



中國罕王控股有限公司

CHINA HANKING HOLDINGS LIMITED

罕王
HANKING

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03788



2023

ENVIRONMENTAL, SOCIAL &
GOVERNANCE REPORT



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1. About This Report

Basis of Compilation

This report is prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) – “Environmental, Social and Governance Reporting Guide” (“**ESG Reporting Guide**”), and with reference to the Sustainability Reporting Standards (“**GRI Standards**”) (2021 Edition) issued by the Global Sustainability Standards Board (GSSB) and the United Nations Sustainable Development Goals (SDGs). This Report is the eleventh Environmental, Social and Governance Report (“**ESG Report**”) published by China Hanking Holdings Limited (the “**Company**” or “**Hanking**”, together with its subsidiaries, the “**Group**” or “**We**”). All information herein reflects the performance of the Group in respect of environmental management, corporate social responsibility and corporate governance from 1 January 2023 to 31 December 2023 (namely the reporting period of the Group’s financial report), which is available for public use to enhance transparency and increase the understanding and confidence of the stakeholders toward the Group.

Reporting Scope

This report covers the Iron Ore Business (“**Iron Ore Business**”) and High-purity Iron Business (“**High-purity Iron Business**”) in the PRC and the gold mine business in Australia (“**Gold Mine Business**”) owned by the Group. The reporting scope is consistent with that of last year.

Source of Data and Internal Verification

Sources of the data contained in this report include the internal statistical data of the Group and relevant public data, etc. The non-financial data contained in this report is collected and summarized by the environmental, social and governance taskforce (“**ESG taskforce**”) before being submitted to the Company’s audit department for independent verification and to the board of directors (“**Directors**”) of the Company (the “**Board**”) for review before publication. The financial data is derived from the 2023 annual report of the Company, which has already been audited by Deloitte Touche Tohmatsu (the auditor of the Company). The Group guarantees that there are no false records, misleading statements or major omissions in this report. Monetary amounts involved in this report are denominated in RMB saved for those otherwise stated.



Reporting Principles

“Materiality”: During the preparation of this report, important stakeholders have been identified, and stakeholder communication channels have been established. Through materiality assessment, and review and confirmation by the Board, the important ESG issues of the Group have been determined and disclosed accordingly;

“Quantitative”: This report discloses various ESG quantitative key indicators of the Group, relevant standards and methods used for the calculation;

“Balance”: This report presents the ESG performance of the Group impartially, as far as reasonable and practicable, to disclose both positive and negative information;

“Consistency”: Unless otherwise specified, the preparation method of this report is the same as that of the previous year. This report uses consistent data statistical methods to present continuous performance in relevant areas with coherent database.

Publication and Contact Method

This report is prepared in both Chinese and English versions. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail. If you have any doubts or suggestions regarding this report, please contact us at any time, which will enable us to continuously improve our ESG practices.

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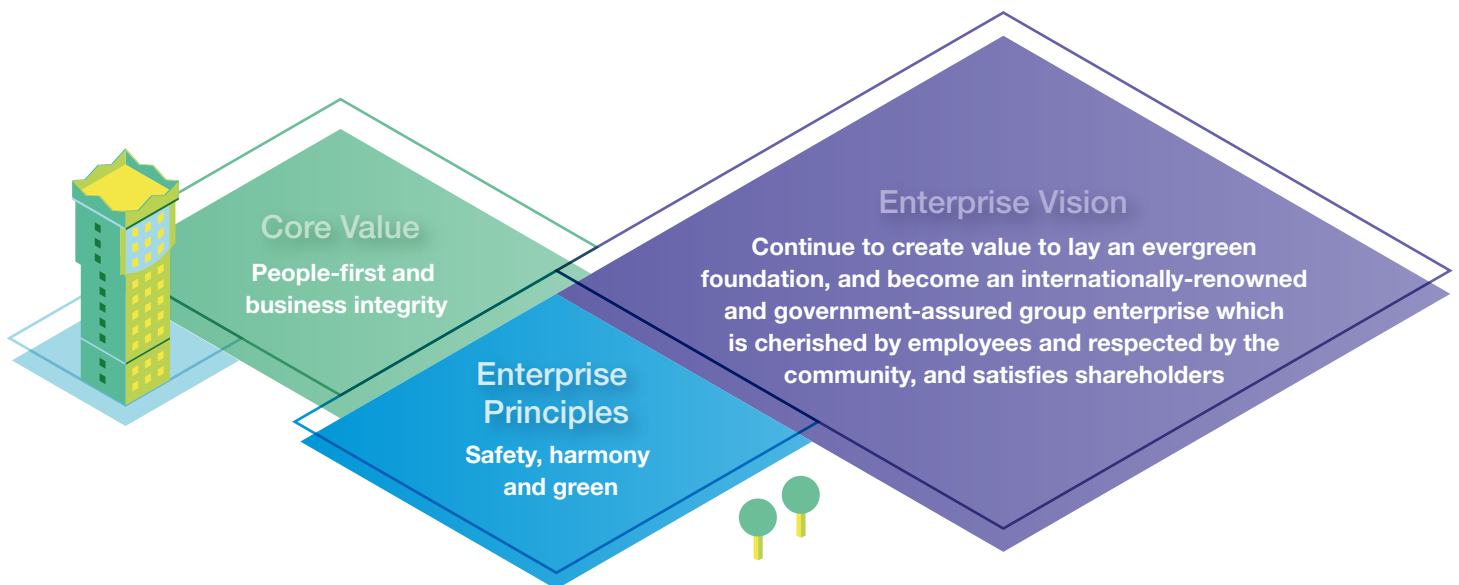
Address: Room 203, Building 1, Lujiazui Century Financial Plaza,
No. 729 South Yanggao Road, Pudong New Area, Shanghai, the PRC



2. Hanking at a Glance

Being a high-quality material supplier for the new energy industry, Hanking relies on its own high-quality iron ore resources to produce wind power ductile casting iron products, and also engages in the development of gold mine projects in Australia.

2.1 Company Profile





2.2 Business Overview

- **Iron Ore and High-Purity Iron Business in China**

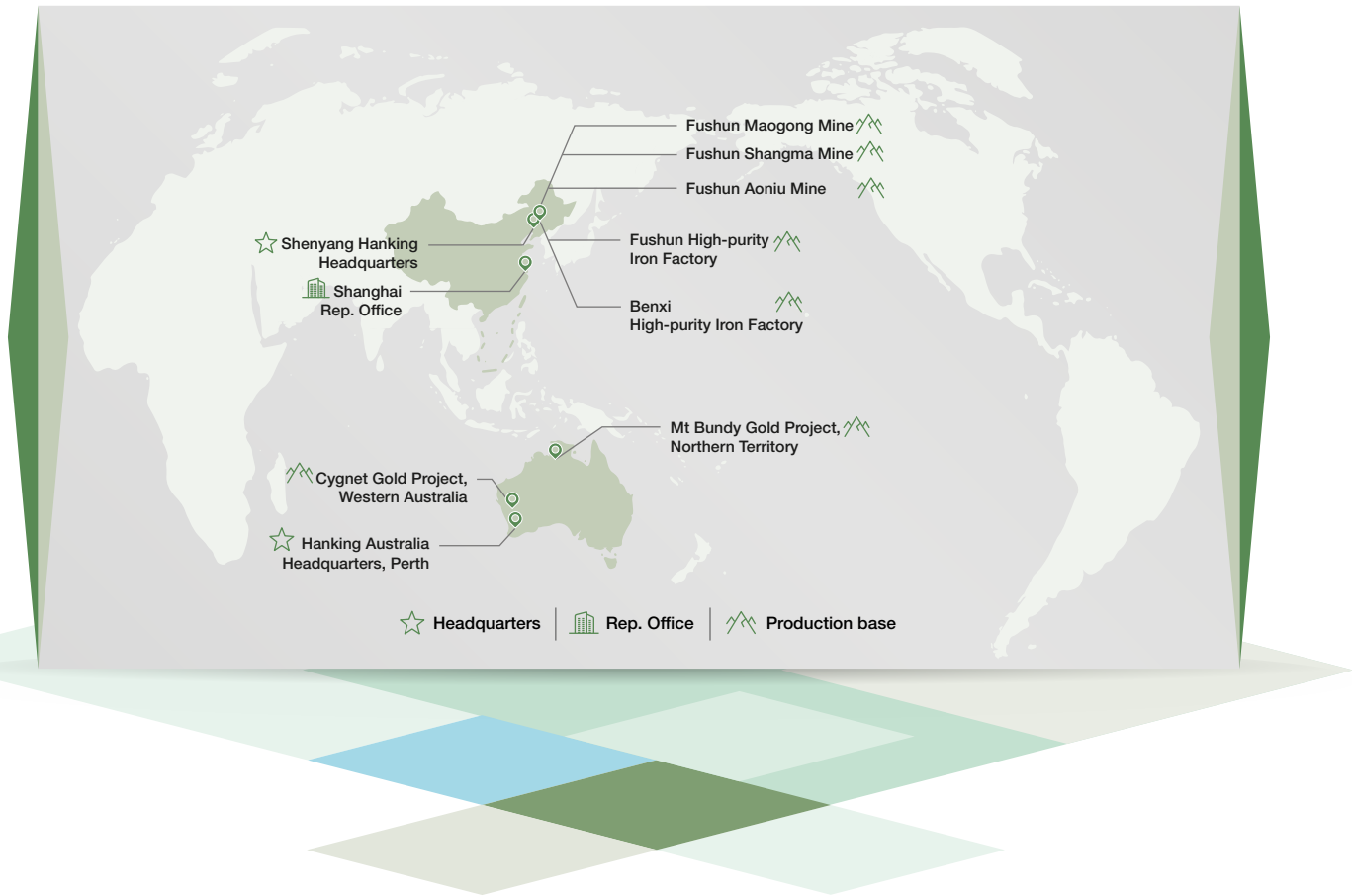
Thanks to the advantages of its own high-quality iron ore resources and unique technical process, the average grade of iron ore concentrates produced by Hanking is over 68%. Due to the minimal impurity contents of sulfur, phosphorus and titanium, together with the technical advantages accumulated over the years, high-purity iron products smelted by Hanking enjoy strong corrosion resistance and high tensile strength, thereby well meeting the casting requirements of major equipment in wind power, marine engineering and other sectors. Therefore, the Company's iron ore and High-purity Iron Business in China provides high-quality raw materials for clean energy wind power component casting enterprises. As at the end of the reporting period, Hanking had an annual production capacity of high-purity iron of 930 thousand metric tons, making it the largest supplier of wind power ductile casting iron in China's market.

- **Gold Mine Business in Australia**

The Company has commenced setting up teams in Australia since 2010, and established its subsidiary in Australia in 2011, which is headquartered in Perth, the capital of Western Australia. Over more than 10 years, by completing the complete closed loop of acquisition, resource exploration, relaunched production and operation and capitalization in respect of SXO Gold Project, Hanking Australia has developed a gold mining and operation team with outstanding performance and applied its experience to the existing gold project, in an effort to create maximum value for the shareholders.



2. Hanking at a Glance



2. Hanking at a Glance

2.3 Highlights of 2023

Economic Performance

Net profit 151 million	Dividend 35 million	Output of high-purity iron 871,000 metric tons	Output of iron ore concentrates 1,000,000 metric tons
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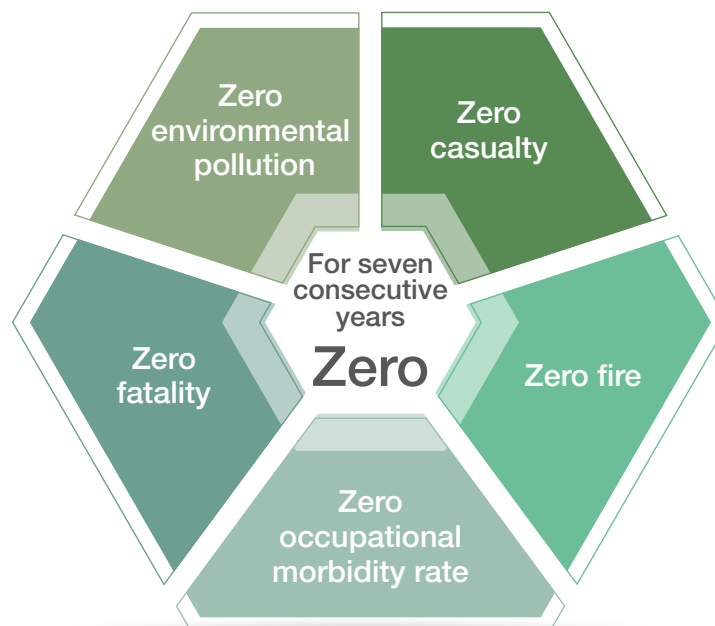
Social Performance

Total tax 255 million	Total number of employees 1,762	Safety education training rate for employees 100 %	Number of suppliers 510	Total donations 1.805 million
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Environmental Performance

Total GHG emissions 1,920,366 tCO ₂ e	New trees 77,386	GHG emission intensity 634 tCO ₂ e/RMB'000,000 operating income
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Zero fatality, zero casualty, zero occupational morbidity rate, zero environmental pollution and zero fire for seven consecutive years





3. Corporate Governance

The Company is committed to maintaining a high level of corporate governance. The Company believes that good corporate governance provides a framework that is essential for ensuring effective management, business growth and shareholder value. The Corporate Governance Policies of the Company, which is prepared in accordance with the principles, code provisions and certain recommended best practices of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange, is in the best interest of the Company and its shareholders. For the year 2023, the Company has fully complied with the principles and code provisions as set out in the Corporate Governance Policies and the Corporate Governance Code (except for code provision C.2.1), and complied with most of the recommended best practices of the Corporate Governance Code.

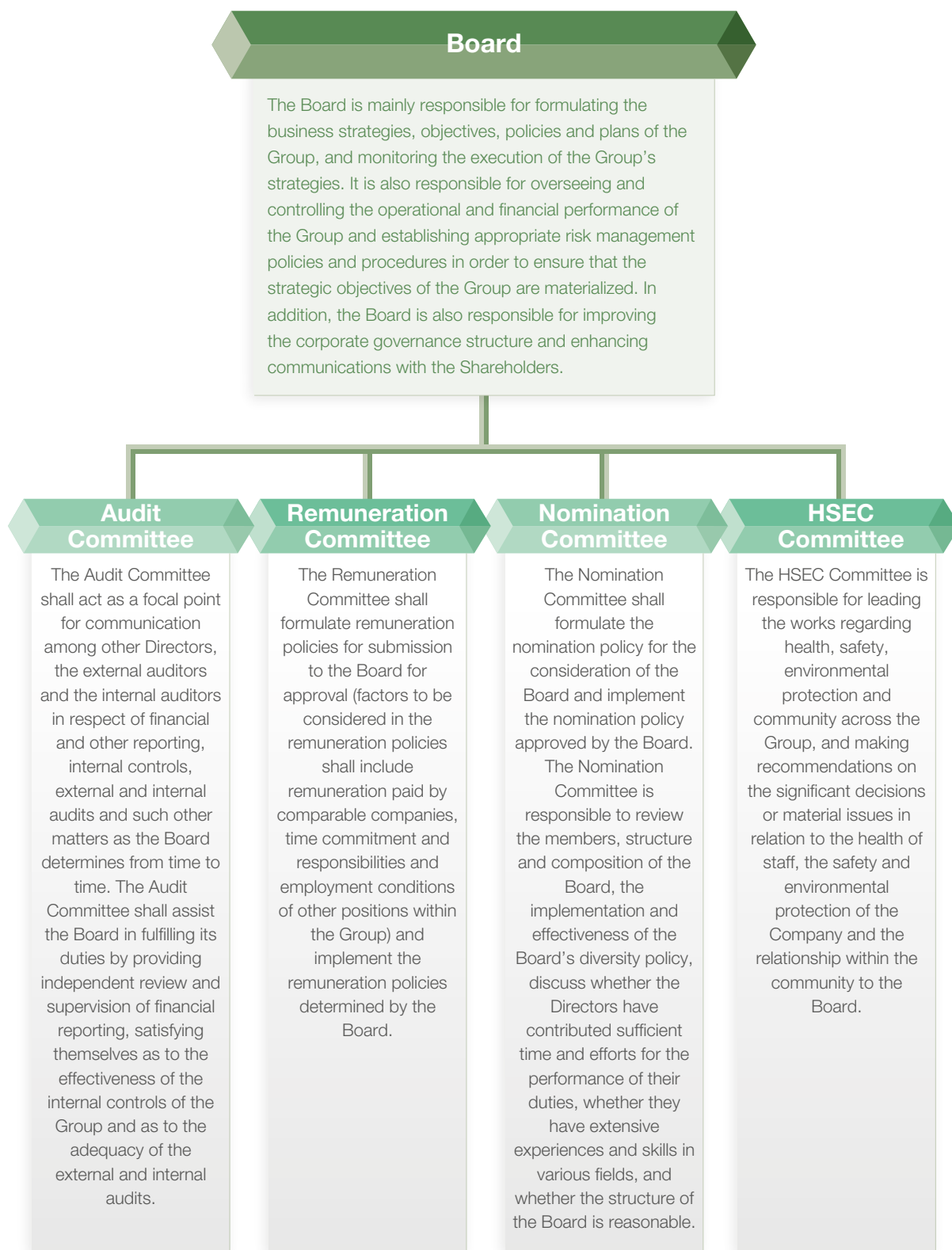
In 2023, the Company successively revised its corporate governance systems such as the Memorandum and Articles of Association (《組織章程大綱及細則》), the Rules of Procedure for General Meetings of Shareholders (股東大會議事規則), the Investor Relations Working System (《投資者關係工作制度》) and the Foreign Investment Management System (《對外投資管理制度》), so as to bring such systems into strict compliance with the relevant provisions of the Listing Rules and to match with the needs of the Company's development, thereby further enhancing the governance level of the Company.



3.1 Governance Structure

The Board of the Company is the highest governing body of the Group and is collectively responsible to all shareholders for the leadership and supervision of the Group's business, and exercises operational decision-making power. The Board has four committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Health, Safety, Environmental Protection and Community Committee (the "HSEC Committee"). These committees have clear terms of reference to enable them to properly perform their functions and assist the Board in enhancing the Group's corporate governance practices. The Company convened 1 general meeting, 5 Board meetings, and 5 meetings of specialized committees under the Board in 2023.

3. Corporate Governance



3. Corporate Governance

Board Diversity

In 2023, the Board of the Company had a total of 8 members, including 3 executive Directors, 2 non-executive Directors, and 3 independent non-executive Directors. The proportion of non-executive Directors and independent non-executive Directors is 62.5%. The members of the Board come from mainland China, Hong Kong, and Australia. They not only have a background in international project development, but also possess rich experience in industry management, geological exploration, international investment, and listed company operation, and a strategic perspective of global resources, thus laying a solid foundation for the development of the Company. The Company annually reviews the structure, number, and composition of the Board, assesses the independence of independent non-executive Directors, and reviews the implementation and effectiveness of the Board Diversity Policy.



In 2023, except for the gender, the Board has achieved the measurable objectives in the board diversity policy of the Company.

On 19 March 2024, after considering the recommendation of the Nomination Committee, the Board has proposed to appoint Ms. Zhang Jing as an executive Director. The appointment of Ms. Zhang Jing is subject to the approval by the Shareholders at the forthcoming annual general meeting by way of ordinary resolution and will take effect, if approved, from the conclusion of the forthcoming annual general meeting. Upon the approval of Ms. Zhang Jing as an executive Director by the Shareholders at the annual general meeting, the Company will meet the requirement of gender diversity of the Board under the Listing Rules.

For the most comprehensive information on corporate governance of the Company, please refer to the 2023 annual report of the Company.



3. Corporate Governance

3.2 ESG Organization

The Group has set up the multi-level health, safety, environmental protection and community organization (“**ESG Organization**”) from the Board to the production workshops at each business segments to establish a working organization with clear responsibilities and effective supervision. The **Board** is fully responsible for the risk management and internal control system of the Group, including the identification of significant ESG risks and opportunities. The Board is responsible for formulating the Group’s ESG strategies, setting ESG goals, and reviewing the progress of achieving such goals.

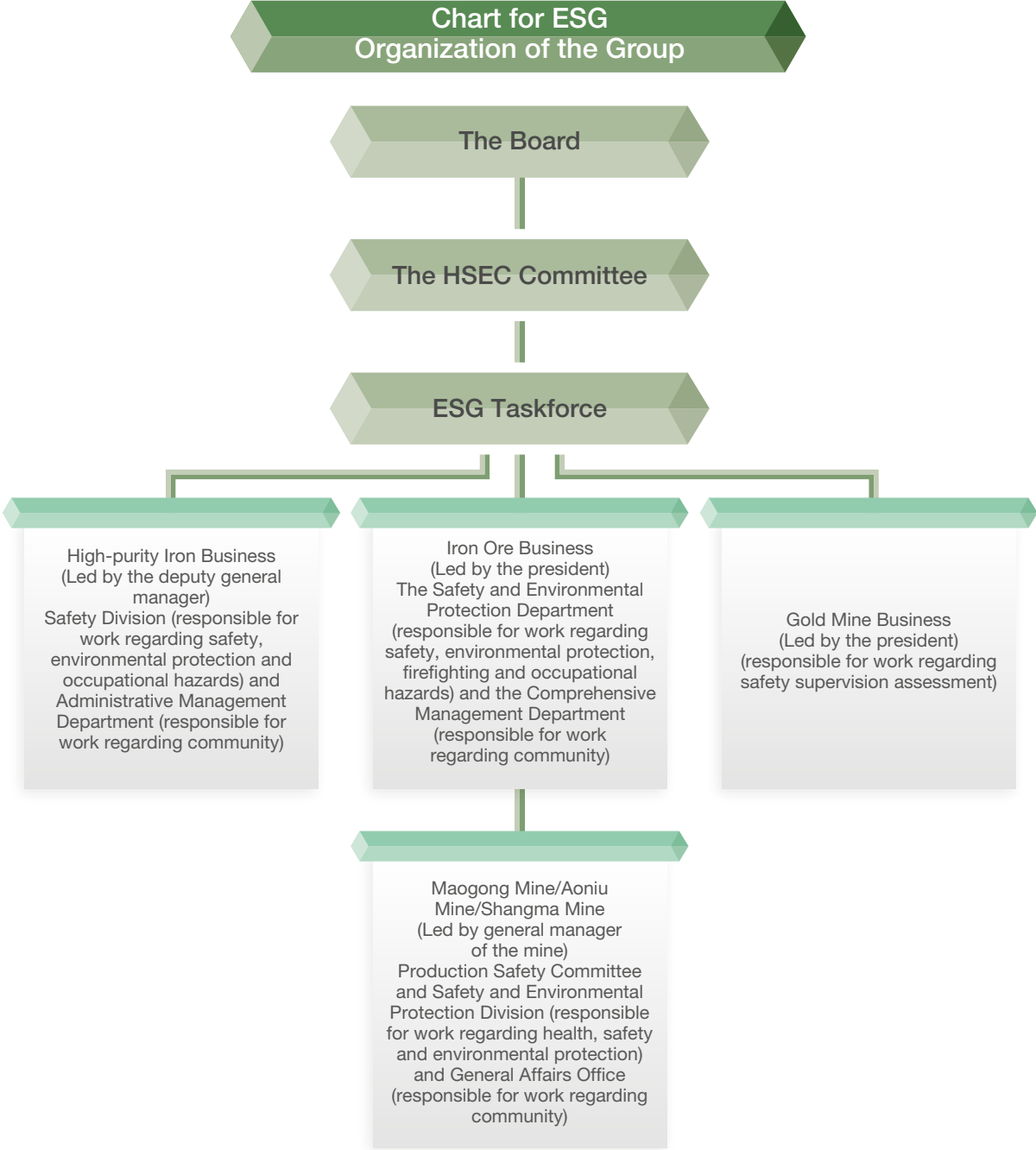
The primary function of the **HSEC Committee** is to help the Board to effectively perform its responsibilities in relation to health, safety, environmental protection and community matters arising from the Group’s operating activities, and risk management in relation to such matters, so as to achieve its control and objectives regarding ESG risks. The HSEC Committee is responsible for formulating the Company’s long-term ESG rules and annual plan, and supervising the implementation of the plan; adopting ESG-related policies and monitoring their compliance; and evaluating compliance with ESG-related laws and regulations.

In 2023, the HSEC Committee is composed of three members with expertise in the ESG field: Dr. Qiu Yumin, serving as the Chairman, is the president of the Gold Mine Business in Australia of the Company and a member of the Australian Institute of Geoscientists; Mr. Yang Jiye, serving as a member, is the Chairman of the Board and the Chief Executive Officer of the Company; and Dr. Wang Anjian, serving as a member, is a professor of the Research Center for Strategy of Global Mineral Resources, Chinese Academy of Geological Sciences.

The **ESG taskforce** under the HSEC Committee is mainly responsible for collecting and collating ESG data to prepare the ESG Report, regularly reviewing ESG matters that are important to the Group and related to its business, and reporting the assessment results to the HSEC Committee to assist it in assessing and determining whether the Company’s risk management and internal control systems for ESG are appropriate and effective, and making recommendations for rectification.

In 2023, based on the review results of the HSEC Committee, the Board confirmed that the Group has fully complied with the “comply or explain” provision set out in the ESG Reporting Guide of the Hong Kong Stock Exchange. The ESG measures taken by the Group were compliant and effective during the reporting period.

3. Corporate Governance





3. Corporate Governance

3.3 Business Ethics

Anti-corruption

We follow a high level of business ethics, and comply with international and local laws and regulations in the field of business ethics, including but not limited to the Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), and the Company's Integrity Management System (《廉政管理制度》).

The Company has always attached great importance to the construction of a clean and self-disciplined corporate culture, and is on no account engaged in bribery, blackmail, fraud and money-laundering. No employee of the Group is allowed to obtain illegal interests by taking advantage of their authority or convenience at jobs. In order to meet the needs of professional management of the Company, improve the internal supervision and inspection mechanism, and create a clean and efficient working atmosphere, the Group has developed and implemented the auditing and whistle-blowing system, and also has engaged independent auditors to conduct external audits on the Company, with an aim to prevent and control the fraud or immorality within the Company through internal and external audit.

In order to strengthen the building of a clean governance and standardize the behavior of Directors, and according to the business needs of the Group and the requirements of the Hong Kong Stock Exchange, the Company distributed the study materials such as the Hong Kong Stock Exchange's online course involving in the Listed Issuer Regulation Newsletter (《上市發行人監管通訊》) and the Listing Rules to the Directors. The Audit Department has recorded the Anti-fraud Training Courseware (《反舞弊培訓課件》) in combination with the Company's situation and drawing experience of the peers, and its video course can be studied at "Cool College" DingTalk.



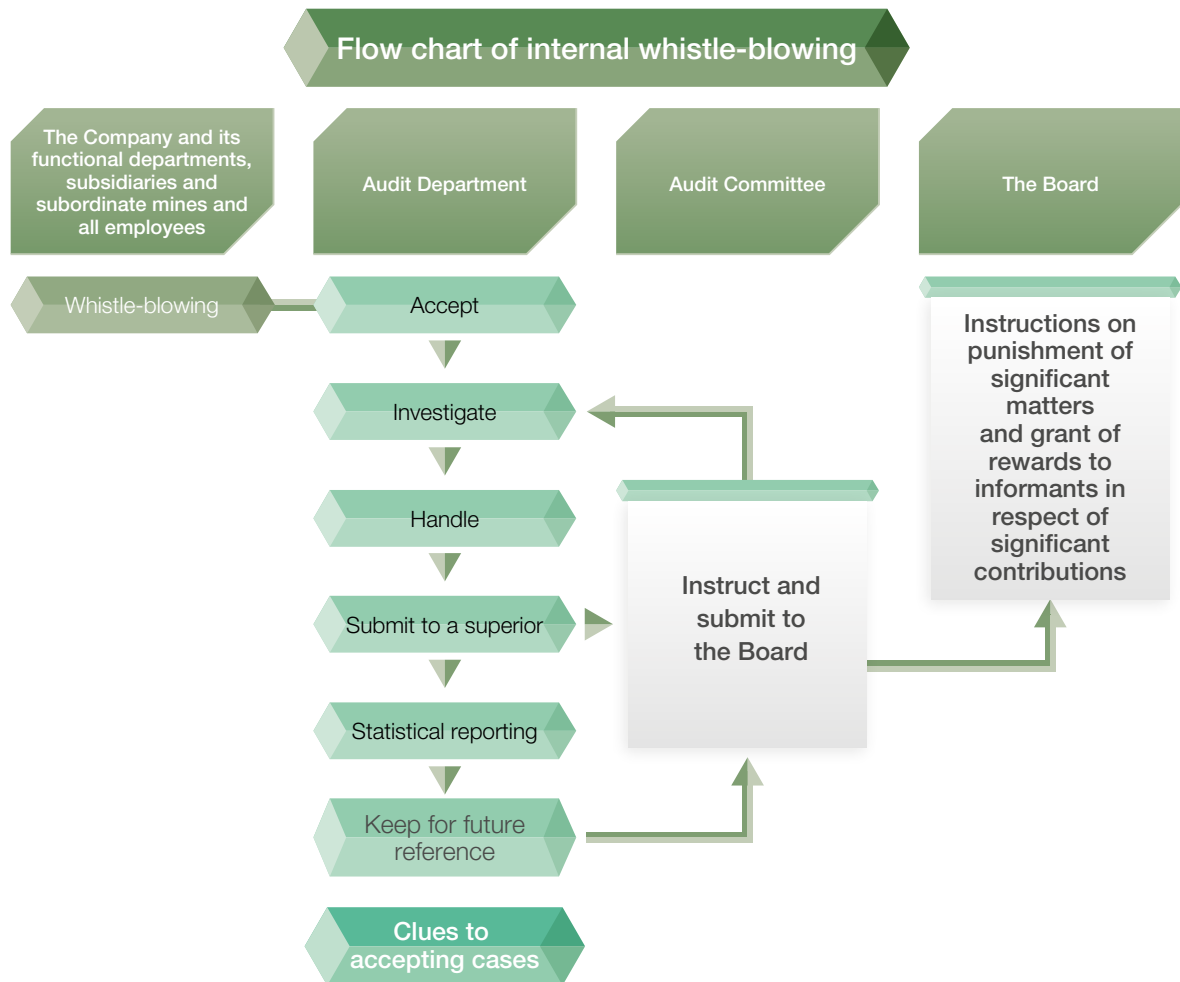
Whistle-blowing Policy

We are committed to upholding and implementing high standards business principles and conduct in an open, honest and law-abiding manner. The purpose of establishing a whistle-blowing policy is to raise awareness of fairness within the Group as an effective mechanism for internal control, and to provide channels and guidelines for employees and stakeholders dealing with the Group (such as the Group's customers and suppliers providing products or services to the Group, etc.) to report unethical behaviors by personnel within the Group.

Internal Whistle-blowing

The employees of the Company have the right to report alleged violations of state laws, regulations and policies, internal control problems of the Company, and other fraud or violation of Company's disciplines to the Company. The Company's audit department is responsible for dealing with reporting of violations in relation to functional departments, subordinate mines and employees of the Company. Informants may provide detailed information to the audit department of the Company through telephones, letters, e-mails, and interviews, etc.

3. Corporate Governance



External Whistle-blowing

In 2023, the Company revised its Whistle-blowing Policy, which was considered and approved by the Board. The principal amendments are as follows: 1) The informants can choose to report in the form of anonymity; 2) Added third parties (such as customers and suppliers) that have dealings with the Company to the scope of informants; 3) The Audit Committee of the Company shall be added to the institutions receiving and handling complaints. The Company placed the contact information of the Audit Committee of the Board on the “Investor Relations” section of the Company’s website for external stakeholders of the Company to make reports.



Contact information of Audit Committee of the Board:

Employees of the Company and others who have dealings with the Company (including but not limited to customers and suppliers, etc.) may provide any information that may be inappropriate about the Company to the Audit Committee of the Board of the Company on an anonymous basis.
 Email: auditcommittee@hanking.com



3. Corporate Governance

Anti-monopoly and Fair Competition

The Group advocates free and fair competition while opposing all forms of monopoly and profiteering:

We strictly abide by the Law of the People's Republic of China Against Unfair Competition (《中華人民共和國反不正當競爭法》), the Civil Code of the People's Republic of China (《中華人民共和國民法典》) and other relevant anti-monopoly and anti-unfair competition laws and regulations and international standards.

We have a mechanism for honest and fair competition. To prevent unfair competition, we conduct special investigations into the unfair competition clues that are identified or reported.

During the reporting period, the Group did not have any anti-corruption litigation cases, nor did it receive any litigation cases against the Company in relation to unfair competition.

3.4 Internal Control and Risk Management

Internal Control and Risk Management

It is the responsibility of the Board of the Company to establish, improve and effectively implement internal control, evaluate its effectiveness, and truthfully disclose the internal control evaluation report in accordance with the relevant regulations of the Hong Kong Stock Exchange and with reference to the regulations of the corporate internal control standard system. The Audit Committee has been established under the Board of the Company to assist the Board in fulfilling its responsibilities: to provide independent review and supervision of financial reporting, to enhance the effectiveness of the Group's risk management and internal control, and to achieve a satisfactory level of external and internal auditing.

The objectives of the Company's internal control are to ensure the legality and compliance of operation and management, safety of assets, truthfulness and integrity of financial reports and related information, so as to improve operating efficiency and promote the realization of development strategies.

System Revision

In order to strengthen the management of subsidiaries, various management systems of the Group's head office and subsidiaries were sorted out and revised during the year 2023 in accordance with relevant laws and regulations and the actual situation of the Group.

Tax Compliance

Tax compliance and risk management are important components of corporate governance. Reasonable tax risk management can increase the transparency and credibility of corporate governance and enhance corporate image and reputation.

The Finance Department has specialized personnel responsible for tax administration, including tax declaration and payment, tax coordination and planning, and tax risk assessment and prevention. It has formulated clear tax planning procedures and tax operation norms to ensure that tax payments are in compliance with laws, regulations and tax policies, and we may promptly identify and correct tax compliance issues through internal audits.

In 2023, the Benxi High-purity Iron Factory received a government award of RMB40,000 for its "upgrading from small to large scale".

3. Corporate Governance



3.5 Sustainable Development Strategy

For the common peace and prosperity of mankind, in 2015, all UN Member States adopted the 2030 Agenda for Sustainable Development, which provides a common blueprint, with 17 sustainable development goals as its core, aiming to completely solve the development problems of social, economic and environmental dimensions in a comprehensive way from 2015 to 2030, so as to turn to the road of sustainable development.

Sustainable Development



We support the United Nations Sustainable Development Goals, actively fulfill our corporate citizenship responsibilities, and integrate sustainable development and ESG concepts into the construction, production and operation of enterprises. Adhering to the tenet of safety, harmony and green, the Company pays close attention to the sustainable development actions of the countries and regions where the projects are located, and contributes to the global economic growth and sustainable development with high-quality mineral resources and metallurgical products, thus becoming one of the important forces in the clean energy market. At the same time, we join hands with our internal and external stakeholders to actively carry out ESG practices, aiming to create a sustainable future together.





United Nations Sustainable Development Goals	Materiality Issues of the Company	Our Actions
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>7 AFFORDABLE AND CLEAN ENERGY</p>  </div> <div style="text-align: center;"> <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  </div> </div>	<p>Economic Performance/Financial Performance Scientific and Technological Innovation and Intellectual Property Rights Energy Efficiency and Clean Energy</p>	<p>Support the growth of strategic emerging industries and create sustainable economic growth.</p> <p>Improve energy efficiency by innovating technologies and optimizing production processes. Continue to increase investment in technology development, research and innovation to keep the innovation vitality.</p> <p>Produce and sell clean energy raw materials that conform to the trend of sustainable development, and provide high-quality raw materials for clean energy to contribute to sustainable development.</p> <p>Gradually adopt natural gas, blast furnace gas, wind power, and solar energy as fuels and power to increase the proportion of clean energy.</p>



3. Corporate Governance

United Nations Sustainable Development Goals	Materiality Issues of the Company	Our Actions
  	<p>Protection of Human Rights Employees' Remuneration and Welfare Employees' Development and Training Employees' Occupational Health and Safety Employee Diversity and Equal Opportunity</p>	<p>Strictly prohibit forced labour and child labour.</p> <p>Respect and protect the rights of every employee, and do not treat employees differently due to age, gender, disability, race, ethnicity, origin, religious belief and economic status, so as to prevent inequality.</p> <p>Provide employees with a competitive salary and welfare system, and create a positive corporate culture and working atmosphere. Actively help poor employees.</p> <p>Think highly of employees' occupational health and safety, and provide a good occupational environment and development platform.</p> <p>Put an end to gender discrimination, implement equal pay for equal work regardless of gender, protect the legitimate rights, interests and benefits of female employees, and gradually increase the proportion of female management.</p>
     	<p>Greening and Reclamation of Mines Protection of Biodiversity Management of Wastes & Carbon Emissions Management of Tailing Ponds Use of Mineral Resources Water Resources Management Risk of and Response to Climate Change</p>	<p>Protect the environment and natural resources, actively carry out greening and reclamation, build green mines, maintain the stability of the local ecosystem, and protect biodiversity.</p> <p>Based on the concept of "harmonious coexistence between man and nature", produce environmental impact assessment reports for operating projects to minimize the impact of such projects on the environment.</p> <p>Reasonably develop and utilize mine resources with adherence to the route of circular economy and comprehensive utilization so as to maximize the use of resources in all aspects of production and operation, strictly manage the use of hazardous chemicals, and reduce waste emissions to minimize the impact on the environment.</p> <p>Manage water resources, and improve water use efficiency. Target for water use: reduce the proportion of fresh water year by year. The production wastewater is recycled with zero discharge, and the domestic sewage is properly treated and discharged up to the standard or enters the municipal sewage pipe network, without polluting the water quality of local rivers and lakes.</p> <p>Carry out actions on energy-saving and emission reduction to address climate change, take measures to save energy, conduct greenhouse gas accounting, and improve the Company's adaptability to climate change.</p>

3. Corporate Governance

United Nations Sustainable Development Goals	Materiality Issues of the Company	Our Actions
 	Corporate Governance Structure Compliance Operations and Risk Management Business Ethics Supplier Management Product Quality and Customer Service	<p>Continuously improve corporate governance, strengthen anti-corruption efforts, and strive to establish an efficient and transparent governance system.</p> <p>Build a responsible supply chain, assess the environmental and social risks of the supply chain, and preferentially select products and services that meet environmental standards.</p> <p>The Company and partners establish a cooperative and win-win relationship, and work together with upstream and downstream partners in the industrial chain to promote sustainable management.</p>
 	Community Relationship Social Welfare	<p>Donate to support education and charity donations.</p> <p>Through 2023 Deshan AiXin Fund (德山愛心基金) public welfare activities, we launched charity actions to assist students.</p> <p>Respect the rights of indigenous peoples, and comply with relevant laws and regulations in the design, exploration, and operation of the project.</p> <p>Create local jobs and business opportunities, and give priority to local employees. Send condolences and blessings to impoverished residents in the community.</p>

3.6 Scientific and Technological Innovation-driven Development

Smart Mine Construction

Since 2019, the Iron Ore Business has cooperated with the State Key Laboratory of Integrated Automation for Process Industry to establish an “Industrial Artificial Intelligence Experimental Base”, aiming to provide reference for the metallurgical mining industry to carry out the construction of smart mine system through the research and application of the “Integrated Production, Operation, Management and Control System”; and to provide a basic basis for digital Liaoning, build a strong province through smart manufacturing, and make structural adjustments. Hanking drives enterprise development through management innovation and technological innovation, and empowers enterprises to reduce costs and increase efficiency through numerical transformation. At present, Hanking Smart Mine System has realized multiple data collection in the whole process of production and management, including equipment operation information, energy consumption information, and measurement information, etc. At the same time, it has established data interface with warehouse management, asset management and personnel information of enterprise resource management system.



3. Corporate Governance

Completed Work	Ongoing work
1 It has set up centralized control system and local loop control adapted to the production process of mineral processing.	1 It optimizes the production report system according to the changes in the functions of enterprise departments and the refinement of control objectives.
2 It has developed a production control platform adapted to the production and management of mineral processing enterprises, covering the functions such as measurement, quality inspection, production report, equipment operation management, equipment operation and maintenance management, energy management, and process configuration.	2 Combined with the national management requirements for energy-consuming enterprises and their own needs, it carries out the upgrading and construction of the energy management system in the production control platform.
3 It has realized the wireless network coverage of underground localized middle section by using Access Point (AP).	3 It carries out special research on the operation and maintenance of core equipment – high-pressure grinding roller and shaft elevator, aiming at developing a set of intelligent auxiliary system for equipment management personnel around the operation and maintenance of core equipment and key equipment of enterprises.
4 Through the use of Bluetooth and GPS technology, it has implemented the development of ground personnel positioning system in the processing plant, which has now entered the comprehensive testing and acceptance stage.	4 Data interface development. The prerequisite for the construction of smart factory is the system integration and data coherence of digital factory from the top to the bottom, combining digital information with artificial intelligence algorithms, digging deep into the data connotation, and gradually forming intelligent applications.

In 2023, for the Iron Ore Business, the Group applied for the provincial “Digital Workshop” project with the Intelligent Mineral Processing Digital Workshop in Maogong Mine of Hanking, and successfully passed the accreditation, receiving a government subsidy of RMB300,000.

Create a Scientific and Technological Enterprise

We adhere to driving development through sci-tech innovation, and aim to reduce the Company’s comprehensive operating costs through continuous technological innovation, provide quality products, and share innovation results with customers.

3. Corporate Governance

- **Iron Ore Business**

The Iron Ore Business of the Company is an integrated enterprise of ferrous metal mining and processing, with the titles of professional, advanced and specialized new “Little Giant” enterprise, Liaoning Province Professional Technological Innovation Center for Iron Ore Resource Development and Utilization, and Liaoning Provincial-level Enterprise Technology Center, etc.

In 2023, the Company maintained 103 intellectual property patents, including 13 inventions, 86 utility models and 4 software copyrights; and declared 8 patents for inventions, including 6 utility model patents.



Technical Transformation of the -200m Belt of the Underground Mining and Production System at Maogong Mine

For the original -200m belt at Maogong Mine, the middle section of the belt is responsible for the transportation of ore and waste rock, and the loading position of ore is located at the middle section of the belt, while the loading position of waste rock is located at the end section of the belt. Under the current conditions, the utilization rate of the section of the belt for the transportation of waste rock is not high. In order to save power consumption and maintenance work, we transformed the middle section of the -200m belt into two sections, and only the section for ore loading is operated in the daily production, which saves power consumption, reduces the amount of maintenance work, and saves production cost.

- **High-purity Iron Business**

Established in 2002, Fushun Hanking D.R.I. Co., Ltd (撫順罕王直接還原鐵有限公司) has more than 20 years of production experience. It has continuously optimized production processes, with emphasis on research and development investment, and has obtained a number of national invention patents. The company offers high-purity iron products with a quality higher than national standards, and is able to establish internal control standards for products based on customer needs, and continuously refines the classification accordingly. There are tens of product brands to meet the requirements of different customers.



4. Materiality Assessment

4.1 Communication with Stakeholders

Stakeholders are entities or individuals with internal or external relationships with the Group who are deeply influenced by and/or have a material impact on the business of the Group. The Group's stakeholders mainly include shareholders and investors, customers, suppliers, employees, the communities, the governments and regulatory authorities. The Group has established an open, transparent, and efficient communication channel with the stakeholders, responded to the demands of the stakeholders in a timely manner, and deeply understood their expectations and suggestions for the sustainable development of the Group.

Communication with Key Stakeholders of the Group in 2023

Stakeholders	Areas of Concern	Ways of engagement and communication	Communication frequencies or time
Shareholders and investors	Protection of shareholders' rights and interests Financial position Compliance operation Openness and transparency of information	Annual/interim report Press release/announcement Results briefings Annual/extraordinary general meeting Roadshow and investor communication sessions On-site visits	Annual/semi-annual Regular/as needed Semi-annual Annual/as needed As needed As needed
Customers	Product quality assurance Service commitment	Call or email from customer Customer follow-ups and visits Company's website and promotional materials	Irregular Irregular Daily



Stakeholders	Areas of Concern	Ways of engagement and communication	Communication frequencies or time
Suppliers	Transparent procurement Commercial ethics Policy stability	Open tendering On-site visits Exhibitions and fairs Establishing a complaint mechanism	Irregular As needed As needed As needed
Employees	Remuneration and welfare Development and training Occupational health and safety Humanistic care	Internal communication channels Employees' satisfaction survey Employee team building activities Training and learning activities Occupational health examination	Daily As needed Irregular Irregular Annual
Communities	Emission management Community wellness Employment and procurement	Establishing a complaint mechanism Charity and donation Community construction activities Recruitment and procurement announcement	As needed Irregular Irregular As needed
Government and regulatory authorities	Legal and compliant operation Response to policy Enterprise environmental protection and safety Employment and taxation	On-site visits and inspections Government meeting Response to regulatory requirements Application for licensing documents Information disclosure	Irregular Irregular As needed As needed Irregular

4. Materiality Assessment

Participation Association

*Vice Chairman
Unit of Casting
Pig Iron Branch of China
Foundry Association*

Promote the comprehensive low-carbon and green development of the casting industry based on the concept of “carbon peaking and carbon neutrality” in the industry.



*Member Unit
of the Seventh Council
of China Sand and Gravel
Association*

Carry out credit system construction and brand building work for enterprises and institutions in the sand and gravel industry, advocate honesty and trustworthiness of enterprises, and improve the credit evaluation grade of enterprises.



*Vice President
Unit of Liaoning
Province Association
of Work Safety*

Safety is more important than Mount Tai. The implementation of the new Law on Work Safety puts forward new requirements for safety production work, and the concept of safety production work has also changed, from “experience management” to “pre-control management”, and at the same time transformed from “traditional management” to “modern management” model.



4. Materiality Assessment

ESG Honors and Awards

China Excellence IR “Best ESG New Talent Award”

In January 2024, at the 2024 Investor Relations Innovation Summit for Listed Companies and the 7th China Excellence IR Awards Ceremony, China Hanking won the “Best ESG New Talent Award” for its professional and compliant information disclosure and sincere and transparent management of investor relations.



Hong Kong International ESG List “Best Listed Company ESG Information Disclosure Award”

In December 2023, the Company stood out from a large number of listed companies in Hong Kong and the Mainland China by virtue of its good ESG performance, and was awarded the “Best Listed Company ESG Information Disclosure Award” at the 2023 13th Hong Kong International Finance Forum and the First Hong Kong International ESG List Annual Selection organized by Hong Kong Ta Kung Wen Wei Media Group in conjunction with China Certification & Inspection Group (中國檢驗認證集團) and other authoritative organizations.



List of Awards Received by Subsidiaries

Top 50 Metallurgical Mining Enterprises in China

The Metallurgical Mines' Association of China released the ranking of China's Top 50 Metallurgical Mining Enterprises in 2022 with reference to the international common practices, taking enterprise revenue as the main basis, and comprehensively considering factors such as asset scale, profitability and product output of enterprises, and the amount of resources under their control. Fushun Hanking Aoniu Mining Co., Ltd* (撫順罕王傲牛礦業股份有限公司) (“Aoniu Mining”) was ranked 39th in China and 7th in the three eastern provinces.



4. Materiality Assessment

The 2nd “Employer of the Year” in Fushun City

In December 2023, Aoniu Mining was awarded the 2nd “Employer of the Year” title in the talent market selection of Fushun City. Aoniu Mining has been committed to creating a harmonious, pleasant, and warm working environment for employees, providing fair, just, and open promotion channels for employees, and standing out in terms of sustained and stable operation, industry influence, popularity, and annual absence of major labor safety issues and significant labor disputes. It has become a benchmark enterprise among excellent employers in Fushun City. At present, it has won the title of “Employer of the Year” in Fushun City for two consecutive years. The selection of “Employer of the Year” is not only conducive to enterprises’ brand building and attracting talents, but also can promote the interaction and communication between enterprises and their employees, and representing a reflection of the employer’s image and recognition of its value by the community and its employees.



ESG Ratings



ESG comprehensive score industry ranking: 53/289 (metals, non-metals and mining)



4.2 Materiality Analysis

The Company conducts ESG materiality assessment at least once a year to identify and review material issues that have significant impact on the Company’s operations and stakeholders during the year and in the future, and accordingly understand the demands and expectations of various categories of stakeholders towards the Company, and then incorporate the most important issues into the Company’s operations and decision-making process. The process of materiality analysis is carried out in three steps: identification, prioritization, and verification.

Identification

Taking into account of the ESG Reporting Guide of the Hong Kong Stock Exchange, GRI Standards, United Nations Sustainable Development Goals and peer’s outstanding ESG Report, and combing with the Company’s strategic objective, the Company has identified the 24 material issues and determined the scope and boundary of the impacts of such issues.

Prioritization

We conducted questionnaires for internal senior management and external stakeholders, carried out materiality assessment and prioritized the identified material issues with reference to their importance to the Company’s operations and their importance to stakeholders, and then prepared the materiality matrix.

4. Materiality Assessment



Verification

In respect of the identified material issues, the audit department, ESG taskforce and senior management of the Company reviewed and confirmed the prioritization results, and submitted the assessment process and results to the HSEC Committee and the Board for consideration, for inclusion into this report.



5. Environmental Protection

FOLLOWING THE CONCEPT OF HARMONIOUS COEXISTENCE BETWEEN MAN AND NATURE AND ADHERING TO THE STRATEGY OF SUSTAINABLE DEVELOPMENT





5.1 Protection of Environment and Natural Resources

The Company adheres to the sustainable development strategy, integrates the concept of environmental protection into the entire process of enterprise construction, production, and operation, and creates a green development path that integrates production and operation with environmental protection, in order to minimize the impact of business activities on the environment and natural resources.



Green Mines

Mining activities require the occupation of a portion of land, which will have a certain impact on the environment and vegetation. The Group adheres to scientific and orderly mining methods to minimize the ecological and biological environmental impacts that may be caused in investigation, exploration, production and operation. An assessment report on environmental impact is prepared for each operating project which will not be implemented until such report is reviewed and passed by professional experts, so as to minimize the impact of the operating project on the environment. The two production mines under the Company's Iron Ore Business, Aoniu Mine and Maogong Mine, are both national-level green mines. Maogong Mine was awarded the honorary title of "Top Ten Factories and Mines" among the 7th metallurgical mines by the Metallurgical Mines' Association of China in 2020.



5. Environmental Protection

Ecological Construction

Following the concept of “harmonious coexistence between mines and nature”, the Group would afforest and reclaim the damaged land in resource development areas such as mines, dump and tailings ponds, effectively improve ecological outlook of mines and build ecological functional areas to protect biodiversity, thereby building a friendly and modern ecological mine.

Ecological restoration data of Iron Ore Business in the past three years:

	2023	2022	2021
Investment in greening and reclamation (RMB'000)	414	693	538
Restored area (mu)	162	192	372
New trees planted (tree)	77,386	94,086	258,773
Equivalent reduction in carbon dioxide equivalent for new trees planted (ton)	1,780	2,164	5,952

5. Environmental Protection

Mine Closure and Reclamation Plan for the Gold Mine Business

The Gold Mine Business uses a progressive reclamation and pit closure plan to minimize environmental impacts and liabilities after the completion of the project.

- A detailed plan for mine closure is included in the environmental assessment report, and was approved by the Northern Territory Government in June 2023
- The current reclamation plan covers 677 acres of land.
- It is planned to adopt a progressive reclamation and reforestation program, and gradually use local vegetation for reforestation. The reforested mining area will integrate well with the surrounding terrain, and provides a consistent ecological environment for animals and plants. The design of all mine pits and slope angles of the project have considered perfect integration with the surrounding topography, so as to reduce extra workload and expenses when the pits are closed for reforestation in the future.

Biodiversity

Mining activities may cause certain surface damage, so we have always regarded biodiversity as an important issue in ESG management. We will conduct biodiversity survey and assessment prior to project implementation, and will not conduct exploration and mining activities in sensitive areas such as nature reserves and ecological red lines. After the project is completed, we will take mine reclamation as a starting point, and make a targeted biodiversity compensation program in combination with the characteristics of the local ecological environment, and try our best to offset the damage to biodiversity.

Our Gold Mine Business conducted an animal diversity survey in the vicinity of the Mt Bundy Gold Project, and set up several sampling and tracking points around the mine pit. After a period of tracking, a large amount of data was collected, thus laying the foundation for the construction of a green mine in the future.



5. Environmental Protection

Environmental Monitoring and Management

Each business segment of the Group employs qualified third-party professional organizations to regularly monitor the noise, organized emission of waste gas, unorganized emission of waste gas, surface water and groundwater in mining areas and plant areas, identify potential environmental risks and make timely rectification or response. In 2023, there were no environmental pollution accidents.

High-purity Iron Business

Hanking D.R.I. has continuously improved environmental management system (EMS) to promote the environmental management in a standardized, organized, and normalized way, and has formulated and strictly implemented various environmental management systems within the system, so as to realize the ecological and environmental protection management mode of “System-Action-Result”. Hanking D.R.I. again obtained the ISO 14001 environmental management system certification in 2022, which is valid until April 2025.



In 2023, the High-purity Iron Business carried out 4 quarterly monitoring, 12 monthly testing, 1 dioxin monitoring and 1 solid waste monitoring, and issued 18 reports.

Iron Ore Business

In 2023, the three mines under the Iron Ore Business, Aoniu Mine, Maogong Mine and Shangma Mine conducted routine environmental monitoring to monitor soil, plant noise, organized emissions, unorganized emissions, surface water, and groundwater, and completed the environmental protection completion inspection and acceptance of the Research and Development and Quality Inspection Center Laboratory of Aoniu Mining (Liaoning Iron Ore Resource Development and Utilization Professional Technology Innovation Center).

Gold Mine Business

In June 2023, the Rustlers Roost and Quest 29 open-pit gold mines at the Mt Bundy Gold Project in the Northern Territory, Australia, received the environmental assessment approval. Together with the previously received environmental assessment approval for the Tom's Gully underground-pit gold mine, by the end of 2023, all environmental assessment approvals for mine development at the Mt Bundy Gold Project had been received. This marks the completion of one of the most stringent approval procedures for gold mining projects in the Northern Territory region of Australia.

Environmental Protection Training

In order to implement the concepts of sustainable development and ecological civilization, the Group actively organized various trainings on environmental protection laws and regulations, hazardous waste management and other aspects. In 2023, the Iron Ore Business organized and participated in the advanced training course on intelligent mining technology for metal mines, the exchange of technology on filling mining and green mine construction for metal and non-metal mines, and the fourth phase of training on identification of hazardous waste and environmental management.

5.2 Emissions Control and Management

In 2023, the Group's three industrial wastes (waste gas, waste water and solid wastes) have met the discharge standard, and the noises in the plants have met the requirements set forth in "Emission Standard for Industrial Enterprises Noise at Boundary of the Factory" (GB12348-2008).

We are committed to reducing waste generation, discharge and impact on the environment through continuous improvement of technical practices and recycling to ensure compliance with local environmental standards. We regard the reduction and standard discharge as one of the important tasks as well as energy conservation and emission reduction targets for enterprises to fulfill their environmental protection responsibilities.

Strictly complied with the environmental protection standards stipulated by laws, regulations and industry standards:
Environmental Protection Law of the People's Republic of China
(《中華人民共和國環境保護法》)
Law of the People's Republic of China on Prevention and Control of Water Pollution
(《中華人民共和國水污染防治法》)
Emission Standard for Air Pollutants from Iron and Steel Industry—Sintering (Pelletizing) (GB28662-2012)
(《鋼鐵燒結、球團工業大氣污染物排放標準》)
Emission Standard for Air Pollutants from Ironmaking Industry (GB28663-2012)
(《煉鐵工業大氣污染物排放標準》)
Emission Standard for Air Pollutants from Steelmaking Industry (GB28664)
(《煉鋼工業大氣污染物排放標準》)
Measures for Management of Mining Solid Wastes
(《礦山固體廢棄物管理辦法》)
Measures for Management of Hazardous Waste
(《危險廢棄物管理辦法》)

5. Environmental Protection

Air Cleaning

- *Waste Gas Emission and Management*

The main sources of the Group's waste gas, are nitrogen oxides, sulfur oxides and particulate matter from the production of High-purity Iron Business. According to the Opinions on Promoting the Implementation of Ultra-low Emission in Iron and Steel Industry (《關於推進實施鋼鐵行業超低排放的意見》) jointly issued by the Department of Ecology and Environment of Liaoning Province, Liaoning Provincial Development and Reform Commission, Liaoning Provincial Industry and Informatization Department, the Department of Finance of Liaoning Province and the Transportation Department of Liaoning Province, the High-purity Iron Business will achieve the ultra-low emission target stipulated by the State by the end of 2025, and gradually select mature and applicable environmental protection transformation technologies based on this.

The waste gas emission of the Group during the reporting period and comparison with the same period of the previous year:

Pollutant factors		2023			2022		
		Discharge amount (ton)	Discharge Per Metric Ton (10 ⁻⁴ ton/ton)	Concentration of emission	Discharge amount (ton)	Discharge Per Metric Ton (10 ⁻⁴ ton/ton)	Concentration of emission
High-purity Iron Business	Nitrogen oxides	347.42	3.99	<300mg/m ³	227.27	3.42	<300mg/m ³
	Sulphur dioxide	118.96	1.37	<180mg/m ³	64.63	0.97	<180mg/m ³
	Particulate matter	252.39	2.90	<40mg/m ³	199.29	3.00	<40mg/m ³
Iron Ore Business	Particulate matter	90.11	0.90	<20mg/m ³	68.47	0.89	<20mg/m ³

As a result of the increase in production, the total exhaust gas emissions increased year-on-year in 2023. However, benefiting from the continuous production and strict control, the emissions per metric ton remained basically the same.

5. Environmental Protection

The waste gas emission of the High-purity Iron Business is divided into unorganized emission and organized emission. "Organized emission" refers to the automatic monitoring and database system (enterprise server) of key pollutant discharge units, which summarizes the emission of key waste gas pollution by day, hour, minute and in real time to meet the access requirements of national standards, and at the same time through the third-party organization monitoring according to the requirements. The unorganized emission of waste gas refers to formation of a monitoring report through third-party monitoring and evaluation. The main sources of waste gas of the Iron Ore Business are general dust (particulate matter) in mining sites, dust remover exhaust pipes. Emissions are the data after the application of end-treatment technology. The emission data of gas pollutants comes from the data system of environmental protection tax of Fushun County Taxation Bureau, and is calculated according to the production and discharge coefficient method of iron ore mining and processing industry in the Industrial Classification for National Economic Activities (GB/T475-2017).

Dust removal measures and reduction of tail gas emissions:

For the **High-purity Iron Business**, we currently use electric dust removal and bag-type dust removal to dispose of particulate matter, and the sintering machine and shaft furnace use lime-wet desulfurization facilities to reduce sulfur dioxide emissions. At present, through desulfurization (emission indicator is lower than 20mg/m³, while improving the environment and reducing power consumption) and dust removal (emission indicator is lower than 10mg/m³) system, we can reduce the emissions of sulfides and particles.

Specialized dust removal equipment is put in place in the processing plant of the **Iron Ore Business**. Wet operation is used in underground mining. Sprinkling trucks and pipelines are used to remove dusts on roads. In the processing plant and grinding workshops, a wet grinding process has been adopted to achieve minimum dusts discharge. Bag filters have been installed across the crushing workshops, screening workshops, waste ore storehouse, main building and other areas of the processing plant, and high-level emission has been adopted to eliminate dusts resulting from production, with the dust removal ratio reaching 99%. Dust emission is in compliance with national standards. Greening shall be carried out in the area with planting conditions on the beach surface of tailings ponds, and the area without planting conditions shall be covered with dustproof nets and installed with sprinkler systems to reduce dust by sprinkling water. Greening shall be carried out on the slope outside tailings ponds to minimize dust emission from tailings ponds.

Practical Case

Ultra-low Emission Project Renovation for High-purity Iron Business

As the Ministry of Ecology and Environment issued the "Notice on Further Raising Awareness, Standardizing Procedures, and Doing a Solid Work on Performance Grading of Key Industries in Heavy Pollution Weather (《關於進一步提高認識規範程序紮實做好重污染天氣重點行業績效分級有關工作的通知》)", the off-peak power cuts and production restrictions of iron and steel enterprises will become more frequent and stringent. In 2023, The Lagu Branch of Fushun Hanking D.R.I. Co., Ltd (撫順罕王直接還原鐵有限公司) started to launch an ultra-low emission renovation project. The project is based on the current status of the company's environmental protection management, and rectifies all aspects of organized, unorganized, clean transportation and environmental governance in accordance with the national ultra-low emission requirements and standards. Specifically, it includes: for organized emissions, the head of sintering machine adopts classic dust removal + wet desulfurization + SCR denitrification; for unorganized emissions, the head of sintering machine adopts closed storage such as silos and storage tanks; dry slag adopts dust suppression measures such as spraying; logistics and transportation adopts purification measures; after the completion of this renovation, it will meet the ultra-low emission standard stipulated by the state.

5. Environmental Protection

- ### *GHG Emissions and Management*

In 2023, the Group's iron ore concentrate output was 1 million metric tons, representing a year-on-year increase of 29.37%; the output of high-purity iron was 871,000 metric tons, representing a year-on-year increase of 31.17%, resulting in a year-on-year increase in the total greenhouse gas (GHG) emissions of the Group. The emissions per metric ton of products in each business segment were basically the same as in 2022.

Emissions and density of GHG are set out below:

Indicator	Unit	2023	2022	2021
Scope 1	tCO ₂ e	1,635,874	1,191,926	964,641
Scope 2	tCO ₂ e	284,432	127,841	227,165
Scope 3	tCO ₂ e	60	13	66
Total emissions	tCO ₂ e	1,920,366	1,319,780	1,191,872
Emission density	tCO ₂ e/RMB'000,000 operating income	634	507	381
	tCO ₂ e/metric ton of iron ore concentrates	0.049	0.050	0.054
	tCO ₂ e/metric ton of high-purity iron	2.148	1.974	1.945

Notes: 1. The Iron Ore Business planted 77,386 new trees in 2023, which reduced GHG emissions by 1,779.88 tons of carbon dioxide equivalent for earth's atmospheric environment.

2. Due to the year-on-year decrease in the proportion of wind power in the electricity purchased by the High-purity Iron Business during the year, the density of GHG emissions per metric ton of high purity iron increased.

Scope 1: Refers to the direct GHG emissions. The emissions of the Group are derived from the GHG generated by consumption of stationary source and mobile source, and minus the GHG removal from new trees planted each year (Global warming potential (GWP) is derived from the Fifth Assessment Report (AR5) by Intergovernmental Panel on Climate Change (IPCC)). In addition to the direct emissions from High-purity Iron Business, it also includes emissions from industrial processes and deducting emissions implied by carbon sequestration products and is accounted according to the Guidelines for the Accounting and Reporting of Greenhouse Gas for Chinese Steel Producers (Trial).

Scope 2: Refers to the indirect GHG emissions. The emissions of the Group are derived from the purchased electricity. The GHG emission factors of the Iron Ore Business, High-purity Iron Business and the headquarters are derived from the GHG Protocol Tool for Energy Consumption in China (Version 2.1). The measurement of GHG emission of the Gold Mine Business is based on the GHG Protocol.

Scope 3: Refers to other indirect GHG emissions. The Group chooses to disclose the emissions caused by business air travel by our employees, which is calculated in accordance with ICAO Carbon Emissions Calculator.

5. Environmental Protection

During the reporting period, to handle climate change, we reduced GHG emission through the following measures:

<p>High efficiency and energy saving:</p>	<p>Optimize the mining and processing processes: Optimize the configuration of mining and mineral processing equipment, eliminate related equipment and vehicles with high energy consumption and low production capacity, so as to reduce fuel consumption.</p> <p>High-efficiency equipment configuration: Strictly select fuel equipment that meets national emission standards, reasonably use and timely shut down fuel equipment that has not been working for a long time to save energy and reduce emissions from equipment exhaust.</p>
<p>Energy transformation:</p>	<p>Minimize the proportion of fossil fuels, increase the proportion of wind power, nuclear power, and achieve energy conservation and emission reduction goals by increasing the use of electric vehicles and liquefied petroleum gas.</p>
<p>Natural carbon sink:</p>	<p>Increase natural carbon sink through greening and reclamation</p>
<p>Business process automation:</p>	<p>Realize business process automation through OA and the smart mine system, and reduce or replace travel activities through virtual or hybrid meetings as a way to greatly reduce GHG emissions caused by flights of employees.</p>

Practical Case

The High-purity Iron Business achieves utilization of residual pressure and heat through coaxial BPRT, and saves power through energy recovery. The blast furnace gas generated during the smelting process of the blast furnace is a by-product that is transported through pipelines to sintering machines, shaft furnaces, boilers, and hot blast furnaces for use as fuel in the above production links. In 2023, the High-purity Iron Business generated 1,594.2817 million standard cubic meters of blast furnace gas, all of which were recycled.



5. Environmental Protection

Zero Discharge of Wastewater

- Recycle industrial wastewater with zero discharge.
- Domestic sewage enters the septic tank and is used as manure on the farm.

Practical Case

In the Iron Ore Business, except for the underground water used for mining, the rest water is pumped to the processing plant and used as production water, and the backwater from tailings ponds is also used as production water for the processing plant.

Practical Case

The High-purity Iron Business recycles production wastewater through wastewater treatment equipment. The installation of LPH intelligent energy-saving equipment can control the load change of the water pump and fan motor via real-time monitoring based on the pressure (flow) of the detection system, and adjust the operation load of the water pump and fan motor in real time to realize intelligent control.

5. Environmental Protection

Emission and management of solid waste

Our main solid waste is mining waste rock, tailings sand, and desulfurized gypsum generated during mining, processing and smelting processes. We ensure that the solid waste does not leave the factory, but is fully recycled and exported. Domestic waste is stored in a centralized and classified manner, and non-perishable domestic waste is transported to a waste station for treatment.

Business segment	Process	Emissions	Category of pollutants	Total volume (metric tons)	Measures taken to reduce the emissions
Iron Ore Business	Mining	Waste stones arising from mining process	Non-hazardous waste	221,687	All waste stones are backfilled into the subsidence areas as cover rock.
	Processing	Tailings sand	Non-hazardous waste	1,598,035	Maogong Mine carries out grading and dewatering of tailings sand through tailing dry discharge workshop, and after dewatering, all tailings sand is used for comprehensive utilization and mine restoration and treatment.
		Waste oil	Hazardous waste	15	We have signed a transfer contract with a qualified waste oil recovery unit, and upon being approved by the competent department, such oil has been recycled by the waste oil treatment unit for comprehensive utilization.
High-purity Iron Business	Production Workshop	Desulfurized gypsum	Non-hazardous waste	4,932	Reduce the sulfur content of raw materials. Raw materials with lower sulfur content can be exported as our by-products.

The data on emissions is derived from internal statistics of the relevant departments of the Company.



5. Environmental Protection

Management of Tailing Ponds

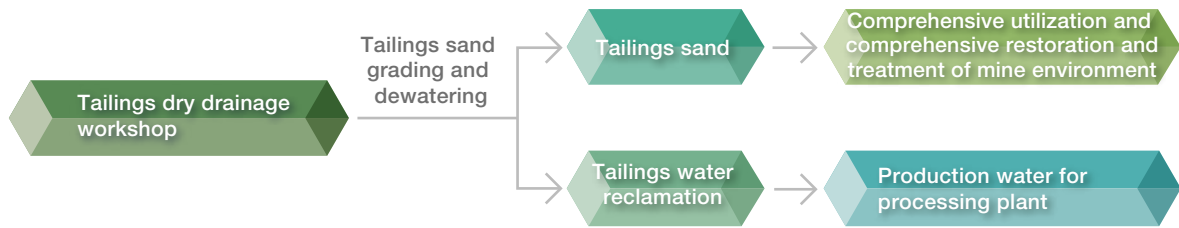
Management System

The design, construction and management of the iron ore tailings ponds are strictly in accordance with the standards of the Provisions on the Supervision and Administration of Tailing Ponds Safety of the People's Republic of China and the Safety Technical Regulations for Tailing Ponds, which meet the national safety and environmental protection standards. In order to strengthen the safety management of tailings ponds and safeguard the safety of people's lives and properties, according to the relevant national laws and regulations, combined with the actual situation of the tailings ponds in the Iron Ore Business, we have formulated the Safety Management System of Tailings Ponds.

Safety management and monitoring measures for tailings ponds		
Safety management and monitoring measures for tailings pond facilities	Monitoring measures for tailings discharge and dam construction	Water level control and flood control monitoring measures for tailings ponds

Tailings Treatment

Iron Ore Business adopts **tailings dry discharge technology**, **tailings stockpiling** and **underground goaf filling** for tailings treatment. Tailings treatment is an important part of the mining industry, and is of great significance in protecting the environment, saving resources and reducing production costs. The advantages of tailings dry discharge are that it can reduce the area occupied by tailings pond, reduce the risk of dam failure of tailings pond, and also reduce the pollution of tailings pond to the surrounding environment.



Application of Smart Mine System in Intelligent Safety Monitoring of Tailing Ponds

Tailings stockpiling refers to the stacking of tailings in tailings ponds. Tailings stockpiling needs to strengthen the management and maintenance of tailings ponds to prevent accidents such as dam failure. The smart mine system of Iron Ore Business uses sensors such as displacement detection, liquid level detection and video monitoring to collect and visualize the real-time data of tailing ponds, and use data fusion technology to realize multi-sensor data fusion and safety diagnosis, real-time alarm in case of abnormality, and finally realize intelligent safety monitoring of tailing ponds.

Tailings Ponds for Gold Mine Business

According to the approved EIS design plan submitted by Knight Piesold in 2022, the construction of proposed tailings ponds for the Gold Mine Business will be located at Rustlers Roost, with the alignment of the embankment designed to take advantage of the natural topography (ridgeline) to reduce the volume of embankment material required.

5.3 Use of Resources

Energy Management

The mining and processing of our Iron Ore Business, and ironmaking of High-purity Iron Business require significant energy consumption. The direct energy is mainly diesel, coal, coke, etc., while the indirect energy is mainly purchased electricity. We realize that energy management is crucial to the economic benefits of enterprises and the external ecological environment. We earnestly implement the national laws on energy conservation and relevant regulations, scientifically and rationally manage energy in a normalized, standardized and systematized manner, and use energy reasonably and economically.

Each of our business segments has a dedicated energy management specialized agency and a leading group that is responsible for formulating a special Energy Management System to control the use and consumption of energy, review the annual energy consumption plan, and advance matters of decomposition, evaluation, rewards, and penalties for our energy conservation goals. We actively adopt energy-saving technologies, arrange and organize the production of various types of pig iron according to the Company's requirements, and continuously adjust operating parameters to meet the requirements of high yield and low consumption.

From 2022, all of our key energy consuming units passed the acceptance of the online energy consumption monitoring terminal system for key energy consuming units launched by provincial development and reform commission, connecting enterprise energy consumption data with the platform data of the provincial energy bureau to ensure data can be monitored in real time by the provincial energy bureau.

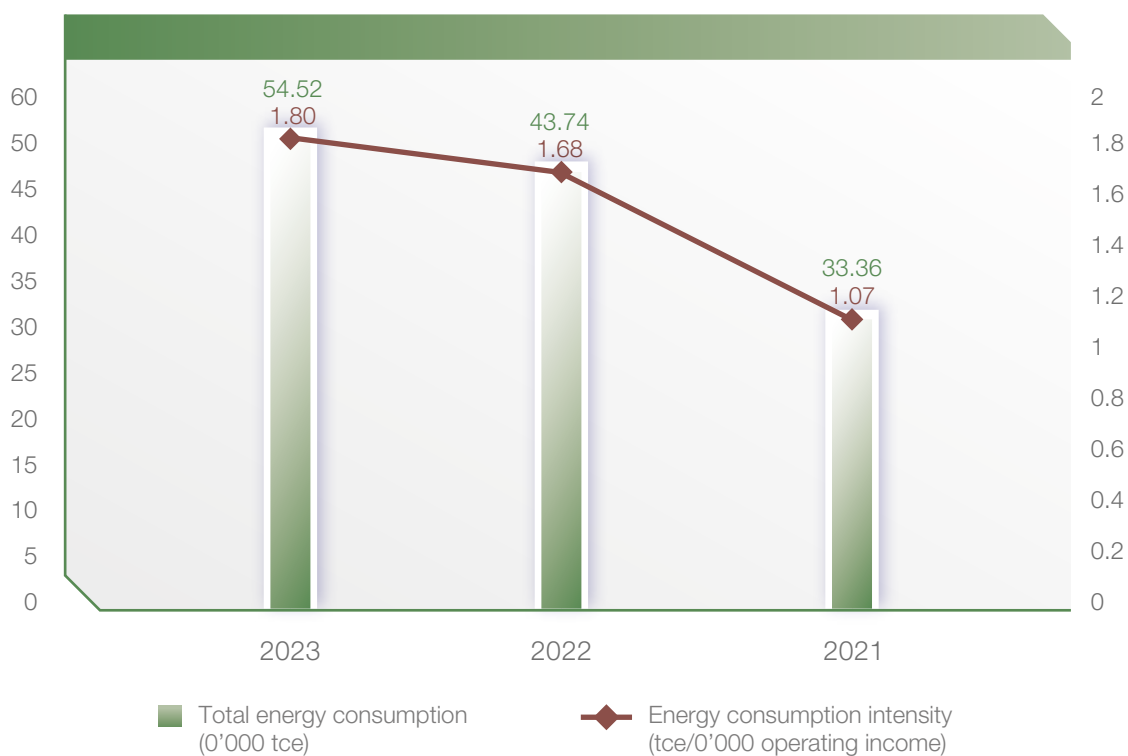
In 2023, the comparable comprehensive energy consumption per metric ton of the products of underground mining of our Iron Ore Business was **1.30** kilograms consumed energy per metric ton ("kgce/t"), which is superior to the advanced value of national standard of **2.05 kgce/t**; the comparable comprehensive energy consumption per metric ton of the products of mineral processing was **2.15 kgce/t**, which is superior to the advanced value of national standard of **2.4 kgce/t**. The comprehensive energy consumption of the high-purity iron unit product of Hanking D.R.I. is **510 kgce/t**, representing a decrease of **5.56%** year on year, benefiting from continuous production and increased output during the year.

5. Environmental Protection

Energy usage data is as follows:

Category of Energy		2023	2022	2021
Direct Energy	Gasoline (liters)	109,867	106,829	143,264
	Diesel (liters)	1,207,690	2,112,968	1,914,349
	Coke (metric tons)	471,033	380,785	262,623
	Coke powder (metric tons)	6,111	10,717	25,870
	Coal (metric tons)	93,119	63,956	56,100
Indirect Energy	Power consumption (GWH)	263	212	200

Energy consumption increased in 2023 due to the significant increase in output of the Group. The share of renewable energy (12 GWH of wind power) in the indirect energy consumed by us was about 4.56%. The Company has been committed to increasing the proportion of renewable energy in its power supply while entering into contracts with local power suppliers.



5. Environmental Protection

Water Resources Management

Our production activities, such as mining and smelting, have a strong dependence on water resources. Having clean and safe water resources is crucial for both our production and the lives of the local community where we are located. In terms of water resource management and protection, we strictly abide by the laws and regulations related to water resources management in the place where projects are located, strive to balance operational needs with the needs of local community ecosystem, and strengthen water resource management. There were no difficulties in obtaining water for each business segment of the Group, office and domestic use.

In the process of production and operation, we attach importance to and continuously improve water resources management and improve water resources utilization rate, so as to reduce the negative impact of the Company's operations on local water resources. The Iron Ore Business has developed and implemented the Measures for the Administration of Water Conservation, and strictly enforced these Measures.

Target for water use: reduce the use of fresh water year by year.

Water Consumption:

	2023	2022	2021
Surface water (metric tons)	155,380	201,320	683,206
Underground water (metric tons)	625,725	395,615*	117,876*
Municipal water supply (metric tons)	914,778	692,044*	641,104*
Total water drawn from source (metric tons)	1,695,883	1,288,979*	1,442,186
Water consumption intensity (metric tons/'000,000 operating income)	560	495*	461

Note: The data marked with * are corrected water consumption data.

In 2023, the total water drawn from source increased due to the significant increase in the Group's production.

Water recycling:

The mines of the Iron Ore Business utilize high-level water tanks to use underground gushing water and backwater from tailings ponds as production water for the mineral processing plant, realizing zero discharge of production water recycling.

The High-purity Iron Business recycles production wastewater through wastewater treatment equipment.

The Gold Mine Business developed a water management plan for the Rustlers Roost and Quest 29 mining areas in July 2022, and the wastewater treatment plant constructed at Tom's Gully mining area in 2023 has been put into use. The water treatment plant is not only used for the discharge of pit water, but is also purified to meet drinking water standards. This will in turn provide water for staff dormitories during future mine construction and production.



Wastewater Treatment Plant



Mine pit water is purified and safely discharged into the environment, and is safe for livestock to drink



5. Environmental Protection

Risk Assessment for Water Safety

During the reporting period, we conducted annual water risk analysis on our four subsidiaries distributed in different regions with the help of Aqueduct Water Risk Atlas, a tool developed by the World Resource Initiative (WRI), covering physical risk indicators affecting the amount of water (such as baseline water pressure, inter-annual variability, seasonal variability, changes in groundwater level, risk of drought, etc.), physical risk indicators affecting water quality (such as untreated wastewater, coastal eutrophication trends), and regulatory and reputational risk indicators (such as drinking water issues, sanitation issues, etc.). The results show that three subsidiaries in China are located in areas with high water risks ($E_H \geq 4$), and one subsidiary in Western Australia is located in area with low water risks ($L < 1$). Although our subsidiaries in China are located in areas with high water risks, the actual risks are controllable and will not have a significant impact on production and operation as our mines and metallurgical enterprises have basically realized the recycling of production water.

Utilization of Mineral Resources

Green mining is not only about ecological construction, and green mining and processing is also an important measure. In terms of the Iron Ore Business, according to the national standards of intelligent mining industry, we are the first in the industry in China to build smart mine system. Leveraging on such system, we can optimize mining and processing through intelligent means, strengthen on-site operation management, and improve the recovery rate and extraction rate of useful metals in ore to improve resource efficiency.

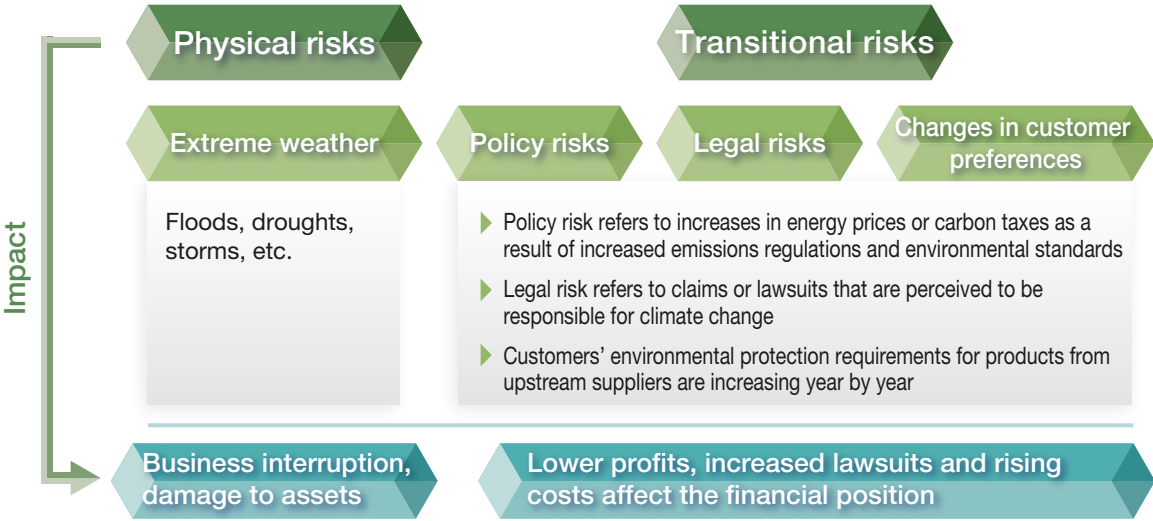
In 2023, the extraction rate and recovery rate of the Iron Ore Business are as follows:

Mine	Extraction rate	Recovery rate
Maogong Mine	Underground mining: 93.61%	Metal recovery rate of raw ore: 88.42% Magnetic iron recovery rate of raw ore: 98.66%

5. Environmental Protection

5.4 Addressing Climate Change

We have always been concerned about climate change and the risks and opportunities that climate change may bring to the Company’s business. Continuing to enhance energy efficiency, reducing carbon footprint and developing a cyclical economy are key drivers for our sustainable development. Climate related risks are an important part of the Company’s ESG risk management. According to the division of responsibilities of the Company’s ESG Organization, the Board is responsible for identifying climate related risks and opportunities, formulating relevant strategies, and supervising the implementation. The HSEC Committee is responsible for assisting the Board in the overall implementation of climate risk related strategies, and each ESG working group is responsible for putting specific plans into practice and feeding back on information and opinions.





5. Environmental Protection

Response to Physical Risks

Extreme weather such as floods, droughts and storms may significantly impact the Company's business and disrupt normal production, transportation and other activities. Each business segment of the Company has prepared and filed the emergency plan for safety production accidents and the emergency plan for environmental accidents with relevant government authorities to effectively cope with extreme weather, and reduce the loss of disastrous weather to the Company. In 2023, the Iron Ore Business and the High-purity Iron Business carried out a total of 127 emergency drills, through which the workers' ability to respond to emergencies can be improved, with an aim to prevent any environmental accidents and the expansion of negative impact.

Response to Transitional Risks

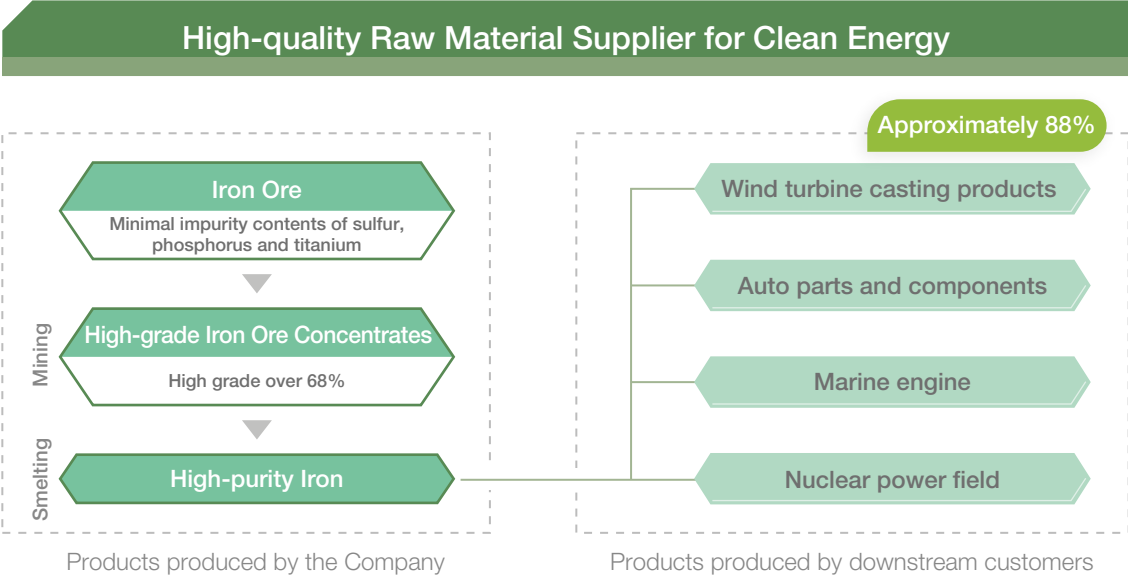
As the world economy shifts to a low-carbon economy, the transitional risks that the Company may face in the future are mainly reflected in the increasingly strict environmental policies and emission regulations related to the Company's business activities, claims or lawsuits that are perceived to be responsible for climate change, and changes in customer preferences (downstream companies' environmental protection requirements for suppliers are increasing year by year), which has led to an increase in the Company's environmental compliance costs and raw material costs such as coal and coke, and an increase in financial costs such as environmental protection tax and carbon tax. The Company has formulated environmental management systems and upgraded environmental protection equipment so as to ensure that emissions are discharged up to standards, and by adopting smart management and improving production processes, to reduce energy consumption required for production as a way to produce low energy consumption, eco-friendly products that are more popular in the market.



5. Environmental Protection

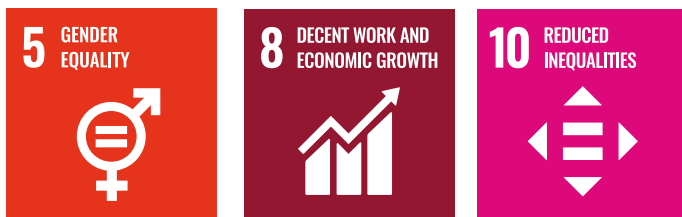
Transforming into a High-quality Raw Material Supplier for Clean Energy

Risks often accompany opportunities. Climate change accelerates energy transformation worldwide. In order to seize the opportunities brought by the development of the new energy industry, the Company acquired the High-purity Iron Business in 2019. Since 2020, the revenue from high-purity iron has accounted for more than 50% of the Company's total revenue, marking the Company's transformation from a bulk resource manufacturer to a new energy material supplier. The annual production capacity of the Company's High-purity Iron Business is 930,000 metric tons. In 2023, its production and sales volume were 871,000 metric tons and 896,000 metric tons respectively. Among them, the sales volume of ductile casting iron for wind power accounted for about 88% of the total sales volume, making the Company the largest supplier of ductile casting iron for wind power in the domestic market. Our high-purity iron mainly features extremely low content of harmful impurities such as phosphorus, sulfur, titanium, and reverse spheroidizing elements, strong corrosion resistance, and high tensile strength. It is very suitable for casting requirements of major equipment used in wind power, nuclear power, and marine engineering. In the future, we will also use high-quality raw materials of high-purity iron to assist the transformation of global energy structure.





6. Employment and Labour Practices



6.1 Health and Safety

In 2023, the Group achieved zero minor injuries, zero injuries per 1,000 employees and zero lost days due to work injury through continuous enhancement of health and safety risk control. Up to now, the Group has achieved the targets of zero death, zero serious injury accident, zero incidence of occupational disease, zero fire and zero environmental pollution for consecutive seven years.

- Rectification rate of accident risks
- Implementation rate of safety instructions
- The rate of “three-level” safety education training for newly-recruited employees
- The rate of “three-level” safety education training for all employees
- The rate of attendance with special operation certificate



Safety First, Prevention Foremost

The Group adheres to the direction of “Safety First, Prevention Foremost” to provide employees with a full range of production safety facilities, develops system and operating procedures. Through taking health and safety precautions, carrying out safety supervision and assessment, fund support and other measures, the Group spared no efforts to enhance safety awareness, so as to ensure their health and safety production.

Health and Safety Precautions

The Group implements occupational health system and strictly abides by the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), Law of the People’s Republic of China on Work Safety (《中華人民共和國安全生產法》), Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), Law of the People’s Republic of China on Prevention and Control of Pneumoconiosis (《中華人民共和國塵肺病防治條例》), Special Provisions on Labour Protection for Female Employees (《女職工勞動保護特別規定》), Safety Regulation for Metallic and Non-metallic Mines (《金屬非金屬礦山安全規程》), Provisions on the Supervision and Administration of Labour Protective Articles (《勞動防護用品監督管理規定》), and Standard for Outfit of Labour Protection Articles (《勞動防護用品配備標準》). In accordance with the above laws and regulations, the Group strives to enhance occupational hazard evaluation, and monitors the occupational health condition at workplace, so as to provide scientific basis for the proper prevention and treatment of occupational diseases. The Group arranges physical examination for employees at positions with potential occupational hazards on a regular basis, and strengthens occupational diseases examination for those who are exposed to dust, toxic and hazardous materials. In 2023, the Group has organized all employees to undergo health checkups, and arranged 1,350 employees to accept checkups for occupational diseases.



6. Employment and Labour Practices

Dedicated Organization and Personnel

The health and safety working organizations at all levels of the Group from the Board to the production workshops at each business segment have been set up and are responsible for the implementation and monitoring of health and safety work, constituting a multi-level health and safety management system and organizational structure as well as a comprehensive fleet of competent personnel. Please refer to the Organization Chart on page 13 of this report for details.

Health and Safety Training

In order to improve the health and safety awareness of employees, the Group organizes training for employees every year, and conducts targeted emergency rescue training and disease prevention lectures to strengthen humanistic care. The Group holds regular meetings on work safety, gives safety tips before work every day, completes safety training for construction personnel prior to commencement of work, promotes safety activity months and safety lectures, organizes safety knowledge contests and practical operation skills competitions for major types of work, and sets up safety and health work bulletin boards, safety warning signs, banners, slogans, etc., to improve the safety awareness and risk prevention ability of employees.

In 2023, 1,264 employees have received safety education (internal training), and 128 safety managers and 264 employees for special operation were trained with corresponding courses (initial training and second review). Such training intensified the occupational safety education and embedded safety awareness into the mind of employees.

Certification of Occupational Health and Safety Management System

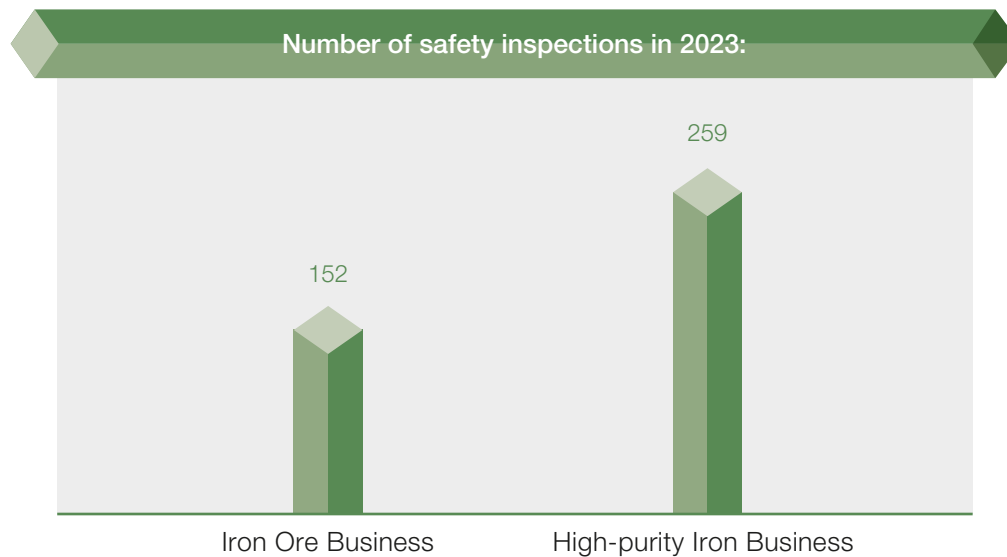
In terms of the High-purity Iron Business, we strictly comply with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中华人民共和国职业病防治法》), and adopt the ISO45001 safety/occupational health management system. On active protection, we establish and improve relevant management systems and operating procedures, and regularly carry out safety education, promote safety standards, distribute compliant articles for labor protection in terms of on-site management, conduct interval operations in dust, noise, and high-temperature positions, and implement the safety production responsibility system for all employees. There were no violations in the assessment of safety production responsibility system in the whole year of 2023.



6. Employment and Labour Practices

Safety Supervision and Assessment

Maintain regular and irregular inspections and assessments, including quarterly inspection, monthly inspection, weekly inspection, daily inspection, spot check, and mutual check, so as to discover potential safety hazards in a timely manner and make effective rectification. Focus on monitoring key hazard sources such as underground operation sites, temporary storage points of explosives, tailings ponds, etc. Include the safety management of subcontractors into the Company's safety management system. Strictly implement the safety production responsibility system assessment, implement the safety one-vote veto system, link the effectiveness of safety production work with personal economic interests, promotion, evaluation and awards, and strictly reward and punish. Implement the safety production responsibility at all levels and sign the safety production responsibility form. Responsibility for production safety is implemented to specific person. The Iron Ore Business conducts safety supervision and assessment for each mine every quarter, and the Mine Safety and Environmental Protection Department conducts safety supervision and assessment for the workshop, and implements the responsibility of safety supervision at all levels.





6. Employment and Labour Practices

Fund Support

The Group ensures the fund investment in health and safety and sets aside safety measure fees for health and safety protection purpose every year, which was used for the improvement of the Company's production safety conditions, the addition, updating and maintenance of safety equipment and environmental protection facilities, the purchase of labour protection appliances, special equipment inspection as well as safety promotion and education. Through the above investment in safety and environmental protection, the level of mine safety and environmental protection has been further improved.

In 2023, the Group invested approximately

RMB **52.70** million in safety measure fees

in total and conducted **164**
special equipment inspections



Labor Union Membership and Collective Bargaining Agreements

A labour union is established by various levels of corporate bodies of the Group as required and employees may join a labour union of their own free will. The Group has signed the Special Collective Contract on Protecting Female Employees' Labour Rights with female employees. It is prohibited to interfere in any way with the establishment, operation or management of workers' organizations or collective bargaining, and the rights of employees to join, form or not to join labour unions are respected. In 2023, there were no incidents related to freedom of association and collective bargaining risks.

On 27 June 2023, Aoniui Mining conducted an equal consultation on issues such as employees' wages, labour safety and health, and the protection of the rights and interests of female employees, and reached a consensus, forming the Special Collective Contract on Wages, the Special Collective Contract on Labour Safety and Health, and the Special Collective Contract on the Protection of the Rights and Interests of Female Employees of Aoniui Mining. On 6 July 2023, Aoniui Mining held a general meeting of staff representatives to consider and approve the above three collective contracts, and submitted them to Fushun County Human Resources and Social Security Bureau.



6. Employment and Labour Practices

6.2 Labour Standards

The Group follows the relevant provisions in the Labour Law and the Labour Contract Law and abides by International Labour Standards (ILS) to safeguard the labour interest.

The Group respects the right of workers to choose their profession freely, regulates labour management, prohibits forced labour, prohibits the recruitment and use of child labour, so as to protect the health and safety of our employees and enhance the management of occupational health. In the event of major operational changes and other matters that may have a negative impact on employees, the Company will notify employees in advance to minimize the negative impact as much as possible. During the reporting period, the Group has never recruited or used child or forced labour.

A human resources department is established by the Group's headquarters and various levels of corporate bodies to regularly review and deal with violations of labour standards. During the reporting period, no violation of labour standards was identified.

6. Employment and Labour Practices

6.3 Employment

Adhering to the philosophy of “human oriented”, the Group protects the rights and interests of employees in strict accordance with the requirements of the Labour Law of the People’s Republic of China. We look to achieve mutual development between individual employee and the enterprise. As at 31 December 2023, the Group has a total of 1,762 employees (as at 31 December 2022: 1,760), all of whom are full-time employees. During the reporting period, the total employees’ turnover rate of the Group was 1.93%. The number of employees by gender, age and region, as well as the turnover rate of each category are as shown in the following table:

	Number of employees	The proportion to total number of employees	Turnover rate
<i>By gender</i>			
Male	1,470	83.43%	1.59%
Female	292	16.57%	0.34%
<i>By age</i>			
30 and below	138	7.83%	7.25%
Between 31 to 50	1,021	57.95%	1.37%
51 and above	603	34.22%	1.66%
<i>By region</i>			
Mainland China	1,756	99.66%	1.82%
Australia	6	0.34%	33.33%

Note: turnover rate = loss of employees in the category during the reporting period/total number of employees of the category at the end of the reporting period*100%.



6. Employment and Labour Practices

Diversified Employment Policy

With the diversified development of our business, the Group employs diversified talents and provides a broad development platform for employees. The Group adheres to the talent philosophy of “self-actualization and repaying the society, being both virtuous and talented, right man for the right job, equality of opportunity, and survival of the fittest”, providing employees with equal career development opportunities. The Group will treat employees equally, regardless of gender, nationality, marriage and childbearing, religious belief, etc. to create a fair and non-discriminatory atmosphere.

Fair Remuneration and Benefits

The Group’s remuneration policy is based on the principle of “those who deliver more will be paid more”. Remunerations are determined in accordance with individual contribution and performance of employees. The contributions of key managers and employees will be recognized and stimulated. Assessment and distributions are made via basic salary, performance salary, overtime salary, bonuses, allowances, share incentive plans and other forms. The ordinary employees are paid under a monthly salary system, including basic salary and overtime salary. The salary of the sales employees includes the basic salary and commission, which is assessed based on the completion of the sales return. Employees’ income will be adjusted from time to time in accordance with the Company’s operational results, the value of employee positions, individual capability and performance, the level of social development and other factors, with the goal of motivating employees at work. It is advocated that employees’ income is closely linked to the Company’s production and operation results, and the Company strives to create an attractive platform to attract and retain outstanding talents to grow with the Company.

The Group provides employees with comprehensive welfare guarantee. The Group pays five social insurance and one housing fund for employees in accordance with the law, and provides benefits in terms of transportation, communication, accommodation (non-local employees), lunch subsidy, holiday benefits, wedding benefits, consolation for the injured and ill, employee birthday, summer sunstroke prevention, etc. The Company organizes health examination for management personnel, health examination and occupational disease examination for front-line employees every year.

In 2023, the total employee remuneration and benefits of the Group amounted to approximately RMB219,324,000 (2022: RMB196,444,000).

6. Employment and Labour Practices

Caring for Employees with People-oriented Philosophy

The Group not only provides employees with competitive remunerations and benefits, but also offers necessary reliefs to employees who face difficulties in life due to special reasons. In every festival or memorial day, the management at all levels will visit the front line and extend their sincere care and greetings to employees who are still working on their positions. Every summer, the labour unions of each subsidiary will carry out the activity of bringing coolness in summer, and send heatstroke prevention and cooling items to employees.

In order to enrich the employees' leisure life and enhance their physical and mental health, all business segments of the Company also have staff recreation rooms with books, entertainment and fitness facilities, etc. The Group organizes health examination and tours every year and holds various vocational skills competition, sports and social activities for the employees. In addition, through the active organization of participation in voluntary blood donation activities and compulsory tree planting activities, employee birthday parties and other activities, the Company cultivates the team spirit and creates a good atmosphere in which all staff participate and strive to improve.



In 2023, Aoniu Mining was awarded the title of the second “Employer of the Year” in the talent market selection of Fushun City. Please see details in List of Awards Received by Subsidiaries on page 26 of this report.

Working Hours and Holidays

The Group strictly complies with the provisions regarding working hours and holidays under the law of the places where each business operates. The administrative departments at the headquarters of the Group adopt a five-day week working pattern with eight working hours a day. The production departments work in shifts with consideration of the actual production conditions. The Company provides personal leave, annual leave, marriage leave, compassionate leave, sick leave, parental leave (maternity leave for female employees, nursing leave for male employees, and 5 employees who returned to work after taking parental leave in 2023), pregnancy test leave and work injury leave (statutory holidays and public holidays are not included in annual leave) for the convenience of the employees to balance their work and life.

During the reporting period, the Group had no cases of non-compliance with relevant laws and regulations on remuneration and benefits, working hours and holidays, anti-discrimination and violation of other rights and benefits.

6. Employment and Labour Practices

6.4 Development and Training

The Group encourages employees at all levels to learn professional knowledge. We have established a comprehensive employee training system and developed different training content for our employees, based on different ranks and position characteristics, including corporate management, management skills, professional qualifications and professional skills. We help employees improve their professional quality and work skills, establish team awareness and promote the common development of employees and enterprises by organizing training activities with rich contents and various forms.

The training of the Group is available to all the staff, subject to the overall planning by the Human Resources (HR) Department of the headquarters and each subsidiary. The HR Department of the headquarters conducts annual training needs survey for all employees every year. After careful analysis of the feedback, the survey results are used as basis for formulating next year's training plans. The Company formulates annual training plans and sets performance targets, mid-year review and year-end summing-up based on the Company's resources, and performance may be an important reference for pay adjustment and performance appraisal. In 2023, training of the Group has been changed to online and offline training together, and the time arrangement and organization became more flexible and convenient.



Training for Directors and Management

The Company places great emphasis on training for Directors and management, and requires its Directors to learn the “Guidelines on Directors’ Responsibility” issued by the Registrar of Companies in Hong Kong, the “Listing Division Newsletter” issued by the Hong Kong Stock Exchange, the reports on the review of issuers’ compliance with the Code on Corporate Governance, and the Anti-fraud Awareness Training and other training materials issued by the Company. The company secretary shall attend not less than 15 hours of professional training courses every year. In October 2023, the Company organized and implemented a two-day training seminar for all senior management, empowering the Company’s senior management and promoting organizational development.



6. Employment and Labour Practices

Trainings for Employees

In order to better help employees grow up, improve their professional skills and enhance their work performance, the headquarters of the Group continued to launch the group points competition of “Hanking Team (Hanking 天團)” in 2023, and required employees to set quarterly learning plans by utilizing the rich learning resources of “Cool College” (50 post series courses and thousands of micro-courses), and appraised and elected outstanding learning employees through individual points competition. Employees who have performed well in studying in Cool College, obtaining qualification certificates and giving internal lectures were awarded the title of “Learning Star” for the year 2023.

The Iron Ore Business has established a perfect employee education and training system. Combining with the characteristics of mining enterprises, starting from the job requirements and training needs, it adopts the combination of **online courses** and **face-to-face courses**, **standardizes training and education**, and **taps the strength of internal trainers**.

Online courses: In 2023, a total of 82 courses were pushed through the platform of “友空間”, with a cumulative total of 13 internal trainers and employees participating in the development and production of the courses. With mature course arrangement and networked dissemination capability, the online courses are recognized by the majority of employees.

In order to improve the efficiency of warehousing management, the Information Management Department of the Iron Ore Business, in conjunction with its Purchasing Department, independently developed and established the “Self-service Warehousing Material Picking-up System” by utilizing the Internet of Things (IoT) interconnection technology and data twinning technology. The Human Resources Department made a demonstration video of the whole process of the self-service warehousing material picking-up system by combining on-site video recording and video editing to show the whole picture of the self-service warehousing material picking-up system to the employees, so that the employees could know that self-service picking-up of materials was realized through the system, which promoted the application of the Company’s intelligent system.



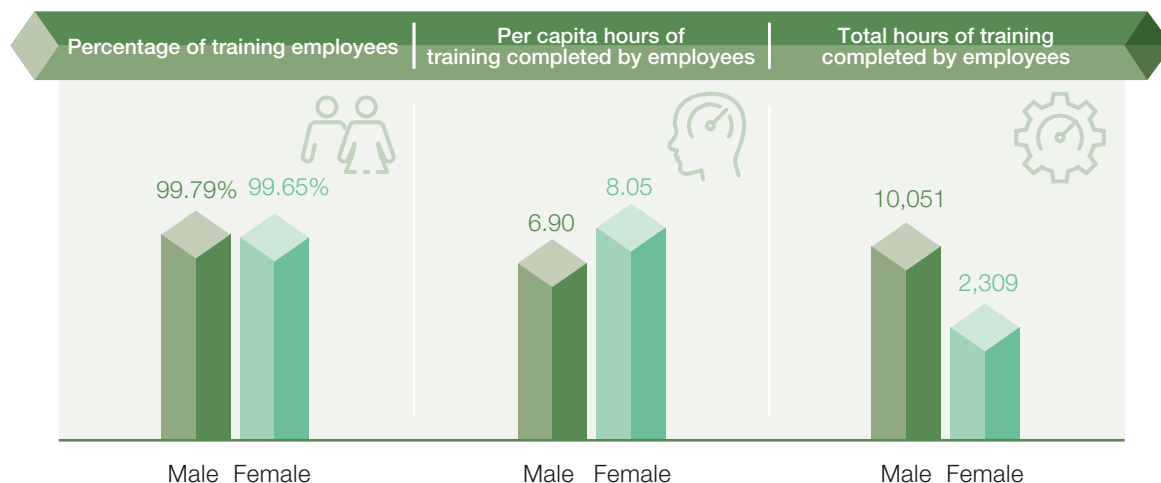
Face-to-face courses: According to the annual training plan, a total of 119 face-to-face courses were conducted for the training of key technology, maintenance and inspection, and operation positions, with 20 internal trainers participating in the face-to-face courses, and a cumulative total of 1,857 employees completing the relevant training courses.

6. Employment and Labour Practices

Standardization of training and education: We continued to optimize the induction training process and teaching content for new employees, and continuously adjusted the course offering according to the adjustment of the Company's organizational structure, updating of rules and regulations, and the status of the construction of smart mines, so as to ensure that the new employees receive all-around training immediately after entering our Company, covering the contents of corporate culture, organizational structure, management system, honest practice, business responsibilities, platform application, etc. At the same time, we collaborated with the safety and environmental protection department to complete pre-job education, ranging from familiarizing with national laws related to work safety to job safety knowledge, in order to enhance the safety awareness of new employees and quickly adapt to their jobs.

Tapping the strength of internal trainers: In 2023, on the basis of the existing team of trainers, through communication and collaboration with various business departments of the mine, we expanded the Company's team of internal trainers by encouraging professional technicians and management personnel to join the team through recommendation and self-recommendation. A total of 9 technical and management personnel with trainer capabilities have been successfully recruited, all of whom have completed the first trial lecture of the course and received positive feedback. This initiative is aimed at accumulating a rich teaching force for the construction of Hanking Mining Institute. Hanking Mining's trainers have rich experience, which will enable the Company to further enhance its mining and processing technology in the field of non-coal mines.

In 2023, the training employees of the Group and percentage are as follows:



6. Employment and Labour Practices

Employee category	Gender	Number of employees	Number of training employees	Average training hours	Percentage of training employees	Total training hours
Senior management	Male	21	21	11	100%	238
	Female	4	4	22	100%	86
Middle management	Male	45	44	17	98%	748
	Female	7	7	16	100%	113
Technological and operational employees	Male	219	219	12	100%	2,568
	Female	14	14	16	100%	225
General staff	Male	1,172	1,170	6	100%	6,497
	Female	262	261	7	100%	1,885
Total	Male	1,457	1,454	7	100%	10,051
	Female	287	286	8	100%	2,309



6. Employment and Labour Practices

Internal Trainers

In order to support the strategy and workforce development plan of the Company, the headquarters and each business segment carried out the building and training of a team of internal trainers to develop and use the internal intelligent resources, preserve and pass on the Company's management and technical experience, spread Hanking Mining's corporate culture, create a knowledge sharing atmosphere, further improve the training system and provide a platform for the training and growth of the employees.

In 2023, the training contents for internal trainers are as follows:

Training title	Training class hour	Number of participants
Integrity training for new employees	0.5	7
Anti-fraud Awareness Training	0.5	52
Quick introduction of opening remarks	1	31
Clever use of icebreakers to attract attention	1	31
How to conclude a training properly	1	31



7. Operating Practices



ADHERE TO THE PRINCIPLES OF QUALITY, OUTSTANDING SERVICE, INTEGRITY AND SELF-DISCIPLINE, HIGH QUALITY AND EFFICIENT TO CREATE VALUE FOR CUSTOMERS AND SET A BENCHMARK FOR THE INDUSTRY

7.1 Supply Chain Management

The Group attaches great importance to environmental and social risk control in the supply chain and timely collects and updates national laws, regulations and related requirements, and adjusts its relevant supply chain management according to the updated national requirements to bring it in line with the prevailing national laws and regulations and relevant requirements. In accordance with the Measures for the Administration of Materials Procurement, the Group regularly assesses the environmental and social risks in supply chain to ensure the safety of its supply chain. In 2023, the Group did not find any supplier that has material social or environmental negative impact.



The selection of suppliers by each business segment of the Group shall go through the approval and supervision procedures of each business segment, and the legal department and audit department shall participate in the supervision to ensure the fairness of the selection procedures. Each business segment has formed and implemented materials procurement management system, and generally purchased, stored and managed materials required by various departments. Contracts shall be signed for all purchases and each business segment strictly supervises and controls the performance of the contracts and the payment of the funds. Each business segment keeps a list of suppliers, evaluates and updates it regularly, and analyzes the materials stock, procurement varieties and the consumption of procured materials in real time. On the basis of the material requirement plans developed by the production department and the categories of the materials, the Company generally purchases materials through bidding, price enquiry/comparison and sentinel procurement. In 2023, the Group's 510 suppliers were from the PRC and Australia respectively, and the localized procurement rate was 100% for each of them.

	Number of suppliers	Bidding	Price Enquiry/ Comparison	Sentinel Procurement
China	471	33	411	27
Australia	39	1	15	23
Total	510	34	426	50



7. Operating Practices

The Company regularly evaluates the environmental and social risks of the supply chain to ensure the safety of the supply chain. In the selection of suppliers, according to the current environmental protection requirements of the countries where the projects are located, the Company gives priority to the selection of products and services that meet the environmental protection requirements. The Company collects supplier qualification data, checks suppliers through online credit information system, provides relevant suppliers with our requirements on environmental and social risks and the admittance criterion, and selects suppliers with legitimate operations and good records. In every link of the whole supply chain, there is a special person to supervise and select qualified suppliers to ensure that every link of the supply chain does not pose risks to the environment and society.

7.2 Product Responsibility

The Group attaches great importance to its product quality and reputation, establishes good cooperation with its customers, so that both parties can ensure quality first, achieve mutual benefit and joint development. It implements product quality management in strict accordance with the relevant PRC laws and regulations and industry standards. Subject to the Product Quality Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Road Safety Law of the People's Republic of China and other laws and regulations related to product responsibility, the Group has developed and implemented measures on management of product quality and sales, and enhanced product quality inspections and sales management, so as to ensure that high-quality products are offered for customers. It strictly implemented the relevant complaint handling procedures, actively solved the relevant problems, completed supplier communication and maintenance work, and followed up goods sold to our customers' warehouses by telephone to ensure quality compliance. In 2023, the Group did not see any major violation of laws or regulations in respect of product responsibility, and did not receive any complaint about products or services. There were no products sold or shipped that required recall for safety and health reasons.

7. Operating Practices

The Iron Ore Business strictly complies with applicable laws, regulations and policies. All of its contracts explicitly stipulate the ownership of intellectual property and such contracts should be strictly observed in operation.

The Iron Ore Business strictly implements its quality inspection in accordance with applicable laws and policies, as well as related Company systems, in order to ensure compliance with product quality standards. A product recall process is formed. In case of any product problem, related products should be recalled in strict accordance with such processes. In 2023, the average grade of iron ore concentrates in the Iron Ore Business reached over 68%, with low content of sulphur and phosphorus. Our excellent product quality helps lower production costs of customers.

The High-purity Iron Business signed quality guarantee agreements with customers, established a quality management system according to the requirements of ISO9000 standard, ensured long-term and stable supply of qualified products to customers, and sent the third-party certification certificates of products to Party A's quality management department for record. According to the relevant national standards, if the performance test and reliability test need to be conducted regularly, the test shall be conducted in a qualified statutory test institution and the report shall be provided to the customer for record. When the Company provides products, raw materials and process changes to customers, the Company must obtain the approvals and written recognitions of customers, and at the same time, provide customers with full-size and full-performance inspection reports. Product quality is inspected through chemical analysis. Unqualified products are processed in two ways: Firstly, they may be sold at lower prices. Secondly, those unsalable products will be smelted again in blast furnace.

The Company has formed sound partnership with its customers and strictly protected customer information and privacy, and stores customer information in different files by category.





8. Community Engagement

Adhering to the business principle of “self-actualization and repaying the society”, the Group actively uses its own resources to make joint efforts with the community and all sectors of society to bring positive impact to the society, repay the society with practical actions, enhance the cohesion of enterprises and communities, and coordinate development with the society.





In 2023, the Group donated RMB1.805 million for poverty alleviation, education promotion and community construction.

2023 Hanking Deshan AiXin Fund Public Welfare Activities

In 2023, the Company continued to contribute RMB1 million to the Hanking Deshan AiXin Fund to assist public welfare undertakings on education, women and children.

Chunlei Student Assistance • Hanking Deshan AiXin Fund Makes Dream Come True

The Hanking Deshan AiXin Fund has carried out activity of Chunlei Student Assistance for six consecutive years. In 2023, a total of 62 students from Xinbin, Qingyuan and Fushun counties of Fushun City whose families were in difficulties were subsidized, with a total amount of RMB152,646.

Hanking Deshan Love Bookstores

In order to enrich the cultural construction of left-behind children and poor students, and to meet the growing spiritual and cultural needs of students, Hanking Deshan AiXin Fund continued to build bookstores in township primary schools. In 2023, the “Hanking Deshan AiXin Fund” Bookstore for Left-behind Children were set up at Guchengzi No.2 Primary School in Wanghua District and Nature Primary School in Shuncheng District, and 14,000 books valued at RMB200,000 were donated to the two bookstores.





8. Community Engagement

Boosting Rural Aesthetic Education – Hanking Deshan AiXin Fund • Dandelion Action Series

Dandelion Action • Base School Opening Ceremony

Giving roses to others leaves a lingering fragrance on one’s hands. In order to implement the spirit of “Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Comprehensively Strengthening and Improving the Work of Aesthetics Education in Schools in the New Era”, and to promote Fushun City’s “Dandelion Action” to implement the rural aesthetic education, on 25 May 2023, Hanking Deshan AiXin Fund contributed RMB11,554, at the “Sending Backbone Teachers of Fine Arts Discipline to the Countryside” and “Dandelion Action” base school opening ceremony held in Dagujia Town Central Primary School in Qingyuan County, Fushun City, Hanking Deshan AiXin Fund participated in the awarding of plaque and donated students’ painting materials.



Dandelion Action • Aesthetic Education Summer Camp

From 2 August to 3 August 2023, Hanking Deshan AiXin Fund organized the Dandelion Action • Aesthetic Education Summer Camp and contributed RMB27,700 to provide quality aesthetic education content for rural children, aiming at promoting the balanced development of aesthetic education in urban and rural areas. This new model of cross-border integration of aesthetic education not only provides opportunities for students in rural areas to display their artistic talents, but also promotes the development of rural aesthetic education, and has been listed in the Northeast Region • 2023 Annual Index of Rural Aesthetic Education in China.



Dandelion Action • Base School Alliance

On 25 October 2023, Hanking Deshan AiXin Fund contributed RMB7,360 to the founding ceremony of “Dandelion Action” Base School Alliance in Fushun City and presented art painting material packages. In order to actively promote the characteristic development of art education in Fushun County, assist the professional growth of young art teachers in Fushun City, and educate people with aesthetics, Hanking Deshan AiXin Fund joined hands with the “Dandelion Action” to jointly depict the beautiful scenery of rural education in Fushun City. Hanking Deshan AiXin Fund presented the children of the nine-year consistent schools in Shiwen Town, Fushun County with art painting material packages that is has prepared.



8. Community Engagement

“Hanking Deshan AiXin Fund Cup” Rural Teacher Selection Activity

To support the improvement of rural education and encourage rural teachers to make contributions based on their posts, in July 2023, Hanking Deshan AiXin Fund contributed RMB50,600 to launch the “Hanking Deshan AiXin Fund Cup” Rural Teacher Selection Activity.

Hanking Deshan AiXin Fund – AiXin Cup Composition Competition

On 18 April 2023, Fushun College of Continuing Education for Teachers, in conjunction with Fushun Education Love Foundation, held a summary and recognition ceremony for the third Fushun “AiXin Cup” Composition Competition for primary school students at Fushun Experimental Primary School, and Hanking Deshan AiXin Fund contributed RMB118,500. This is the third consecutive year that Hanking Deshan AiXin Fund has been named the “AiXin Cup” composition contest for primary school students in Fushun City.



Participate in charity activities to help the elderly in Fushun City

In order to further carry forward the Chinese nation’s traditional virtues of respecting, loving and helping the elderly, on 22 October 2023, Fushun City held a charity donation event of “Nine-Nine Double Ninth Festival Charity for Helping the Elderly” in Donghuayuan Community, Shuncheng District, Fushun City. Shi Song, Secretary of the Party Leadership Group of the Liaoning Provincial Department of Civil Affairs, and Gao Jian, Deputy Secretary of the Fushun Municipal Party Committee and Mayor of Fushun City, attended the event and delivered speeches. Twelve units and enterprises, including Hanking Deshan AiXin Fund, donated funds and materials to carry out the activities of assisting the elderly and various charitable activities.





8. Community Engagement

Community Environment

Upholding the principle of “establishing harmonious relationship between villages and enterprises”, the Group reinforced communication with the local communities, so as to promote harmonious coexistence with the villages. As we are part of the community, efforts to construct the community are to improve our living environment. During the reporting period, we did not identify any operating sites that had actual or potential significant negative impacts on local communities.

In 2023, the community environment construction was as follows:

Assist Shangma Village in building a road	5 employees were dispatched for 5 days at a cost of RMB25,000, with a total of 5 dispatches in spring, summer, autumn and winter.
Assist Yanghu Village in building a road	5 employees were dispatched for 7 days at a cost of RMB35,000, with a total of 7 dispatches in spring, summer, autumn and winter.
Remove snow	6 employees were dispatched for 6 hours at a cost of RMB1,500 to help Yanghu Village clear the snow on the road.
Scholarship Donation	Donated RMB5,000 for scholarships to Benxi County No.5 Middle School.

Learn from Lei Feng to Take Action • Donate Blood to Spread Love

On 28 February 2023, the Youth League Committee of Aoni Mining carried out the activity of “Learning from Lei Feng to Give Love and Donate Blood without Compensation”, and 48 young volunteers donated blood successfully, with the total amount of blood donated reaching 17,400 ml. As of this year, Aoni Mining has been carrying out the “Voluntary Blood Donation” activity for four consecutive years, and the number of people who signed up and successfully donated blood has been increasing year by year, which not only demonstrates our Company’s concern for social welfare activities, but also stirs up the employees’ sense of love and the quality of selfless dedication, aiming to carry forward the spirit of Lei Feng, and transmit the positive energy of our society.



8. Community Engagement

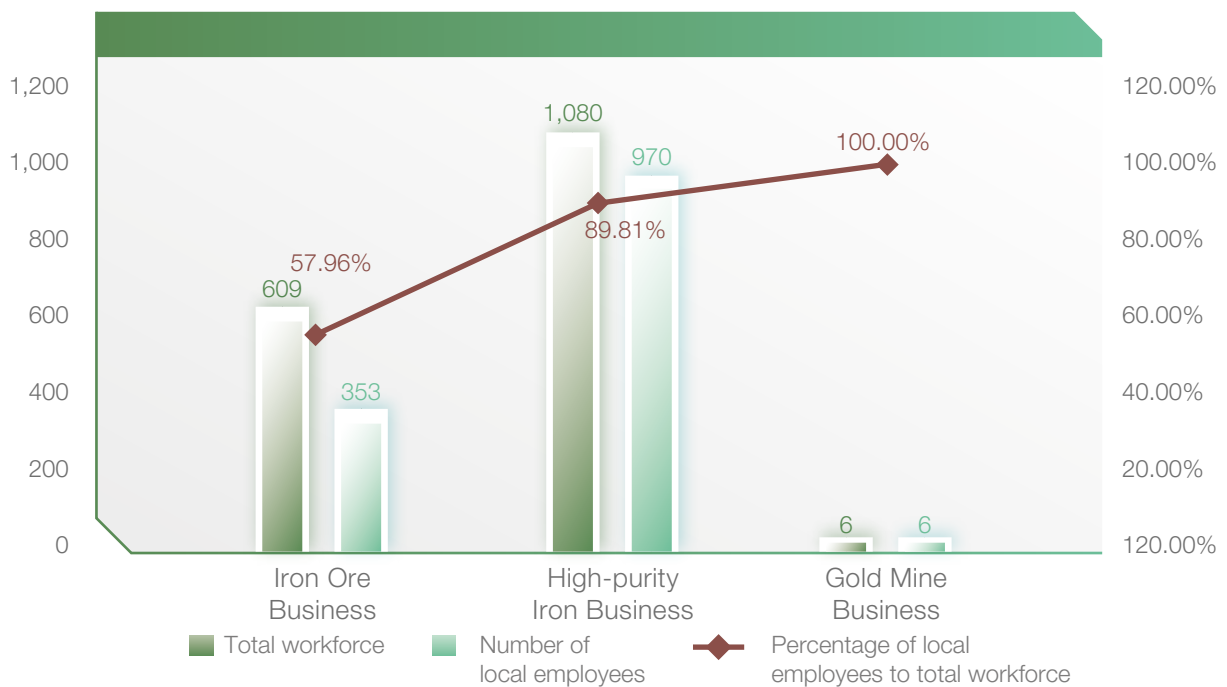
Rights of Indigenous People

To respect the rights of indigenous people is also a part of our efforts to respect and protect human rights. We comply with relevant laws and regulations in project design, exploration, and operation. No incidents of infringement on indigenous people were identified during the reporting period.

Labour Demand

Creating **employment** and **business** opportunities for people where our projects are located is an important way for the Group to share the fruits of economic development with local communities. The candidates from the community where the Group runs business enjoy the priority to be recruited. The Group also provide the opportunity to the local residents to participate in the project construction. This can not only relieve the local employment pressure, and increase the income of local residents, but will also promote good relationship between villages and enterprises.

As illustrated in the following diagram, Iron Ore Business, High-purity Iron Business and Gold Mine Business all employ a majority of local employees, representing an average of over 79% of the total workforce.



Artisanal and Small-Scale Mining (ASM)

We strive to eliminate the relevant community background factors that contribute to illegal artisanal mining by improving the economic and educational environment of communities, promoting local employment and business opportunities, and fostering community development.



9. Indicators Index

9. Indicators Index

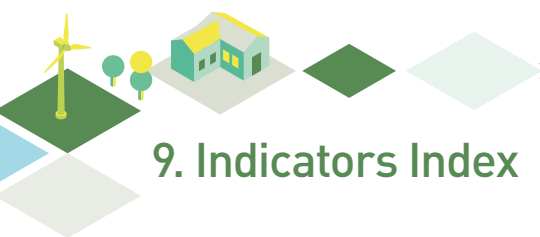
GRI content index

Statement of use	China Hanking Holdings Limited has reported the information cited in this GRI content index for the period 1 January 2023 – 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

Disclosure		Location or Explanation
GRI 2:	General Disclosures 2021	
2-1	Organizational details	2, 4-6
2-2	Entities included in the organization's sustainability reporting	2023 Annual Report
2-3	Reporting period, frequency and contact point	2-3
2-4	Restatements of information	43
2-5	External assurance	Nil
2-6	Activities, value chain and other business relationships	5-6,62-64
2-7	Employees	54-56
2-8	Workers who are not employees	54
2-9	Governance structure and composition	9-13
2-10	Nomination and selection of the highest governance body	9-11
2-11	Chair of the highest governance body	2023 Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	9-13
2-13	Delegation of responsibility for managing impacts	9-13
2-14	Role of the highest governance body in sustainability reporting	12-13
2-15	Conflicts of interest	14

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Disclosure		Location or Explanation
2-16	Communication of critical concerns	9-13
2-17	Collective knowledge of the highest governance body	4, 10-12, 17
2-18	Evaluation of the performance of the highest governance body	2, 9-13
2-19	Remuneration policies	55
2-20	Process to determine remuneration	55
2-21	Annual total compensation ratio	Not disclosed since privacy policy and compensation confidential system
2-22	Statement on sustainable development strategy	31, 47
2-23	Policy commitments	17, 53
2-24	Embedding policy commitments	17, 49, 53
2-25	Processes to remediate negative impacts	14-16, 65
2-26	Mechanisms for seeking advice and raising concerns	14-15, 22-23
2-27	Compliance with laws and regulations	35, 49-50, 53, 57, 64
2-28	Membership associations	24
2-29	Approach to stakeholder engagement	22-23
2-30	Collective bargaining agreements	52
GRI 3:	Material Topics 2021	
3-1	Process to determine material topics	26-27
3-2	List of material topics	27
3-3	Management of material topics	26-27

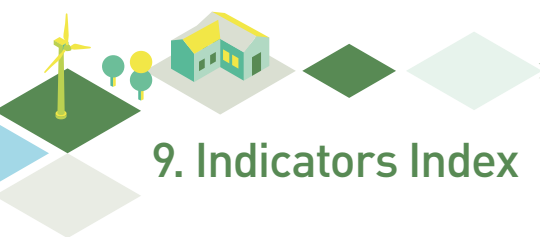


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Disclosure		Location or Explanation
GRI 201:	Economic Performance 2016	
201-1	Direct economic value generated and distributed	7
201-2	Financial implications and other risks and opportunities due to climate change	45-47
201-3	Defined benefit plan obligations and other retirement plans	55
201-4	Financial assistance received from government	16, 20
GRI 202:	Market Presence 2016	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not disclosed since privacy policy and compensation confidential system
202-2	Proportion of senior management hired from the local community	71
GRI 203:	Indirect Economic Impacts 2016	
203-1	Infrastructure investments and services supported	67-71
203-2	Significant indirect economic impacts	71
GRI 204:	Procurement Practices 2016	
204-1	Proportion of spending on local suppliers	63
GRI 205:	Anti-corruption 2016	
205-1	Operations assessed for risks related to corruption	14-15
205-2	Communication and training about anti-corruption policies and procedures	14-15
205-3	Confirmed incidents of corruption and actions taken	16
GRI 206:	Anti-competitive Behavior 2016	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	16

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Disclosure		Location or Explanation
GRI 207:	Tax 2019	
207-1	Approach to tax	16
207-2	Tax governance, control, and risk management	16
207-3	Stakeholder engagement and management of concerns related to tax	23
207-4	Country-by-country reporting	2023 Annual Report
GRI 301:	Materials 2016	
301-1	Materials used by weight or volume	Not disclosed
301-2	Recycled input materials used	37-39
301-3	Reclaimed products and their packaging materials	37-39
GRI 302:	Energy 2016	
302-1	Energy consumption within the organization	42
302-2	Energy consumption outside of the organization	Not disclosed
302-3	Energy intensity	42
302-4	Reduction of energy consumption	41
302-5	Reductions in energy requirements of products and services	41-42
GRI 303:	Water and Effluents 2018	
303-1	Interactions with water as a shared resource	43
303-2	Management of water discharge-related impacts	43
303-3	Water withdrawal	43
303-4	Water discharge	38
303-5	Water consumption	43



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Disclosure		Location or Explanation
GRI 304:	Biodiversity 2016	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
304-2	Significant impacts of activities, products and services on biodiversity	31
304-3	Habitats protected or restored	N/A
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305:	Emissions 2016	
305-1	Direct (Scope 1) GHG emissions	36
305-2	Energy indirect (Scope 2) GHG emissions	36
305-3	Other indirect (Scope 3) GHG emissions	36
305-4	GHG emissions intensity	36
305-5	Reduction of GHG emissions	36
305-6	Emissions of ozone-depleting substances (ODS)	N/A
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	34
GRI 306:	Waste 2020	
306-1	Waste generation and significant waste-related impacts	33-40
306-2	Management of significant waste-related impacts	33
306-3	Waste generated	39
306-4	Waste diverted from disposal	39
306-5	Waste directed to disposal	39

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Disclosure		Location or Explanation
GRI 308:	Supplier Environmental Assessment 2016	
308-1	New suppliers that were screened using environmental criteria	62, 64
308-2	Negative environmental impacts in the supply chain and actions taken	62, 64
GRI 401:	Employment 2016	
401-1	New employee hires and employee turnover	54
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	55
401-3	Parental leave	56
GRI 402:	Labor/Management Relations 2016	
402-1	Minimum notice periods regarding operational changes	53
GRI 403:	Occupational Health and Safety 2018	
403-1	Occupational health and safety management system	50
403-2	Hazard identification, risk assessment, and incident investigation	49
403-3	Occupational health services	49
403-4	Worker participation, consultation, and communication on occupational health and safety	50
403-5	Worker training on occupational health and safety	50
403-6	Promotion of worker health	49-50
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	49-50
403-8	Workers covered by an occupational health and safety management system	49

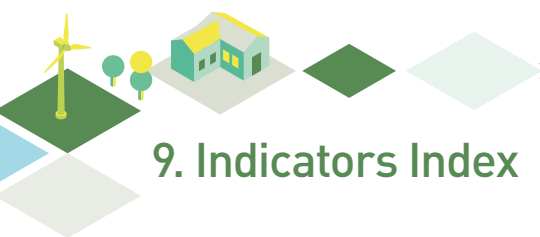


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Disclosure		Location or Explanation
403-9	Work-related injuries	48
403-10	Work-related ill health	48
GRI 404:	Training and Education 2016	
404-1	Average hours of training per year per employee	59-60
404-2	Programs for upgrading employee skills and transition assistance programs	57-61
404-3	Percentage of employees receiving regular performance and career development reviews	Not disclosed
GRI 405:	Diversity and Equal Opportunity 2016	
405-1	Diversity of governance bodies and employees	11, 54-55
405-2	Ratio of basic salary and remuneration of women to men	Not disclosed since privacy policy and compensation confidential system
GRI 406:	Non-discrimination 2016	
406-1	Incidents of discrimination and corrective actions taken	55
GRI 407:	Freedom of Association and Collective Bargaining 2016	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52
GRI 408:	Child Labor 2016	
408-1	Operations and suppliers at significant risk for incidents of child labor	53
GRI 409:	Forced or Compulsory Labor 2016	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	53

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Disclosure		Location or Explanation
GRI 410:	Security Practices 2016	
410-1	Security personnel trained in human rights policies or procedures	Nil
GRI 411:	Rights of Indigenous Peoples 2016	
411-1	Incidents of violations involving rights of indigenous peoples	71
GRI 413:	Local Communities 2016	
413-1	Operations with local community engagement, impact assessments, and development programs	67-70
413-2	Operations with significant actual and potential negative impacts on local communities	70
GRI 414:	Supplier Social Assessment 2016	
414-1	New suppliers that were screened using social criteria	62 ,64
414-2	Negative social impacts in the supply chain and actions taken	62, 64
GRI 415:	Public Policy 2016	
415-1	Political contributions	Nil
GRI 416:	Customer Health and Safety 2016	
416-1	Assessment of the health and safety impacts of product and service categories	64
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	64



9. Indicators Index

Disclosure		Location or Explanation
GRI 417:	Marketing and Labeling 2016	
417-1	Requirements for product and service information and labeling	Not disclosed
417-2	Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance during the report period
417-3	Incidents of non-compliance concerning marketing communications	No incidents of non-compliance during the report period
GRI 418:	Customer Privacy 2016	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	65

9. Indicators Index

Hong Kong Stock Exchange <ESG Reporting Guide> Content Index

This indicators index illustrates the Company's compliance with indicators of "comply or explain" and "mandatory disclosure requirements" set out in Environmental, Social and Governance Report Guide issued by the Hong Kong Stock Exchange during the reporting period.

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
A. Environmental				
A1 Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	●	33	
A1.1	The types of emissions and respective emissions data.	●	33-34, 36, 38-39	
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).	●	36	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	39	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	39	
A1.5	Description of emission target(s) set and steps taken to achieve them.	●	34, 38-39	
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.	●	35, 38-39	
A2 Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	●	41-44	
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).	●	42	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	●	43	

9. Indicators Index

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	●	41-42	
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.	●	43	
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	○	N/A	(No packaging is needed for the products of the Company)
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	●	29	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	●	29-32	
A4 Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	●	45-47	
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	●	45-47	
B. Social				
Employment and Labour Practices				
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	●	55-56	
B1.1	Total workforce by gender, employment type (such as full-time or part-time), age group and geographical region.	●	54	
B1.2	Employee turnover rate by gender, age group and geographical region.	●	54	

9. Indicators Index

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	●	49-51	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	●	48	
B2.2	Lost days due to work injury.	●	48	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	●	49-51	
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	●	57-61	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	●	59-60	
B3.2	The average training hours completed per employee by gender and employee category.	●	59-60	
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	●	53	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	●	53	
B4.2	Description of steps taken to eliminate such practices when discovered.	●	53	

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Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
Operating Practices				
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	●	62	
B5.1	Number of suppliers by geographical region.	●	63	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	●	63-64	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	●	63-44	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	●	63-64	
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	●	64	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	●	64	
B6.2	Number of products and service related complaints received and how they are dealt with.	●	64	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	●	65	
B6.4	Description of quality assurance process and recall procedures.	●	65	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	●	65	

9. Indicators Index

Aspects	Key Performance Indicators	Disclosures	Pages	Explanation
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	●	14-16	
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.	●	16	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	●	15	
B7.3	Description of anti-corruption training provided to directors and staff.	●	14	
Community				
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	●	66	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	●	67-70	
B8.2	Resources contributed (e.g. money or time) to the focus area.	●	67-70	