



# FEISHANG

Feishang Anthracite Resources Limited

飛尚無煙煤資源有限公司

*(Incorporated in the British Virgin Islands with limited liability)*

Stock Code : 1738



**2025**  
Environmental, Social and Governance Report

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## INTRODUCTION

This is the tenth Environmental, Social and Governance (“ESG”) report published by Feishang Anthracite Resources Limited (Stock Code: 1738) (the “Company”, together with its subsidiaries, the “Group”). The contents of this ESG report have been prepared in compliance with the requirements of the Environmental, Social and Governance Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

To operate as a responsible energy corporation has always been a core value of the Company, as we believe that people, community, society and the environment are all precious assets to our life, and we therefore place them in high regard. We strive to maintain outstanding standards and best practices in every aspect, as we believe it is the only key to long-term success, both for us and our future generations.

Based on the comments from the ESG Committee of the Company, the board of directors (the “Directors”) of the Company (the “Board”) has evaluated the ESG risks to be low, as the Group has complied with all relevant laws and regulations in all material aspects. The Board is determined to continuously improve the ESG performance and reporting. Stakeholder engagement took place by means of questionnaires designed to assess the substance of the ESG risks from the stakeholders’ perspective. Furthermore, comparative figures and explanations are given in the environmental data. The Board is determined to strengthen the internal control systems to ensure that a high standard of ESG performance is achieved.

## ESG GOVERNANCE STRUCTURE

The Group acknowledges the need to have effective and strong ESG governance in place. Good governance ensures accountability and a balance of authority by clearly defining the roles and responsibilities of different parties within the Group. The Board has the overall responsibility for the Group’s ESG strategy and reporting. An ESG Committee has been set up since 2021 and its Terms of Reference was approved by board resolution. The Committee is to focus on the sustainability issues at board level and currently comprises one executive Director, Mr. Li Zongyang, one independent non-executive Director, Mr. Wang Xiufeng, the deputy general manager of Guizhou Puxin Energy Co., Ltd. (“Guizhou Puxin”), Mr. Lin Quanlong, and the head of human resources of Guizhou Puxin, Ms. Qin Lu. Mr. Li Zongyang is the chairman of the Committee. A Board Statement has been approved to guide our strategy to achieve a better ESG performance in different areas of work, such as the process used to evaluate, prioritise and manage material ESG-related risks to our business. The Board will continue to review the progress made against the ESG-related goals and the targets related to our business in the regular board meetings. In addition, the Committee is required to provide a follow-up action plan to address any shortfall in the ESG-related goals and the targets to the Board. If necessary, an interim report on the progress of the follow-up action plan will also be submitted to the Board.

## REPORTING PERIOD AND SCOPE

The scope of this report includes the activities and data from our offices in Hong Kong, Shenzhen and Guizhou, and our manufacturing facilities in Guizhou, the People’s Republic of China (the “PRC”). The reporting period is from 1 January 2025 to 31 December 2025 (the “Reporting Period”), corresponding to the financial period covered in our Annual Report 2025. In relation to the information regarding corporate governance, please refer to the Corporate Governance Report contained in the Annual Report 2025.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## STAKEHOLDER ENGAGEMENT

In order to better understand the preferences of our stakeholders, in 2021 we asked several major stakeholders about their priorities on the reporting items in the ESG report. Since there was no major change in our business, the results are still valid. The stakeholders selected included our customers, suppliers and employees at various levels, who were asked to provide their comments by means of questionnaires. The questionnaires set out 11 aspects of the ESG report and the stakeholders were asked to rank the aspects that concerned them the most and provide their reasoning. The results show that “Environmental Protection”, “Product Liability”, “Employee Benefits” and “Anti-corruption” are of the most concern to the stakeholders as these are the fundamental elements for sustainable business. The Company aims to continue improving these areas to satisfy the stakeholders’ needs.

### Quantitative Assessment

Our assessment standards, methodologies, calculation tools, source of conversion factors used are mainly based on the latest version of the document “How to prepare an ESG Report” issued by the Stock Exchange. The environmental KPIs are calculated based on its Appendix 2 “Reporting Guidance on Environmental KPIs”, while the social KPIs are calculated based on its Appendix 3 “Reporting Guidance on Social KPIs”.

### Consistency Assessment

In this ESG report, there is no change to the methods or key performance indicators used or any other relevant factors affecting a meaningful comparison of this ESG report with previous reports.

## A. ENVIRONMENTAL

The Group believes that environmental conservation and protection is necessary and endeavours to comply with environmental laws, rules and regulations relating to, among others, gas and water emissions, hazardous substances and waste management. Those laws, rules and regulations include Environmental Protection Law of the PRC, Mineral Resources Law of the PRC, and the Procedures for the Registration of Mining of Mineral Resources, etc. The Group also promotes awareness of environmental protection to its employees.

The Group is also committed to environmental protection in its operations and has made financial commitments towards the construction of environmental protection facilities and the establishment of an environmental protection management and monitoring system.

The system for managing environmental issues should include: (i) measuring and reporting on the Group’s environmental impact; (ii) seeking to reduce the impact of our operations on the environment; and (iii) taking a precautionary approach to environmental matters such as conserving natural resources and reducing energy consumption and waste.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## A1 Emissions

It is our policy that air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterised, monitored, controlled and treated as required prior to discharge.

All types of waste of resources, including water and energy, should be reduced or eliminated at source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required prior to discharge or disposal. Chemical and other materials posing a hazard if released to the environment are to be avoided if possible. If this is not possible, they are to be identified and managed to ensure their safe handling, storage, recycling or reuse and disposal.

Starting from 2017, the Group has built a sewage treatment system and a domestic water treatment system. The Group also purchased equipment for noise reduction and dust removal.

The Group has not been subjected to any material claim or penalty in relation to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste. The Group has been in compliance with relevant PRC and Hong Kong laws and regulations, such as Atmospheric Pollution Prevention and Control Law of the PRC and Air Pollution Control Ordinance of Hong Kong, in all material aspects during the Reporting Period.

For the year ended 31 December 2025, air emissions, including nitrogen oxides, sulphur oxides and particulate matter, were mainly produced from the Company's vehicles many of which weighing 2.5 tonnes. The overall air emissions decreased due to further reduced physical travelling between the office and major mine sites.

<b>Air Emissions</b>	2024 (approx.)	2025 (approx.)
Nitrogen Oxides (NO <sub>x</sub> )	34.27 kg	<b>24.69 kg</b>
Sulphur Oxides (SO <sub>x</sub> )	0.85 kg	<b>0.56 kg</b>
Particulate Matter (PM)	2.52 kg	<b>1.82 kg</b>

For the total greenhouse gas emissions, the emission from Scope 1 (direct emissions from both the stationary and the mobile combustion sources) and Scope 2 (indirect energy emissions from the acquired electricity) are set out below:

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### Scope 1 CO<sub>2</sub> equivalent emissions:

	2024 (approx.)	2025 (approx.)
Carbon dioxide (CO <sub>2</sub> )	1,850 tonnes	<b>1,968 tonnes</b>
Methane (CH <sub>4</sub> )	845 kg	<b>749 kg</b>
Nitrous oxide (N <sub>2</sub> O)	18,274 kg	<b>13,005 kg</b>

### Total Greenhouse Gas Emissions and intensity:

	2024 (approx.)	2025 (approx.)
Scope 1	1,869 tonnes	<b>1,982 tonnes</b>
Intensity (per ton of coal produced)	2.03 kg	<b>1.71 kg</b>
Scope 2	40,199 tonnes	<b>39,865 tonnes</b>
Intensity (per ton of coal produced)	43.69 kg	<b>34.37 kg</b>

The Scope 1 emissions increased in 2025 mainly due to higher diesel oil consumption in 2025, but the intensity figures decreased because of the rise of production volume in 2025.

There was no major hazardous and non-hazardous waste in our production. In 2025, in order to meet the demands of power plants and other customers with lower requirement on coal specifications, the Group blended raw coal, lignite (the by-product of coal washing), middling coal and coal residue stone. Almost all the products were sold, and there was no major non-hazardous waste in our production.

### A2 Use of Resources

The Group aims to follow the principle of “Recycling and Reducing”, has set up an “Energy Saving and Waste Reduction Team”, which is led by the General Manager of Guizhou Puxin and the chief of each coal mine, and communicates the policy to the employees in order to raise their awareness of resource conservation.

The Group has implemented green office practices such as encouraging double-sided printing and copying, promoting the usage of recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.

In the production facilities, around 90% of the light bulbs have been changed to LED light bulbs for electricity saving purposes. In addition, variable-frequency conveyor belts are being used and the Group has installed energy saving equipment in the power supply system of the coal mines.

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There is no issue in sourcing water. As water is essential to communities, we actively promote water conservation in our daily operations. There is routine checking of pipes and tanks to avoid leakage, and employees are encouraged to report any such cases for prompt repair actions.

Use of resources	Unit	2024 (approx.)	2025 (approx.)
Electricity	kWh	69,189,126	<b>75,131,558</b>
Electricity intensity	kWh per ton of coal produced	75.2	<b>64.8</b>
Water	Cubic meter	510,000	<b>536,000</b>
Water intensity	Cubic meter per ton of coal produced	0.55	<b>0.46</b>

The consumption of electricity and water in 2025 increased due to the resumption of operations at some major mine sites. However, the intensity figures decreased due to the increase in production volume. The water used for mining, processing and removing the rise of gangue in the raw coal was from river and underground water and was recycled.

Since the majority of our products in 2025 was raw coal for direct sales, no packaging material was used.

### The direct and indirect energy consumption

	Energy Consumption (kWh)	
	2024	2025
Petrol	562,845	<b>367,144</b>
Diesel	6,952,527	<b>7,692,546</b>
Electricity	69,189,126	<b>75,131,558</b>
<b>Total</b>	<b>76,704,498</b>	<b>83,191,248</b>
<b>Intensity (kWh per ton of coal)</b>	<b>83.37</b>	<b>71.72</b>

### Targets setting:

In 2021, the Group set a five-year target to achieve a 10% reduction in both air emission (air pollutants) intensity and greenhouse gas emission intensity. However, the intensity figures have since increased, as the decline in production volumes was proportionally greater than the reduction in emissions. To address this, the Group will implement energy saving measures across all our mining sites and offices to reduce the use of vehicles and electricity. The measures include strengthening staff reminders to conserve energy and promoting online meetings and visits instead of physical ones to reduce emissions generated from transportation. Looking ahead, A 5% reduction target over a period of 5 years based on the baseline figures of 2025 is set for the energy use efficiency and the water efficiency. The Group will continue to reinforce the current environmental policies and actively explore new methods to conserve energy and water resources.

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### A3 The Environment and Natural Resources

Our mining operations seek to ensure that waste gas, wastewater and industrial residue are disposed of in accordance with relevant legal requirements of the PRC, such as the Law of the PRC on the Prevention and Control of Water Pollution, to minimise the impact on the environment. In addition, we are required by PRC law to reclaim and restore mining sites to their prior condition after the completion of mining operations. Reclamation activity typically involves the removal of buildings, equipment, machinery and other physical remnants of mining; the restoration of land features in mined-out areas, dumping sites and other mining areas; and the contouring, covering and re-vegetation of waste rock piles and other disturbed areas.

For pollution prevention and control, it is our policy that domestic and industrial wastewater at the coal mines be treated to meet the national required standards before discharge, which are the Class II Standard as per the “Wastewater Discharge Standard” (GB8978-1996) and “Coal Industry Pollutant Discharge Standard” (GB20426-2006) respectively. Such treated water will also be used for suppressing dust in the mines and for other purposes such as watering plants.

Any collection of solid waste and hazardous materials shall be carried out in a centralised way following an internal procedure with the approval of the department head and handled by specific personnel.

As for the procurement of supplies, materials and equipment, the procurement manager shall consider the following factors, where appropriate, to minimise the impact on the environment:

- minimal use of virgin material in the product
- replacement of disposables with reusables or recyclables
- minimal environmental impact from the entire product or service life cycle
- minimal packaging or elimination of packaging
- reduced energy/water consumption
- toxicity reduction or elimination
- avoiding single-use of disposable items
- preference given to materials of high recyclability

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## B. SOCIAL

### EMPLOYMENT AND LABOUR PRACTICES

#### B1 Employment

##### *Employment data*

	Number of employees		Turnover rate	
	2024	2025	2024	2025
<b>Male</b>	1,770	<b>1,456</b>	22.1%	<b>21.9%</b>
<b>Female</b>	337	<b>220</b>	31.5%	<b>58.2%</b>
<b>Total</b>	2,107	<b>1,676</b>	23.6%	<b>26.7%</b>

	Number of employees		Turnover rate	
	2024	2025	2024	2025
<b>Age below 30</b>	194	<b>134</b>	21.6%	<b>23.1%</b>
<b>Age 30 – 50</b>	1,275	<b>1,003</b>	13.6%	<b>31.1%</b>
<b>Age above 50</b>	774	<b>539</b>	36.4%	<b>19.3%</b>

	Number of employees		Turnover rate	
	2024	2025	2024	2025
<b>Guizhou</b>	2,011	<b>1,674</b>	24.7%	<b>26.5%</b>
<b>Shenzhen</b>	4	<b>1</b>	0	<b>300%</b>
<b>Hong Kong</b>	2	<b>1</b>	0	<b>100%</b>

The turnover rates in different perspectives increased because of the intermittent suspension of operations at some major coal mines and the streamlining of mining teams from late 2023 onwards.

##### *Compensation, benefits and dismissal*

We recruit our employees based on a number of factors such as their industry experience in the coal mining industry, their educational background, and capabilities.

Our employees are employed under employment contracts that set forth, among other things, the employee's responsibilities, remuneration and grounds for termination of employment.

It is the Group's policy that all employees must have written employment contracts as per the PRC Labour Contract Law. We provide each employee with at least the local minimum wage and benefits and pay employees promptly, regularly, on time and fairly in respect of work performance.

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The Group recognises the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

The emolument policy for the employees of the Group is based on merit, their qualifications and competence. The emoluments of the Directors are determined by taking into account the Group's operating results, individual performance and comparable market statistics.

We maintain systematic procedures to conduct performance appraisals annually. Employees' seniority and performance are the two foundations for promoting staff members, which reflects an objective and fair process to retain our talents.

### *Working hours, rest periods and paid leaves*

It is our policy that working hours must not exceed the legal limit and should be modified where relevant to reflect any particular hazards or risks of the work being done. Employees should be properly compensated for overtime according to the law and within legal working hour limits. There is rest period in each work day. Employees are granted their stipulated annual leave, sick leave, maternity or paternity leave and other types of leave in accordance with relevant laws and regulations.

### *Anti-Discrimination, Equal Opportunity and Diversity*

The Group actively promotes a diverse workplace where people from diverse backgrounds are valued and respected. Our policy is non-discriminatory on the basis of race, colour, national or ethnic origin, gender, sexual orientation, religion, disability, age, cultural background, social group, marital status, family status or other factors conforming to applicable labour laws.

We have complied with the PRC Labour Law and the PRC Labour Contract Law in all material aspects during the Reporting Period.

### **B2 Health and Safety**

Safety of our employees is always the Group's central concern and is the core of our mission. One of our approaches is to create a strong culture of safety by implementing high safety standards and by providing appropriate training and education to our employees. We care about our employees and their families and therefore strive to protect them by providing a safe and healthy working environment. During the Reporting Period, we fully complied with the Work Safety Law of the PRC and the Regulations on Occupational Injury Insurance.

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The key points from our policies are:

- to promote the general health of employees.
- to reduce work-related injury and illness.
- to ensure information regarding health and safety systems and standards are made readily available to employees in appropriate language(s).
- to ensure that employees are aware, through newsletters, training, or other effective and frequent means of communication, of our obligations with regard to site safety and their own obligations of ensuring the safety of themselves and other employees.

### *Safety Measures*

The Group is committed to maintaining high safety standards at the coal mines by providing a safe working environment at coal mines; providing appropriate protective gear at work; conducting regular safety training sessions for employees, including mine managers, methane inspectors, blasters, electricians, coal miners and other workers, to improve their safety awareness and knowledge; and arranging annual occupational health examinations, periodic job rotations and annual leave for employees.

The Group has implemented a six-part safety system at operating coal mines which consists of the following components: an electronic safety monitoring system; a wireless tracking system that tracks the location of underground workers; emergency exits; emergency water supplies; emergency underground communication equipment; and compressed air stations that provide emergency underground oxygen supplies.

The Group has not been subjected to any material claim or penalty in relation to health and work safety and has been in compliance with the relevant PRC and Hong Kong laws and regulations in all material aspects during the Reporting Period. Those laws and regulations include the Work Safety Law, the Mine Safety Law and the Regulations on Occupational Injury Insurance of the PRC and the Occupational Safety and Health Ordinance of Hong Kong.

There was one work-related fatality in the past years including this Reporting Period. The death incident happened in Baiping mine in 2023. One employee did not follow the safety management procedures during his operation, which caused a roof accident that resulted in his death. The number of lost days due to work injury increased and it came to 1,440 days in 2025 (2024: 1,260 days). We have been conducting thorough safety checks for each mining site, further tightening the safety measures and strengthening safety trainings to prevent fatal incidents and injuries.

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### B3 Development and Training

To ensure the quality of our employees at all levels, employees of the Group are encouraged to attend training and development courses to acquire more knowledge and skills.

Our mining employees receive training through orientation training sessions as well as on-the-job training by our more experienced technical personnel. Moreover, our coal mine managers receive additional technical and managerial training, and we offer certain employees the opportunity to attend external training sessions held by colleges and governmental organisations.

Training includes:

- periodic safety training for all employees.
- periodic training, examinations and certifications for special skilled workers at the mines.
- periodic safety training provided by the provincial government. The attendees are the legal representative of the company (公司法人) and “The Five Chiefs of the Mine” (五職礦長), who are the chief of the coal mine, deputy chief of mining techniques, deputy chief of mine safety, deputy chief of production and deputy chief of electrical and mechanical engineering. After passing the examinations, the attendees will be awarded the “Certificate in Safe Production” by the provincial government.

Starting from 2019, the Group has organised new training programmes at both office level and mine level. Five professional teams were set up for implementation, and the Safety Training Team paid site visits to different mines to understand their current situations and needs. Totally 36 training programmes were run across the Group in different aspects, such as corporate culture, leadership, taxation, health and safety and other technical skills. In 2019, nine internal staff members completed the Train-the-Trainer programme and received the relevant accreditation. In 2025, 100% of employees in terms of gender and employee category took part in training.

	All employees		Male		Female		Senior management		Middle management		General staff	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
The average training hours per person	89.6	85.1	89.6	85.1	89.6	85.1	21.4	90	89.2	89.72	89.9	89.95

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### B4 Labour Standards

*We believe in a no forced labour and no child labour policy.*

It is the Group's policy not to use forced, coerced, bonded, indentured, or involuntary prison labour in any form. All work, including overtime work, shall be voluntary. Employees are free to leave employment upon giving reasonable notice. We do not require employees to hand over government-issued identification, passports or work permits as a condition of employment.

It is our policy not to employ any person under the local legal minimum employment age, employ any person in a manner which conflicts with completion of their compulsory schooling, or employ any person below the age of 16 years on a full-time basis (unless part of a professional apprenticeship programme approved by local laws). Additionally, all young employees must be protected from performing any work that is likely to be hazardous, or likely to interfere with the employees' education, or that may be harmful to the employees' health or development. It is the Group's policy to adhere to legitimate workplace apprenticeship programmes and comply with all laws and regulations governing apprenticeship programmes.

The Group has been in compliance with the PRC Labour Law and the Regulations on the Administration of Housing Fund, and has not been assessed for any fines or penalties with regard to child labour and forced labour during the Reporting Period.

### OPERATING PRACTICES

#### B5 Supply Chain Management

We all have a responsibility to look after the natural environment both for the present and the future. All stages in our supply chain comply with and preferably exceed applicable national and legal environmental requirements.

The major suppliers for the Group's mining operations include third party contractors and suppliers of machinery, equipment and ancillary materials used in the mining operations.

It is our policy that preference should be given to suppliers which have:

- a policy stating their sustainability values and commitments.
- sustainability certificates or awards.
- sustainability management systems or quality management systems that incorporate environmental and social considerations.
- full compliance with the Group's supplier code of conduct (the "Code") and all applicable environmental and social regulations and legislation.

We work with our own service providers and subcontractors to ensure that they also strive to meet the principles of the Code and/or have their own supplier code of conduct. In the Reporting Period, the total number of Tier 1 suppliers was 37, and among which 8 were in Hong Kong and 29 in the PRC.

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### B6 Product Responsibility

Superior performance and stable quality of our products are our commitment to our customers, enabling us to strengthen the Group's reputation, maintain a good relationship with our customers and ensure our leading position in the industry.

It is the Group's policy to comply with all relevant laws and regulations to ensure consistency of our products. The Group applies strict quality control at all stages of coal production, beneficiation and distribution. To ensure that the Group's anthracite coal meets the requirements of the customers, the Group has established three laboratories to test coal quality. The staff in the laboratories are responsible for monitoring the anthracite coal production process, carrying out inspections and testing of anthracite coal, and performing onsite inspections at our coal mines.

As for advertising and marketing policies, we are committed to a responsible approach to communication. It is the Group's policy to adhere to an internal verification process for information used in advertising and promotion and to ensure that our advertising and promotional materials are backed by past performance and relevant data based on customer feedback or laboratory results.

The Group has been in compliance with the PRC Product Quality Law and has not been subjected to any fines or penalties with regard to product safety, advertising, labelling and privacy matters relating to our products during the Reporting Period.

### B7 Anti-Bribery and Anti-Corruption

The Group is committed to ethical conduct when doing business. It is our policy that all forms of corruption, extortion, fraud and bribery must be prohibited, including those for our own benefit or for the benefit of our stakeholders.

In January 2014, the Group established an internal anti-fraud policy, codes of conduct and procedures to prevent all forms of bribery, corruption and fraud. This internal policy provided a clear definition of the concept of fraud and the scope of fraudulent activities, including but not limited to, accepting bribes and rebates and expenditure for improper purposes such as payment of bribes and rebates.

It is our policy that anti-fraud policies and procedures and related measures shall be communicated in a variety of ways within the Group (through employee handbooks, company rules and regulations, public or local area networks) to ensure that employees have access to relevant laws and regulations, receive business ethics training, understand the concepts involved in the code of conduct, and be able to differentiate between illegal and ethically-sound behaviours. All employees must be aware of the Company's serious attitude towards fraud prevention and the employees' own responsibility for anti-fraud.

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The Group assesses the risk of fraud and has established specific control mechanisms to reduce the occurrence of fraud, mainly through the following means:

- 1) fraud risk assessment is included when management conducts an enterprise risk assessment at the beginning of each year. Management is required to identify and assess fraud risks at the corporate level, business unit level, and major account level, and to assess the importance and likelihood of fraud, including risk. These assessments also include false financial reports, misappropriation of company assets and unauthorised or inappropriate revenues or expenses, and an assessment of the risk of fraud, including senior management and the Board.
- 2) the audit committee assists the Board in monitoring the risk exposures, the design and operating effectiveness of the relevant risk management and internal control systems and will then report to the Board after properly reviewing the effectiveness of the Group's risk management and internal control systems. The Group does not maintain its own internal audit team for cost-saving reasons but the internal audit team of the Group's related party is shared with the Group to assist the audit committee with reviewing the effectiveness of the Group's risk management and internal control systems.
- 3) training programmes are provided to raise awareness and reduce the occurrence of fraud, such as integrity and anti-fraud training to new employees as well as updated training to existing employees.
- 4) a channel for real-name or anonymous reporting on fraudulent activities has been established.
- 5) our suppliers are required to disclose to us immediately any situation that may appear as a potential material conflict of interest. They are also expected to disclose if any of our officials or consultants working with the Group has a material interest of any kind in the supplier's business or any kind of economic ties with the supplier.

Employees are expected to observe a high standard of ethical and professional conduct and integrity. The Group has adopted a whistle-blowing policy. The audit committee meets regularly with the Company's senior management to consider the effectiveness of internal controls and risk management of the Company. As far as the Group is aware, there were no fraudulent practices brought to the Group's attention during the Reporting Period.

The Group abides by the Anti-Unfair Competition Law of the PRC, the Interim Provisions on Prohibiting Commercial Briberies, the Anti-Money Laundering Law of the PRC and other laws and regulations that call for integrity and ethical conduct in operating a business.

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### B8 Community Investment

We are keen to nurture strong and long-lasting relationships with the communities in our neighbourhoods. On the one hand, we aim to minimise the negative environmental and social impact of our operations on our neighbourhoods; and on the other, we proactively seek opportunities to contribute to them by supporting a wide range of social projects and activities that mutually benefit our Company and the local communities. The Group cares about the disadvantaged groups and supports charity work.

In 2025, we made a donation of CNY50,000 as sponsorship to the Huajue Township Government.

## CLIMATE-RELATED DISCLOSURES

### 1. Governance

#### *Board Oversight*

The Board holds ultimate responsibility for the oversight of the Group's climate-related risks and opportunities. The Board has approved a Board Statement that sets out the strategic direction for ESG performance, including the process used to evaluate, prioritise and manage material ESG-related risks.

The Board reviews the Group's ESG strategies, directions and climate risk profiles at regular Board meetings. Climate risks, encompassing both physical risks (e.g., extreme weather events, flooding) and transition risks (e.g., tightening environmental regulations), are discussed within the broader risk management and strategic planning agenda. The Board evaluates whether appropriate skills and competencies for climate oversight are maintained within the ESG Committee and management.

The Board also monitors progress towards emission reduction targets and reviews any shortfall in climate-related goals. Where necessary, an interim report on the progress of the follow-up action plan is submitted to the Board.

#### *ESG Committee*

The ESG Committee, established in 2021, is the primary body delegated by the Board to oversee and focus on climate-related sustainability issues. The Committee's Terms of Reference were approved by board resolution and include responsibility for reviewing climate risk disclosures, tracking emission metrics, and escalating material climate issues to the Board.

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### *Management's Role*

Management is responsible for implementing the Group's climate strategy and ensuring the integration of climate considerations into day-to-day operational decisions. This includes:

- Monitoring weather forecasts and activating contingency plans for extreme weather events at mine sites;
- Implementing green office and energy-saving practices across all operational facilities;
- Managing vehicle fleets and electricity consumption in line with emission reduction targets;
- Ensuring compliance with PRC environmental regulations and reporting on climate-related matters to the ESG Committee.

## 2. Strategy

### *Climate-Related Risks and Opportunities Identified*

The Group operates coal mining and processing facilities primarily in Guizhou Province, the PRC, with offices in Hong Kong and Shenzhen. The nature of the Group's operations as an anthracite coal producer exposes it to a spectrum of physical and transition climate-related risks, as well as certain opportunities over short, medium and long-term time horizons.

The following climate-related risks and opportunities have been identified as potentially affecting the Group's cash flows, access to finance or cost of capital:

### *Physical Risks*

<b>Risk Type</b>	<b>Description</b>	<b>Time Horizon</b>	<b>Concentration in Value Chain</b>
Acute physical risk	Increased frequency and severity of extreme rainfall, flooding and typhoons disrupting mining operations in Guizhou Province	Short to Medium Term	Upstream mining operations; employee commuting and transportation
Acute physical risk	Damage to physical assets — mining equipment, facilities and infrastructure — caused by extreme weather events	Short to Medium Term	Mining sites in Guizhou Province
Chronic physical risk	Long-term shift in weather patterns affecting water availability for operational processes (water used in mining, processing, dust suppression)	Medium to Long Term	Guizhou mining operations and processing facilities

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### Transition Risks

Risk Type	Description	Time Horizon	Concentration in Value Chain
Policy and regulatory risk	Increasingly stringent environmental protection regulations in the PRC, including tightened emission standards and carbon controls, requiring additional investment in compliance	Short to Medium Term	All operational facilities
Market risk	Declining demand for anthracite coal driven by China's decarbonisation agenda and the shift toward cleaner energy sources	Medium to Long Term	Sales and distribution; customer relationships
Technology risk	Capital expenditure requirements for transitioning vehicle fleets to hybrid/electric alternatives and upgrading energy systems	Medium Term	Vehicle fleet; electricity supply infrastructure

### Climate-Related Opportunities

Opportunity	Description	Time Horizon
Resource efficiency	Continued implementation of energy-saving measures (LED lighting, variable-frequency conveyor belts, energy-saving power supply systems) reducing operational costs	Short Term
Market differentiation	Improved ESG performance and lower emission intensity attracting environmentally conscious customers and retaining existing customers	Medium to Long Term
Stakeholder relations	Enhanced ESG performance strengthening relationships with local governments and communities, supporting operating licences and regulatory goodwill	Medium to Long Term

### Impacts on Business Model and Value Chain

The Group's core business, the mining, processing and distribution of anthracite coal, is directly exposed to both physical and transition climate-related risks along its value chain.

**Upstream:** Physical risks are most acutely concentrated at the Group's coal mine sites in Guizhou Province. Operations at several major mine sites were intermittently suspended during 2025, partly influenced by the need to manage risk from adverse conditions. Disruption caused by flooding or extreme weather can lead to direct production losses, temporary mine closures, and employee safety risks.

**Operations:** Energy-intensive operations (electricity consumption for mining and processing; diesel consumption for transportation vehicles) represent the Group's primary sources of greenhouse gas emissions, and thus face the greatest transition risk exposure from carbon pricing and regulatory tightening.

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**Downstream:** The Group's customers — primarily power plants and industrial users requiring specified coal quality — may themselves face transition risks, potentially reducing demand for anthracite coal over the medium to long term as China's energy transition accelerates.

**Employees and Communities:** Adverse weather conditions directly affect employee commuting and site access, potentially causing operational disruptions and workforce safety incidents.

### *Strategy and Decision-Making*

The Group has adopted a strategy of integrating climate change actions into its daily operations and the evaluation of new projects and businesses from an early stage. The key elements of the Group's climate response strategy are:

#### **Adaptation measures:**

- Adopting more stringent flooding prevention measures at all mine sites
- Enhanced advance monitoring of weather forecasts to formulate contingency plans
- Conducting more regular monitoring and maintenance of facilities and equipment to reduce damage caused by extreme weather events
- Maintaining proper arrangements to sustain a minimum level of operation through technology and preventive measures

#### **Mitigation measures:**

- Group-wide energy saving measures across all mining sites and offices
- Gradual replacement of existing vehicles with hybrid and/or electric vehicles
- Transition to less-polluting fuels where feasible
- Increased adoption of online meetings and virtual visits to reduce transport-related emissions
- Ongoing LED conversion programme (approximately 90% of lightbulbs converted to LED)

**Transition Plan:** The Group does not currently have a fully formalised climate transition plan. However, the Board has committed to exploring further efficiency improvements and carbon footprint reduction initiatives.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

## *Financial Effects of Climate-Related Risks and Opportunities*

### **Current Financial Effects:**

Based on information available during the Reporting Period, the Group has assessed the following qualitative current financial effects arising from climate-related risks:

- Operational expenditure on environmental protection infrastructure (sewage treatment systems, domestic water treatment, noise reduction and dust removal equipment) represents a recurring climate-related capital and maintenance commitment.

### **Anticipated Financial Effects:**

- Regulatory transition costs: Tightening PRC environmental regulations are expected to require continued and potentially increased capital expenditure on pollution control, emissions monitoring and reporting systems over the short to medium term.
- Fleet electrification costs: The Board's stated plan to gradually replace existing vehicles with hybrid and/or electric alternatives will require capital expenditure over the medium term, though this is also expected to reduce ongoing fuel costs and emission intensity.
- Carbon offset costs: If emission reduction targets cannot be met through operational measures, carbon offset costs may be incurred, the magnitude of which will depend on future carbon market pricing.
- Demand-side risks: The medium to long-term risk of declining coal demand presents a strategic risk to revenue generation that the Board actively monitors.

## **3. Risk Management**

### *Risk Identification Process*

Climate-related risks are identified through a combination of:

- Periodic physical inspections of mine facilities and assessment of vulnerabilities to extreme weather and rising water levels
- Monitoring of PRC government policy developments related to environmental protection and carbon regulation
- Review of industry developments regarding energy transition and coal demand trajectories
- Engagement with local government bodies and communities in Guizhou Province

The Group pays specific attention to local weather forecasts and government environmental policy updates as leading indicators of near-term physical and transition risk materialisation.

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## *Risk Assessment*

Climate-related risks are assessed based on:

- **Nature of risk:** Physical (acute vs. chronic) or transition (policy, regulatory, market, technology)
- **Likelihood:** Probability of occurrence given current trends and projections
- **Magnitude:** Estimated operational and financial impact on production, assets, employees and revenue

## *Risk Management and Monitoring*

Climate-related risk management is integrated into the Group's overall operational and ESG governance processes. Key management actions include:

- **Contingency planning:** The Group closely monitors weather forecasts and activates contingency plans in advance for extreme weather events. Physical facilities are inspected periodically and regularly maintained to reduce vulnerability to climate hazards.
- **Operational resilience:** Proper arrangements are maintained to sustain a minimum level of operation through technology and preventive measures during adverse weather periods.
- **Regulatory compliance:** The Group actively monitors environmental policy developments and engages proactively with local government authorities to ensure continued compliance with evolving regulations.
- **Emission monitoring:** Greenhouse gas emissions (Scope 1 and Scope 2) are measured and reported annually. Progress against emission reduction targets is monitored and reported to the ESG Committee and Board.

## 4. Metrics and Targets

### *Cross-Industry Metrics and Climate-Related Targets*

Please refer to the sub-sections of A1. Emissions and A2. Use of Resources in the above Environmental Protection section of this ESG Report for details.

### **Assets/Business Activities Vulnerable to Transition Risks:**

The Group's core mining and coal processing operations in Guizhou Province are the primary assets exposed to transition risks. The Group's entire production value chain is dependent on coal extraction, which faces medium to long-term risks from regulatory tightening and market demand reduction. A formal quantification of the percentage of assets vulnerable to transition risk is under development. The Group will provide a quantitative estimate in its next ESG report as data collection capabilities improve.

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### **Assets/Business Activities Vulnerable to Physical Risks:**

All mine sites and processing facilities located in Guizhou Province are exposed to physical climate risks including flooding and extreme rainfall. These facilities represent the substantial majority of the Group's productive assets. A formal quantification will be developed and disclosed in subsequent reporting periods.

### **Capital Expenditure, Financing or Investment Deployed:**

The Group has made financial commitments towards the construction of environmental protection facilities, including sewage treatment systems, domestic water treatment, noise reduction, and dust removal equipment. Specific capital expenditure amounts associated with climate risk adaptation and mitigation measures will be separately identified and quantified for disclosure in future reporting periods.

### *Internal Carbon Price*

The Group discloses that it does not currently maintain a formal internal carbon price mechanism for use in decision-making processes such as capital expenditure, investment decisions or scenario analysis.

### *Remuneration*

The Group does not currently have a formal linkage between executive remuneration and climate-related performance metrics.

### **5. Application of the Implementation Reliefs**

The Group is currently in the foundational stage of its sustainability journey. While the Group is committed to enhancing its environmental transparency, it currently faces limitations regarding the specialised technical capabilities and data infrastructure required for certain advanced disclosures.

Capabilities and Financial Effects Reliefs are applied. Due to current constraints in internal resources and the high degree of uncertainty in quantifying specific financial impacts, the Group has omitted the disclosure of current and anticipated quantitative financial effects of climate-related risks and opportunities.

Reasonable Information Relief is applied. Given the unavailability of high-quality primary data and the significant challenges in estimation, the Group has not included climate-related scenario analysis and Scope 3 greenhouse gas emissions in this ESG Report. These omissions are based on the Group's assessment that such information cannot be obtained without undue cost or effort at this stage.

Looking forward, leveraging the experience of the management, the reasonable judgement of the Board and the ongoing refinement of the Group's internal monitoring systems, the Group is actively working to bridge these data gaps. The Group is committed to a process of continuous improvement and intends to progressively enhance its climate-related disclosures through iterative learning and the systematic strengthening of its sustainability framework. The Group recognises the enhanced climate-related disclosure expectations in Part D of Appendix C2; while we report Scope 1 and Scope 2 in this report, certain Part D elements (notably comprehensive Scope 3 quantification and detailed scenario analysis) are not yet available due to limited supplier data and the need to build internal data-collection systems; the Group will complete a Scope 3 screening in 2026, disclose material Scope 3 categories and methodology in the next ESG report.