稀镁科技
REMT

稀鎂科技集團控股有限公司
Rare Earth Magnesium Technology Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00601.HK)

2025
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Making our *LIFE* better

CONTENT

REPORTING SCOPE

Rare Earth Magnesium Technology Group Holdings Limited and together with its subsidiaries ("REMT" or "the Group"), is principally engaged in the business of producing and selling magnesium products. Magnesium alloys have been known as the "most developed and widely used lightweight eco-friendly strategic new materials of the 21st century", contributing to the green and low-carbon high-quality development. Since there is no actual business in its Hong Kong and overseas subsidiaries, the scope of the environmental aspect of this report only covers the main business of the Group in Mainland China.

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" as specified in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This report identifies and discloses material environmental and social impacts as well as environmental, social and governance ("ESG") matters in relation to the Group's business for the year ended 31 December 2025 ("the Reporting Period").

BOARD STATEMENT

The Board is responsible for the ESG as a whole, and is committed to achieving key performance indicators. The Board believes that ESG risks are crucial to the efficient operation of the Group, and aims to integrate environmental and social aspects into its daily operations. The Group's corporate governance is fundamental to ensure that the ESG topics of the Group are well considered and incorporated into the business agenda. It is of paramount importance to us to continuously create value for our stakeholders. The Board carefully assesses ESG risks to consider and reflect on their relative progress toward ESG objectives. The Board confirms that it has reviewed and approved this report.

In preparing this report, the relevant staffs of the Group have collected all relevant information on various ESG aspects, and checked and evaluated the performance of the Group, including environmental, health and safety, labour practices, and other ESG aspects. The Group has maintained talks with certain stakeholders under various circumstances to collect comments regularly, including but not limited to meetings, interviews, surveys, feedback plans, letters, and other methods.

REPORTING PRINCIPLES

The Group attaches great importance to the reporting principles of materiality, balance, quantitative, and consistency when preparing this report:

Materiality

In order to identify material issues, the Group has conducted a materiality assessment in 2025, thereby adopting the identified material issues as the focus of this report.

Balance

This ESG Report aims to disclose data objectively, which aims to provide stakeholders with a balanced overview of the Group's overall ESG performances.

Quantitative

The Group accounts for and discloses key performance indicators ("KPIs") in quantitative terms for proper evaluation of the electiveness of ESG policies and actions.

Consistency

The statistical methods applied in the ESG report are substantially consistent with those adopted last year. Elaborations are provided when the data has changes in disclosure and calculation methodologies. If any change may affect the comparison with previous reports, the Group will comment on the corresponding content of the ESG report.

The aspects presented below elaborate on the operating practices in the main ESG subject areas.

A. ENVIRONMENTAL

The Group's production bases are located at the Hami Industrial Park in Xinjiang Region and the Baishan Industrial Park in Jilin Province. The Group has a series of environmental management policies in place to minimise its impact on the surrounding communities' environment of production bases. The Group aims to maintain or reduce emissions from the production process given the similar operational level across years by implementing energy-saving measures and improving energy efficiency

A1: Emissions

During the Reporting Period, the Group has complied with all related local environmental laws in the country we operate. The emission of particulates and sulphur dioxide (SO_2) are lower than the national standard of 150 mg/m^3 and 400 mg/m^3 respectively. During the Reporting Period, there were no material instances of non-compliance concerning the environment identified within the Group.

The Group has implemented a series of measures to reduce the gas emission:

1) To reduce gas emissions, rotary kilns are equipped with vertical preheaters to make full use of residual heat, reducing the temperature of emitted smoke and gas to below 200 degrees Celsius. The vertical cooler is used to cool down the temperature of calcined dolomite, supplying hot air for the rotary kiln to increase combustion efficiencies and reduce energy consumption.

2) Regenerative combustion technology is adopted in refining furnaces and reduction furnaces. Heat accumulators are used for recovering and storing the heat from the exhaust gas of reduction furnaces, which induce explosive combustion of coal gas in furnaces to achieve energy saving and emission reduction.

3) Reduced voltage starting and variable frequency operations are adopted for certain motors.

4) Enhancing the promotion, education, and training about energy conservation for workers.

The energy consumption of fuels, and the emission of waste gases and greenhouse gases are reduced. At the same time, staff's energy-saving awareness is enhanced due to the adoption of energy-saving and emission-reduction measures as mentioned above.

Types of pollutants

During the production process, the hazardous wastes generated by the Group are mainly waste engine oil and tar. The non-hazardous wastes mainly include solid wastes, recycled dust, domestic wastes, and mud. The treatments of hazardous and non-hazardous wastes in 2025 are as follows:

Types of hazardous waste	Emission: tonnes	Treatment
Waste engine oil	0.62	Sales to qualified enterprises for integrated utilisation
Tar	200	Sales to qualified enterprises for integrated utilisation

Types of non-hazardous waste	Emission: tonnes	Treatment
Solid waste	72,204	Sales to enterprises in nearby areas for integrated utilisation
Recycled dust	3,960	Sales to enterprises in nearby areas for integrated utilisation
Domestic waste	240	Centralised treatment by the environmental hygiene department regularly
Mud	5	Centralised treatment by the environmental hygiene department regularly

Treatment and management of hazardous and non-hazardous wastes

The Group disposes of hazardous and non-hazardous wastes in accordance with the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 Revision)" strictly. Wastes are temporarily stacked in designated places, sold to enterprises in nearby areas, or appropriately recycled and reused by qualified enterprises.

Apart from the waste treatment measures mentioned above, the Group is also equipped with advanced equipment to reduce the generation of hazardous wastes. In addition, we procure high-quality coal for clean production to minimise hazardous and non-hazardous wastes.

The Group targets to maintain or reduce waste given the similar operational level across years by implementing various recycling policies and strengthening employee education, while reducing waste from the production process.

During the Reporting Period, no material instances of non-compliance concerning the treatment of emissions were identified within the Group.

A2: Use of Resources

The operation and production of the Group mainly consume resources such as electricity, diesel oil, coal, and water. During the production process, the Group endeavours to enhance energy use efficiency and achieve the comprehensive utilisation, while gradually reducing energy consumption.

The energy and the packaging materials consumed by the Group in 2025 were as follows:

Resources	Unit	Emission	Density (calculated based on the production of 11,110 tonnes of magnesium products in 2025)
Electricity	kWh	27,258,701	2,454 kWh/tonne
Diesel oil	liter	156,580	14.09 liter/tonne
Coal	tonne	17,351	1.56 tonnes/tonne
Water	m^3	128,728	11.59 m^3/tonne

Packaging materials used on finished products	Unit	Emission
Wrap	tonne	3.4

Energy use/water efficiency targets and management

1. The Group uses the coal gasification in a bid to generate clean energy for production. With regenerative high-temperature combustion technologies, the exhaust gas temperature is significantly reduced, and the overall thermal efficiency is increased by over 50%, thereby mitigating air pollution.

2. The water consumption within the plants is mainly due to the replenishment of the recirculating cooling system for the equipment and the domestic water consumption by our staff. Recirculating cooling water, mainly the equipment cooling water, is pumped into the production water supply pipeline for reuse after cooling in a cooling tower. The domestic water consumption (mainly washing water, flushing water for offices, and recirculating cooling water within the plants) is recycled and not discharged. The environmental hygiene department regularly collects domestic wastewater for centralised treatment at sewage treatment plants.

The Group is committed to enhancing energy use efficiency and recycling resources. The Group aims to maintain stable energy efficiency or, even better, to improve it, given the similar operational level across years. In addition, the Group maintains stable or lower water consumption of the main business given the similar operational level across years by implementing various water conservation measures and regular inspection of the water supply system.

During the Reporting Period, no material instances of non-compliance concerning the use of resources were identified within the Group.

A3: The Environment and Natural Resources

The Group greatly emphasised our business's impact on the environment and natural resources. In addition to the appropriate initiatives taken to protect the natural environment in conformity with environment related regulations and standards, the Group also integrates environmental protection into the internal management and execution.

Actions taken concerning the environment and natural resources:

1. Regarding energy use, the efficiency is maximised. The vertical preheat system is used in the production process to enhance the utilisation of fuels and reduce electricity consumption by making full use of the preheating.

2. Regarding resources, measures for emission reduction and utilisation improvement are rolled out to avoid a waste of resources.

3. Regarding resources such as solid waste, the waste is recycled and reprocessed as resources or products to reduce the emission.

The Group has strictly complied with the PRC's laws and regulations about energy consumption, and implemented its internal policies. During the Reporting Period, the Group had no material instances of non-compliances in this regard.

A. ENVIRONMENTAL

A4: Climate Change

Climate change has become one of the top concerns for people, and a global challenge affecting communities and businesses as a whole. The acute physical risk can arise from extreme weather conditions such as hurricanes, floods, and storms. Chronic physical risk can arise from sustained high temperatures. In addition, the transition risk may result from changes in environment-related regulations or customer preferences. The Group assesses the above-mentioned potential risks that may cause main business interruption, and formulates corresponding prevention measures.

Strategy

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

(i) Climate Risk Assessment

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

Physical Risks

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

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

(a) Frequent extreme weather events (e.g., heavy rainfall, extreme heat, intense cyclones, floods, droughts and water scarcity) that could adversely affect or pose potential risks to the construction and operation of the Group's projects.

(b) Long-term changes in climate patterns that could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.

Transition Risks

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

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

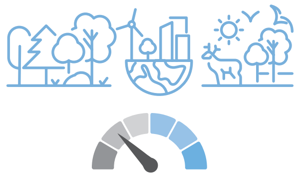
(c) The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.

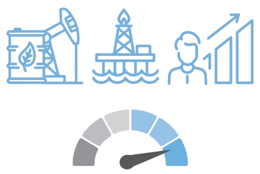
(d) Changes in domestic and international climate change policies, as well as the evolution of global trends such as China's carbon peak and carbon neutrality targets, constituting relevant risk factors.

(ii) Climate Scenario Analysis

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

Physical risks





Climate scenario	Low-risk scenario SSP 1-1.9	High-risk scenario SSP 5-8.5
Scenario description	(a) Rapid global phase-out of fossil fuels; global CO2 emissions reach net zero around 2050. Renewables dominate, and electrification is widespread. (b) Large-scale afforestation. (c) Rapid development and deployment of low-carbon technologies including storage, hydrogen, and carbon capture and storage. (d) Global cooperation and strict effective climate policies, with consumer behavior shifting to low-carbon choices.	(a) Continued reliance on abundant, globally connected fossil fuel resources. (b) Technological innovation active but focused on extraction and consumption efficiency rather than low-carbon alternatives. (c) Lack of effective global carbon pricing or strict international climate agreements. (d) Global income gaps narrow and investment in human capital increases.
Projected warming	Warming below 2°C by 2100	Warming of 4.4°C by 2100

Transition risks

Climate scenario	Low-risk scenario 2050 Net Zero	High-risk scenario Current Policies
Scenario description	(a) Immediate implementation of strict climate policies, with global CO2 emissions reaching net zero around 2050. (b) Carbon pricing reached high levels early (about USD 100 per tCO2e in 2020) and continues to rise rapidly, increasing costs for carbon-intensive goods and services and changing consumption and production patterns. (c) Deployment of carbon dioxide removal (CDR) technologies accelerates decarbonization, though scale is constrained by sustainability considerations.	(a) Maintain existing policies without additional emission pledges or measures. (b) Technological change is slow; fossil fuels still dominate the energy system. Renewables grow but do not disrupt the existing system. (c) Carbon pricing remains low and is insufficient to drive deep decarbonization.
Projected warming	Global warming contained below 1.5°C by 2100 (50% probability).	Warming exceeds 3°C by 2080.

A. ENVIRONMENTAL

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

Physical risks

Risk category	Potential impacts	Risk level SSP1-1.9	 SSP5-8.5	Time horizon[1]	Mitigation measures
Frequent extreme weather events (e.g., heavy rain, extreme heat, severe cyclones, floods, droughts, and water shortages) may adversely affect or pose potential risks to the Group's facilities and events.	Production interruption caused by extreme weather may affect infrastructure such as power systems, drainage systems or production equipment, together with associated repair losses.	Low	Medium	Short-term	(a) The Group has formulated emergency arrangements and closely monitors our business operations. (b) Purchase insurance for the Group's production facilities and employees. (c) Communicate work arrangements to employees in advance under severe weather conditions to reduce the possible impact of physical risks. (d) The Group will identify such risks and prioritize those with severe impacts to take preventive measures at the earliest opportunity.
	Increased extreme weather may directly affect the operation of warehouses and production bases, e.g., stocks being flooded and damaged, leading to increased costs.	Low	Medium	Medium-term	
	Impact of extreme weather on logistics supply chains, production efficiency and employee commuting, leading to operational and financial losses.	Low	Medium	Medium-term	
Long term changes in climate patterns could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.	Long-term systematic temperature rise will increase the demand for temperature control (e.g., for storage) and energy consumption, potentially leading to higher operating costs, accelerating the ageing of production equipment, and pushing up maintenance costs.	Low	Medium	Medium-term	
	High-temperature environments may expose employees to greater heat stress and health hazards, potentially affecting productivity and overall employee well-being.	Low	Medium	Short-term	
	Climate change may alter the living habits of consumers in different regions, affecting product preferences and choices.	Low	Medium	Long-term	
	Occurrence of long-term climate risk events leads to reduced insurance claims.	Low	Medium	Medium-term	

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

Transition Risks					
Risk Category	Potential Impact	Risk Level Net Zero 2050	 Current Policies	Time Horizon	Mitigation Strategy
The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.	In the future, due to stricter carbon emission regulations, production equipment with high energy consumption may be subject to additional taxation or use restrictions, increasing R&D costs.	Medium	Low	Medium-term	(iii) The Group actively introduces new environmentally friendly equipment and gradually phases out high-energy-consumption facilities in line with national new energy policies. (iv) The Group will regularly monitor existing and emerging climate-related trends, policies and regulations, and obtain compliance advisory services when necessary to avoid reputational risks arising from slow response. (v) The Group continues to assess the effectiveness of its climate change actions and enhance its capacity to address climate-related matters. (vi) Encourage employees to participate in meetings and training to stay abreast of the latest technological developments.
	As energy transition and tighter regulations on chemical composition occur, prices of some raw materials may rise due to increased decarbonization costs of upstream suppliers.	Medium	Low	Long-term	
	The Group's products may need to adapt to various demands raised by potential customers regarding climate-related issues.	Low	Low	Medium-term	
Changes in domestic and international climate-change policies, as well as the evolution of global trends such as China's Carbon Peak and Carbon Neutrality targets, constitute relevant risk factors.	Tightening of relevant policies and/or regulations leads to increased costs of compliance, including but not limited to increased operating costs, insurance costs, compliance costs and penalties for non-compliance.	Medium	Low	Medium-term	
	Stricter disclosure requirements for environmental data, and customers conducting carbon footprint audits on partners, thereby increasing management complexity.	Medium	Low	Medium-term	

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

(iii) Business Model and Value Chain

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

(iv) Strategy and Decision-making

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

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

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

B. SOCIAL

B1: Employment

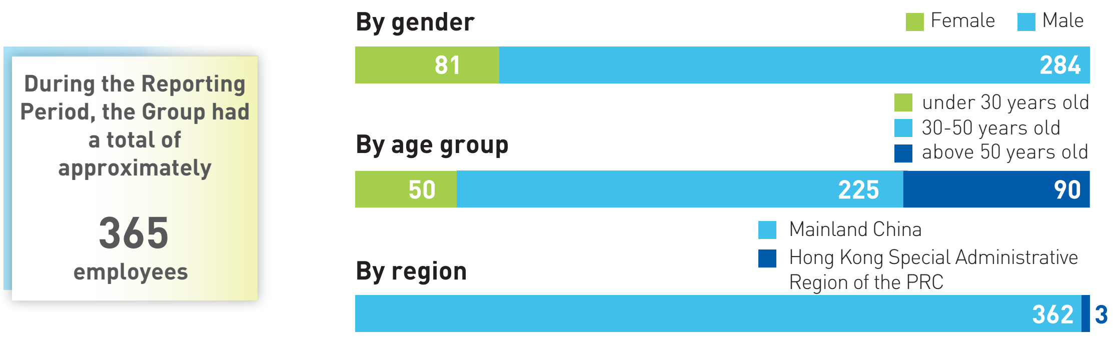
The Group fully recognises the importance of human resources management and the recruitment of talent for the sustained development of the Group. The Group regularly analyses the existing remuneration system and incentive mechanism to optimise the remuneration structure. It ensures employees' remuneration packages are on par with reasonable market rates and stays competitive. Meanwhile, the Group has been expanding recruitment channels, continuously enriching the pool of management team, stepping up systematic employee training, providing employees with promotion opportunities, broadening their career prospects, and encouraging a good corporate culture.

Corporate human resources policy: the Group determines employees' remuneration packages based on the employees' performance, work experience, and labour skills about prevailing market conditions. The labour insurance and welfare for employees include annual leaves, workers' compensation, social insurance, provident funds, the distribution of labour protection supplies, refund of social security contributions, training subsidies, compensation for working under high temperatures, and pre-employment health check-ups. There are neither labour disputes that affect regular business operations nor material changes in employees' relationships within the Group.

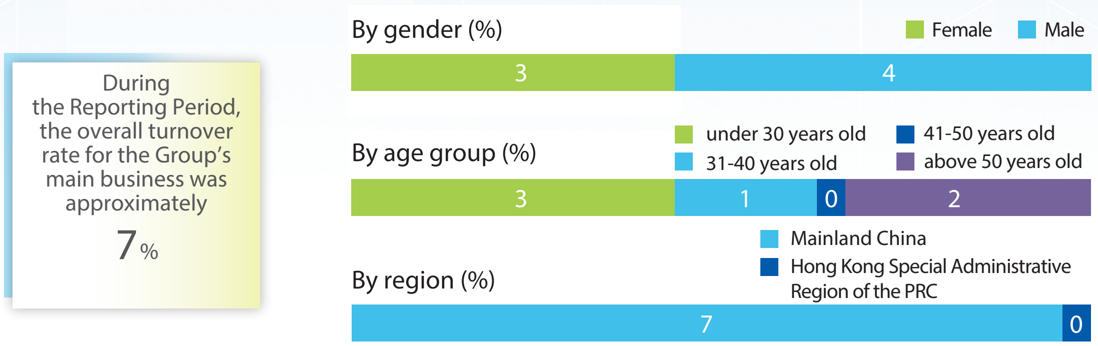
Non-discriminatory and equal opportunities: the Group values employees' entitlement to equal employment opportunities, and adheres to gender equality and ethnic equality in employee recruitment.

Trade Union: according to the regulations of Federations of Trade Unions for both All-China and the Xinjiang Region levels, the Group is required to set up trade unions and to maintain the independence of trade unions.

Distribution of employees



Employee turnover



The Group strictly complies with the "Labour Law of the People's Republic of China (Labour Law)", the "Labour Contract Law of the People's Republic of China (Labour Contract Law)", and other relevant regulations. During the Reporting Period, no material instances of non-compliance concerning the labour practices were identified within the Group.

B2: Health and Safety

The Group abides by relevant laws and regulations, such as the "Labour Law", the "Labour Contract Law", the "Social Insurance Law of the People's Republic of China", and the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases". The Group is committed to formulating and implementing the corporate's internal health and safety policies, continuously enhancing and improving employees' working conditions and living environment, and safeguarding employees' life and physical health. The Group has installed wireless Internet and cable television at employees' workplaces and dormitory rooms, and contributed to the social insurance (including primary medical, work-related injury, maternity insurance, and others) for each employee. It ensures that employees' work and living conditions comply with the regulations concerning environmental safety, and the prevention and control of occupational disorders.

After experiencing the COVID-19 pandemic, the Group has further improved the management of workplace hygiene and environment. We have promoted health management and hygiene protection knowledge through various channels, provided training, and strengthened preventive measures for our employees. We have also enhanced their awareness of hygiene.

The Group had no work-related fatalities in the past three financial years. During the Reporting Period, there were no work-related incidents that affected the normal production of the Company. No material instances of non-compliance concerning health and safety laws and regulations were identified.

B3: Development and Training

The Group believes that training personnel is an essential task for long-term corporate development. The Group regularly gives employees on-the-job training, and provides training to employees at different positions and job duties according to their relevant knowledge and skills. It constantly enhances employees' quality, ensuring that employees' professional skills, techniques, and knowledge are kept up-to-date. Relevant training is arranged regularly in compliance with the "Safety Education and Training Management System" requirements for corporates engaged in production. The training scheme encompasses the following:

1. Corporate development strategy planning and relevant corporate management system;
2. Basic knowledge of production techniques and procedures;
3. Procedures of and professional skills for technical operations at work;
4. Safe production laws and regulations, and contingency plans for safety-related accidents;
5. Occupational hazards and prevention;
6. Fire safety knowledge and contingency plan mock exercises;
7. On-the-job training for special operating personnel; and
8. Training and tests regarding the practical implementation of employees' skills.

The number of employees receiving training and the training hours:

	Managers and senior management	General employees
The number of staff receiving training	10 people	305 people
The total training hours	351 hours	2,566 hours
The average training hours per person	35 hours	8.4 hours

The number of staff receiving training exceeded **86%** of all employees

Among trainees, female employees comprised **12%**

The average training hours per person is at a similar level between female and male employees, exceeding **8** hours

The employee training scheme has effectively improved employees' professional skills, which in turn significantly supports the Group's long-term business development. The Group has consistently implemented a transparent assessment and promotion system to encourage employees' self-development. The Group's senior management and department managers maintain effective communication with employees, and promptly provide feedback and suggestions on employees' work performance.

The Group regularly organises after-work activities such as outdoor team-building activities, tug-of-war competitions, football matches, knowledge quizzes, Spring Festival Galas, and others to support employees in maintaining a balance between work and physical/mental well-being.

B4: Labour Standards

The Group strictly abides by the laws and regulations of the PRC government, including the "Labour Law" and the "Labour Contract Law". When the human resources department conducts recruitment work, it shall strictly verify the applicant's personal identity and perform background checks well to avoid child labour. Employees at production bases are recruited of their own accord. The staff induction process is carried out in line with corporate systems and procedures where no child labour is employed. The ages of all employees satisfy the requirements of local laws. The phenomenon of forced labour does not exist. Suppose any illegal employment of child labour or forced labour is discovered. In that case, the Group will immediately terminate the employment contract, identify the cause and pursue responsibility, and impose appropriate penalties on the employee and related person in violation.

In addition, the Group imposes stringent labour audit requirements on its major suppliers. It guarantees that suppliers employ no child labours or forced labours. It also ensures that our suppliers' occupational health and safety performances comply with the relevant regulations.

During the Reporting Period, no material instances of non-compliance concerning the labour standards stipulated by relevant laws and regulations were identified within the Group.

B5: Supply Chain Management

The Group procures raw materials from the market to produce magnesium metal and magnesium alloys. The Group has developed corresponding inspection, assessment, and selection procedures for raw materials suppliers. Upon receipt of bids from raw materials suppliers, the Group comprehensively assesses the aspects of the brand, quality, payment, schedule of delivery, reputation, and after-sales service, and seriously considers their energy and environmental policy to maximise environmental protection and minimise pollution. The most appropriate product supplier is determined based on a comprehensive score and ranking assessment by comparing individual suppliers. It ensures that premium-quality raw materials can be sourced at competitive prices, and the values of the selected supplier on environment, community, and ethics are embraceable. All of the Group's suppliers are located in mainland China. There are about 6 major suppliers. During the Reporting Period, no material instances of non-compliance concerning the supply chain management identified.

B6: Product Responsibility

Quality assurance

Confronted with the competition in the magnesium market, the Group believes that to sustain a certain level of competitiveness, product quality and after-sales services quality play essential roles in fortifying client relationships. The Certificate of ISO9001:2008 Quality Management System was awarded to the Group's production bases. The Group's customer service team provides premium products and after-sales services by maintaining close communication with customers and regular follow-ups, including telephone, WeChat, video conferencing, and on-site visits. The sales staff will immediately deal with a customer complaint or an incident requiring product recall. However, the specific or complex situation will be transferred to the person in charge of the relevant department for concrete handling. During the Reporting Period, the Group had neither material non-compliance with relevant regulations concerning product responsibility or product description, experience with the recall of products for safety and health reasons, nor customer complaints regarding products and services.

Commercial morality

The Group attaches great importance to the protection and management of intellectual property rights. It strictly abides by laws and regulations, including the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and the Patent Law of the People's Republic of China (《中華人民共和國專利法》). We will engage legal counsel to take necessary actions against the third party (i.e., issuing a lawyer's letter or filing a lawsuit, or others.) if there is any infringement on the intellectual property rights of the Group, including but not limited to trademarks, patents, and others.

The trust of our customers is the cornerstone of our business development. Protecting customer information and trade secrets is the foundation for us to establish credibility and trust. Except in certain circumstances stipulated in the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) (required to disclose by statutory obligations), the Group will not disclose customer information and trade secrets to third parties without the consent of the customer. During the Reporting Period, the Group did not observe any case involving the disclosure of customer privacy information or violation of relevant privacy protection laws and regulations, such as the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》).

B7: Anti-Corruption

The Group has developed internal anti-corruption ordinances and attaches importance to employees' integrity, preventing employees' misconduct in terms of corruption. The Group strictly abides by the "Interim Provisions on Prohibiting Commercial Bribery"《關於禁止商業賄賂行為的暫行規定》, and advocates the code of honesty and integrity whereas employees are obligated to follow relevant guidance when performing all job duties within the Group and with external collaborative business partners. Meanwhile, the "Code of Professional Conduct with Honesty and Integrity for Xinjiang Tengxiang Magnesium Products Company Limited"《新疆騰翔鎂製品有限公司廉潔從業行為準則》was formulated to educate management personnel and employees holding essential positions on professional practices with honesty and integrity. An "Honesty, Integrity and Self-discipline Assurance Statement"《廉潔自律承諾書》was also signed by them. Moreover, any employee (including contract, part-time and temporary employees) is obliged to report any perceived misconduct or malpractice within the Group to the Chief Executive Officer, the Executive Director, or the Managing Director. The Group has organised training and developed various policies, procedures, codes, and guidelines to enhance its' employees' ethics and integrity standards.

The Group has always strictly abided by laws and regulations concerning anti-corruption, including the "Contract Law of the People's Republic of China" and the "Law of the People's Republic of China Against Unfair Competition". During the Reporting Period, there were no claims concerning corruption against the Group and its employees, and no material instances of non-compliance concerning corruption were identified within the Group.

B8: Community Investment

The Group believes that establishing good relationships with communities where the production bases are located, is a critical for successful corporate operations. The Group is keen to provide the necessary support to the locale in which its production bases are located, including giving aid to disadvantaged groups, prioritising hiring local job applicants, and participating in volunteer work. The base companies actively support to public welfare undertakings in surrounding communities, such as participating in local governments and residents' culture exchange, and co-organising arts and culture performances with them to enrich employees' cultural life.

Integration of enterprises and localities boosts development

As a medium and large-scale enterprise in Hami High-Tech Industrial Development Zone, Xinjiang Tengxiang Magnesium Products Company Limited ("Tengxiang Company") has been the focus of the local government since its establishment. The enterprise has increased the household incomes of local staff by employing local surplus labours. Meanwhile, workers can handle domestic farming when they are off-duty, thus achieving a win-win situation. In addition, under the active support of the local government, the labour resource is guaranteed.

In the recent years, Xinjiang staff accounted for approximately 66% of the total staff of the Tengxiang Company. As one of the enterprises above designated size in the new materials industry in Hami City, of which is one of the six pillar industries, Tengxiang Company has won critical acclaim from the local government for its construction and development. In addition, it has enjoyed preferential policies of Xinjiang Autonomous Region, such as refunding social insurance and subsidies for retaining employees.

OUTLOOK

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

The Group continues its innovation efforts, and has increased its investments in research and development. It also optimises production procedures and operation regulations. We will consolidate our resources and pay attention to the development of the magnesium alloy business. Against the backdrop of a "Green Economy", magnesium new materials will have more significant development potential amid the lightweight trend in automobile production. The Group will also strive to contribute to energy-saving and lightweight development. In the post-epidemic era, magnesium products will continue to show its charm and further establish solid consumer confidence. It is foreseen that the magnesium industry is launching a new era with good prospects for development!

APPENDIX I. REPORT DISCLOSURE INDEX

Climate-related Disclosures Content Index

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

Core Area, Aspect, General Disclosure and Key Performance Indicators		Section/Disclosure	Page
Governance			
19(a)(i) – (iv)	Disclose the oversight of climate related risks and opportunities by governance bodies (e.g., the Board), including member skills, frequency of information receipt, decision making processes, and how metrics and targets are overseen.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
19(b)(i) – (ii)	Disclose management's role in monitoring and managing climate related risks and opportunities, including whether specific positions are assigned and related control procedures.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
Strategy			
20(a) – (d)	Describe climate related risks and opportunities that may affect financial position, including risk types (physical/transition), affected time horizons (short/medium/long term) and definitions.	For climate related opportunities in each period, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
21(a) – (b)	Describe the current and expected impacts of climate related risks and opportunities on the business model and value chain, and where these risks are concentrated in the value chain.	For climate related opportunities in each period, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
22(a) – (b); 23	Disclose the response to climate related risks and opportunities and related plans, including resource allocation, transition plans, adaptation/mitigation measures, how resources are deployed, and the progress of plans disclosed in previous annual reports.	The Group is still conducting further internal discussions on climate related transition plans; where feasible, they will be discussed further in subsequent reports. For climate related opportunities, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
24(a) – (b)	Disclose the current impact of climate related factors on financial performance and position during the reporting period, as well as items that may be subject to material adjustments in the following year.	The Group is still conducting further financial analysis and internal discussions, and plans to disclose the financial impacts of current climate related risks and opportunities in future reports where feasible.	/
25(a) – (c)	Disclose the expected impact of climate related risks and opportunities on financial position and cash flows over the short, medium and long term, including investment/financing plans.	The Group is still conducting further financial analysis and internal discussions, and plans to disclose the financial impacts of current climate related risks and opportunities in future reports where feasible.	/
26(a) – (b)	Disclose climate resilience analysis, explaining how scenario analysis is used to assess resilience, including selected scenarios, assumptions, time horizons and adaptive capacity.	For climate related opportunities, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
Risk Management			
27(a) – (c)	Disclose the processes for identifying, assessing, prioritising and monitoring risks and opportunities, and how these processes are integrated into the overall risk management system.	Reporting principles	3
Metrics and Targets			
28(a) – (c)	Disclose absolute gross greenhouse gas emissions (tonnes of CO2 equivalent), separately reporting Scope 1, Scope 2 and Scope 3 data.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
29(a) – (d)	Disclose the measurement methodology for greenhouse gases, assumptions, basis for selected categories, and measurement approach for Scope 2.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
30	Disclose the amount and percentage of assets or business activities vulnerable to transition risks.	The Group is currently reviewing analytical and quantitative methods available in the market to disclose the percentage of business vulnerable to transition risks.	/

B. SOCIAL

Core Area, Aspect, General Disclosure and Key Performance Indicators		Section/Disclosure	Page
31	Disclose the amount and percentage of assets or business activities vulnerable to physical risks.	The Group is gathering additional data and information (e.g., financial impacts, mitigation measures and residual risks) to disclose the percentage of business vulnerable to physical risks.	/
32	Disclose the amount and percentage of assets or business activities aligned with climate related opportunities.	The Group is currently reviewing more detailed analytical and quantitative methods available in the market to disclose the percentage of business aligned with climate related opportunities.	/
33	Disclose the amount of capital expenditure, financing or investment deployed for climate related risks and opportunities.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
34(a) – (b)	Explain whether and how internal carbon pricing is applied, and disclose the specific carbon price.	The Group does not currently apply carbon pricing in its decision making.	/
35	Explain whether and how climate related performance is considered in remuneration policies.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
36	Encouraged disclosure of industry specific metrics relevant to the particular business model or industry characteristics.	Not applicable	/
37(a) – (h)	Disclose climate related targets and their details: metrics, objectives, scope, period, base period, milestones, absolute/intensity nature, and reference to international agreements.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
38(a) – (d)	Disclose the method for setting and reviewing targets, including whether verified by a third party, review process, and revision records.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/

B. SOCIAL

Core Area, Aspect, General Disclosure and Key Performance Indicators		Section/Disclosure	Page
39	Disclose actual performance against targets and trend analysis.	The Group is currently reviewing analytical and quantitative methods available in the market and, where feasible, discuss them further in subsequent reports.	/
40(a) – (e)	Disclose additional details of greenhouse gas emission targets: gases and scopes covered, gross/net target, decarbonization pathway, and use of carbon credits.	Not applicable	/
41	When preparing disclosures related to strategy and targets, consider the applicability of cross industry metrics and industry specific metrics.	Not applicable	/

稀镁科技
REMT

稀鎂科技集團控股有限公司
Rare Earth Magnesium Technology Group Holdings Limited