

稀美資源控股有限公司

XIMEI RESOURCES HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 9936



2024

Environmental, Social and Governance Report

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About Us



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

About Ximei Resources

Founded on 9 May 2006, the Group is an early non-state-owned market player in the tantalum and niobium industry in the People's Republic of China (the “**PRC**”), ranking ahead among domestic peers in terms of market share of products. The Group is principally engaged in the manufacturing and sale of tantalum- and niobium-based products, including tantalum- and niobium-based hydrometallurgical products, tantalum- and niobium-based pyrometallurgical products, and tantalum- and niobium-based deeply-processed products. In particular, hydrometallurgical products mainly include tantalum pentoxide, niobium pentoxide, potassium heptafluorotantalate and tantalum/niobium alkoxide; pyrometallurgical products mainly include tantalum/niobium powder, melted tantalum/niobium, ferroniobium and niobium-nickel binary alloys, and various high-purity tantalum/niobium ingots; tantalum- and niobium-based deep-processed products include tantalum/niobium strips, tubes, rods and wires, and various processed products based on supplied drawings. The products are widely used in high-temperature alloys, semiconductors, high-end electronics, aerospace, defense and military, optical and medical fields. The Group has passed the quality, environment, occupational health, intellectual property and other management system certifications, and passed the Responsible Minerals Initiative (RMI) annual audit in the second half of 2024. As a member of the Tantalum-Niobium International Study Center (TIC) and vice president of the Tantalum and Niobium Division of the China Nonferrous Metals Industry Association, the Group strictly complies with applicable international and domestic laws, regulations and industry self-discipline rules.

Ximei Resources Holding Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**” or “**Ximei Resources**” or “**we**” or “**us**”) was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in March 2020. So far the Group has established a total of six production bases in Guangdong Province, Guizhou Province and Hunan Province. In 2022, Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業集團股份有限公司) (“**Ganfeng Lithium**”), a leading company in the global lithium industry chain, became a strategic shareholder of the Company with a 16.7% shareholding. In November 2024, our subsidiary, Ximei Resources (Guangdong) Limited* (稀美資源(廣東)有限公司) (“**Ximei Guangdong**”) received, a capital injection of RMB60 million from Jinshi Manufacturing Transformation and Upgrading New Material Fund (Limited Partnership)* (金石製造業轉型升級新材料基金(有限合夥)), which will provide strong support to the Company in terms of capital, technology and resources.

Hydrometallurgical Projects

The implementation entities of the Group's hydrometallurgical projects include Ximei Guangdong and Ximei Resources (Leizhou) Company Limited* (稀美資源(雷州)有限公司) (“**Ximei Leizhou**”), being its wholly-owned subsidiaries, and CNNC Central China New Materials Co., Ltd. (“**CNNC Huazhong**”), being its associate. In particular, Ximei Guangdong is a world leading tantalum- and niobium-based hydrometallurgical enterprise, focusing on the research and development and production of tantalum heptafluorotantalate, niobium pentoxide, tantalum pentoxide, high-purity niobium pentoxide, high-purity tantalum pentoxide and tantalum/niobium alkoxide. In the past three years, the Group's hydrometallurgical products gained a market share of nearly 40% (note 1) in China. The Group is a national high-tech enterprise, and has been recognised as an innovative enterprise of Guangdong Province, an excellent manufacturing enterprise of Guangdong Province, a provincial single champion product enterprise in manufacturing industry of Guangdong Province, a high-growth enterprise of Guangdong Province, a “Little Giant” specialised and innovative enterprise, a postdoctoral scientific research center and a national enterprise with intellectual property advantages. The Group has established a provincial and municipal engineering technology research center, and a provincial and municipal technology specialist workstation. Ximei Leizhou has a project with a total planned annual production capacity of 3,000 tons of high-performance tantalum- and niobium-based oxide which is under proactive advancement and CNNC Huazhong entered the production phase in 2024, with a designed annual capacity of 1,000 tons of oxides.

Note:

1. Reference is made to the statistics of Ximei Resources.

Pyrometallurgical Projects

The implementation entities of the Group's pyrometallurgical projects include Ximei Guangdong Qinghua Park Production Base, Ximei Resources (Guizhou) Technology Limited (稀美資源(貴州)科技有限公司) ("**Ximei Guizhou**") and Ximei Resources (Guiyang) Company Limited* (稀美資源(貴陽)有限公司) ("**Ximei Guiyang**"). Established in 2020, Ximei Guizhou is the Group's major production base for pyrometallurgical products, which mainly include tantalum and niobium powders, melted tantalum/niobium, ferroniobium and niobium-nickel binary alloys, and various high-purity tantalum/niobium ingots, with a planned production capacity of 1,500 tons per year, which will rank among the top three in the world upon reaching full capacity.

In light of its strategic positioning of "professional, integrated, large-scale, high-end, international and capital-based" operation and the goal of "developing strategic metals and pursuing green metallurgy", Ximei Resources makes continuous research and development and innovation, expands its production capacity and extends its industrial chain. With its unique technology, excellent quality and high-quality services, the Group has won the recognition and praise of its customers and aspires to become "a world leading manufacturer and operator of tantalum- and niobium-based products".

Development Concept



In order to respond to the intense market competition, the Company organizes strategic discussions with its management on a regular basis, formulates clear strategic development plans, and clarifies the strategic positioning of "professional, integrated, large-scale, high-end, international and capital-based" operation. The Group will adhere to this strategic positioning, firmly promote project construction, and integrate various resources such as production management, marketing, research and development technology, and human resources through technological transformation in order to strive for new breakthroughs in production capacity, quality and cost, and improve the Company's sustainable development capability at multiple levels and in all aspects, thereby enhancing its core competitive advantages and finally realizing the great vision of becoming "a world leading manufacturer and operator of tantalum- and niobium-based products".

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Main Products and Bases

As a leading manufacturer of tantalum- and niobium-based products in China, the Group has now become a large corporation with six production bases in Guangdong, Guizhou and Hunan Provinces respectively. Our products mainly include tantalum- and niobium-based hydrometallurgical compounds and tantalum and niobium metals and alloys.

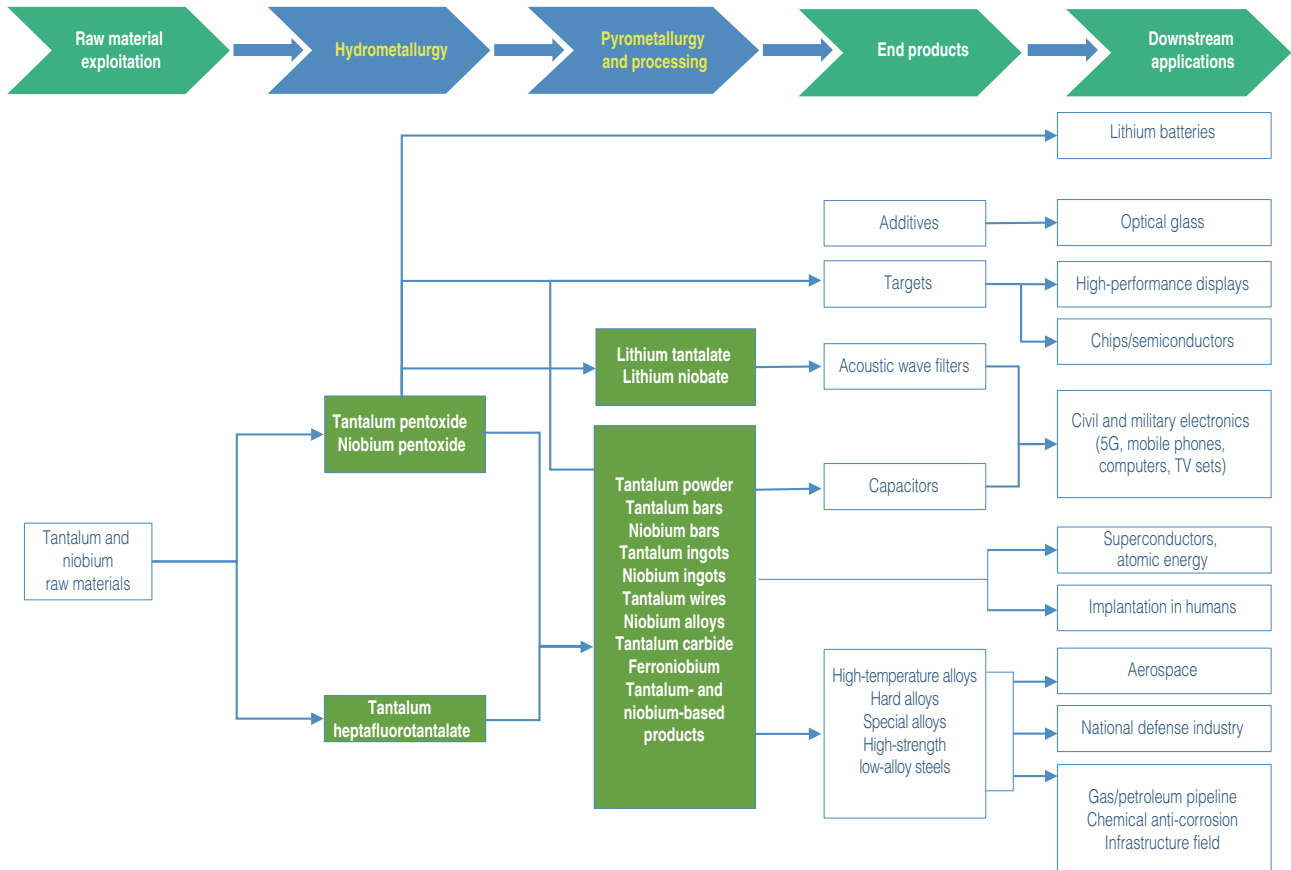
Main Products

Hydrometallurgical products • Purity: ~99.995%	Tantalum pentoxide	Niobium pentoxide	Tantalum heptafluorotantalate	Tantalum ethoxide	
					
	Pyrometallurgical products • Purity: ~99.9995%	Tantalum/Niobium powder	Tantalum/Niobium and alloy ingots	Smelted tantalum/niobium	Niobium-based alloy blocks
					
					
Tantalum, niobium and alloy processed materials	Tantalum/Niobium sputtering targets	Tantalum/Niobium wire	Tantalum/Niobium tubes	Tantalum/Niobium plates	Tantalum/Niobium rods
					

Tantalum- and niobium-based hydrometallurgical compounds produced by the Group cover a full spectrum of specifications, including all product series of metallurgical, optical wave, target, crystal, battery and other grades. Products of different grain sizes (down to nanoscale), purity levels and cleanliness levels can be customized for customers. The quality of products is industry-leading, and downstream products have a wide scope of application. Tantalum and niobium metals and their products feature low impurity content, high consistency and uniform grain size; with a purity level as high as 99.9995% for high purity tantalum ingot and niobium ingot, which can be used in semiconductor targets, low-temperature superconductors, optical filming, military and other high-end application areas.

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Below shows the basic application areas of tantalum and niobium:



Riding on the advantages of hydrometallurgy, the Group has been committed to extending business to downstream products in recent years. With full-process production capabilities for tantalum- and niobium-based products, the Group provides professional and high-quality solutions to customers in various industries such as aerospace, automobiles, electronics, national defense, medical and superalloys.

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Core production bases of the Group up to the date of this report:



Ximei Guangdong: Oxide production capacity of 2,000 tons



Ximei Leizhou: Under-construction oxide production capacity of 3,000 tons



Hunan CNNC: Oxide production capacity of 1,000 tons



Ximei Guangdong: Tantalum metal production capacity of 300 tons



Ximei Guizhou: Tantalum metal production capacity of 200 tons and niobium metal production capacity of 1,000 tons



Ximei Guiyang: Under-construction metal production capacity of 1,600 tons

Industry Qualifications

As of the end of the Reporting Period, the subsidiaries Ximei Guangdong, Ximei Guizhou and other main operation entities of the Group have obtained all necessary qualifications and licenses for their respective businesses. Meanwhile, as a member of TIC and ITSCI, Ximei Resources is dedicated to establishing a sound due diligence management system, promises to strictly select sources of raw materials, and will not purchase nonconforming raw materials from high-risk regions to prevent interest groups in these regions from earning profits therefrom, thus to avoid negative effects caused by local continuous unrest, conflict escalation or human rights violations.

Ximei Resources strictly complies with relevant laws, regulations and international rules, and has passed the “Responsible Minerals Initiative” (RMI) annual audit. We are a compliant smelter, and all of our production bases meet the responsible sourcing standard.



The Group follows the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals, and both Ximei Guangdong and Ximei Guizhou have passed evaluations by independent third-party auditors.



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R&D and Innovation

The Group is a national high-tech enterprise, and has established solid long-term cooperation with the Chinese Academy of Sciences, Guangdong Provincial Academy of Sciences, and Central South University. The Company has 4 employees with doctoral degree, 19 employees with master's degree, and 12 senior engineers, and an expert management team having been focusing on research of tantalum and niobium metallurgical technologies for over 30 years. After years of development, our brand image has won the respect and wide recognition of the industry and the market. As of 31 December 2024, the Group was granted a total of 116 patents, including 25 invention patents; besides, the Company filed 77 patent applications, including 68 invention patent applications. Also, the Company continuously optimized and improved the R&D process, and made breakthroughs in such aspects as oxides with high specific surface areas, ammonia neutralization process and development of tantalum- and niobium-based materials. As for new product development, the Company successfully developed high-quality products such as new niobium-based products for optical glass, tantalum powder for low boron tantalum ingots, capacitor grade tantalum heptafluorotantalate, and superconducting high-purity niobium ingots.

Certain patents granted to the Group



Case Development of technology for producing high-purity niobium pentoxide from niobium-tantalum-iron alloys

Ximei Guangdong has successfully developed the technology for producing high-purity niobium pentoxide from alloy minerals. The high-purity niobium pentoxide products are of high quality, with significantly decreased contents of stibium and iron which are key impurities, significantly reduced processes, shortened production cycle and lower costs of raw materials.

Case Optimization and technical transformation of pickling and extraction process

Ximei Guangdong pushes forward the optimization and technical transformation of pickling and extraction processes. Sulphate in the niobium liquid produced is reduced significantly, by 95% in comparison with the conventional process. Also, after technical transformation, subsequent resource recycling of by-products can be better realized, greatly reducing the difficulty and cost of original solution treatment and meanwhile declining the waste emission indexes.

Awards and Recognition

During the Reporting Period, the Group further obtained over 16 awards and qualification certificates, and Ximei Guangdong, a subsidiary of the Group, has been recognized as a national high-tech enterprise, an excellent enterprise of Guangdong Province, an innovative enterprise of Guangdong Province, a doctoral workstation of Guangdong Province, a technology specialist workstation at provincial and municipal level, a provincial intellectual property demonstration enterprise, a provincial enterprise technology center, a grade A taxpayer of Guangdong Province, an engineering technology center at provincial and municipal level, an advantageous enterprise of intellectual property in Guangdong Province, a “Little Giant” specialized and innovative enterprise, etc. Ximei Guizhou, a subsidiary of the Group, is a small and medium-sized innovative enterprise in Guizhou Province and also a specialized and innovative enterprise, and has been honored as an enterprise technology centre in Guizhou Province in 2024.

Development Strategy

In 2024, the Group will stick to the bottom-line thinking of safety and environmental protection, strengthen production organization, give full play to the productivity advantage and continuously optimize the production process and product structure, thus to achieve and overfulfill the production targets; anchor the frontier market and strategic customers, continuously expand the market and reasonably adjust the purchasing structure and rhythm to keep supply, production and marketing stable; endeavor to complete the construction of key projects, extend the industry chain, expand the industry scale and enhance the industry influence; insist on scientific and technological innovation, increase the investment in R&D, establish the awareness of quality, transform to technical innovation and management innovation, and open the incremental and alternative market spaces. Meanwhile, in the management aspect, the Group will be stricter in assessment, reward and punishment, and will exploit the potentiality of cost reduction to ensure the fulfillment of annual efficiency target.



About This Report



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Purpose of the Report

We would like to report to the investors and stakeholders of the Group on the relationship between the Group's business and environmental, social and governance aspects, the effectiveness of the risk management and internal control systems adopted. The Group recommends stakeholders to read the Report (as defined below) together with the Group's "Corporate Governance Report" published in the 2024 annual report.

Reporting Period

The year from 1 January 2024 to 31 December 2024 (the "**Reporting Period**").

Reporting Principles

Response to the Four Reporting Principles in the HKEX ESG Reporting Code

The Report has disclosed all information for the year ended 31 December 2024 in accordance with requirements of the Environmental, Social and Governance Reporting Code (the "**Code**") as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**HKEX**").

The content of the Report is determined according to a set of systematic procedures. These procedures include: identify and rank important stakeholders and determine their priority of information; identify ESG issues according to relevant key topics and determine their priority; determine ESG boundaries of the Report, and collect relevant materials and use for the preparation of the Report. These procedures are based on the following principles:

Materiality:

The ESG Workgroup ("**Workgroup**") of the Group is at the forefront of identifying ESG materiality factors. Through its daily work, the Workgroup identifies the factors that have a significant impact on ESG practices, so as to coordinate the efforts, collect relevant information and submit reports to the ESG Working Committee (the "**Working Committee**"). The Working Committee reviews and analyses the reports, makes amendments and follow-up recommendations, and reports to the Board of the Company. The Board will review and evaluate the reports received, provide adequate resources to deal with relevant matters, and monitor the work progress and effectiveness.

The Group also communicates with internal and external stakeholders to understand their expectations, discusses key topics regularly and irregularly, conducts materiality assessment and prioritisation procedures systematically and, with reference to opinions from all sides, selects the disclosure scope based on the principles of materiality, relevance and applicability, followed by data collection and analysis to identify relevant key topics and ensure that such topics are included in the Group's policies.

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In identifying materiality of ESG topics, the Group will consider the scope and level of their impact on the Group's business operation, long-term development, internal and external stakeholders, as well as the planning of the Group's future sustainable development and the establishment and review of our sustainable development goals. To carry out materiality assessment on relevant topics effectively, the Group identifies ESG topics relevant to its business operation, future development and stakeholders' interests, and evaluates their materiality and priority according to the scope and level of their impact on the Group and stakeholders.

Through analysis, we have become aware of the common materiality and priority of internal and external stakeholders for the Group's business, which will play a clear guiding role in setting strategies and objectives, carrying out daily operations and developing future vision of the Group. During the Reporting Period, the Group identified high, moderate and low levels of 19 key topics among the concerns of stakeholders, and used a materiality matrix to evaluate and illustrate their importance and priority to the Group.

Details of the Group's communication with internal and external stakeholders during the Reporting Period are as follows:

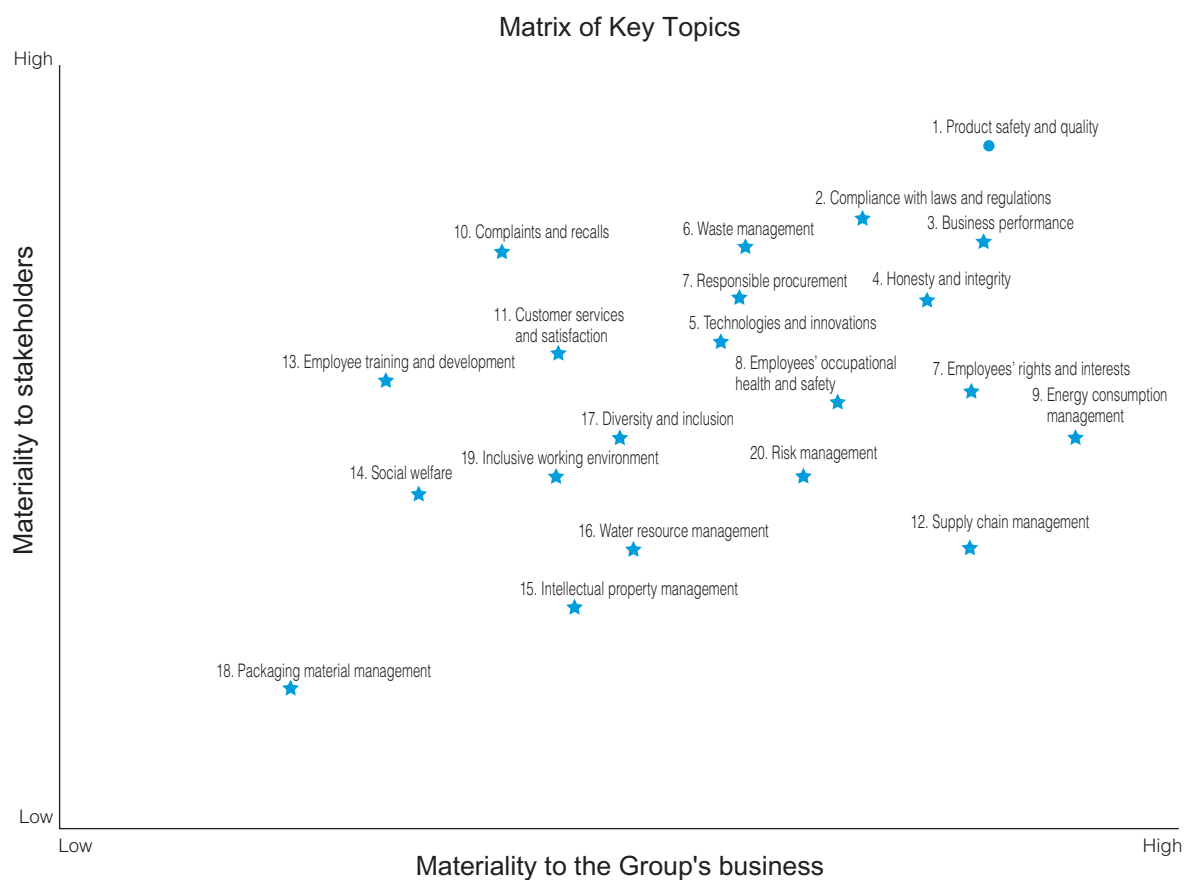
Corporate Governance	Social Responsibility	Environmental Responsibility
2. Compliance with laws and regulations	1. Product safety and quality	6. Waste management
4. Honesty and integrity	3. Business performance	7. Responsible procurement
20. Risk management	5. Technologies and innovations	9. Energy consumption management
17. Diversity and inclusion	8. Employees' occupational health and safety	16. Water resource management
19. Inclusive working environment	10. Complaints and recalls	18. Packaging material management
	11. Customer services and satisfaction	
	12. Supply chain management	
	13. Employee training and development	
	14. Social welfare	
	15. Intellectual property management	

High Compliance with laws and regulations, product safety and quality, business performance, honesty and integrity, waste management, energy consumption management

Moderate Technologies and innovations, responsible procurement, employees' occupational health and safety, complaints and recalls, customer services and satisfaction, supply chain management, water resource management, intellectual property management, risk management

Low Employee training and development, social welfare, diversity and inclusion, packaging material management, inclusive working environment

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Communication with stakeholders:

Stakeholder	Issues of Concern	Communication/ Feedback Channels	Communication Frequency
Shareholders and investors	Business results	General meeting	General meetings that are held annually
	Risk management	Results presentation	Extraordinary meetings upon significant events or in special circumstances
	Honesty and integrity	Site survey	Irregular roadshows and reverse roadshows
	Compliance with laws and regulations	Roadshow and reverse roadshow	Regular internal control evaluation or audit
	Intellectual property management	Multi-channel conference	Enhanced corporate governance
Government authorities		Internal control audit	Timely information disclosure
		Compliance with laws and regulations in operations	
	Waste management	Site survey	From time to time, depending on circumstances
	Compliance with laws and regulations	Communication and negotiation	Regular physical examination
	Honesty and integrity	Spot check	
Customers and consumers		Participating in research and formulation of policies, standards and plans	
	Water resource management		
	Employees' occupational health and safety		
	Product safety and quality	Online and offline promotion	From time to time, depending on circumstances
	Technologies and innovations	Market survey	Increased investment in research and development
	Complaints and recalls	Customer satisfaction survey	Regular compliance reviews
	Customer services and satisfaction	Customer complaint handling	Formulation of product standards
	Responsible procurement	Research and development and innovation	Improvement in customer service system
	Diversity and inclusion	Compliance audit	

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Stakeholder	Issues of Concern	Communication/ Feedback Channels	Communication Frequency
Industry chain partners	Packaging material management	Site survey	Unscheduled supplier meetings
	Supply chain management Product safety and quality Business performance	Supplier assessment Quality communications Telephone/written communications	Supplier assessment every year Supplier admission assessment Timely communication
Employees	Honesty and integrity	Open tender for procurement	
	Employees' occupational health and safety Employee training and development	Employee training Labour union and the Party's organizational activities	Online and offline training for employees Organizing labour union activities irregularly
Communities	Inclusive working environment Diversity and inclusion	Employee congress Solicitation of opinions and rationalisation proposals Reasonable remuneration and welfare system	The Party's organizational activity at least once a year Employee congress at least once a year Employee satisfaction survey once a year Regular assessment and conversation with superiors Onboarding mentors
	Social welfare Water resource management Waste management	Community public welfare activities Community communication Site survey	From time to time, depending on circumstances Communication and negotiation Volunteer activities
Environment	Waste management Energy consumption management Water resource management Packaging material management	Environmental protection Energy conservation and emission reduction Protection of ecological environment	Managing waste emission Enhanced resource utilization efficiency Concerning hazardous chemicals management

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Quantitative:

Environmental and social key performance indicators are prepared with reference to the Code of HKEX and calculated through systematic evaluation procedures for materiality, relevance and applicability with appropriate parameters. References to historical KPIs and the standards, methods, assumptions and/or calculations used for KPIs have been properly explained and, where appropriate, accompanied by comparative data.

Balance:

The contents of the report came from the Company's internal management documents, statistics and public disclosure, as well as public media reports, with no improper revisions. The Group has compiled the Environmental, Social and Governance Report (the "**Report**") covering the year from 1 January 2024 to 31 December 2024 in a fair, reasonable and impartial manner, to provide comprehensive information for shareholders, investors and stakeholders to evaluate on a rational, objective and accurate basis the Group's overall ESG performance and effectiveness.

Consistency:

For the convenience of comparison, the reporting standards and criteria, data calculation methods, structure of the Report, description of methods and assumptions made in the preparation of information herein are consistent with historical data. Explanations to changes thereto, if any, are furnished to provide a complete reference for shareholders, investors and stakeholders.

Reporting Boundary

The Group's reporting boundary remains unchanged to precedents of the Report, which covers principal operations of the Company's wholly-owned and non-wholly owned subsidiaries in China, including: (i) tantalum- and niobium-based hydrometallurgical products; (ii) tantalum- and niobium-based pyrometallurgical products; and (iii) metal related trades, in accordance with the Code. The Report covers the manufacturing and sales operations of non-ferrous metal products of the Group's most representative companies or plants in the PRC, namely Ximei Guangdong, Ximei Guizhou, Ximei Leizhou and Ximei Guiyang the Group's subsidiaries, in accordance with the Code.

The Report of the Group was selected according to the principles of materiality, quantitative, balance and consistency, and reviewed by three levels namely the Board, the Working Committee and the Workgroup.



Sustainable Development Management



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SUSTAINABLE DEVELOPMENT MANAGEMENT

Improving Corporate Governance

Strictly according to the standard requirements on governance of listed companies issued by the Stock Exchange and other regulatory authorities concerned, the Group continuously optimizes the corporate governance structure, improves the internal control system, and actively carries out work related to information disclosure, investor relations, etc. During the Reporting Period, the Group held 1 general meeting of shareholders and 5 board meetings. Besides, the Company established the senior manager performance assessment and incentive system, which improved corporate governance and conformed to the provisions of laws and regulations.

The Group believes that only by integrating the concept of social responsibility into our strategic development objectives and implementing it into the Group's daily operation, management and innovation activities can the coordinated development of economy and environment be truly achieved. In recent years, the expectations of international and domestic stakeholders regarding sustainable development have been continuously evolving. We need to constantly learn from international best practices and continuously improve the Company's governance structure in terms of sustainable development. In order to ensure environmental, social and governance effectiveness and further ensure operation of the Group, we have established a top-down ESG framework. The ESG framework is composed of three levels: the Board, the Working Committee and the Workgroup, each with well-defined duties and working in concerted efforts.



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ESG framework	Composition	Main duties
Board	Directors	<ul style="list-style-type: none"> Set and supervise ESG objectives and policies, establish and supervise the notification process, control relevant risks and allocate resources, review the effectiveness of policies, review relevant policies and reports, and appoint heads and members of the Working Committee and the Workgroup. Hold a leadership role and take full responsibility for the Group's ESG reporting. Discuss and review significant non-financial risks. Manage and identify significant risk management measures related to sustainability as reported by the Working Committees and relevant responsible persons. Discuss and follow up on ESG issues of the Group through Board meetings/seminars/video conferences.
Working Committee	Composed of heads of various departments	<ul style="list-style-type: none"> Implement ESG policies. Provide analysis and suggestions, update topics, effectively utilise resources. Coordinate and guide activities of the Workgroup. Report to the Board through regular and extraordinary meetings.
Workgroup	Coordinated by the ESG Office and works in coordination with the functional departments and subsidiaries, mainly including the president's office, the audit department, the corporate governance department, the procurement department, the marketing department, the human resources department, the safety and environmental protection department and other important departments	<ul style="list-style-type: none"> Deal with daily ESG work, compile information and prepare reports, and report to the Working Committee. Report to the Working Committee by regularly attending the meeting of the president's office and relevant special extraordinary meetings.

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The Board attaches great importance to risk management and audit supervision and has continuously revised and promulgated a series of more standardized and stringent rules and regulations, including the Group's internal control management rules, various risk management rules and internal audit management rules, in order to build a comprehensive risk management system and further strengthen the Group's risk management and audit supervision work. During the Reporting Period, the audit department organized and conducted relevant risk identification and audit activities for various departments and operating units of the Group and submitted internal control audit reports to the Board.

According to the results of weekly routine ESG inspections, the Workgroup forms a timetable for improvements, refinements or additional efforts with reference to the objectives set by the Board, and reports to the Working Committee. The Working Committee shall provide suggestions and assistance on the report and urge each department to cooperate in all aspects towards the objectives of the Group. The Board also communicates with stakeholders regularly and irregularly to understand the topics that deserve attention, develops and presses ahead with work strategies at monthly meetings, monitors and checks the work progress and, where necessary, makes amendments so as to achieve the Group's objectives effectively. In 2024, in the monthly reports to the Group's senior management, the Workgroup and relevant operating units reported on important issues, including safety and environmental protection and community, based on their respective actual situation, which were specified in the minutes of meetings.

The Company strictly abides by relevant laws and regulations, and prepares discharge monitoring reports on wastewater, exhaust gas, hazardous waste and non-hazardous waste every month. ESG is closely relevant to the Company's business. Only by meeting ESG standards of the Group can we improve our environmental awareness at every level of the Group, ensure production activities in an orderly manner, bring long-term benefits to the Group and create value for stakeholders. Through ESG management, we can identify risks in advance and develop risk management and prevention measures to ultimately achieve long-term sustainable and healthy development.

Strengthening Risk Management

A sound risk management system is the key to the success of normal and orderly business operation. The Company's management attaches importance to corporate risk management and integrates risk management into the Company's overall culture, core business activities and decision-making, and strictly complies with all regulatory requirements. We actively identify, monitor and respond to risks in various processes and sections of actual operations to minimize or even avoid the impact of risks on the Company. The audit department of the Company formulates a regular audit plan every year to supervise and inspect the financial income and expenditure and economic activities of all departments of the Company and its wholly-owned and non-wholly-owned companies in accordance with relevant rules, and the audit covers the entire Group, thus ensuring that regular audits are completed within one year for all subsidiaries and branches, and is responsible for following up the effectiveness of rectification of each entity to prevent financial and operational risks.

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Case Establishing the Measures for Data Security Management

The Group manages its data in a centralized and uniform manner, and has set up an archives room and a data center. Data are classified into different levels for management, namely, Top Secret, Secret, and Confidential. Through classified management, the Group can strengthen its data security construction.

Case Pushing the initiation of ERP management system

To realize more standard, process-oriented and normalized financial management, the Group initiated and put online the financial ERP supply chain, inventory and general ledger module, realizing smoothness throughout the process from the issuance of logistics bills to the issuance of financial statements, improving the work efficiency of departments, and laying a foundation for overall online implementation and subsequent optimization of the Group.

Case Enhancing equipment safety management

The Group insists on the bottom-line thinking of safety management. During the Reporting Period, the Group enhanced safety risk management through drills, internal and external trainings, visual inspections, etc. Meanwhile, the Group started using the DingTalk Cloud Service function, and especially for key equipment and special equipment, performed periodic maintenance and level-to-level inspection. Through DingTalk Cloud Service, each item of equipment was given an exclusive QR code. Also, the Group optimized and modified gas converters and exhaust gas system, improving the operating efficiency of equipment.



ESG Disclosure



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ESG DISCLOSURE

Safeguarding Lucid Waters and Lush Mountains

Emissions management

The Group always attaches great importance to compliance with laws and regulations and has been strictly abiding by relevant national environmental laws and regulations, including but not limited to:

Emissions	Laws and Regulations
Exhaust gas	GB13271-2014: Emission Standard of Air Pollutants for Boilers (《鍋爐大氣污染物排放標準》), DB44/27-2001: Emission Limits of Air Pollutants in Guangdong Province (《廣東省大氣污染物排放限值》), and GB14554-93: Emission Standard of Odour Pollutants (《惡臭污染物排放標準》)
Wastewater	GB/T19923-2005: Reuse of Urban Recycling Water – Water Quality Standard for Industrial Uses (《城市污水再生利用工業用水水質》), DB44/26-2001: Discharge Restrictions on Water Pollutants in Guangdong Province (《廣東省水污染排放限制》), and GB/T18920-2002: Reuse of Urban Recycling Water – Water Quality Standard for Urban Miscellaneous Water Consumption (《城市污水再生利用城市雜用水水質》)
Hazardous waste and non-hazardous solid waste	Standard for Pollution Control on Non-hazardous Industrial Solid Waste Storage and Landfill (《一般工業固體廢物儲存和填埋污染控制標準》) (GB18599-2020) Standard for Pollution Control on Hazardous Waste Incineration (《危險廢物焚燒污染控制標準》) (GB18484-2020)

Furthermore, in the hope of creating a resource-saving and environment-friendly enterprise together, the Group has formulated an “Environment Management System” (《環境管理制度》), which is led by the general manager, to achieve high efficiency in the use of resources, conversion of energy and recycling of waste and encourage employees to proactively participate in environmental protection activities.

Case Promoting the construction of the recycling project

The Group continued to effectively promote the recycling and reuse project, continuously optimized the production process, improved the ventilation capacity of exhaust gas after maintenance and transformation of decomposition workshop, completed the construction and installation of the in-depth wastewater treatment project, and achieved normal operation of the single machine commissioning equipment.



Case Passing the cleaner production review

The Group insists on resource recycling and endeavors to reduce waste emissions, and has successfully passed the cleaner production review through process transformations including adding membrane filters and replacing material transfer pumps.

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During the Reporting Period, the Group's exhaust gas and wastewater emission data are as follows:

Types of Emissions	Name	Quantity	
		2024	2023
Exhaust gas	Fluoride	720 KG	127 KG
	Ammonia	840 KG	789 KG
	SO ₂	140 KG	3 KG
	NO _x	407 KG	525 KG
	Vehicle emission	Minimal, with no significant impact on the environment.	
	Exhaust fumes	Minimal, with no significant impact on the environment.	
	Dust	2,633 KG	No significant impact on the environment.
Wastewater	Wastewater discharged	38,958 tonnes	39,856 tonnes
Hazardous waste	Acid soluble residue	80.37 tonnes	82.41 tonnes
	Neutralized residue	16,616 tonnes	13,845 tonnes
Non-hazardous waste	Domestic waste	40.4 tonnes	No significant impact on the environment.

During the Reporting Period, the Group's only greenhouse gas emission was carbon dioxide which was mainly derived from the purchased electricity, natural gas and diesel. The Group's production area is mainly greenery, which converts greenhouse gas into biomass through the assimilation of trees, without causing significant pollution and impact on the environment. Given the absence of significant impact from emissions, the Group did not set a definite emission reduction target.

During the ordinary course of the Group's production, the exhaust gas emitted included fluoride, ammonia, SO₂ and NO_x. The disorganised exhaust gas was mainly from the flow and circulation of materials in tanks, which produced gas escaping from tanks. The organised exhaust gas mainly came from the exhaust gas produced by the reaction in tanks. To reduce emissions, the Group had replaced the exhaust gas treatment system to prevent the system from ageing, which reduced disorganised emissions. The organised exhaust gas emission met the national emission standards. Furthermore, the Group has set an emission reduction target for exhaust gas. The annual growth rate of exhaust gas pollutants including fluoride, ammonia, SO₂, NO_x and volatile organic compounds is expected to remain flat or lower relative to that of production volume. To effectively meet the target, the Group has adopted a series of measures: the Company enhanced the condenser and absorption tower of the exhaust gas purification system in the decomposition workshop, added primary absorption to the ammonia exhaust gas purification unit in the production workshop, and reduced the use of diesel boilers and increased the use of natural gas boilers to increase the utilization of clean energy.

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Currently, for waste treatment, the Group has installed exhaust gas treatment systems such as eluting towers, fans, demisters and condensers as well as online monitoring equipment at exhaust gas outlets which would trigger alarms when the pollutant discharge level exceeds the threshold. The installed exhaust gas treatment system allows the Group to improve ventilation and cooling, reduce exhaust gas generation and boost energy efficiency, which is conducive to achieving the emission reduction target. During the Reporting Period, the Group redesigned and manufactured gas converters, which exhibited good performance during trial run, and through transformation, it realized water change of exhaust gas decomposition system without stop, and added acid conditioner units. Besides, the Group completed the absorption transformation of ammoniated exhaust gas neutralization solution, and meanwhile completed the preparation of energy audit and three-year energy plan required by the government.

In the ordinary course of the Group's production during the Reporting Period, total water consumption was approximately 126,100 tonnes (2023: 145,800 tonnes); treated wastewater was 55,400 tonnes (2023: 63,200 tonnes); wastewater reused was approximately 16,400 tonnes (2023: 23,300 tonnes), with a wastewater reuse rate of 30% (2023: 37%); wastewater discharged was approximately 39,000 tonnes (2023: 39,800 tonnes); all operating entities met the sewage discharge standards of relevant environmental protection authorities. The wastewater was mainly from after-treatment of wastewater and tap water. The Group used the acid-base neutralisation and precipitation process for wastewater treatment. The Group added a fluoride salt recovery system, which could reduce the discharge of hazardous waste in the wastewater and increase economic benefits by reconverting and extracting fluoride salt wastewater into fluoride salt products through chemical reaction. On the premise of increasing output, the effect of reducing fluoride emissions from wastewater was very significant. The Group carried out equipment adjustment and technical transformation, so as to improve the reuse rate of water resources and reduce pollution. Furthermore, the Group has set an emission reduction target for wastewater, with an annual growth rate of emission expected to remain flat or slightly lower relative to that of production volume. The Group will implement additional technical measures to further enhance its internal water recycling rate. Significant results have already been achieved through the construction of a recycling water pool, which has reduced wastewater discharge by reclaiming and reusing water. The Group encountered no difficulty in securing water fit for purpose, as it has obtained a water extraction permit, allowing it to legally and compliantly access groundwater via deep wells. Additionally, the Group promotes water conservation among employees by displaying energy-saving labels and encouraging resource efficiency. These initiatives not only foster environmental stewardship but also deliver positive returns in terms of personal health, quality of life, and economic benefits.

During the Reporting Period, to effectively achieve the target, the wastewater discharged across plants of the Group was pooled into a resource recovery workshop, where fluoride and ammonia in the gas were concentrated in liquids, followed by extraction of ammonium fluoride as a product through relevant equipment as well as recovery of ammonia through an ammonia distillation system for use in product workshops.

During the ordinary course of its production, the Group put into application a new industry-leading extraction process that could effectively reduce the sulphate in niobium liquid and properly separate tantalum from niobium. The process significantly reduced accessories consumption and favoured the resource treatment of alkaline wastewater, whereby reducing production cost and alleviating the pressure on environmental protection. With successful implementation of the washing water recycling project, the washing water recycling rate reached 75%. We became the first company in the industry to utilise such technology, and attained remarkable results. The Group has improved the efficiency of resource recycling through technological improvement, which is of great benefit to environmental protection.

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In respect of the innovation in production technology, we also made major progress in environmental protection. The Group developed the production technology of high purity niobium pentoxide for lithium battery materials, the production technology for industrial spherical niobium pentoxide, the organic technology for optimisation of extraction and refinement, the extraction pickling process, and the technology of utilising fluoride salt original solution instead of sulphuric acid for the exhaust gas treatment system of integrated recovery workshops. These initiatives significantly reduced its air pollution and environmental impact. The Group believes that apart from developing technology to make resources reusable and recyclable, waste reduction at source is also an effective environmental protection method.

During the Reporting Period, the Group discharged a total of 80.37 tonnes (2023: 82.41 tonnes) of hazardous waste of acid soluble residue, which was temporarily stored in the warehouse, meeting the relevant standards and requirements. The Group has implemented a series of emission reduction measures, such as purchasing high-grade ore and recycling other useful substances from the waste residue such as tin concentrate to reduce emission, which has achieved remarkable results. Currently, the Guangdong Provincial Department of Ecology and Environment has established a specialized unit to handle such hazardous waste and has signed a letter of intent for cooperation with the Group. The Group has also entered into a cooperative agreement with a company certified for hazardous material disposal to manage production-related waste materials. Furthermore, the Group has set an emission reduction target for hazardous waste, with an annual growth rate of emission expected to remain flat or slightly lower relative to that of production volume.

In order to reduce hazardous waste emission and achieve the target, the Group maintains an annual waste inspection contract with the No. 290 Research Institute for Nuclear Industry. The neutralised residue can be landfilled or sold to cement plants for treatment as their radioactivity and toxicity were found to meet requirements of environmental impact assessment. During the Reporting Period, the Group discharged a total of 16,616 tonnes (2023: 13,845 tonnes) of neutralized residue as non-hazardous waste. Acid soluble residue as hazardous waste is temporarily stored in the hazardous waste warehouse, pending for harmless treatment when appropriate by a qualified unit engaged on a regular service basis. The warehouse meets and is managed in strict accordance the requirements of anti-leakage, rainproof and anti-loss, and ionizing radiation warning signs are placed at conspicuous positions at the door of the warehouse to prevent personnel from approaching and entering by mistake. The waste engine oil generated from the machine repair workshop, also a hazardous waste, is temporarily stored in the hazardous waste warehouse.

The Group adopted the principles of collection, storage, in-plant transportation and recycling for the discharged non-hazardous wastes, which must be treated by preventing scattering, loss and leakage. The non-hazardous waste of the Group was primarily domestic waste and mainly generated by employees living in the Company. Domestic waste was classified into recyclable and non-recyclable by our staff, and it would then be handed over to the municipal domestic waste processing department for processing. The Group actively promotes the awareness of environmental protection, encourages and educates employees to practice recycling, reduce consumption and make the best use of materials in their daily life, so as to reduce the generation of domestic waste and establish a clean and healthy working environment. Given the absence of significant impact from emissions, the Group did not set an emission reduction target.

Three types of products produced by recycling our waste materials, namely tin hydroxide, potassium fluorosilicate and tungsten acid, are available for sale, which not only makes good use of resources and reduces waste, but also generates revenue for the Group.

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In addition, the Group invites the monitoring department of the Environmental Protection Bureau and third-party inspection agencies to our plant for annual monitoring, to continuously improve and strengthen our supervision and management of environmental quality.

The Group is committed to supporting environmental sustainability, and our commitment to protecting the environment is well reflected by our continuous efforts in promoting green measures and awareness. The Group encourages environmental protection and promotes the awareness of environmental protection amongst the employees. The Group adheres to the principles of recycling and waste reduction. It implements various green office practices such as posting labels of energy efficiency, adjusting office air conditioners to 26 degree Celsius, double-sided printing and photocopying, setting up recycling bins, advocating the use of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. The Group will review its environmental practice from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering to 3Rs – Reduce, Recycle and Reuse and enhance environmental sustainability.

Information on emissions is set out in “Data on Environmental Performance” on Page 52 of the Report.

Management of Use of Resources

The Group commits to complying with the laws and regulations related to use of resources, including the “Water Law of the PRC”(《中華人民共和國水法》). The Group has also obtained a “Groundwater Collection Permit”(《地下水取水許可證》), demonstrating that both the amount of water collection and that of water discharge met the national standard.

Environment-friendly energy used by the Group includes natural gas. The Group intends to continuously increase the use of natural gas, and has upgraded some diesel boilers into natural gas boilers and introduced natural gas furnaces. Our total natural gas consumption during the Reporting Period was 1,917,600 m³ (2023: 1,722,500 m³).

The indirect energy used by the Group is the electricity purchased, and the total consumption during the Reporting Period was 74.04 million kWh (2023: 60.69 million kWh). Furthermore, the Group has set an efficiency target for electricity consumption, with an annual growth rate of electricity consumption expected to remain flat or slightly lower relative to that of production volume. During the Reporting Period, the Group's total electricity consumption increased significantly due to the large production capacity of Ximei Guizhou, a pyrometallurgical project of the Group which consumed more electricity in pyrometallurgical processes, and the increase in production capacity. To reflect its commitment to environmental protection, the Group has replaced some converters with natural gas furnaces. In 2018, the Group completed the replacement of converters, being the main equipment for production capacity expansion, with more environment-friendly natural gas furnaces, in a technical transformation project in an attempt to reduce electricity consumption and labour costs, which has achieved remarkable results. As time goes by, the total electricity consumption will drop meaningfully. Where conditions permit, the Group will continue to consider gradual replacement towards more environment-friendly natural gas furnaces, actively explore clean energy sources such as solar energy and residual heat power generation to continuously reduce the energy intensity per unit of processing capacity.

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Furthermore, the Group has set an efficiency target for water consumption, with an annual growth rate of water consumption expected to remain flat or slightly lower relative to that of production volume. During the Reporting Period, the Group's total water consumption increased significantly due to the commencement and expansion of production of new projects. To meet the efficiency target for water consumption, the Group will introduce further technical measures to increase the internal water recycling rate. The Group has built a recycling water tank to recycle water and reduce wastewater discharge, yielding a remarkable result. The Group has no problem in sourcing water that is fit for purpose. The Company has obtained a water procurement permit, enabling it to source water from a deep well in compliance with laws and regulations. The Group also reminded its employees of water conservation by posting energy conservation labels, encouraging the cherishing of resources and advocating environmental protection, which will bring positive returns to personal health, quality of life and economic benefits.

During the Reporting Period, the packaging materials used by the Group included approximately 375,000 bags (2023: 380,200), approximately 34,900 pail packs (2023: 30,000), totalling approximately 104.2 tonnes (2023: 64.4 tonnes). In order to reduce the use of packaging materials, we try to recycle the ton bags and the clean inner layer of PE bags as much as possible. In addition, the Company has set up a dedicated storage place for plastic packaging bags which will be sold when a certain quantity is reached.

Information on use of resources is set out in "Data on Environmental Performance" on Page 52 of the Report.

Protection of Environment and Natural Resources

The Group has been committed to protecting the environment and natural resources in strict compliance with all applicable laws, including the "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》) and the "Law of the PRC on the Promotion of Clean Production" (《中華人民共和國清潔生產促進法》). The Group has also formulated "Ximei Guangdong Clean Production Report" (《稀美廣東清潔生產報告》), which provides a number of programmes that can help standardise on-site management, enhance the corporate profile, improve the quality of employees and the enthusiasm for clean production, thus comprehensively improving the Company's integrated management level and the employees' awareness of clean production.

The Group's business does not have a significant impact on the environment and natural resources. As wastewater and exhaust gas will pollute the environment if the discharge standard is not met, the Group appointed a testing technology company to test wastewater, organised exhaust gas and noise, all results of which were within test limits.

Although emissions of the Group have met the standards, the Group will further take active measures to minimise the impact on the environment and natural resources, increase the processing capacity of environmental protection facilities, and ensure that employees possess considerable environmental knowledge. The Company has passed the three certification standards under the ISO.

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Measures:

- The Group has formulated the “Environmental Management System” (《環境管理制度》) which is led by the general manager and for which the deputy general manager of the general manager’s office is responsible for safety and environmental protection.
- The Group has established an environmental protection committee, which comprises the general manager, deputy general managers and the heads of other relevant functional departments and various departments, which is responsible for implementation of relevant laws and regulations, planning and evaluation of environmental protection, decision-making and arrangement.
- The Group conducts regular and irregular inspections on production facilities and prevention facilities.
- The Group provides environmental protection training to employees with an assessment system in place, carries out education and publicity, and maintains a safety and environmental protection reward plan to distribute rewards to employees who comply with the relevant regulations. Deficiencies and problems identified will also be seriously dealt with.
- The Group arranges technicians to regularly calibrate internal environmental protection testing equipment, acidity meters, and low background $\alpha\beta$ measuring instruments to avoid substandard emission caused by analysis problems.

Climate Change Management and Response

Climate change is a global concern. Addressing the natural disasters arising from climate change that may affect our business, the Group has formulated the “Standing Book of Meteorological Safety Management for Key Units of Meteorological Disaster Prevention” (《氣象災害防禦重點單位氣象安全管理工作台賬》), including the Meteorological Disaster Prevention Work Plan (氣象災害防禦工作方案), the Meteorological Disaster Emergency Plan (氣象災害應急預案), the Duty Shift System During Meteorological Disasters (氣象災害期間值班制度), the Regular Inspection Method (定期巡查方法), etc.

We are fully aware that global warming and climate change will bring various risks to our business, including policy and legal risks as well as transitional risks in technology, market and reputation. The financial performance of the Group may be affected to different extents by factors such as energy supply, water resources, labour market, employee safety, supply chain, productivity, customer demand and transportation network due to climate change. The level of such impact depends on its nature, speed and focus of evolution. Extreme weather may also cause the Group to incur additional legal, financial, tax, insurance, administrative and other expenses. These transitional risks may expose the Group to financial and reputation risks.

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During the Reporting Period, the Group carried out the following natural disaster prevention and emergency responses against the identified physical risks, including acute risks and chronic risks:

(i) Acute risks

a. *Prevention and control against extreme weather*

During the Reporting Period, the Company developed emergency rescue plans for extreme weather such as typhoon and rainstorm, established an emergency rescue team composed of employees and security guards, which is equipped with sandbags, shovels, industrial salt, miniature fire stations and other emergency rescue materials, and carried out regular natural disaster emergency drills to effectively safeguard our normal production and operation.

b. *Extreme weather may disrupt transportation, which may in turn affect raw material supply and product shipment*

According to the meteorological bulletin and suggestion of our Safety and Environmental Department, the Production Department monitored inventory of raw materials and adjusted safe inventory level on a reasonable basis, to ensure stable supply of important raw materials necessary for production without being affected by short-term extreme weather or the resultant transportation difficulties.

c. *Extreme weather such as typhoon and heavy rainfall may affect construction progress of smelting projects and construction safety*

Through training, we enhanced safety awareness of construction workers in observing construction safety technical specifications and operating procedures, and strengthened construction quality, safety risk control and emergency disposal under extreme weather conditions, so as to continuously improve the Company's safety risk control ability under an established and well-executed safety support plan to ensure "safety foremost".

d. *Flood control*

During the Reporting Period, our equipment company established a warehouse for emergency materials against the flood control risk, which can be put into use at any time when a major risk arises. Furthermore, we regularly checked flood control sandboxes and other onsite flood-fighting emergency materials, strengthened patrol inspection on dikes, hillsides and other places, and invested in reinforcement of the hillsides near our plant area. The sludge and sundries in drainage ditches, drainage wells and gutters in our plant area were cleaned regularly to ensure that the drainage pipelines are unblocked.

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(ii) Chronic risks

a. *High-temperature operation is prone to cause heatstroke*

We devised heatstroke prevention and cooling measures against high-temperature weather, including adjusting work schedule, regulating operating time, and providing heatstroke prevention and cooling supplies and drugs.

b. *Water shortage in the regional water resource system might lead to unavailability of water for production use*

We continued to optimise the water circulation system, increase the use of recycling water and reduce the water intake. The Group expects to maintain its recycling water rate at 95-97% in the future, with an aim to avoid wasted resources except for normal evaporation and the loss from sedimentation tanks.

In view of the potential risk of water shortage in the regional water resource system, the Company maintains two sets of water supply systems (i.e. the government's tap water supply system, and procurement of groundwater), and has obtained the water procurement permit. There are also two sets of groundwater supply equipment to ensure normal water supply for the Company.

People-oriented Approach

Talent Pool Development

The Group firmly believes that employees are valuable assets for an enterprise. In order to ensure employees' rights and interests, the Group has always abided by the "Labour Law of the PRC" (《中華人民共和國勞動法》), the "Special Rules on the Labour Protection of Female Employees" (《女職工勞動保護特別規定》) and the "Regulations of Guangdong Province on Population and Family Planning" (《廣東省人口與計劃生育條例》). The Group has also formulated the "Remuneration and Welfare Management System" (《薪酬福利管理制度》), the "Human Resources Management System" (《人力資源管理制度》), the "Labour Contract" (《勞動合同》) and the "Attendance and Vacation Management System" (《考勤與假期管理制度》).

The Group always prioritizes talents and continuously develops the talent system. The Group implemented a share award scheme to share the benefits with employees for common development. By making Ximei a platform for co-creation, mutual benefit and sharing, the Group provides sustainable momentum for corporate development.

The Group determines employees' basic remuneration in accordance with market levels, confirms each employee's remuneration grade based on the "Schedule of Professional Ranks" (《職級表》) and the "Schedule of Employees' Remuneration" (《員工薪酬級別表》), and determines employees' remuneration by taking into consideration of the business scale, profit contribution values, level of difficulty of operation and management of each unit and department, etc., in combination with the duties and competency factors of each position. The Group recognises the concept of equal opportunities with equal pay for equal work regardless of gender. Remuneration is mainly paid monthly, and performance-related wage is paid periodically according to the position assessment stage. Employees' year-end bonus is paid by the Group based on the results of their year-end performance assessment.

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The Group deals with employees' resignation in accordance with the "Human Resources Management System" (《人力資源管理制度》). Employees can submit written resignation application, and after obtaining confirmation from the Human Resources Department, fill in the "Approval Form for Employee Resignation Application" (《員工離職申請審批表》), which will be submitted for signatures by General Manager/Chairman. Employees need to handle the hand-over affairs and other resignation procedures on their last working day and complete the "Approval Form for Employee Resignation Application" (《員工離職申請審批表》) so that the Human Resources Department can settle remuneration, issue the "Certification of Employee Resignation" (《員工離職證明》) and establish employee resignation files. If an employee seriously violates the "Labour Contract Law" (《勞動合同法》) and regulations of the Company, the Company shall dismiss such employee in accordance with the "Labour Contract Law" (《勞動合同法》), provided that such employee shall in principle be notified with 30 days of written notice in advance, and is given a certain amount of economic compensation in accordance with relevant national regulations.

The recruitment procedures of the Group remain to be executed in accordance with the "Human Resources Management System" (《人力資源管理制度》). Whenever recruitment is required, the "Approval Form for Recruitment" (《員工需求審批表》) shall be filled two months in advance, which will, after checking by the Human Resources and Administration Department, be submitted to General Manager/Chairman for approval. The Human Resources and Administration Department will issue recruitment information to internal employees and society within two working days. Recruitment procedures are divided into internal and external application. For applicants, the "Registration Form for Employee Recruitment" (《員工應聘登記表》) shall be filled out. After primary selection taking into consideration of equal opportunities, multiculturalism and anti-discrimination, the Human Resources and Administration Department will arrange for an interview schedule. After confirming recruitment, the Human Resources and Administration Department will issue a written employment notice to the applicant. In addition, the Group mainly recruits employees through campus recruitment, job fairs, recruitment websites, and internal referrals. A labour union has been established by employees to protect their legal rights, which assists the Group to achieve economic goals and motivate employees to participate in management decisions.

The Group always values employees based on their merits and attaches importance to the introduction of new blood. We provide promotion opportunities to employees who stand out in year-end assessment results and have outstanding performance at work, relatively high comprehensive capabilities and professional standards, and preferable adaptability and development potential at work. The Group determines the promoted positions based on its development needs, and delegates the Human Resources and Administration Department to make appointments after conducting a comprehensive evaluation based on the views of various parties and subject to the people-post matching principle.

In 2024, the Group continued to introduce fresh management trainees and, through job rotations across departments of the Group, various activities such as reporting and experience sharing sessions and exchanges of views on development were organized regularly. We stimulated the imagination of management trainees and took initiatives to effectuate our improvement measures, thus bringing in more efficient ways of working to the Company while enhancing the sense of accomplishment of management trainees. The management trainees have assumed key roles in respective departments to fulfil their career value.

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The Group has a standard working hour system in place with 8 working hours a day, and at least one day-off a week. The Group determines employees' leaves in accordance with the "Attendance and Leaves Management System" (《考勤與假期管理制度》). Employees are entitled to paid and no-pay leaves, such as compensation leave, annual leave, marriage leave, casual leave, work injury leave, sick leave, bereavement leave, maternity leave, etc. In order to protect the benefits of female employees, the Group also provides maternity protection in accordance with the "Special Rules on the Labour Protection of Female Employees" (《女職工勞動保護特別規定》) and the "Regulations of Guangdong Province on Population and Family Planning" (《廣東省人口與計劃生育條例》), and female employees are entitled to maternity leave and family planning incentive leave for a total of 178 days. In addition, the Group also provides various benefits such as education subsidies, meal allowances, subsidies for living in mountainous areas, high temperature subsidies, sports and recreational activities, employee medical examinations, festive welfare, uniforms and travelling allowances for employees. In accordance with relevant national, provincial and municipal regulations, the Group makes contributions to pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and housing provident fund for employees. A labour union has been established at the Group, with a view to protecting employees, assisting the Group to achieve economic goals, and motivating employees to participate in management decisions.

The employee structure of the Group is as follows:

Employee category	Number of people	Percentage
Total number of senior management members	9	1%
By gender		
Male	5	56%
Female	4	44%
Total number of middle management members	117	19%
By gender		
Male	95	81%
Female	22	19%
Total number of general and technical staff		
By gender	506	80%
Male	417	82%
Female	89	18%
Age group of employees		
30 and below	242	38%
31-40	203	32%
41-50	136	22%
51 and above	51	8%

Information on employment is set out in "Data on Social Performance" on Page 54 of the Report.

Ensuring Health and Safety

The health and safety of employees are the Group's primary consideration. The Group has always abided by the "Production Safety Law of the PRC" (《中華人民共和國安全生產法》), the "Regulations on Production Safety of Guangdong Province" (《廣東省安全生產條例》), and the "Prevention and Control of Occupational Diseases Law of the PRC" (《中華人民共和國職業病防治法》). The Group has formulated the "Compilation of the Rules and Regulations on Production Safety" (《安全生產規章制度彙編》) and the "Compilation of Occupational Health Management Systems" (《職業衛生管理制度彙編》), strictly abiding by national safety technical standards, norms and enterprise production safety regulations; establishing a production safety management system; providing necessary labour, physical and financial resources support; providing safety trainings for all employees; encouraging employees to actively participate in production safety; regularly conducting inspection and assessment, continuously improving, and achieving a long-term mechanism for production safety.

The "Occupational Health Management System" (《職業健康管理體系》) formulated by the Group provides employees with consummate occupational health management, which plays a great role in protecting employees from direct or indirect losses caused by occupational health and safety problems and mitigating the risk of occupational health and safety in business operation, thus making the Company's operation sustainable and enabling the Company to enhance its corporate profile and better adapt to the market.

The Group has compiled the "Compilation of Occupational Health Management Systems" (《職業衛生管理制度彙編》), which enabled employees to enjoy the right of occupational health protection under the law, strengthened the management, prevention and control of occupational diseases in toxic and hazardous workplaces, eliminated occupational hazards, and protected the health of employees. The Group regularly organizes annual occupational health check-ups for its employees, and provides leave and financial subsidies. The Group conducts regular internal audits, workplace inspections, managerial inspections and other types of inspections, and conducts various safety drills on a regular basis to supervise the compliance and execution of processes by employees. The Group invited the third-party manufacturers to conduct an on-site inspection of the working environment once a year, and the inspection results met the requirements of occupational health management. The Group distributes labour protective supplies to employees every month, including common consumables such as masks, gloves and earplugs, to ensure the safety of employees. In addition, according to the requirements of occupational health management, employees shall undergo occupational health medical check-ups before, during, and after their employment to ensure occupational health and safety.

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Case Ximei Guizhou passed the review of several certification systems

Ximei Guizhou successfully passed the review of quality, environmental, occupational health and safety management systems, and the weapon equipment quality and energy management system certifications, and was rated as a Class A supplier during customers' supplier audit. By enhancing the safety, environmental and occupational health management systems, it guaranteed the safety and health of employees in the production process, and realized the goal of safe production without accidents.



Case Carrying out comprehensive emergency drills and trainings

During the year, Ximei Guangdong organized a total of 2 plant-wide comprehensive emergency drills and 34 specialized emergency drills, with cumulative participation reaching 1,135 person-times. By simulating real-life scenarios, these drills tested the feasibility of emergency response plans, optimized the allocation of emergency resources, strengthened inter-departmental coordination mechanisms, and effectively enhanced rapid response and incident-handling capabilities for emergencies.

Specialized safety training sessions were conducted in 4 batches for new employees and external personnel, covering a total of 296 participants.

Throughout the year, 18 internal safety inspections were conducted, covering key areas such as production workshops, storage zones and firefighting facilities. A total of 465 potential hazards were identified and rectified, effectively mitigating safety risks and ensuring stable and orderly production operations.

A closed-loop management system for risk classification, control and hazard remediation has been established, supporting automated risk identification and dynamic assessment. A personnel positioning system has been deployed across the facility, integrated with smart inspection devices to enable digital tracking of movement and inspection processes. By incorporating IoT devices, real-time operational monitoring has been achieved, while a 3D visualization platform provides live displays of personnel locations, equipment status, and risk heatmaps, enabling multidimensional data analysis.



Information on health and safety is set out in "Data on Social Performance" on Page 55 of the Report.

Development and Training Optimization

The Group attaches great importance to the training of its employees and believes that the long-term growth of the Group depends on professional knowledge and experience of its employees. In addition to hiring employees in accordance with the “Labour Law” (《勞動法》), the Group also formulated the “Employee Training Regulations” (《員工培訓規定》) and the “Implementation Rules for Hierarchical Customised Employee Training Plans” (《員工分層定制培訓計劃實施細則》), promoted the construction of a distinctive talent cultivation system, and introduced special learning experience exchange and sharing mechanisms such as induction mentors and internal trainers, thereby creating an internal management training system with Ximei’s characteristics.

We provided regular training programs for employees, including introductory training, safety training and technical training, to enhance their professional skills and knowledge. We engaged a management consulting firm to optimize and upgrade the Group’s talent cultivation by communicating the talent development system in three steps of “building a learning map, empowering internal lecturers and cultivating professionals”.

Case Ximei Lecture Hall

During the Reporting Period, the Group organized special training under the theme of “Ximei Lecture Hall”, including totally 24 sessions on a cumulative basis; it organized the compilation of internal training materials and developed internal trainers to conduct various trainings at different levels and modules, which basically covered the Group’s senior and middle management members and production staff. The total number of training hours for all employees exceeded 9,718 hours (2023: 7,500 hours).



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Case Cadre Training Camp

During the Reporting Period, the Group organized a training camp for senior management cadres of each plant. Totally 24 persons participated in the first session of training, and each trainee learned for over 20 class hours. Through “online + offline” learning, outdoor development and other courses, employees’ learning initiative was enhanced and their centripetal force strengthened, achieving a good learning outcome.

There were 10 themed courses, including communication skills, management skills, leadership skills, problem-solving skills, career promotion, etc.



Case “Management trainee” quality development

The Group actively introduces talents, emphasizes the development of management trainees, and cares about the growth of young people. During the Reporting Period, the Group took part in the management trainee debriefing activity twice, carried out the quality development activity several times to unite the staff, and achieved the high employee retention rate of 90%.



Information on development and training is set out in “Data on Social Performance” on Page 55 of the Report.

Protection of Equal Rights and Interests

In order to ensure the balance of labour relations, the Group has always strictly complied with the “Labour Contract Law” (《勞動合同法》) and the “Law on the Protection of Minors” (《未成年人保護法》), and formulated the “Human Resources Management System” (《人力資源管理制度》) to eliminate forced labour. To comply strictly with the requirements of the “Human Resources Management System” (《人力資源管理制度》), the Group avoids employing child labour and forced labour by mistake in recruitment procedures. The Human Resources and Administration Department will perform the procedure of verifying the applicants’ ID cards at the time of recruitment, including authenticity, expiry, whether the applicant is the ID card holder, and whether it matches with the actual age. The Group will never hire the applicants if their information does not correspond to the information on their ID cards. The Group also requires applicants to provide graduation certificates and other relevant supporting materials. Applicants must confirm on the application form that the information provided by them meets the requirements. In case of illegal or false information provided, the Group shall terminate the labour contract in accordance with the “Labour Contract Law” (《勞動合同法》) of the PRC. For certain key positions, the Company will conduct necessary background check with the consent of the applicant before the employee joins the Company. The Company will never hire an applicant whose background check result is inconsistent with the resume. The Group also pays for social security and commercial insurance to provide labour security for recruits according to law, whereby we can screen out the applicants who do not meet our employment requirements. The Group maintains a highly rigorous selection process in recruitment procedures, and hence has never been involved in any violation such as misemployment of child labour and forced labour. The Company strictly prohibits the use of child labor or forced labor in our business operations. All employee recruitment processes strictly comply with local labor laws and regulations, and employment contracts clearly stipulate relevant terms to safeguard the rights of both employees and the Company. Additionally, we conduct background checks on all new hires to protect the Company’s reputation and ensure a safe working environment for every employee. Any identified cases of child labor must be immediately reported to senior management for further action. Furthermore, when engaging with suppliers and contractors, we also proactively implement measures to avoid partnering with any entities potentially involved in child labor practices. In addition, the Company has set up an internal hotline for whistleblowing and complaints. Employees within the Group who have any questions regarding employee conduct regulations, labour contracts, remuneration payments, working hours, employee communication, safety training and other related matters can provide feedback and express their concerns to relevant departments at any time.

Honest Operation

Supply Chain Management

The Group strictly abides by the “Civil Code of the PRC” (《中華人民共和國民法典》), the “Customs Law of the PRC” (《中華人民共和國海關法》), the “Law of the PRC on Import and Export Commodity Inspection” (《中華人民共和國進出口商品檢驗法》), and the “Regulations of the PRC on Import and Export Tariffs” (《中華人民共和國進出口關稅條例》), and has formulated the “Import and Export Management System” (《進出口管理制度》), which aims at clarifying the procedures for import and export business, standardising the operation of import and export business, ensuring the fast customs clearance of goods, and promoting the smooth and orderly conducting of import and export business. The Group has also formulated the “Raw Material Supplier Evaluation and Access Management System” (《原料供應商評估和准入管理制度》) and the “Business Partner Selection Management System” (《商務合作夥伴選擇管理制度》), which provide methods to obtain supply chain security information from raw material suppliers and business partners, evaluate security status of the supply chain and effectively identify safe and reliable partners.

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As for the engagement of domestic suppliers, the Group also strictly abides by the “Business Partner Selection and Security Management Procedures” (《商務合作夥伴選擇與安全管理程序》), the “Supplier Questionnaire” (《供方調查表》), the “Supplier Performance Evaluation Form” (《供應商績效評估表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supply chain security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners.

As for the engagement of customary suppliers, the Group has formulated the “Business Partner Selection and Security Management Procedures” (《商務合作夥伴選擇與安全管理程序》), the “Supplier Performance Evaluation Form” (《供應商績效評估表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supply chain security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners. The Group also select customary suppliers based on sound cooperation relationship over years, quality assurance and the evaluation relative to current market prices.

The Group has set up a raw materials department and a procurement department for the purchase of ore and other auxiliary materials to be supplied to the operating units. We continued to improve our supply chain management system by conducting qualification verification and due diligence on potential suppliers, which included environmental and ethical compliance of suppliers. The Company strictly abides by the “Procurement Management System” (《採購管理制度》), the “Supplier Admission Management Rules” (《供應商准入管理規定》), the “Tendering and Bidding Management Measures” (《招投標管理辦法》), the “Supplier Questionnaire” (《供方調查表》), the “Supplier Assessment Form” (《供方評定表》), the “Supplier Admission Application Form” (《供應商准入申請表》) and the “Purchase and Sales Contract” (《購銷合同》) signed by both parties, which provide methods to obtain supplier security information from business partners, evaluate security status of the supply chain and effectively identify safe and reliable business partners.

In selecting suppliers, the Group requires suppliers to provide environment-friendly products and services. The Group strictly abides by the standard on Class 7 substances to ensure that the environment will not be affected seriously. The Group has established and implemented the “Management Measures for Radioactive Ores” (《輻射性礦石管理辦法》) to ensure that radioactive raw materials will not be leaked in the course of transportation and production, so as to prevent their adverse impact on the environment and human. The Group reviews the “Certificate of Environmental Management System Certification” (《環境管理體系認證證書》) according to the supplier’s qualification, to ensure that the supplier satisfies the requirements of national, local and industrial laws and regulations on environmental protection and occupational health and safety. The Group also has the right to supervise safety performance of suppliers, which shall pay liquidated damages for their irregularities and non-compliance issues in accordance with relevant regulations of the state and the requirements on suppliers. A supplier that has violated the laws and regulations on safety and environmental protection and the rules on production safety and environmental protection of the Group shall, as required by the Group, make rectifications and agree to pay the liquidated damages stipulated by the safety management system of the Group. The Group has the right to terminate the contract if the rectification is unqualified or the supplier refuses to rectify, which might cause serious safety and environmental protection accidents. In such a case, all contingent economic losses and legal liabilities shall be borne by the supplier. Both Ximei Guangdong and Ximei Guizhou have passed the responsible mineral RMAP audit year by year.

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In addition, any domestic and customary supplier that does not meet the requirements of the Group must take improvement measures within the time limit. It will only become a qualified partner of the Company after meeting the requirements; otherwise the Group will reject or terminate the cooperation. For the loss caused to the Group due to suppliers' non-compliance with the Group's requirements, the Group will negotiate with the suppliers for amiable settlement. If negotiation fails, the Group will file a lawsuit in accordance with applicable laws and regulations.

Information on supply chain management is set out in "Data on Social Performance" on Page 55 of the Report.

Product Responsibility System

The Group has always strictly complied with the "Advertising Law of the People's Republic of China" (《中華人民共和國廣告法》), "Trademark Law of the People's Republic of China" (《中華人民共和國商標法》), "Patent Law of the People's Republic of China" (《中華人民共和國專利法》) and "Civil Code of the People's Republic of China" (《中華人民共和國民法典》), and has formulated the "Quality Control System" (《品質管制體系》), the "Environmental Management System" (《環境管理體系》), the "Occupational Health Management System" (《職業健康管理體系》), the "Intellectual Property Management System" (《知識產權管理體系》) and the "Sales System" (《銷售制度》).

The Group has set up a dedicated intellectual property management department, which is responsible for the management of intellectual property rights, formulating various management rules for intellectual property rights, coordinating intellectual property rights management, organizing and establishing intellectual property rights file management, handling external work such as intellectual property rights application on behalf of the Company, and participating in signing or reviewing various contracts/agreements designed for the content of professional intellectual property rights. This is beneficial for enhancing the awareness of intellectual property among our executives and employees and stimulating their enthusiasm for invention and creation, and promotes our companies to produce new products and develop technologies with high value-added independent intellectual property.

The "Sales Management System" (《銷售管理制度》) sets out the internal system for regulating sales activities, which includes guides for and restrictions on the sales process, business process, order execution and other specific matters related to sales. The "Sales Management System" (《銷售管理制度》) helps to improve product quality, ensure orders and customers' development needs and enhance customers' loyalty. Meanwhile, it standardises review and assessment of order execution, and integrates the process to improve the efficiency of production and operation activities.

The Company has formulated the "Procedural Document" to integrate management activities for environment, human resources, facilities, technology, procurement, supply, production, product monitoring, and after-sales service. The Company implements monitoring and inspection throughout the entire process from contract assessment to pre-delivery, and has formulated the "Control Procedures for Monitoring and Inspection of Resources" (《監視測量資源控制程序》), the "Internal Review Procedures" (《內部審覈程序》) and the "Management Review Control" (《管理評審控制》), pack the products before shipment and also arrange for re-testing before shipment to ensure that the quality of the products meet customers' requirements.

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Under the “Quality Control System” (《品質管制體系》), the Group combines the processes relating to management activities, resource supply, product realisation and measurement, analysis and improvement activities, covering requirements for planning, implementation, supervision, correction and improvement activities during the whole process ranging from customer demand determination, design and research and manufacture, production, inspection, sales and pre-delivery. It standardises the sales process, making sales activities controlled and efficient. Moreover, the Quality Control Department conducts comprehensive analysis and inspection on the products, and only those which meet the standards would be stocked. Products are packaged and arranged for inspection before delivery to ensure that their quality has reached the standards.

The Company has established process monitoring for raw and auxiliary materials and products in each process, and has formulated the “Product Monitoring and Measurement Control Procedures” (《產品的監視和測量控制程序》) included in the QES management manual. Only the products passing the inspection and verification steps can be transferred to the next process. Order products leaving the warehouse cannot be released until passing the inspection process according to metrics specified in the contract. Unqualified products found in the inspection are subject to reworking, downgrading, concessionary acceptance or other dispositions according to the “Nonconformity Control Procedures” (《不合格控制程序》), to achieve the goal of avoiding the release of unqualified products.

In case of products found with substandard quality after delivered, the customer may lodge a complaint to the Marketing Department. After summarising customer complaints and the problems, the Marketing Department shall complete and submit the “Customer Information Circular” (顧客消息通報) to the Quality Department. The Quality Department shall investigate the customer complaints, confirm the effectiveness of the complaints, organise relevant teams to work out a rectification plan according to the determined causes after investigation, follow up its implementation and outcome, and prepare a rectification report. The Company will cooperate with customers in handling their requests for refund or replacement of goods. The returned products will be handed over to the Quality Department for re-inspection.

Sales of the Group’s products are targeted at clients of the Company. To ensure the safety and privacy of clients’ data, the Group has been complying with the “Anti-unfair Competition Law of the PRC” (《中華人民共和國反不正當競爭法》) and the relevant judicial interpretations, and strictly performing the confidential provisions in the contract. Both parties to the contract are obliged to strictly keep the other party’s business secrets learned in the process of contract performance. Unless agreed by the contracting parties, clients’ data, technical information and commercial terms may not be disclosed to external parties.

During the Reporting Period, the Group received a total of 4 complaints from customers involving transaction amount of approximately RMB39,500, which were mainly related to product quantity, quality and damage of packaging bags for transportation. The Group has formulated the “Customer Information Management System” to handle customer complaints, which are classified and treated according to the complaint issues, mainly including refund/replacement of goods and rectification measures.

Case Carrying out “staff quality management improvement activity”

Quality means everything. During the Reporting Period, each plant of the Group worked effectively on the three systems, continuously carried out engineering monitoring and QCC activities through regular quality meetings and thematic meetings, which significantly reduced customer complaints and further improved product quality. Meanwhile, the Group developed the corporate product standard to unify product codes and relevant quality indicators.



Information on product responsibility is set out in “Data on Social Performance” on Page 55 of the Report.

Anti-corruption and Integrity Promotion

The Group strictly complies with the “Anti-unfair Competition Law of the PRC” (《中華人民共和國反不正當競爭法》), the “Anti-money Laundering Law of the PRC” (《中華人民共和國反洗錢法》) and the “Rules for Anti-money Laundering by Financial Institutions” (《金融機構反洗錢規定》), and has formulated the “Anti-commercial Bribery Agreement” (《反商業賄賂協議》), which clearly specifies the provisions for prevention of bribery, extortion and money laundering. Where legal responsibility, discredit or loss of economic benefit or disorder on production and operation arises on the part of the Company due to an employee’s violation of laws or other regulations of the Company during operation and management, such employee will be held responsible. During the Reporting Period, the Group formulated the “Anti-fraud Management System” (《反舞弊管理制度》) to strengthen internal governance and control, safeguard legitimate rights and interests of the Company and shareholders and reduce corporate risks.

To prevent corruption, apart from formulation of systems, the Group also attaches great importance to subliming integrity of employees. The Group is committed to advocating a corporate culture of honesty and integrity and creating an anti-fraud corporate cultural environment, and encourages employees to abide by disciplines and laws in daily work and communication in the Company. The Group also publicises its law-abiding information to the public, so as to gain recognition and respect from all parties. The Group also conducts background checks on personnel who are ready to be employed or promoted to important positions to ensure that they have the adherence to honesty and ethical standards. In addition, the Group has certain requirements on personnel of the Audit Department, who shall consciously improve their anti-fraud awareness and skills, actively participate in training of relevant knowledge and skills, and take precautions against corruption cases.

The Group has set up dedicated whistleblowing hotline and email address, encouraging employees to report suspicious corruption cases they discovered to the top management of the Company and members of the Audit Department directly as soon as possible. Employees can report face to face or send a report in writing to the special mailbox of the Audit Department. The Group accepts and will keep written records of real-name and anonymous whistleblowing. The Group shall then launch an investigation into the prime suspect and report to the management, the Board and the Audit Committee respectively, depending on nature of the reported case, and all the relevant information shall be treated in strict confidence. In conducting the investigation, the Audit Department may engage external experts to participate in the investigation where necessary. If the investigation findings point to a fraud, the Group shall transfer the case to competent governmental or judicial authorities according to law.

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The Audit Committee as a permanent body of the Group oversees our anti-fraud efforts, and is responsible for receiving, investigating and submitting the reported frauds and putting forward its treatment opinions, which are supervised by the Board and the Supervisory Committee. The general manager of the Company is responsible for establishing, improving and effectively implementing internal control to prevent, detect and correct frauds. Heads of functional departments of the Company and general managers of subsidiaries shall take management responsibility for occurrence of fraud cases, and are responsible for continuous supervision over anti-fraud work, annual fraud risk assessment and self-assessment, carrying out anti-fraud prevention activities; accepting relevant fraud whistleblowing, organising relevant investigations, issuing reports, putting forward treatment suggestions, and reporting to the management, the Audit Committee, the Board and the Supervisory Committee.

According to its anti-fraud policies, procedures and relevant measures, the Group carries out effective communication or training internally through employee manual, release of internal rules, publicity or online sessions, and conducts a special training on compliance, so as to ensure that directors and employees receive training in relevant laws, regulations and professional ethics. In addition, the Group enters into the “Anti-commercial Bribery Agreement” (《反商業賄賂協議》) with partners including suppliers and customers, and enters into the “Honesty, Integrity and Self-discipline Assurance Statement” (《廉潔自律承諾書》) with employees, adhering to the spirit of agreement and building a corporate culture of integrity and honesty together.

In 2024, the Group did not have any litigation cases arising from corruption, bribery, extortion, fraud and money laundering.

Information on anti-corruption is set out in “Data on Social Performance” on Page 55 of the Report.

Giving Back to the Community

Community Engagement

To strengthen its connection with communities, the Company expects to understand, deliver its care and make contribution to communities through community engagement. As a responsible and compassionate corporate citizen, the Company has always been committed to community contributions. According to local needs, we build bridges, roads, donation to the poor in order to improve the well-being of our community residents. We value the positive development of relationships with the local community. We have established a multi-channel communication and meeting mechanism with the community and government authorities to understand community feedback and concerns, provide support for the health, safety and education programs by supporting infrastructure construction, actively create employment opportunities for local workforce, and maintain communication and cooperation with stakeholders. In the future, the Company will maintain its resolve and continue to serve the community residents, and bring care and support to the community and society.

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Case Giving back to the community

During the Reporting Period, the Group invested RMB900,000 (2023: RMB800,000) to support rural revitalization, donate money for education, care for the community and make charitable donations for social welfare.



Case Afforestation

During the Reporting Period, the Group actively participated in afforestation activities for community welfare, promoted environmental awareness, and put the green and low-carbon initiative into practice.





Key Performance Indicators for Sustainable Development



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KEY PERFORMANCE INDICATORS FOR SUSTAINABLE DEVELOPMENT

The Group's data on environmental and social performance are as follows:

Data on Environmental Performance

Item	HKEX KPI	Unit	2024	2023	2022	2021
Greenhouse gas	A1.2					
Direct emissions (Scope 1) ¹		tCO ₂ e	4,254	3,808	4,783	3,430
Greenhouse gas reduction (Scope 1)		tCO ₂ e	–	–	–	–
Indirect emissions (Scope 2) ¹		tCO ₂ e	45,169	37,027	29,351	13,218
Other indirect greenhouse gas emissions (Scope 3) ²			N/A	N/A	N/A	N/A
Direct and indirect emissions (Scopes 1, 2 and 3)						
– in total		tCO ₂ e	49,423	40,834	34,134	16,648
– in intensity		tCO ₂ e/RMB10,000 of revenue	0.271	0.291	0.335	0.218
Hazardous waste	A1.3					
– in total		tonnes	0.271	82	86	80
– in intensity		tonnes/RMB10,000 of revenue	0.00061	0.00059	0.00084	0.00105
Non-hazardous waste ³	A1.4					
– in total		tonnes	16,657	13,845	15,280	12,406
– in intensity		tonnes/RMB10,000 of revenue	0.09142	0.099	0.150	0.162
Energy consumption ⁴	A2.1					
Purchase of electricity ⁵		kWh	74,035,460	60,689,457	35,080,000	15,797,880
Intensity		kWh/RMB10,000 of revenue	406.3	432.5	344.1	206.9
Disel		litres	37,041	28,459	109,233	501,626
Intensity		litres/RMB10,000 of revenue	0.203	0.203	1.071	6.568
Natural gas		ten thousand m ³	192	172	167	79.33
Intensity		ten thousand m ³ /RMB10,000 of revenue	0.001	0.001	0.002	0.001
Water consumption	A2.2					
– in total		m ³	126,133	145,816	133,043	52,849
– in intensity		m ³ /RMB10,000 of revenue	0.692	1.039	1.305	0.692
Packaging materials used for finished products	A2.5					
– in total		tonnes	104.2	64.40	91	70
– in intensity		tonnes/RMB10,000 of revenue	0.00057	0.00046	0.00089	0.00092

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Notes:

1. Calculated based on the emission factors set out in "Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX, the *Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for China Chemical Production Enterprises (Trial)*, and the *Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Other Non-ferrous Metal Smelting and Pressing Enterprises (Trial)*. Among the emission factors, the purchased electricity emission factor is 0.6101 tCO₂e /MWh, which is the average emission factor of national power grid in 2015. The reported carbon emissions only refer to the carbon dioxide emissions, not containing methane, nitrous oxide and other types of greenhouse gases emitted by other emission sources.
2. We will disclose the relevant data once the associated data collection system reaches a more mature stage.
3. Non-hazardous waste was primarily neutralized residue and domestic waste. Domestic waste was classified into recyclable and non-recyclable by our staff, and it would then be handed over to the municipal domestic waste processing department for processing.
4. We will disclose more data on direct and indirect energy consumption when the relevant data collection systems get more mature in the future.
5. The increase in electricity consumption is mainly due to the significant increase of yield of the Group's pyrometallurgical projects such as the Ximei Guizhou and Tsinghua Park projects which consumed more electricity in pyrometallurgical processes, resulting in a significant increase in the Group's total electricity consumption. In order to fulfill its commitment to environmental protection, the Group has replaced some of its furnaces with natural gas furnaces.

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Data on Social Performance

Item	HKEX KPI	2024	2023	2022	2021
Employees	B1.1				
Total number of employees		632	678	550	328
By gender					
Male		517	553	448	267
Female		115	125	102	61
By type of employment					
Full-time		632	674	540	328
Part-time		0	0	0	0
Temporary/contract workers		0	4	10	0
By employee category					
Total number of senior management members		9	9	9	10
Male		5 (55.6%)	6 (66.7%)	6 (66.7%)	8 (80%)
Female		4 (44.4%)	3 (33.3%)	3 (33.3%)	2 (20%)
Total number of middle management members		117	105	91	47
Male		95 (81.2%)	78 (74.3%)	71 (78.0%)	29 (61.7%)
Female		22 (18.8%)	27 (25.7%)	20 (23.08%)	18 (38.3%)
Total number of general and technical staff		506	564	450	271
Male		417 (82.4%)	469 (83.2%)	371 (82.4%)	226 (83.4%)
Female		89 (17.6%)	95 (16.8%)	79 (17.6%)	45 (16.6%)
By age group					
30 and below		242	298	193	88
31-40		203	207	187	119
41-50		136	132	127	100
51 and above		51	41	43	21
By geographical region					
Mainland China		631	678	550	328
Other regions		1	0	0	0
Turnover and Turnover Rate (%)	B1.2				
By gender					
Male		118 (18.7%)	101 (14.9%)	91 (20.3%)	48 (18.3%)
Female		32 (5.1%)	32 (4.7%)	23 (22.5%)	15 (23.1%)
By age group					
30 and below		62 (25.6%)	78 (26.2%)	67 (34.7%)	21 (23.9%)
31-40		42 (20.7%)	35 (16.9%)	27 (14.4%)	32 (26.9%)
41-50		29 (21.3%)	14 (10.6%)	15 (11.8%)	6 (6.0%)
51 and above		17 (33.3%)	6 (14.6%)	5 (11.6%)	2 (9.5%)
By geographical region					
Mainland China		150 (23.7%)	133 (19.6%)	114 (20.7%)	63 (19.2%)
Other regions		0	0	0	0

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Item	HKEX KPI	2024	2023	2022	2021
Health and Safety					
Number and rate of work-related fatalities	B2.1	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Lost days due to work injury	B2.2	172	217	272	125
Development and Training					
Total number and percentage of staff received training	B3.1				
By gender					
Male		515 (81.5%)	538 (82.1%)	448 (81.5%)	267 (81.4%)
Female		117 (18.5%)	117 (17.9%)	102 (18.5%)	61 (18.6%)
By employee category					
Senior management		9 (100%)	9 (1.4%)	9 (1.6%)	21 (6.4%)
Middle management		117 (100%)	97 (14.8%)	93 (16.9%)	36 (11.0%)
General and technical staff		506 (100%)	549 (83.8%)	448 (81.5%)	271 (82.6%)
Average training hours completed per employee by gender	B3.2				
Male		12.71	8.3	203.9	7.5
Female		27.09	26.7	164.4	6.8
Average training hours completed per employee by employee category					
Senior management		39.9	18.5	7.0	7.0
Middle management		30.8	24.5	7.2	7.2
General and technical staff		11.0	9.1	8.4	8.4
Number of suppliers by geographical region					
	B5.1	–			
Mainland China		125	68	58	35
Other regions		18	11	0	0
Number of suppliers subject to employment practices	B5.2	8	5	4	4
Product Responsibility					
Of the total number of products sold or shipped		0%			
– Percentage subject to recalls for safety and health reasons	B6.1	0%	0%	0%	0%
– Number of complaints received in relation to products and services	B6.2	3	4	8	10
Anti-corruption					
Legal cases filed/concluded regarding corruption	B7	0 (0%)	0	0	0



Content Index to HKEX ESG Reporting Code



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENT INDEX TO HKEX ESG REPORTING CODE

HKEX KPIs

Aspect	Disclosure	Reference and explanation
Mandatory Disclosure Requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	<p>Pages 22-24</p> <p>Pages 14-19</p> <p>Page 24</p>
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose:</p> <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>Pages 14-19</p> <p>Pages 14-19</p> <p>Page 19</p> <p>Page 19</p>
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>Page 19</p>

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Aspect	Disclosure	Reference and explanation
“Comply or explain” Provisions		
A. Environmental		
Aspect A1: Emissions	<p>General Disclosure: Information on:</p> <ul style="list-style-type: none"> (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 non-hazardous waste. <p><i>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p> <p>KPI: A1.1 The types of emissions and respective emissions data.</p> <p>KPI: A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A1.5 Description of emissions target(s) set and steps taken to achieve them.</p> <p>KPI: A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</p>	<p>Pages 28-32</p> <p>Pages 28-32</p> <p>Page 29</p> <p>Page 52 (Data on Environmental Performance)</p> <p>Page 52 (Data on Environmental Performance)</p> <p>Page 52 (Data on Environmental Performance)</p> <p>Pages 29-32</p> <p>Pages 31-32</p>

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Aspect	Disclosure	Reference and explanation
Aspect A2: Use of Resource	<p>General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p> <p>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).</p> <p>KPI: A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> <p>KPI: A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p> <p>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.</p> <p>KPI: A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Pages 32-33</p> <p>Page 52 (Data on Environmental Performance)</p> <p>Page 52 (Data on Environmental Performance)</p> <p>Page 32</p> <p>Page 33</p> <p>Page 52 (Data on Environmental Performance)</p>
Aspect A3: The Environment and Natural Resources	<p>General Disclosure: Policies on minimising the issuer's significant impacts on the environment and natural resources.</p> <p>KPI: A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Page 33</p> <p>Page 33</p>
Aspect A4: Climate Change	<p>General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.</p> <p>KPI: A 4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.</p>	<p>Page 34</p> <p>Pages 35-36</p>

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Aspect	Disclosure	Reference and explanation
B. Social Employment and Labour Practices		
Aspect B1: Employment	<p>General Disclosure: Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. <p>KPI: B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.</p> <p>KPI: B1.2 Employee turnover rate by gender, age group and geographical region.</p>	<p>Pages 36-38</p> <p>Page 54 (Data on Social Performance)</p> <p>Page 54 (Data on Social Performance)</p>
Aspect B2: Health and Safety	<p>General Disclosure: Information on:</p> <ul style="list-style-type: none"> (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. <p>KPI: B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</p> <p>KPI: B2.2 Lost days due to work injury.</p> <p>KPI: B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.</p>	<p>Page 39</p> <p>Page 55 (Data on Social Performance)</p> <p>Page 55 (Data on Social Performance)</p> <p>Page 39</p>

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Aspect	Disclosure	Reference and explanation
Aspect B3: Development and Training	<p>General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer</i></p> <p>KPI: B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</p> <p>KPI: B3.2 The average training hours completed per employee by gender and employee category.</p>	<p>Page 41</p> <p>Page 55 (Data on Social Performance)</p> <p>Page 55 (Data on Social Performance)</p>
Aspect B4: Labour Standards	<p>General Disclosure: Information on:</p> <ul style="list-style-type: none"> (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. <p>KPI: B4.1 Description of measures to review employment practices to avoid child and forced labour.</p> <p>KPI: B4.2 Description of steps taken to eliminate such practices when discovered.</p>	<p>Page 43</p> <p>Page 43</p> <p>Page 43</p>

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Aspect	Disclosure	Reference and explanation
Operating Practices		
Aspect B5: Supply Chain Management	<p>General Disclosure: Policies on managing environmental and social risks of the supply chain.</p> <p>KPI: B5.1 Number of suppliers by geographical region.</p> <p>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.</p> <p>KPI: B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.</p> <p>KPI: B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.</p>	<p>Page 43</p> <p>Page 55 (Data on Social Performance)</p> <p>Pages 44-45, 55 (Data on Social Performance)</p> <p>Pages 43-45</p> <p>Pages 43-45</p>
Aspect B6: Product Responsibility	<p>General Disclosure: Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>KPI: B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>KPI: B6.2 Number of products and service related complaints received and how they are dealt with.</p> <p>KPI: B6.3 Description of practices relating to observing and protecting intellectual property rights.</p> <p>KPI: B6.4 Description of quality assurance process and recall procedures.</p> <p>KPI: B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>	<p>Pages 44-46</p> <p>Page 55 (Data on Social Performance)</p> <p>Pages 46, 55 (Data on Social Performance)</p> <p>Page 45</p> <p>Page 46</p> <p>Page 46</p>

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Aspect	Disclosure	Reference and explanation
Aspect B7: Anti-corruption	<p>General Disclosure: Information on:</p> <ul style="list-style-type: none"> (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. <p>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.</p> <p>KPI: B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>KPI: B7.3 Description of anti-corruption training provided to directors and staff.</p>	<p>Page 47</p> <p>Page 55 (Data on Social Performance)</p> <p>Page 47</p> <p>Page 48</p>
Community Aspect B8: Community Investment	<p>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.</p> <p>KPI: B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p> <p>KPI: B8.2 Resources contributed (e.g. money or time) to the focus area.</p>	<p>Page 48</p> <p>Pages 48-49</p> <p>Pages 48-49</p>