



中國白銀集團  
CHINA SILVER GROUP

中國白銀集團有限公司

China Silver Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 815



Environmental, Social  
and Governance Report

2020

# Environmental, Social And Governance Report

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# Environmental, Social And Governance Report

## ABOUT THIS REPORT

This environmental, social and governance report (the “**Report**”) covers the impact of the principal operations of China Silver Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) on the environment, society and governance from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”). The Group is principally engaged in three principal operating segments, including (i) the manufacturing segment, being the manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the People’s Republic of China (the “**PRC**”); (ii) the New Jewellery Retail segment operated under CS Mall Group Limited, being the design and sales of gold, silver, gem-set and other jewellery products in the PRC; and (iii) the Silver Exchange segment, being the operation of Shanghai White Platinum & Silver Exchange (上海華通鈕銀交易市場有限公司 or “**Shanghai Huatong**”), an integrated precious metal and non-ferrous metal exchange platform in the PRC.

The Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”) (the version effective from 31 December 2015 to 30 June 2020). The Report sets out the Group’s policies and performance on the four key areas of environmental protection, employment and labour practices, operating practices and community investment during the Reporting Period.

## GROUP PROFILE

The Group is committed to becoming a leading fully-integrated silver, palladium and precious metals enterprise in the PRC, and its businesses range from traditional manufacturing to downstream New Jewellery Retail. While building on and consolidating our existing silver manufacturing segment, we are committed to enhancing the New Jewellery Retail segment and developing the potential of the Silver Exchange segment, so that we can eventually become a leading fully-integrated silver, palladium and precious metals enterprise in the world.

In the manufacturing business, the Group applies a unique production model to manufacture high quality silver, palladium and other non-ferrous metals. In the downstream New Jewellery Retail segment, the Group utilizes a combination of online sales channels and offline retail and service network.

Quality products and diversified sales channels of the Group are the keys to its success. In addition, while pursuing business performance, the Group emphasizes the sustainability of its businesses and is committed to maintaining a high standard of business practices in environmental protection, social responsibility and corporate governance.

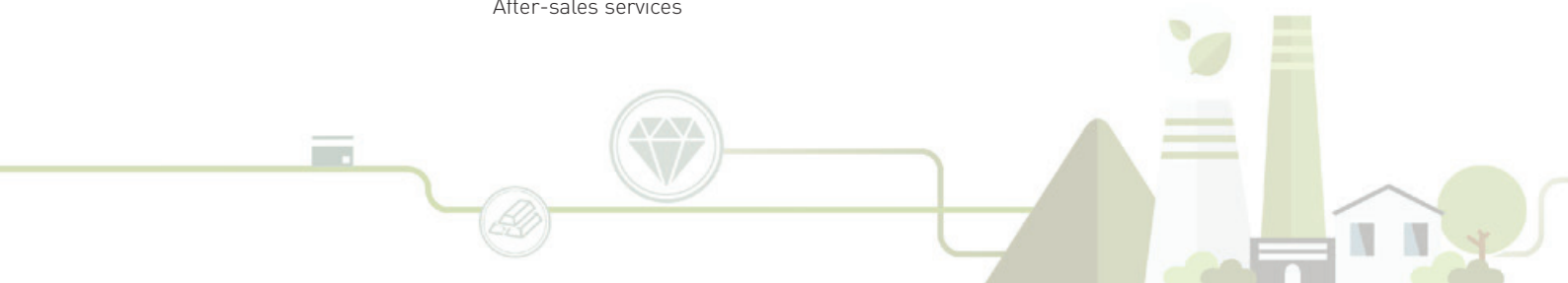


# Environmental, Social And Governance Report

## STAKEHOLDER ENGAGEMENT

The Group values all stakeholders and their views on the Group's business and environmental, social and governance ("ESG") issues. In order to know and understand the expectations of stakeholders, the Group has been maintaining close communications with stakeholders through various engagement methods and communication channels. The Group also takes into consideration the following issues of concern of stakeholders in the formulation of business and ESG strategies:

Major stakeholders	Issues of concern	Engagement channels
Hong Kong Stock Exchange	Compliance with the Listing Rules	Announcements published on the Hong Kong Stock Exchange's website Meetings Telephone calls and mail correspondences
Government and regulatory authorities	Compliance with laws and regulations Proper tax payment	On-site inspections and checks Regular declaration Announcement of new laws and regulations in the Gazette Annual reports and other information published on its website
Shareholders and investors	Return on investments Transparent disclosure of information Protection of interests and fair treatment of shareholders	Annual general meeting and other shareholder meetings Annual reports, announcements and other published information Information published on the Group's and the Hong Kong Stock Exchange's websites Company mailbox managed by designated personnel
Employees	Salaries and benefits Safeguard of the rights and interests of employees Health and safety Feedback opportunities	Regular meetings Comprehensive training Intranet and emails Regular company activities
Customers	Safe and high-quality products Good relationship Business ethics After-sales services	Website Regular business visits Interactive customer evaluation



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Major stakeholders	Issues of concern	Engagement channels
Suppliers	Long-term partnership Fair competition	Procurement contracts, emails, telephone calls, interviews Interactive supplier evaluation
Media	Corporate governance Environmental protection	Explanatory documents on key issues
Public and communities	Environmental issues Charity contributions to the community	Volunteer activities Community visits

## MATERIALITY ASSESSMENT

The Group has identified issues that are of practical relevance to stakeholders in relation to the characteristics of its principal businesses. Based on the principle of materiality, the Report focuses on the environmental and social impacts of our businesses.

The following table sets out the summary of the key ESG issues of the Group:

Environmental	Social
<ul style="list-style-type: none"> <li>• emission control</li> <li>• waste management</li> <li>• resources utilization</li> <li>• energy management</li> <li>• water management</li> </ul>	<ul style="list-style-type: none"> <li>• employment practice</li> <li>• occupational health and safety</li> <li>• career development and training</li> <li>• prevention of child labour and forced labour</li> <li>• supply chain management</li> <li>• product responsibility</li> <li>• customer service</li> <li>• privacy protection</li> <li>• intellectual property rights</li> <li>• anti-corruption</li> <li>• community investment</li> </ul>

## FEEDBACK

Stakeholders are encouraged to provide comments and suggestions. If you have any comments on the Report or the sustainability performance of the Group, please email us at [cs@chinasilver.hk](mailto:cs@chinasilver.hk), and the Group is committed to continuous review and improvement.



# Environmental, Social And Governance Report

## A. ENVIRONMENTAL PROTECTION

### A.1 EMISSIONS AND WASTES

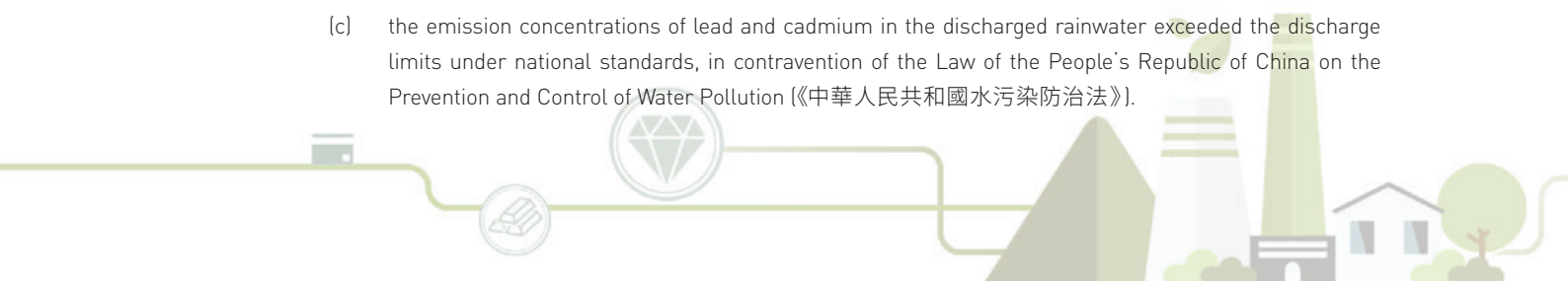
During the Reporting Period, save as disclosed below, the Group complied with relevant laws and regulations that have a material impact on the Group relating to gas and greenhouse gas emissions, discharge to water and land, and the generation of hazardous and non-hazardous wastes, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》), the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China (《中華人民共和國大氣污染防治法》), the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and the Regulations on the Administration of Environmental Protection in Construction Project (《建設項目環境保護管理條例》). During the Reporting Period, save as the notice on environmental rectification disclosed below, the Group did not violate any relevant PRC environmental protection laws and regulations and was not subject to material fines, non-monetary penalties or litigation relating to environmental violations.

#### A.1.1 Notice on environmental rectification

Between 23 April 2021 and 20 May 2021, the Ji'an Yongfeng Ecological Environment Bureau (吉安市永豐生態環境局) (the "Bureau") issued two administrative penalty notices and one rectification notice (collectively, the "Notices") to Jiangxi Longtianyong Nonferrous Metals Co., Ltd. (江西龍天勇有色金屬有限公司) ("Jiangxi Longtianyong"), a wholly-owned subsidiary of the Company. Pursuant to the Notices, the Bureau has ordered Jiangxi Longtianyong to suspend its production activities from 26 April 2021 onwards pending completion of certain rectification measures.

According to the Notices, between 22 April 2021 and 8 May 2021, the Central Ecological and Environmental Protection Inspection Group (中央生態環境保護督察組) and the Bureau inspected Jiangxi Longtianyong's premises and found that the production and storage facilities of Jiangxi Longtianyong had been in contravention of certain national environmental laws. The particulars of the contraventions alleged in the Notices are set forth as follows (collectively, the "Contraventions"):

- (a) an auxiliary equipment of oxygen-enriched side blowing furnaces known as VPSA oxygen production system was installed and constructed without environmental impact assessment approval, in contravention of the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》);
- (b) a hazardous waste known as water-quenched slag was piled in a rotary kiln warehouse, the floor of the warehouse was damaged, and no hazardous waste signage was erected, in contravention of the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》); and
- (c) the emission concentrations of lead and cadmium in the discharged rainwater exceeded the discharge limits under national standards, in contravention of the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》).



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As a result of the Contraventions, the Bureau ordered Jiangxi Longtianyong to carry out certain rectification works on its production and storage facilities. Jiangxi Longtianyong has been closely communicating with the Bureau since the end of April 2021 with a view to reach an understanding on the rectification measures required to be implemented in order to restore Jiangxi Longtianyong's production. In addition, Jiangxi Longtianyong has engaged an environmental specialist to provide recommendations on the appropriate rectification measures to address the Bureau's concerns.

These rectification measures are expected to include (i) the disposal of certain hazardous waste stored in production workshops and warehouses; and (ii) the demolition of certain existing non-compliant facilities and construction of certain new compliant facilities according to the recommendations of the environmental specialist and with the approval of the competent governmental authorities.

For further details, please refer to the announcement of the Company dated 7 June 2021.

## A.1.2 Gas and greenhouse gas emissions

The Group is committed to producing quality products and providing satisfactory services, while addressing environmental protection and gas emission issues. The Group also complied with the local environmental laws and regulations and had no violation relating to gas emission during the Reporting Period.

Throughout the production and retail processes as well as in the daily business operations, the Group promoted energy conservation and emission reduction. In the production and retail processes, emissions reduction is a crucial element for consideration in process formulation. In the daily business operations, the Group provided employees with the equipment for teleconferences and video conferencing to reduce the number of business trips, and encouraged its employees to recycle paper and hence reduce greenhouse gas emissions.

### *Gas emissions*

Gas emissions are mainly from vehicles and production processes. In the refining and production processes, sulphur, particulates and other pollutants are produced, yet the Group has continued to utilize the dedusting system and the desulfurization system to lower the gas emission to a permissible level.

In the transportation process of the Group, most of the customers arranged transportation and logistics by themselves and a small portion of customers used vehicles and logistic services of third-party transportation companies arranged by the Group. The Group would choose to use third-party transportation companies which are approved by the government and are in compliance with laws and regulations to transport dangerous goods. Therefore, the Group was unable to directly measure the emissions of the relevant vehicles.



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The following table shows the gas emissions by the Group's own vehicles and during its production in the refinery plants (approximate values).

	2020	2019
Gas emissions (tonnes)		
Nitrogen oxides (Note 1)	0.11	0.15
Sulphur dioxide	6.83	8.66
Particulates	2.89	3.13

Note 1: The emission of nitrogen oxides is only calculated for vehicles.

## Greenhouse gas emissions

Greenhouse gas emissions include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O).

The greenhouse gases generated in the business processes of the Group mainly include Scope 1: vehicles; Scope 2: electricity and gas used in office and warehouses; and Scope 3: paper and water used by employees and in office and warehouses and business trips. The main greenhouse gas emission of the Group is carbon dioxide (CO<sub>2</sub>).

	2020		2019	
	CO <sub>2</sub> equivalent emission (tonnes)	Intensity (Note 2)	CO <sub>2</sub> equivalent emission (tonnes)	Intensity (Note 2)
<b>Scope 1 – Greenhouse gas direct emissions</b>				
Greenhouse gas emissions from mobile combustion sources	63	1.32	97	2.47
<b>Scope 2 – Energy indirect emissions</b>				
Mainly come from the electricity purchased	7,252	152.38	7,718	196.53
<b>Scope 3 – Other indirect emissions</b>				
Paper waste disposed at landfills	9	0.19	10	0.25
Electricity used for processing fresh water and sewage by government department	83	1.74	102	2.60
Business air travel by employees	20	0.42	32	0.81
	<b>7,344</b>	<b>154.32</b>	<b>7,959</b>	<b>203</b>

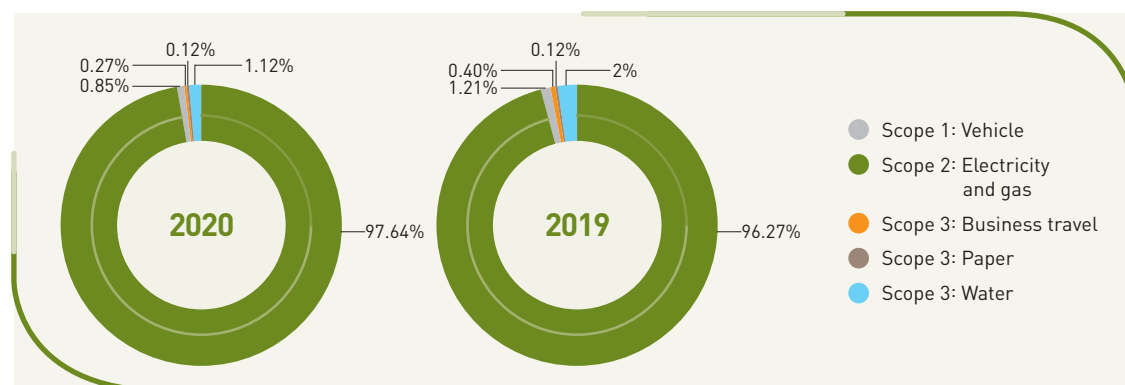
Note 2: The intensity is tonnes per RMB100 million of the Group's revenue, which was RMB4,759 million during the Reporting Period (2019: RMB3,927 million).





# Environmental, Social And Governance Report

## CARBON DIOXIDE EMISSIONS



### A.1.3 Total amount and intensity of wastes and non-hazardous wastes generated

#### *Wastes/hazardous wastes*

The Group collected waste residues internally and from third parties and, after processing, returned them for multi-purpose utilization and extraction of useful precious metals from them. The final waste residues were sent to specialized companies that dispose such waste products properly. During the Reporting Period, a third-party waste treatment company engaged by the Group was subject to penalties by the law enforcement authorities due to river pollution. As a result of such engagement, although the Group did not directly violate the regulations, it was still required to pay approximately RMB3.3 million as waste treatment fee. Then, the Group immediately terminated the cooperation with the said third party and replaced it with a waste treatment company that would eventually transform waste residues into cement, to ensure that the waste can be recycled to achieve environmental benefits while not generating any harmful wastes. The following table shows the total amount of wastes sent by the Group to these specialized companies during the Reporting Period.

	2020	2019
Wastes		
Usage (tonnes)	49,107	48,775
Intensity [Note 3]	1,032	1,242

Note 3: The intensity is tonnes per RMB100 million of the Group's revenue, which was RMB4,759 million during the Reporting Period (2019: RMB3,927 million).

Furthermore, as the Group was involved in the businesses of manufacturing, sales and trading of silver ingots, palladium and other non-ferrous metals in the PRC, of which there were certain inventories of raw materials which were previously refined for production purposes but were considered as hazardous waste under the Notices. After the Reporting Period, the Bureau stated that as water-quenched slag, a hazardous waste, was stacked in the rotary kiln warehouse, where the floor was damaged and no hazardous waste signage was erected, the Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) was violated. The Group will continue to communicate with the Bureau to reach a consensus on the disposal of such raw materials, with an aim to bring the least harm to the environment.

# Environmental, Social And Governance Report

## *Wastewater*

The Group has a separate system for wastewater management, and all treated wastewater was recycled and reused without outward discharge. However, due to damage of the warehouse floor and improper storage of raw materials, ashes were flushed into drain pipes and discharged. The concentrations of lead and cadmium in rainwater discharged exceeded the discharge limits under the national standards, which breached the Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》). The Group will continue to communicate with the Bureau to reach a consensus on the disposal of such raw materials, with an aim to bring the least harm to the environment.

During the Reporting Period, the Group set up an additional wastewater treatment tank to increase the daily volume of wastewater treatment and hence the environmental benefit.

### **A.1.4 Treatment of hazardous and non-hazardous wastes**

#### *Waste treatment*

The Group collected waste residues internally and from third parties and reprocessed them to produce products of value and reduce wastes. In order to facilitate the treatment of waste residues, the raw material warehouse was built in strict accordance with the requirements for hazardous waste storage. In daily operations, when various raw materials were purchased, the transfer processing system was strictly implemented. Upon warehousing, raw materials were classified according to category and metal content, with mixed storage strictly prohibited. However, due to damage of the warehouse floor and improper storage of raw materials, the Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》) was violated. The Group will improve the storage system and environment to ameliorate the situation.

#### *Wastewater treatment*

Ground-washing water in plant areas and first-flush rainwater were precipitated in the sedimentation tanks progressively after collection. The precipitated wastewater was pumped to the wastewater treatment system by water pumps and purified in four steps. All the treated wastewater was recycled, reused and not discharged.

In view of the extension of the business scale, during the Reporting Period, the Group set up an additional wastewater treatment tank, to ensure the wastewater is treated promptly and effectively.

In order to reduce the concentration of lead and cadmium in rainwater discharged which exceeded the discharge limits under the national standards, the Group will continue to communicate with the Bureau and improve the storage environment and facilities for storing raw materials to comply with relevant legal requirements.



# Environmental, Social And Governance Report



## A.1.5 Measures for and results of reducing emissions

### *Exhaust treatment process*

Sulphur, particulates and other pollutants were produced during the refining and production processes. The Group spared no effort in environmental protection, and used technologies which had been developed for many years such as cooling sedimentation, bag filter, sputum-spraying desulfurization and purified emissions to effectively satisfy the discharge standards. In addition, in order to ensure that we effectively monitor emissions at all times, the Group installed an on-line monitoring system at discharge entrances for 24-hour continuous monitoring. Such data is detected and monitored in real time, and if the system shows that the data exceeds relevant standard, it will send the data to the government enforcement authority in real time. Because of the real-time and effective monitoring of the Group, no data on emissions exceeding the relevant standard was recorded in the Reporting Period.



# Environmental, Social And Governance Report

## *Indicators inspection*

In accordance with the indicators for total discharges of major pollutants relating to construction projects stipulated by the Ministry of Environmental Protection of the PRC, the Group closely monitored those indicators and, when installing equipment, the Group considered and established corresponding environmental protection facilities. The Group has effectively satisfied the requirements of the Ministry of Environmental Protection of the PRC on the annual emission limits for sulphur dioxide and particulates.

## *Efficiency management*

In the course of its operations, the Group has taken environmental protection and resources efficiency into consideration, such as considering the use of teleconferences and video conferencing instead of business trips, encouraging employees to reuse paper, replacing paper documents with electronic files, streamlining inventory and delivery procedures to reduce transport frequency, so as to reduce emissions from daily operations in a multi-faceted and effective manner.



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## A.2 RESOURCE UTILIZATION

### A.2.1 Direct and indirect energy

The Group is committed to encouraging its employees to use electricity appropriately. We have taken a number of measures to improve energy efficiency, such as reducing electricity consumption, keeping indoor temperatures at a reasonable level, and selecting energy-efficient equipment. During the Reporting Period, the Group's energy consumption is as follows:

Resources Utilization	Unit	2020		2019	
		Usage	Intensity (Note 4)	Usage	Intensity (Note 4)
Power consumption	kWh	10,213,301	214,610	10,868,714	276,762
Diesel consumption	tonnes	210	4	203	5
Coal	tonnes	2,200	46	6,788	173
Natural gas	cubic meters	–	–	40,500	1,031
Coke	tonnes	9,100	191	10,650	271

Note 4: The intensity is the corresponding unit per RMB100 million of the Group's revenue, which was RMB4,759 million during the Reporting Period (2019: RMB3,927 million).

### A.2.2 Total amount and intensity of water consumption

Water is an indispensable resource for our production, therefore, we always cherish water resources. For example, we have been building wastewater treatment facilities and reusing water. The following table illustrates the Group's water usage during the Reporting Period.

Resources Utilization	Unit	2020		2019	
		Usage	Intensity (Note 5)	Usage	Intensity (Note 5)
Water consumption	tonnes	172,788	3,631	210,124	5,351

Note 5: The intensity is tonnes per RMB100 million of the Group's revenue, which was RMB4,759 million during the Reporting Period (2019: RMB3,927 million).



# Environmental, Social And Governance Report

## A.2.3 Plan on energy utilization and proper use of water

The Group has been actively implementing water conservation measures to reduce water consumption. We have also taken various measures to reduce carbon emissions and improve energy efficiency, as well as to reduce electricity consumption and keep indoor temperatures at a reasonable level. It is also our wish that our employees make joint efforts with us to contribute to the cause of environmental protection. To this end, we have posted eye-catching notices to remind our employees to turn off lights, save paper and save water.



## A.2.4 Total amount of packaging materials used for finished products

In our retail business, we use plastics, corrugated paper and paper sheets as packaging materials. The following table illustrates the Group's usage of packaging materials during the Reporting Period.

	2020		2019	
	Usage (tonnes)	Intensity (Note 6)	Usage (tonnes)	Intensity (Note 6)
<b>Main packaging material</b>				
Plastics	3.8	0.080	4.7	0.120
Corrugated paper	6.2	0.130	8.6	0.219
Paper sheets	0.4	0.008	0.6	0.015

Note 6: The intensity is tonnes per RMB100 million of the Group's revenue, which was RMB4,759 million during the Reporting Period (2019: RMB3,927 million).

# Environmental, Social And Governance Report

## A.3 IMPACT ON THE ENVIRONMENT AND NATURAL RESOURCES

### Transportation process

When selecting a third-party transportation company, we only consider transportation service providers which comply with the relevant regulations and are approved by the government. Such third-party transportation service providers must be equipped with proper vehicles to prevent leakage of gas, water and liquid during the transportation process, which may otherwise occur due to poor maintenance or improper operation.

### Training and policy on environmental protection

Our employees' awareness of environmental protection will facilitate us in implementing environmental protection policies. Therefore, we provide our employees with environmental protection-related training, encouraging them to take a more active part in environmental protection and care for our planet. Also, we post eye-catching notices to remind our employees to save resources and incorporate environmental protection policies in the Staff Manual to underscore our vision of environmental protection.

### Anti-pollution measures and inspection

Our emission of wastewater and exhaust is inspected by certified third parties. For parts need to be rectified as required by the Bureau, the Group will maintain close communication with the Bureau in order to reach a consensus on the rectification measures. In addition, Jiangxi Longtianyong has engaged an environmental expert to advise on appropriate rectification measures for addressing the concerns of the Bureau.





# Environmental, Social And Governance Report

## B. SOCIETY

### EMPLOYMENT AND LABOUR PRACTICES

#### B.1 EMPLOYMENT

The Group complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law of the People's Republic of China on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保障法》), the Trade Union Law of the People's Republic of China (《中華人民共和國工會法》) and the Special Regulations on Protection of Women Workers (《女職工勞動保護特別規定》) and other relevant regulations. The Group also makes contribution to the five social insurances and one provident fund (i.e. five social insurances, including pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, and housing provident fund) in a timely manner.

As at the end of the Reporting Period, the Group had a total of 914 employees (2019: 1,085). We firmly believe that our employees are one of our indispensable and important assets and their contributions are fundamental to the success of the Group. We have been striving to create and maintain a fair and respectful working environment together with our employees.

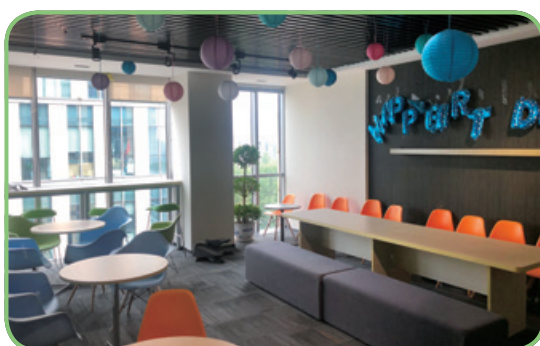
Through a rigorous and transparent recruitment process, the Group has successfully adhered to the corporate principle of fair employment in our talent management. With regard to promotion arrangements, the Group provides promotion opportunities for qualified employees in order to make the best use of their talent, and has established a comprehensive compensation, incentive and performance management system with reference to the industry practices and benchmarks, aiming to make progress together with our employees and achieve long-term stable development.





## Environmental, Social And Governance Report

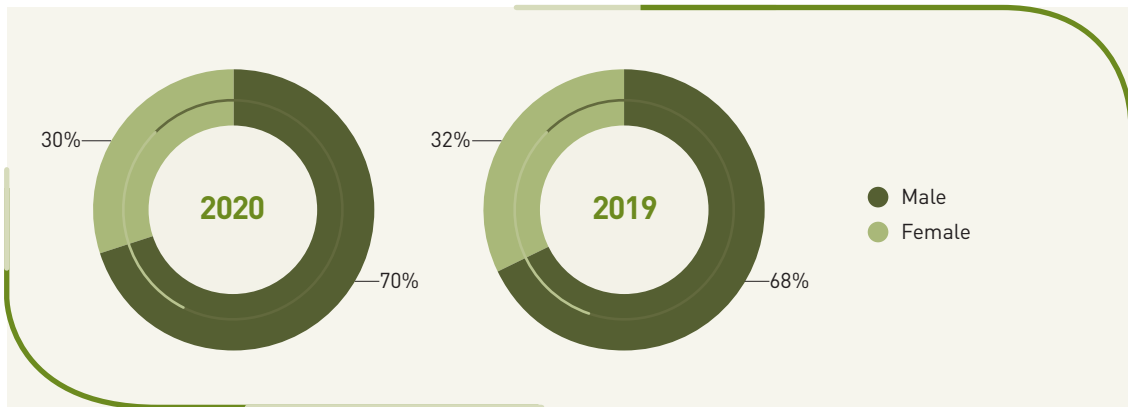
We value the opinions of our employees and encourage them to voice their thoughts so that we can create a comfortable working environment for them. Therefore, we have set up feedback collection email addresses and mailboxes as a channel of communication between our employees and the Group. In addition, we believe that the Group's success depends on our employees' commitment and sense of belonging, therefore we organize birthday parties, festive celebrations, staff meal gatherings, lucky draws and sending shopping cards on festivals, etc., to show our gratitude to our employees for their day-to-day hard work. Thanks to their contribution, we have succeeded in building a diverse and inclusive working environment with mutual respect.



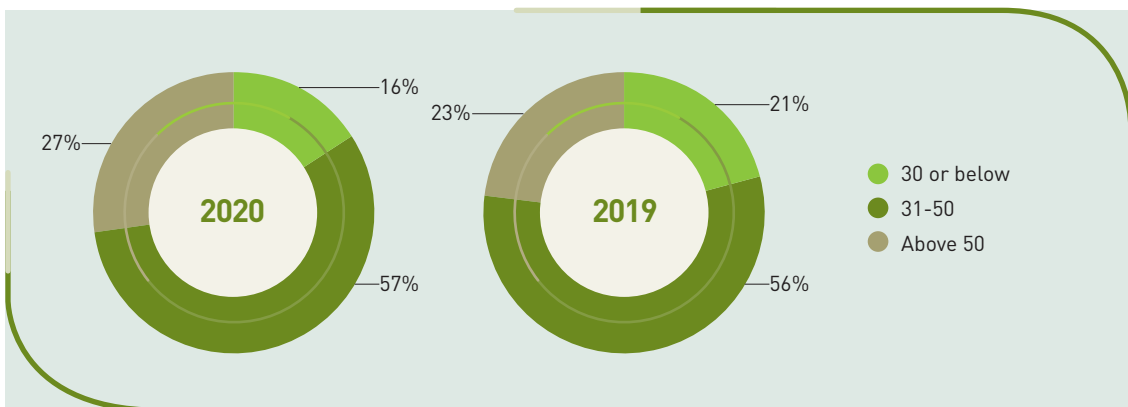
# Environmental, Social And Governance Report

The following figures are compiled based on the total number of employees as at the end of the Reporting Period.

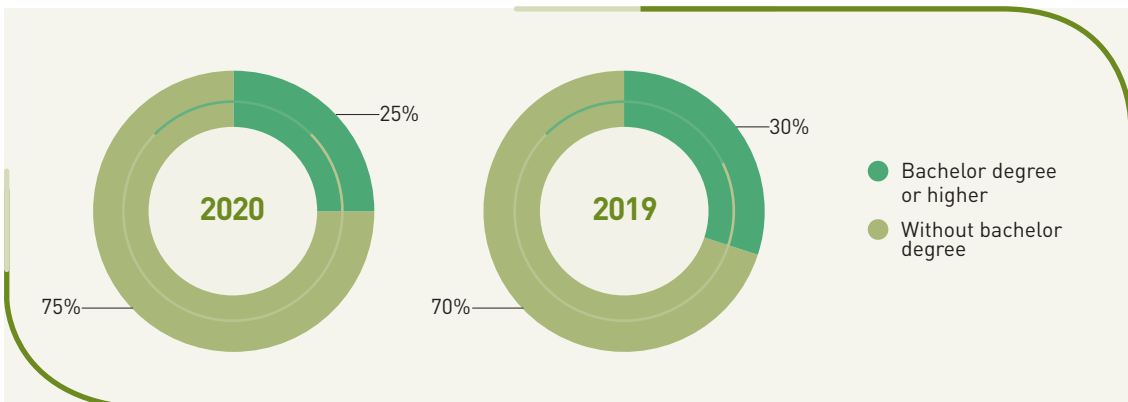
## STAFF PROFILE BY GENDER



## STAFF PROFILE BY AGE



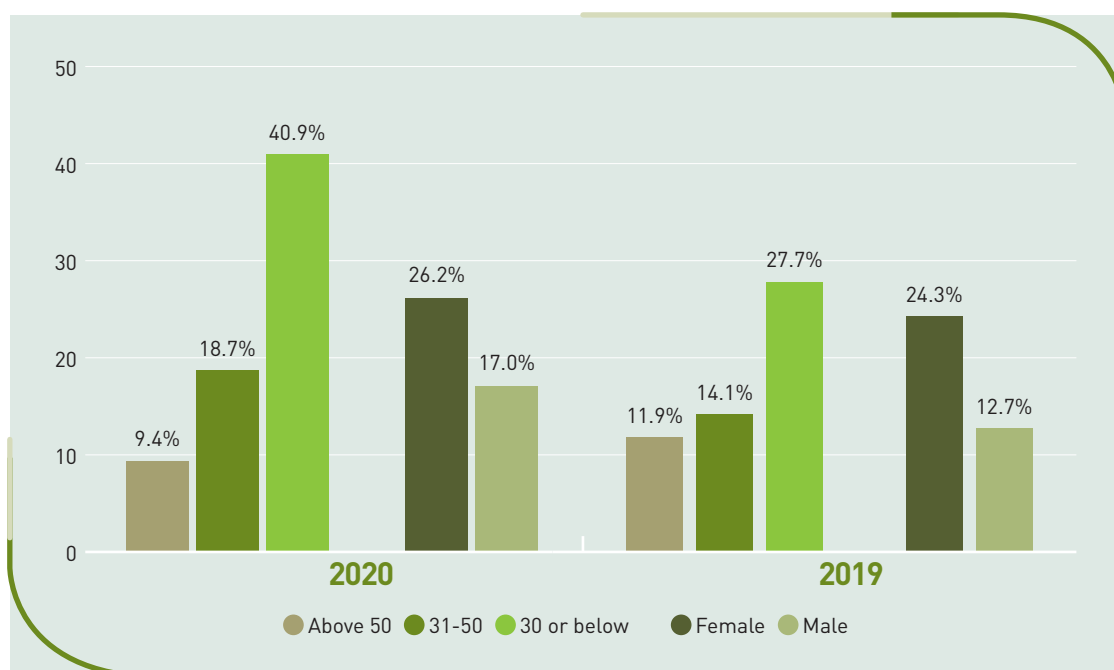
## STAFF PROFILE BY EDUCATION



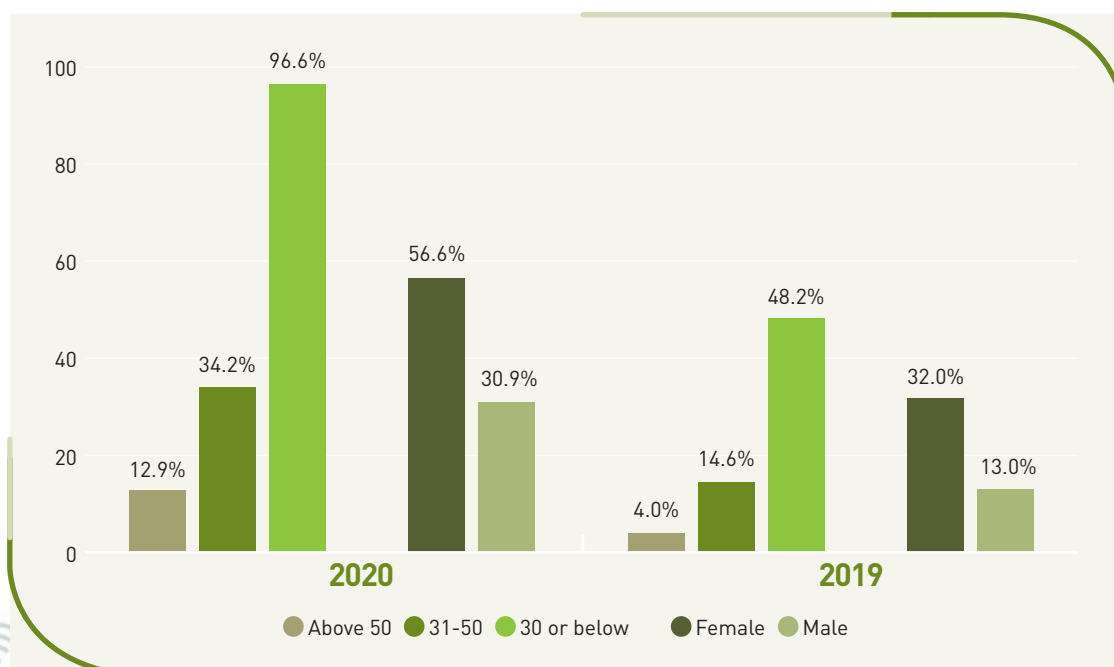
# Environmental, Social And Governance Report

The analysis of staff on-boarding and turnover rates during the Reporting Period is as follows:

## STAFF ON-BOARDING RATE



## STAFF TURNOVER RATE



# Environmental, Social And Governance Report

## B.2 HEALTH AND SAFETY

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards, such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》), to ensure that the employees are working in a safe environment in respect of health, hygiene, ventilation, gas safety, building structure and escape routes.

As a member of the community, the Group considers that it has the responsibility to take a series of measures to minimize the risk of the spread of the novel coronavirus ("COVID-19"), which broke out in early 2020. Accordingly, we have taken a number of epidemic prevention measures in the workplace, such as: providing employees with epidemic prevention materials, including disinfectant, hand sanitizer, alcohol for disinfection and masks; mandatory body temperature check before entering the workplace; allowing employees to work from home pursuant to local government measures; and disinfecting the office daily.

### Health of our employees

The Group not only complies with all the laws and regulations in relation to the health of our employees, but also deeply cares about their health by providing them with regular physical examinations and monitoring the level of hazardous factors in our production facilities.

The Group also has fitness and table tennis equipment and an appropriate amount of recreational facilities installed in workplaces as well as green plants in the office, so that its employees can work in a comfortable environment, maintain physical and mental health and improve work efficiency.



# Environmental, Social And Governance Report

## Occupational safety

The Group's business involves production lines, and the safety of our employees is without question the top priority during the Group's operations. To ensure that all employees work under a safe working environment, we provide our employees with safety equipment such as goggles and helmets, and post eye-catching notices in the factory to remind them to wear appropriate equipment provided by the Company. We also hold production meeting at least once a month, and provide our employees with safety training in the meeting so as to ensure and enhance their awareness and knowledge of occupational safety.

We take precautionary measures against any occupational safety accidents. For example, we actively participate in building-wide fire drills, and post emergency escape routes we formulated in visible locations. We comply with statutory fire safety regulations, have adequate fire protection equipment installed and conduct regular inspections. During the Reporting Period, number of work-related injuries is as follows:

	Unit	2020	2019
Number of work-related injuries	Case(s)	0	1
Number of severe work-related injuries	Case(s)	0	0
Lost days due to work-related injuries	Day(s)	0	40





# Environmental, Social And Governance Report

## B.3 DEVELOPMENT AND TRAINING

In order to maintain the competitiveness of the Group and our employees, our human resources team regularly organizes internal and external training for our employees to support their personal growth and continuous development.

The Group provided diverse training programs for our employees during the Reporting Period, including induction training, company policy training, production efficiency training, occupational safety training and on-the-job training. The following table shows the number of hours that our employees spent in training during the Reporting Period:

	2020	2019
Approximate hours per head (hours)		
Manager level or above	28	42
Below manager level	39	42

The Group also provides its employees with internal promotion opportunities to acknowledge their outstanding performance and hard work.



## B.4 LABOUR STANDARDS

The Group strictly complies with the laws in the place where it operates, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Provisions on the Special Protection of Juvenile Workers (《未成年工特殊保護規定》), and the Provisions on Prohibition of Child Labour (《禁止使用童工規定》), and will absolutely not hire child labour or forced labour.

The Group adopts employment policies which prohibit child labour and forced labour and ensures strict compliance by each group company. At the point of entry, the Group will conduct investigation with due diligence into the applicants' age and background and thereafter regularly check whether any employment of any levels violate any laws or regulations, to completely rule out the possibility of employing child labour and forced labour. During the Reporting Period, the Group has not had any non-compliance with laws and regulations in relation to the prevention of child labour or forced labour.

# Environmental, Social And Governance Report

## OPERATING PRACTICES

### B.5 SUPPLY CHAIN MANAGEMENT

The Group's major suppliers are raw materials suppliers for our manufacturing business, New Jewellery Retail business and silver trading business. We are committed to providing our customers with quality products and services. To ensure the quality of our products, we are very careful in selecting our suppliers. For example, we will perform due diligence investigations on new suppliers to get an understanding of, among other things, their backgrounds and whether they are in compliance with environmental permits, so as to ensure the commitment of our upstream suppliers to environmental protection and market quality.

The Group has set up a procurement department to handle procurement fairly by making comparison in a number of aspects. Our procurement department also communicates directly with the customer service department to collect customers' opinions on the quality of our products in an effort to provide feedback to our suppliers.

During the Reporting Period, the Group has established a stable supplier network with approximately 49 suppliers, all of which were local suppliers of China.

### B.6 PRODUCT RESPONSIBILITY

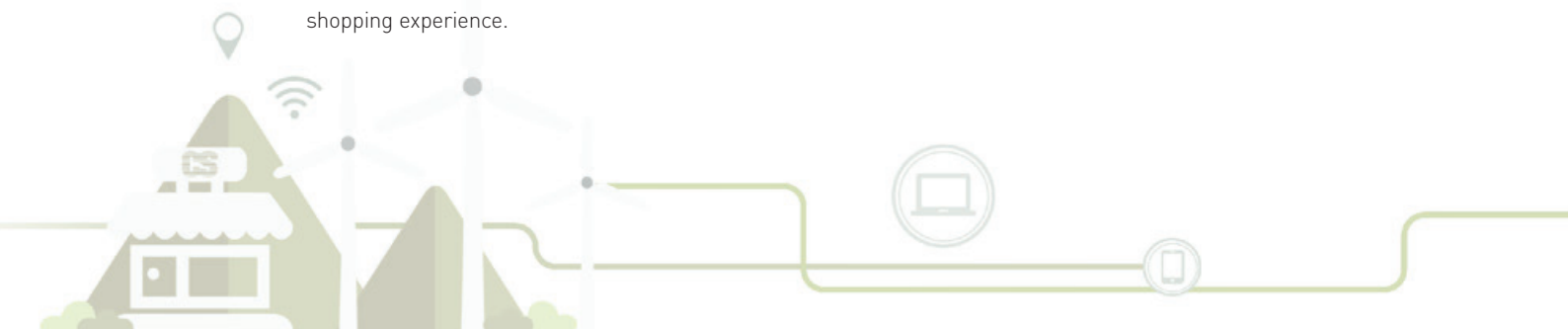
During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress, such as the Trade Descriptions Ordinance (《商品說明條例》) (Chapter 362 of the Laws of Hong Kong), the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Law on Protection of the Rights and Interests of Consumers of the People's Republic of China (《中華人民共和國消費者權益保護法》).

#### Product safety

In order to ensure product safety, we carefully examine the quality of our products before they are delivered to our customers. When designing a product, we always bear product safety in mind with regard to different groups of consumers. During the Reporting Period, the Group did not make any recalls due to safety and health incidents.

#### Product quality

Integrity and quality are the cornerstones of the corporate culture of the Group. In addition to monitoring the quality of raw materials, we strive to offer standardized, systematic, branded and widely-accepted products, thereby ensuring that every product delivered to our customers has gone through multiple inspection procedures and meets industrial standards. Particularly, in the production of silver, our laboratory will carry out examination and inspection and only those meeting the No. 1 National Standards will pass. We also strive to achieve a level of excellence in terms of product and retail services as well as after-sales services, aiming to provide our customers with an extraordinary shopping experience.



# Environmental, Social And Governance Report

## Excellent service experience

### Online

The Group has established an online platform for customers to purchase goods at any time of the day. We also launch online pre-sale activities from time to time to showcase our latest products. With the assistance of software, we can clearly understand our customers' preferences and needs, and respond immediately to meet market demand and increase customers' sense of superiority.

### Offline

As for our offline retail business, the Group is developing a set of RFID technology to understand customers' purchasing patterns and collect transaction data. Some retail experience shops have started to use RFID to collect customer data and analyze customer preferences based on their time of browsing and fitting, thus enabling shopkeepers to understand our customers' needs and provide a better shopping experience.

## Excellent customer service

The Group always considers the needs and opinions of our customers as one of our core considerations, and has set up a dedicated after-sales service team, which relays customers' feedback to the relevant departments in a timely manner for active follow-up. We understand that while excellent customer service relies on professional customer service staff, the privacy of our customers is crucial. Therefore, we provide separated office spaces for our customer service department to ensure that customer needs and privacy is well protected.

## Data privacy and intellectual property rights

The Group attaches great importance to the protection of its intellectual property rights and customer privacy. Through our membership programme, social media platforms and the Company's website, the Group collects personal data from customers. We consider privacy and personal data protection as part of our business management. In order to ensure that our employees fully understand their responsibilities for the operation and management of the Group as well as the privacy of our customers, our employees are requested to sign confidentiality agreements when joining us. The Group's enthusiasm for innovation and art has made us pay more attention to intellectual property rights. When designing a product, we always aim to achieve uniqueness and will apply for a patent for our exclusive products and technologies.

During the Reporting Period, the Group did not breach any intellectual property rights and privacy of any related parties. The Group will continue to ensure that the intellectual property rights and privacy of our suppliers and customers are duly protected.





# Environmental, Social And Governance Report

## B.7 ANTI-CORRUPTION

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Regulations of the People's Republic of China for Suppression of Corruption (《中華人民共和國懲治貪污條例》) and the Prevention of Bribery Ordinance (《防止賄賂條例》) (Chapter 201 of the Laws of Hong Kong).

We require all our employees to always be honest and self-disciplined, refraining from corruption, and rejecting any kickbacks. Nobody is allowed to take advantage of his/her positions and misappropriate the money and properties of the Group, or abuse his/her powers to seek personal interests. The Group strictly prohibits any form of corruption, bribery and wrongful payment.

In order to establish an open, fair and transparent business culture, and deter violations such as bribery, extortion, fraud and money laundering, the Group has established the Integrity & Compliance Department, which is responsible for receiving and reviewing relevant whistle-blowing reports, and is determined to crack down on all corrupt sales activities.

The reports we accept include but are not limited to the following:

- Asking for or accepting bribes from our employees, including cash, premium gifts and any forms of lavish treatments;
- Conflicts of interests in duty performance, such as violation of the Group's investment regulations, and working for our suppliers, distributors and partners at the same time;
- Leakage of the Group's confidential information and data by our employees; and
- Exploitation of positions by our employees for personal gains.

The Group encourages whistle-blowers to report by real-name and promises to protect their identities and keep their reports strictly confidential. For all commenced investigations, the relevant departments will provide updates to the whistle-blowers according to the contact information provided.

The Group values integrity and requires our business partners to strictly abide by anti-corruption practices. We maintain business relationship only with suppliers operating in an honest and transparent manner.

During the Reporting Period, no anti-corruption cases involving the Group were concluded.

## B.8 COMMUNITY INVESTMENT

The Group gives back to society by contributing to public welfare and actively participates in community services under the philosophy of "benefitting from society, giving back to society". The Group organizes craft workshops for children from time to time to produce souvenirs in order to give them a deeper understanding of the historical development of silver and jewellery.

