengthen their sense of belonging to the organization.

2025 "Talent Program" Intensive Camp



2025 "Talent Program" Intensive Camp

Lygend Resources adheres to a talent-driven development strategy. During the Reporting Period, the Company launched the "Talent Program" Training Camp for all 2025 cohort management trainees. Through diversified formats including instructor-led sessions, quality development activities, and team collaboration workshops, the camp systematically introduced the company's overview, corporate culture, business products, office platforms, and management tools. This training not only strengthened the management trainees' identification with the corporate values but also enhanced their collaboration and management skills through practical scenarios, injecting new vitality into the Group's long-term development.

Lygend Resources places a high priority on the development of employees' management and leadership capabilities, with the aim of enhancing organizational operational efficiency. The Company has established differentiated training programs for mid-to-senior managers and frontline team leaders in the hydrometallurgical and pyrometallurgical production systems. These programs cover various aspects, including management decision-making and on-site communication and execution, to improve personnel's operational and management skills and optimize the Company's production and operations.

Leadership Development Program



Wet Process System Leadership Enhancement Intensive Camp

Lygend Resources implemented a leadership enhancement program for mid-to-senior managers in the wet process system, focusing on role awareness and problem-solving methodology. The Company directly applied the training content to address business challenges, with participants working in groups to develop actionable cost-reduction and efficiency-improvement proposals. The program aimed to introduce a unified management language and toolset for overseas teams, thereby reducing communication barriers and enhancing collaborative efficiency. Additionally, it equipped trainees with fundamental methods for team leadership and process improvement, boosting their managerial confidence and alleviating daily management pressures. Through this initiative, the Company strengthened the operational management capabilities and overall competency of both the production system personnel and reserve talents, providing tangible support for the operational enhancement of production bases.

Team Leader Management Capability Enhancement Program

Lygend Resources implemented a specialized management capability enhancement program for incumbent team leaders in the pyrogenic process business unit. The program focused on three key dimensions: role awareness, on-site improvement, as well as communication, coaching, and daily management skills for team leaders. It aimed to deepen their understanding of frontline management responsibilities and strengthen their sense of accountability through applied management techniques. Furthermore, the training facilitated a shift in the team leaders' role orientation, equipping them with the practical skills needed to manage daily operations on the production floor.

To ensure the international operation of the business, Lygend Resources is committed to improving employees' general abilities and qualities. The Company carries out special training around workplace literacy, multilingual communication, and digital office skills, aiming to enhance the overall collaborative efficiency of the enterprise by optimizing employees' professional capabilities and international vision.

Indonesian Language Training

To support the Company's business expansion in Indonesia, address the demands of international operations, and effectively reduce communication barriers, Lygend Resources organized Indonesian language training for relevant domestic functional departments. The training was delivered online and encompassed both written and spoken language components. It helped employees deepen their understanding of Indonesian and enhanced the Company's overall proficiency in the language.

AI Software and Media Platform Technology Application Training

Xi'an Pengyuan invited experts from Xi'an Shiyu University to conduct training on the application of AI software and media platform technologies, focusing on how tools such as DeepSeek and Doubao can be applied to enhance office efficiency. The Company organized participation from mid-to-senior managers as well as frontline employees. Through a combination of expert instruction, live demonstrations, and post-class practical training. The training helped employees quickly master and flexibly apply AI software, thereby improving work efficiency and fostering new approaches to tasks.

During the reporting period,

the total duration of employee training reached

126,769 hours

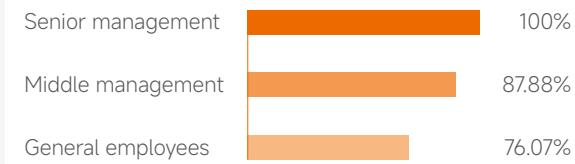


with the average training hours per employee reaching

8.27 hours



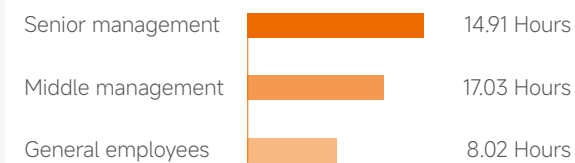
Percentage of Employees Trained (By Employee Category)



Percentage of Employees Trained (By Gender)



Average Training Hours (By Employee Category)



Average Training Hours (By Gender)



Overview of Employee Training

The Company has also implemented a career development incentive mechanism, offering support—such as tuition reimbursement—to employees who obtain a bachelor's degree or higher, or an intermediate or above professional qualification while employed. This initiative encourages continuous learning and self-improvement among the workforces. It not only strengthens employees' sense of belonging but also enables the Company to continuously accumulate professional talent resources, thereby consolidating its core competitiveness in the industry.

Promotion and Assessment

In accordance with the "Position Management Measures", the Company has established three primary career development pathways: Management Track, Professional Track, and Operations Track, providing employees with diversified and well-defined progression routes. By systematically defining the qualification requirements and promotion criteria for each track, the Company supports employees in scientifically planning their career development, enabling mutual empowerment between personal growth and organizational advancement. Furthermore, the Company has implemented a periodic talent review mechanism to accurately identify high-potential employees and design tailored development plans and promotion paths for them.



Employee Promotion Pathway of Lygend Resources

To ensure the effective implementation of the talent development system, the Company has established a three-tier performance evaluation mechanism, encompassing assessments from headquarters to subsidiaries, subsidiaries to departments, and departments to individuals. Each tier operates on differentiated assessment frequencies and indicators. Individual performance is primarily evaluated by direct supervisors, while departmental assessments incorporate additional dimensions such as employee satisfaction and cross-functional collaboration. For subsidiary general managers, a "key event" indicator has been introduced into the evaluation system, covering integrity and compliance, safety and environmental protection, and major operational errors, thereby reinforcing the accountability orientation of senior leadership. For employees whose performance falls below standards, the Company conducts in-depth analysis and provides opportunities for reassignment or improvement, fully reflecting its ongoing commitment to employee growth.

Compensation and Incentives

Lygend Resources provides employees with compensation standards that are competitive in the market. Building upon a well-structured career progression framework, the Company continuously strengthens its industry leadership through a compelling employee benefits package. A dynamic compensation management mechanism has been established, enabling flexible adjustments to salary levels based on individual performance evaluations and shifts in the market environment. This approach drives performance improvement, enhances employee satisfaction, and supports the enterprise in achieving sustainable and stable growth.

Overall Remuneration Structure

- Basic salary, position and rank salary, performance based variable pay, expatriate allowance, monthly or quarterly bonuses, annual incentive bonuses, various allowances, benefits, equity incentives, etc.

Remuneration Adjustment Methods

- Performance-based salary adjustment, promotion salary adjustment, demotion salary adjustment, special salary adjustment

In addition, Lygend Resources implements a multi-tiered incentive system to share the Company's development achievements with its employees. The Company has rolled out an equity incentive plan covering senior management, key position holders, and employees with five or more years of service, in recognition of their long-term contributions. Concurrently, year-end bonuses are awarded based on the attainment of annual performance objectives. The Company is committed to building a scientific and effective incentive mechanism that fosters employee growth and value realization, while simultaneously strengthening the Company's core competitiveness and driving sustainable, steady development.

Care and Communication

Lygend Resources is committed to building a comprehensive and market-competitive benefits system. The Company highly values the dedication and contribution of every employee and, through a wide range of staff activities and diversified benefits, enhances employee satisfaction and sense of belonging. At the same time, the Company maintains open and smooth communication channels and based on strengthened internal connections and collaboration, employs a well-established feedback mechanism to support employees' individual development needs.

Employee Welfare

Lygend Resources places great emphasis on employee welfare and continuously implements and refines internal welfare management systems, such as the "Remuneration Management Measures" and the "Welfare Management Measures", providing a systematic foundation for safeguarding employee rights. In addition to making statutory contributions to the five social insurances and the housing fund, the Company offers a variety of corporate benefits to all employees. During the Reporting Period, the Company enriched its employee health initiatives and established clear policies for situations such as serious illness condolences and marriage congratulations. Moreover, the Company has implemented special care measures for fresh graduates, providing relocation allowances, rental subsidies, and priority training opportunities to support their career development and living security, thereby enhancing their sense of belonging.

Statutory Welfare

- Five insurances and one fund
- Statutory holidays (annual leave, sick leave, etc.)
- High-temperature subsidies, etc.

Enterprise Welfare

- Holiday bonuses (for Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, International Women's Day)
- Employee health check ups
- Accident insurance
- Communication subsidies
- Meal subsidies
- Transportation subsidies
- Accommodation subsidies
- Team-building activities
- Loyalty awards
- Condolences
- Birthday welfare

Employee Activities

Lygend Resources implements a variety of employee care initiatives designed to provide an inclusive work environment and convey the Company's commitment to its people. The Company organizes holiday greetings, cultural exchanges, and team-building activities around important festivals. By continuously optimizing the participation experience, it strengthens employee cohesion and sense of belonging, contributes to a harmonious workplace atmosphere, and supports employees in achieving a work-life balance.

Employee Care Actions

Lygend Resources regularly organizes multidimensional employee care and cultural sports activities, integrating managerial care into daily operations through events such as collective birthday celebrations and holiday greetings. Furthermore, the Company actively organizes sports competitions—including hiking, badminton, and swimming—as well as outdoor teambuilding activities, enriching employees' leisure time while enhancing collaboration and communication among staff.



Employee Birthday Celebration



National Forest Park Team-Building Activity

Summer Refreshment Care Initiative

Lygend Resources places high importance on operational safety and personnel health protection under extreme weather conditions. In response to seasonal high temperatures, the Company has established a comprehensive response plan covering material supply and work schedule optimization. Through dynamic adjustments to work arrangements and the implementation of heat prevention and cooling measures, health risks are effectively mitigated. Concurrently, measures such as staggered shifts and flexible leave mechanisms are applied, ensuring stable business operations while safeguarding the health and safety of frontline personnel.



Summer Refreshment Care Program

Cross-cultural communication

Lygend Resources places high importance on the off-work life of its overseas employees. The Company emphasizes cultural integration between Chinese and Indian staff, organizing cross-cultural exchange activities such as tug-of-war competitions, themed photo contests, and Mid-Autumn Festival concerts. These initiatives enrich life abroad while strengthening team cohesion. The Company continuously enhances the wellbeing and sense of belonging of overseas employees, fostering a warm and harmonious environment for work and life abroad.

Employee Communication

Lygend Resources further implements internal management systems such as the "Employee Labour Relations Management Measures". By establishing standardized communication and grievance procedures and building a multidimensional information feedback system that covers both domestic and overseas operations, the Company continuously optimizes the information feedback and communication management system at its overseas operational locations.

The Company gains insight into employee needs through diversified communication channels and encourages employees to provide suggestions for business operations. It regularly organizes employee forums and provides multiple feedback avenues, such as suggestion boxes, dedicated email accounts, anonymous OA columns, and instant messaging tools, to extensively gather employees' opinions and suggestions concerning work practices and living conditions. For various types of employee feedback, the Company has established a problem resolution and tracking mechanism, continuously improving and addressing employee demands through categorization, analysis, and assessment.

The Company conducts quarterly employee satisfaction surveys, with evaluations covering areas such as logistics services, employee relations, and training. The survey results are incorporated into the performance assessments of the logistics and administrative departments. During the Reporting Period, the Company implemented multiple targeted improvement measures based on employee needs identified through the surveys. In terms of infrastructure, network quality was enhanced through communication link upgrades, and the construction of residential dormitories, supporting supermarkets, and fitness facilities was accelerated. Regarding living support, the Company expanded the variety of cafeteria dishes and introduced diverse dining vendors to improve the employee dining experience. These efforts continuously enhance the overall work-life environment and address employees' practical needs.



Health and Safety

Lygend Resources regards safety as a core element of sustainable development. To ensure robust operations, the Company continuously optimizes its safety management system and related regulations, while strengthening employees' safety awareness. Targeted measures are implemented in key areas such as occupational health and safety and contractor safety management, reinforcing multidimensional safety controls and maintaining the safety and stability of operations.

Health and Safety Management System

Lygend Resources firmly safeguards employees' right to life and health, embedding the baseline requirements for production safety throughout the entire production and operation process. The Company complies with the laws and regulations of each operating location, implements internal safety management systems such as the "Safety Production Management System" and the "Employee Labour Relations Management Measures", and has established a systematic safety protection mechanism.

Mainland China

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

Indonesia

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

Lygend Resources implements strict safety production responsibility standards, continuously improves the safety production management structure, and clarifies the safety duties of management at all levels. The general manager, as the top person responsible for safety production, oversees the overall situation, while the deputy general manager in charge of safety is responsible for occupational health and safety management. The Company has established a Safety and Environmental Supervision Department to monitor, manage, and enforce government and corporate safety regulations. In addition, the Safety and Environmental Supervision Department is staffed with dedicated personnel for safety and occupational health management, ensuring the Company's safety production management capabilities. During the Reporting Period, Jiangsu Wisdom established a safety leadership team, with the Safety and Environmental Supervision Department serving as the dedicated safety management unit, and appointed workshop directors as the primary persons responsible for safety, ensuring the implementation of safety production standards.



Occupational Health and Safety Management Framework of Lygend Resources

As of the end of the Reporting Period, Lygend Resources and its subsidiaries Xi'an Pengyuan, Jiangsu Wisdom, HPL, and ONC have all obtained ISO 45001 occupational health and safety management system certification; in addition, HPL and ONC have obtained Indonesia's National Occupational Safety and Health Management System (Sistem Manajemen Keselamatan dan Kesehatan Kerja, SMK3) certification.



During the Reporting Period, Lygend Resources' total health, safety, and environmental investment²¹ reached

RMB **389.99** million



Metrics	unit	2023	2024	2025
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0	0	0



²¹ In this report, the health, safety, and environmental investment data covers the entire Group.

Health and Safety Risk Management

Lygend Resources continuously enhances its risk identification and hazard management mechanisms, implements comprehensive safety management measures, and safeguards the occupational health and safety of employees. The Company adopts multidimensional protective measures to effectively mitigate and avoid production risks, thereby protecting employees' right to life and health and ensuring the stable operation of production and business activities.



Protective Facilities Improvement

- Post mandatory personal protective equipment signs on-site to remind employees of the protective gear they must wear when entering the work area, aiming to raise safety awareness, reduce accident risks, and ensure compliance with safety regulations.
- Promote automation alternatives, such as establishing a fully enclosed belt system for the gas station, achieving physical separation between personnel and coal powder, effectively avoiding contact hazards in high-risk positions.
- Install gas/dust detection devices to prevent harmful gases and dust that may cause fires, explosions, or health impacts on workers.



Multi-level Inspection and Hidden Danger Rectification

- Conduct regular joint inspections by management according to K3LH policies to carefully check potential risks and the working environment in the area, ensuring that safety hazards are fully identified and addressed.
- Further improve the inspection system, requiring each department to carry out a major safety inspection weekly, and track, rectify, and re-check issues such as labeling standards and equipment inspections through inspection forms.



Personnel Supervision and Risk Prevention

- Equip employees with safety protective equipment and provide training on the use of such equipment, conduct qualification tests for the protective equipment, and create a personal protective equipment usage time matrix. Establish and implement standards and systems for managing personal protective equipment (PPE), while regularly updating the distribution of labor protection supplies.
- Commission qualified third-party organizations to carry out annual workplace health assessments and employee medical examinations, with the results displayed at the respective positions. For employees with occupational contraindications, the Company provides job transfer support.
- Monitor employees' working conditions and conduct pre-job alcohol tests from time to time to ensure operational safety.



Employee Occupational Health Support

- Implement a comprehensive employee health examination program, including initial health checks before employment and regular health check-ups. The initial examination assesses whether employees are fit for work and prevent infectious diseases, while regular check-ups monitor employee health, detect and address health issues in a timely manner, and ensure employee safety and health.
- Provide employees with mental health counseling and management services, identify potential mental health risks, and enhance employees' psychological resilience.



Emergency Response and Personnel Rescue

- Establish comprehensive emergency plans and on-site emergency response plans to ensure a rapid response to sudden safety incidents.
- Formulate the "Medical Service Emergency Plan" to clarify the division of treatment responsibilities and provide institutional protection for employee safety.
- Based on the United Nations APELL (Awareness and Preparedness for Emergencies at Local Level) principles, develop and implement an integrated emergency response and crisis management system, improving risk identification and response mechanisms.

Occupational Health and Safety Risk Management Measures

Safety Culture Cultivation

Lygend Resources attaches great importance to building a corporate safety culture, actively promotes the dissemination and implementation of safety culture in the workplace, ensures the effective implementation of safety standards through multi-level safety training and emergency drills, and jointly creates a safe and healthy working environment.



Emergency and Fire Drills

Lygend Resources regularly conducts specialized drills covering areas such as fire, explosion, gas leaks, and radiation, aiming to improve personnel's fire safety and emergency response capabilities through simulated real-world scenarios. During the Reporting Period, the Company organized specialized drills in key units such as the KPS coal gas station, and rotary kiln workshop, including fire emergency response, coal dust ignition, heatstroke response, and equipment power-off drills. For process risks such as the electric furnace tapping port and gas generator, the Company simulated complex conditions involving hazardous gases and confined spaces and organized specialized drills with a combination of mechanical and manual operations. In addition, the Company placed a strong emphasis on practical training in firefighting equipment. By simulating early-stage fires, it ensured that all personnel were proficient in operating fire extinguishers, maintaining safe distances, and judging wind direction.



Rotary Kiln Workshop Electrostatic Precipitator Emergency Drill



Gas Generator Furnace Emergency Comprehensive Drill



Slag Discharge Platform Mechanical Plug / Manual Emergency Drill



Fire emergency drill

06 Community Well-being, Empowering Development

Lygend Resources steadily advances its public welfare and charitable practices by supporting the development of rural specialty industries, driving local employment and economic growth, and promoting community integration and sustainable development. During the Reporting Period, the Company invested a total of RMB 7.3516²² million in the social welfare sector, practicing corporate social responsibility with pragmatic actions and demonstrating a long-term commitment to sustainable development goals.

■ Community Development

■ Public Welfare and Charity

²² The data on public welfare and charity input covers the Group in this Report.

Community Development

Lygend Resources has always regarded serving the community and co-creating value as an important direction in fulfilling its social responsibilities. With the goal of enhancing community well-being, the Company continuously engages in practices such as community development, care for people's livelihoods, and support for community growth, actively giving back to local residents and striving to build a harmonious, inclusive, warm, and beautiful community environment.

Revere the Elderly, Cherish with Care

In 2025, Lygend Resources organized employee volunteers to visit a nursing home in Beilun District, Ningbo, to carry out the themed public welfare activity "Cherishing the Elderly". Volunteers offered warm companionship and genuine care to the elderly through interactions such as chatting and making traditional mugwort hammers, practicing community responsibility in action and promoting the traditional virtue of respecting the elderly.



"Cherishing the Elderly" Themed Activity

Supporting Grassroots Service Upgrades, Building a Better Community Life Together

In 2025, Jiangsu Wisdom made targeted donations through the Charity Federation, of which RMB 50,000 was specially allocated to support the renovation project of the Luji Community Party-Mass Service Center. This donation effectively assisted in the improvement of the community service facilities and environment, providing better hardware support for enriching residents' cultural life and enhancing community cohesion. It is a concrete practice of the enterprise contributing to grassroots governance and serving people's livelihood needs.

RMB **50,000**

specially allocated to support the renovation project of the Luji Community Party-Mass Service Center



Public Welfare and Charity

Lygend Resources actively engages in public welfare, giving back to society in practical ways through supporting educational development, promoting cultural heritage, and advancing nationwide sports development. The Company always adheres to the concept of co-construction and sharing, working hand in hand with the community and contributing to social prosperity and development through pragmatic actions.

Implementing the National Fitness Strategy, Lygend Resources Donated to Support Xiangshan's Sports Development

In 2025, Lygend Resources actively implemented the national "National Fitness" strategy by donating RMB 3 million to the Xiangshan County Charity Federation, specifically designated to support the development of local sports initiatives. The funds were primarily used for the maintenance and upgrading of facilities in public sports venues within Xiangshan County, as well as for organizing mass sports events, thereby contributing to the enhancement of local sports infrastructure and the optimization of residents' fitness environments.

RMB **3** million

donated to the Xiangshan County Charity Federation

Autumn's Aid, Futures in the Making

In September 2025, the Company launched the "Autumn's Aid, Futures in the Making" branded public welfare initiative, providing financial aid to 12 eligible students to help alleviate their economic burden and support the successful completion of their studies.



"Autumn's Aid, Futures in the Making" Activity Pictures



Institutional Donation Award

Appendix 1: Performance Indicators

Environmental Performance	Unit	2024	2025 ²³
Emissions and Waste			
Nitrogen oxides	Tonnes	1,036.48	2,743.41
Sulfur oxides	Tonnes	1,800.21	8,108.52
Particulate matter	Tonnes	653.76	1,593.50
Total amount of hazardous waste	Tonnes in thousands	16,568.55	22,527.83
Intensity of hazardous waste	Tonnes in thousands/Million RMB revenue	0.57	0.56
Total amount of non-hazardous waste	Tonnes in thousands	31.01	4,152.91
Intensity of non-hazardous waste	Tonnes/Million RMB revenue	1.06	103.20
Greenhouse Gas Emissions			
Scope 1 greenhouse gas emissions	Tonnes in thousands of CO ₂ e	1,486.64	3,253.34
Scope 2 greenhouse gas emissions	Tonnes in thousands of CO ₂ e	473.45	3,150.89
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes in thousands of CO ₂ e	1,960.09	6,404.23
Greenhouse gas emission intensity	Tonnes in thousands of CO ₂ e/Million RMB revenue	0.07	0.16
Energy Management			
Direct energy consumption	GWh	2,998.13	7,673.76
Indirect energy consumption	GWh	703.11	3,826.18
Total energy consumption	GWh	3,701.24	11,499.94
Intensity of energy consumption	GWh/Million RMB revenue	0.13	0.29
Use of Resources			
Water consumption	m ³ in thousands	33,494.15	48,219.81
Intensity of water consumption	m ³ in thousands/Million RMB revenue	1.15	1.20
Water recycling volume	m ³ in thousands	51,387.84	88,030.47
Water recycling rate	%	60.54	64.61
Total consumption of packaging materials	Tonnes	4,912.96	11,133.46
Intensity of packaging materials consumption	Tonnes/Million RMB revenue	0.17	0.28

²³ Due to the expansion of the Company's business, the scope of environmental data covered this year has been broadened, leading to a year-on-year increase in the relevant data

Social Performance		Unit	2024	2025
Supplier Management²⁴				
Total number of suppliers in the supply chain		/	796	827
By geographical regions	China (including Hong Kong, Macao and Taiwan)	/	394	340
	Indonesia	/	248	306
	Overseas Regions	/	154	181
Number of Employees				
Total number of employees ²⁵		Person	8,864	15,210
Total number of full-time employees		Person	8,806	15,163
By gender	Male	Person	8,020	14,009
	Female	Person	844	1,201
By employee category	Senior management	Person	80	89
	Middle management	Person	412	367
	General employees	Person	8,372	14,754
By age	Below 30	Person	4,884	8,185
	30 to 50	Person	3,536	6,567
	Above 50	Person	444	458
By geographical regions	China (including Hong Kong, Macao and Taiwan)	Person	1,059	1,121
	Overseas Regions	Person	7,805	14,089
Employee Turnover Rate		%	20.82	25.07
By gender	Male	%	21.00	25.77
	Female	%	18.97	17.38
By age	Below 30	%	19.53	28.01
	30 to 50	%	23.07	22.47
	Above 50	%	16.37	11.41
By employee category	China (including Hong Kong, Macao and Taiwan)	%	15.06	7.70
	Overseas Regions	%	21.64	26.63

²⁴ The number of suppliers covers the Group in this Report.

²⁵ The total workforce across the Group was 15,453.

Social Performance		Unit	2024	2025
Employee Training				
Number of employees trained during the Reporting Period		Person	4,410	10,385
Percentage of employees trained as of total employees		%	50.96	68.28
Percentage of male and female employees trained	By Gender - Male	%	50.04	76.33
	By Gender - Female	%	60.30	79.44
Percentage of Employees Trained by Category	By employee category- Senior management	%	43.87	100
	By employee category- Middle management	%	82.65	87.88
	By employee category- General employees	%	12.35	76.07
Total employee training hours		Hour	55,114.50	126,769
Average employee training hours		Hour	6.37	8.27
Average training hours of male and female employees	Male	Hour	7.69	8.09
	Female	Hour	9.20	10.43
Average Training Hours by Different Categories of Employees	By employee category- Senior management	Hour	13.50	14.91
	By employee category- Middle management	Hour	16.25	17.03
	By employee category- General employees	Hour	7.34	8.02
Product Responsibility				
Number of information or privacy breach incidents occurred during the Reporting Period		/	0	0
Number of customers affected by information or privacy breach incidents occurred during the Reporting Period		/	0	0
Percentage of products sold or shipped that must be recalled due to safety and health reasons		%	0	0
Number of products and service related complaints received		/	0	0
Complaint response rate		%	100	100
Complaint response time		Hour	0	0
Complaint resolution rate		%	100	100

Social Performance		Unit	2024	2025
Public Welfare and Charity				
Public welfare and charity input ²⁶		RMB '0,000	10,410.06	735.16
Employee care input		RMB '0,000	2,411.75	2,775.37
Occupational Health and Safety				
Number of work-related fatalities		Person	0	0
Rate of work-related fatalities		‰	0	0
Lost days due to work injury		Day	299	329

Governance Performance		Unit	2024	2025
Corporate Governance				
Number of concluded legal cases regarding corrupt practices		/	0	0
Number of employee anti-corruption training courses		Session	4	12
Employee anti-corruption training course duration		Hour	4	10.5
Number of employees participating in anti-corruption training		Person-times	120	720

²⁶ The data on public welfare and charity input covers the Group in this Report.

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

ESG Areas, General Disclosures and KPIs			Section
Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste	Green Transformation, the Carbon-Neutral Future——Emission and Waste Management
	KPI A1.1	The types of emissions and respective emissions data	Green Transformation, the Carbon-Neutral Future——Emission and Waste Management
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Transformation, the Carbon-Neutral Future——Emission and Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Green Transformation, the Carbon-Neutral Future——Emission and Waste Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Green Transformation, the Carbon-Neutral Future——Environmental Management System
	KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Transformation, the Carbon-Neutral Future——Emission and Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Transformation, the Carbon-Neutral Future——Resource Utilization
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Green Transformation, the Carbon-Neutral Future——Resource Utilization
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green Transformation, the Carbon-Neutral Future——Resource Utilization
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Green Transformation, the Carbon-Neutral Future——Environmental Management System
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Transformation, the Carbon-Neutral Future——Resource Utilization
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Green Transformation, the Carbon-Neutral Future——Resource Utilization

ESG Areas, General Disclosures and KPIs			Section
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Transformation, the Carbon-Neutral Future——Environmental Management System
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Transformation: Exploring the Carbon-Neutral Future——Environmental Management System、Emission and Waste Management
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare	Fertile Ground, Shared Success——Rights and Interests Protection
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Fertile Ground, Shared Success——Rights and Interests Protection
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	Fertile Ground, Shared Success——Rights and Interests Protection
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to providing a safe working environment and protecting employees from occupational hazards	Fertile Ground, Shared Success——Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Fertile Ground, Shared Success——Health and Safety
	KPI B2.2	Lost days due to work injury	Appendix 1: Performance Indicators
B3: Development and Training	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Fertile Ground, Shared Success——Health and Safety
	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Fertile Ground, Shared Success——Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Fertile Ground, Shared Success——Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category	Fertile Ground, Shared Success——Training and Development

ESG Areas, General Disclosures and KPIs			Section
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour	Fertile Ground, Shared Success——Rights and Interests Protection
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Fertile Ground, Shared Success——Rights and Interests Protection
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	Fertile Ground, Shared Success——Rights and Interests Protection
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Operational Excellence, Value Co-Creation——Sustainable Supply Chain
	KPI B5.1	Number of suppliers by geographical region	Operational Excellence, Value Co-Creation——Sustainable Supply Chain
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Operational Excellence, Value Co-Creation——Sustainable Supply Chain
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Operational Excellence, Value Co-Creation——Sustainable Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Operational Excellence, Value Co-Creation——Sustainable Supply Chain
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Operational Excellence, Value Co-Creation——Quality Assurance
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Operational Excellence, Value Co-Creation——Quality Assurance
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with	Operational Excellence, Value Co-Creation——Quality Assurance
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Operational Excellence, Value Co-Creation——Quality Assurance
	KPI B6.4	Description of quality assurance process and recall procedures	Operational Excellence, Value Co-Creation——Quality Assurance
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Operational Excellence, Value Co-Creation——Quality Assurance
B7: Anti corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering	Responsible Governance, Steady Foundation——Business Ethics and Compliance
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Responsible Governance, Steady Foundation——Business Ethics and Compliance
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Responsible Governance, Steady Foundation——Business Ethics and Compliance
	KPI B7.3	Description of anti-corruption training provided to directors and staff	Responsible Governance, Steady Foundation——Business Ethics and Compliance

ESG Areas, General Disclosures and KPIs			Section
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Well-being, Empowering Development——Public Welfare and Charity
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Well-being, Empowering Development——Public Welfare and Charity, Community Development
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Community Well-being, Empowering Development——Public Welfare and Charity
Climate-related disclosure requirements			Section
(I) Governance	19. The issuer shall disclose the following information: (a) Information about 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 shall identify the relevant bodies or individuals and disclose the following information:		
	(i) How the institution or individual determines whether they currently or in the future have the appropriate skills and competencies to oversee strategies responding to climate-related risks and opportunities;		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(ii) The ways and frequency by which the institution or individual becomes aware of climate-related risks and opportunities;		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iii) How the institution or individual takes into account climate-related risks and opportunities in supervising the issuer's strategy, major transaction decisions, and risk management procedures and related policies, including whether the institution or individual has considered any trade-off assessments related to such climate-related risks and opportunities;		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iv) How the institution or individual supervises the setting of targets related to climate-related risks and opportunities and monitors the progress towards achieving them (see paragraphs 37 to 40), including whether relevant performance indicators are incorporated into remuneration policies and how they are incorporated (see paragraph 17); and		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) The role of management in the governance processes, monitoring measures, and procedures used to oversee, manage, and supervise climate-related risks and opportunities, including the following information:		
	(i) Whether this role is assigned to specific management personnel or a management committee, and how the personnel or committee are supervised; and		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(ii) Management may have monitoring measures and procedures to assist in overseeing climate-related risks and opportunities; if so, how are these monitoring measures and procedures integrated with other internal functional departments.		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
(II) Strategy	Climate-related Risks and Opportunities 20. The issuer must disclose its information to allow people to understand the climate-related risks and opportunities that could reasonably be expected to affect its cash flows, financing channels, or cost of capital in the short, medium, or long term. Specifically, the issuer must:		
	(a) Describe the climate-related risks and opportunities that are reasonably expected to potentially affect the issuer's cash flow, financing channels, or cost of capital in the short, medium, or long term;		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(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;		Green Transformation, the Carbon-Neutral Future——Addressing Climate Change

Climate-related disclosure requirements		Section
(II) Strategy	(c) For each climate-related risk and opportunity identified by the issuer, specify the time horizon (short, medium, or long term) over which it is reasonably expected to affect the issuer; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(d) Explain how the issuer defines short, medium, and long term, and how these definitions are linked to its strategy and planning horizons.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Business Model and Value Chain 21. The issuer shall disclose information that enables 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 make the following disclosures:	
	(a) Describe the current and anticipated impacts of climate-related risks and opportunities on the issuer's business model and value chain; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(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).	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Strategy and Decision-Making 22. Issuers must disclose information that enables understanding of the impact of climate-related risks and opportunities on their strategy and decision-making. Specifically, issuers must disclose: (a) Information about 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 targets required by laws or regulations. Specifically, issuers must disclose the following information:	
	(i) Changes made to the issuer's business model (including resource allocation) in response to climate-related risks and opportunities, both currently and in the foreseeable future;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(ii) Any adaptation or mitigation work that has been carried out or is expected to be carried out (directly or indirectly);	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iii) Any climate-related transition plan of the issuer (including information on the key assumptions used in formulating the transition plan, as well as the factors on which the plan relies), or if the issuer does not have such a plan, make an appropriate negative statement;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iv) How the issuer plans to achieve any climate-related targets described in paragraphs 37 to 40 (including any greenhouse gas emission targets, if any).	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) Information on how the issuer currently and plans in the future to allocate resources for the actions disclosed under paragraph 22(a).	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	23. The issuer shall disclose the progress during previous Reporting Periods in accordance with the plan disclosed under paragraph 22(a).	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Financial position, financial performance, and cash flows Current financial impact 24. The issuer shall disclose the following qualitative and quantitative information: After careful evaluation, due to the high uncertainty in the measurement methods for assessing related impacts, the Company is currently unable to obtain quantitative information on relevant climate risks and opportunities. The Company plans to gradually deepen the quantification of financial impacts in the future and disclose relevant data as appropriate.	
	(a) How climate-related risks and opportunities have affected the issuer's financial position, financial performance, and cash flows during the Reporting Period; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) Information on the climate-related risks and opportunities identified in paragraph 24(a), when there are significant risks that could lead to material adjustments to the carrying amounts of assets and liabilities in the financial statements for the next reporting year.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change

Climate-related disclosure requirements		Section	
(II) Strategy	Financial Condition, Financial Performance, and Cash Flows Expected Financial Impact 25. The issuer shall disclose the following qualitative and quantitative information:		
	(a) After considering its strategies for managing climate-related risks and opportunities, and taking into account the following items, how the issuer expects its financial condition to change in the short, medium, and long term:		
	(i) Its investment and disposal plans; and	After careful evaluation, due to the high uncertainty in the measurement methods for assessing related impacts, the Company is currently unable to obtain quantitative information on relevant climate risks and opportunities. The Company plans to gradually deepen the quantification of financial impacts in the future and disclose relevant data as appropriate.	
	(ii) The planned sources of funds required for the implementation of the strategy; and		
	(b) Based on the issuer's strategies for managing climate-related risks and opportunities, its expected changes in financial performance and cash flows in the short, medium, and long term.		
	Climate Resilience 26. After considering the climate-related risks and opportunities identified by the issuer, the issuer shall disclose information that enables others to understand the resilience of the issuer's strategy and business model to climate-related changes, developments, or uncertainties. The issuer shall, in accordance with practices proportionate to its circumstances, use climate-related scenario analysis to assess its climate resilience. When providing quantitative information, the issuer may disclose a single figure or a range. Specifically, the issuer shall disclose:		
	(a) The issuer's assessment of its climate resilience as of the reporting date, which helps to understand:		
	(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;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change	
	(ii) The scope of significant uncertainties considered by the issuer in the assessment of climate resilience; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change	
	(iii) The issuer's ability to adjust its short-term, medium-term, and long-term strategies and business model based on climate developments.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change	
	(b) How and when to conduct climate-related scenario analysis, including:		
	(i) Input data used, including: (1) Climate-related scenarios used by the issuer in the analysis and their sources (2) Whether the analysis covers multiple different climate-related scenarios (3) Whether the climate-related scenarios used in the analysis are associated with climate-related transition risks or climate-related physical risks (4) Whether the issuer used scenarios consistent with the latest international climate change agreements in its scenarios (5) Why the issuer considers the selected climate-related scenarios relevant to assessing the resilience of its climate-related changes, developments, or uncertainties (6) The time horizon used by the issuer in the analysis (7) The operational scope covered by the issuer's analysis (e.g., operational locations and business units included in the analysis)	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change	

Climate-related disclosure requirements		Section
(II) Strategy	(ii) The key assumptions made by the issuer in the analysis; and the key assumptions made in the analysis; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iii) The Reporting Period for conducting climate-related scenario analysis.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
(III) Risk Management	27. The issuer shall disclose the following information:	
	(a) The processes and related policies used by the issuer to identify and assess climate-related risks, prioritize them, and maintain monitoring, including information on the following aspects;	
	(i) Input data and parameters used by the issuer (such as data sources and the business scope covered by the program);	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(ii) Whether the issuer may have and how it uses climate-related scenario analysis to identify climate-related risks;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iii) How the issuer assesses the nature, likelihood, and extent of the relevant risks (for example, whether the issuer may consider qualitative factors, quantitative thresholds, or other standards used);	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iv) Whether the issuer may have and how it prioritizes climate-related risks relative to other types of risks;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(v) How the issuer monitors its climate-related risks; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(vi) Compared with the previous Reporting Period, whether and how the issuer may change the processes it uses.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) The issuer's processes for identifying and assessing climate-related opportunities, as well as determining their prioritization and maintaining monitoring (including the information on whether and how the issuer may use climate-related scenario analysis to identify climate-related opportunities); and	
	(c) How the identification, assessment, prioritization, and monitoring processes of climate-related risks and opportunities are integrated into the issuer's overall risk management process, and to what extent they are integrated.	
(IV) Indicators and Targets	Greenhouse Gas Emissions 28. The issuer shall disclose the absolute total greenhouse gas emissions during the Reporting Period (expressed in metric tons of CO ₂ equivalent), and break them down into:	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(a) Scope 1 greenhouse gas emissions;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) Scope 2 greenhouse gas emissions; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(c) Scope 3 greenhouse gas emissions.	Due to the numerous links involved in the Company's business operations and value chain, the Company needs to gradually carry out a systematic review and data collection and calculation of Scope 3 greenhouse gas emission sources. To ensure the completeness and accuracy of the data, the Company plans to conduct a comprehensive Scope 3 data accounting and disclosure in the future.

Climate-related disclosure requirements		Section
(IV) Indicators and Targets	29. The issuer must: (a) measure its greenhouse gas emissions in accordance with the "Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (2004)" unless otherwise required by the regulatory authority or another exchange on which the issuer is listed;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) Disclose the methods it uses to measure greenhouse gas emissions, including:	
	(i) the measurement methods, input data, and assumptions used by the issuer to measure its greenhouse gas emissions;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(ii) Why the issuer chooses this measurement method, input data, and hypothetical measurement of greenhouse gas emissions; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iii) Any changes made by the issuer to the measurement methods, input data, and assumptions during the Reporting Period, as well as the reasons for such changes;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(c) Disclose the scope 2 greenhouse gas emissions based on the geographic basis for scope 2 greenhouse gas emissions as disclosed according to paragraph 28(b), and provide any required contractual documentation information that helps to understand such emissions; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(d) Regarding Scope 3 greenhouse gas emissions disclosed pursuant to paragraph 28(c), disclose the categories included in the issuer's measured Scope 3 greenhouse gas emissions according to the Scope 3 categories specified in the 'Greenhouse Gas Accounting and Reporting Standard for Corporate Value Chain (Scope 3) (2011)'.	Due to the numerous links involved in the Company's business operations and value chain, the Company needs to gradually carry out a systematic review and data collection and calculation of Scope 3 greenhouse gas emission sources. To ensure the completeness and accuracy of the data, the Company plans to conduct a comprehensive Scope 3 data accounting and disclosure in the future.
	Climate-Related Transition Risks 30. The issuer shall disclose the amount and percentage of assets or business activities that are susceptible to climate-related transition risks.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Climate-Related Physical Risks 31. The issuer shall disclose the amount and percentage of assets or business activities that are susceptible to climate-related physical risks.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Climate-related opportunities 32. The issuer shall disclose the amount and percentage of assets or business activities related to climate-related opportunities.	Based on the results of climate scenario analysis, climate related opportunities are not expected to have a material financial impact on the Company's business operations or asset value in the current or foreseeable period. Therefore, no separate disclosure was provided in this Reporting Period.
	Use of Funds 33. The issuer must disclose the amount of capital expenditure, financing, or investment used for climate-related risks and opportunities.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change

Climate-related disclosure requirements		Section
(IV) Indicators and Targets	Internal Carbon Pricing 34. The issuer shall disclose the following:	
	(a) Explain whether and how the issuer applies carbon pricing in decision-making (e.g., investment decisions, transfer pricing, and scenario analysis); and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) The price per ton of greenhouse gas emissions used by the issuer to assess its greenhouse gas emission costs; or an appropriate negative statement confirming that the issuer has not applied carbon pricing in its decision-making.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Compensation 35. The issuer must disclose whether and how climate-related considerations are incorporated into compensation policies, or provide an appropriate negative statement. This may constitute part of the disclosure made under paragraph 19(a)(iv).	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Industry Indicators 36. The Exchange encourages issuers to disclose industry indicators related to one or more specific business models and activities, or industry indicators related to common characteristics of the relevant industry. When deciding which industry indicators to disclose, the Exchange encourages issuers to refer to the industry disclosure guidelines in the "International Sustainability Standards Board (ISSB) IFRS S2" and the industry disclosure requirements specified in other international environmental, social, and governance reporting frameworks concerning the disclosure topics, and to consider their applicability.	After careful evaluation, the applicability of current relevant industry indicators to the Group is limited, and therefore no special disclosure has been made.
	Climate-Related Targets 37. Issuers must disclose (a) any climate-related qualitative and quantitative targets they have set to monitor progress in achieving their strategic objectives; and (b) any targets that issuers are required to achieve by law or regulation, including any greenhouse gas emission targets. Issuers must disclose each target individually:	
	(a) Indicators used to set goals;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) The objective of the goal (e.g., mitigation, adaptation, or science-based initiatives);	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(c) Scope of the target (for example, whether the target applies to the entire issuer group or only a part (such as only applicable to a specific business unit or geographic area));	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(d) Target applicable period;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(e) The baseline period for measuring progress;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(f) Phased goals or mid-term goals (if any);	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(g) If it is a quantitative target, whether it is an absolute target or an intensity target; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(h) How the latest international climate change agreements (including the legal commitments arising from these agreements) help issuers set targets.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	38. The issuer shall disclose the methods it uses to set and review each target, as well as how it monitors progress toward achieving them, including:	
	(a) Whether the target itself and the method of setting the target have been verified by a third party;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change

Climate-related disclosure requirements		Section
(IV) Indicators and Targets	(b) Procedures for the issuer to review objectives;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(c) Indicators used to monitor progress toward meeting standards; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(d) The content and reasons for any revision objectives.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	39. The issuer must disclose information on the performance of each climate-related target, as well as an analysis of trends or changes in the issuer's performance.	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	40. According to each of the greenhouse gas emission targets disclosed in paragraphs 37 to 39, the issuer shall disclose:	
	(a) Which greenhouse gases are covered by the target;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(b) Whether the target covers greenhouse gas emissions from Scope 1, Scope 2, or Scope 3;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(c) Is this target a total greenhouse gas emissions target or a net greenhouse gas emissions target? If it is a net greenhouse gas emissions target, the issuer must also disclose the related total greenhouse gas emissions target;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(d) Whether the target is derived using industry decarbonization methods; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(e) The issuer plans to use carbon credits to offset greenhouse gas emissions in order to achieve any net greenhouse gas emission targets. Regarding the plan to use carbon credits, the issuer must disclose:	
	(i) The extent and manner of relying on the use of carbon credits to achieve any net greenhouse gas emissions target;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(ii) Which third-party programs will verify or certify the carbon credits;	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iii) Types of carbon credits, including whether the related offsets are nature-based or technology-based carbon removals, and whether the related offsets are achieved through carbon reduction or carbon removal; and	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	(iv) Any other important factors necessary for people to understand the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions about the effectiveness of carbon offsets).	Green Transformation, the Carbon-Neutral Future——Addressing Climate Change
	Applicability of Cross-Industry Indicators and Industry Indicators 41. When preparing disclosure content to comply with the provisions of paragraphs 21 to 26 and 37 to 38, the issuer shall refer to (i) cross-industry indicators (see paragraphs 28 to 35) and (ii) industry indicators (see paragraph 36) and consider their applicability.	After careful assessment, the applicability of relevant cross-industry indicators and industry-specific indicators to the Group is currently limited, and therefore no special disclosure has been made.

