



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

2021



Environmental, Social And Governance Report

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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 (“**ESG**”) from 1 January 2021 to 31 December 2021 (the “**Reporting Period**” or the “**current year**”) together with the comparative figures from 1 January 2020 to 31 December 2020 (the “**last year**”).

Principal activities

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 CSMall Group Limited, being the design and sales of gold, silver, gem-set, colored gemstones and other jewellery products in the PRC; and (iii) the Silver Exchange segment, being the operation of Shanghai White Platinum & Silver Exchange (上海華通鉑銀交易市場有限公司) (“**Shanghai Huatong**”), an integrated precious metal and non-ferrous metal exchange platform in the PRC.

Main reporting guidelines

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 “**Stock Exchange**”) (the “**Listing Rules**”) (the version effective from 1 July 2020 to 31 December 2021). 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.

Preparation principle

The Report has been prepared based on the following reporting principles:

Materiality: When the Company’s board of directors (the “**Board**”) determines that ESG issues will have a significant impact on the Group’s investors and other stakeholders, the Group shall report on them, details of which have been disclosed in the sections headed “STAKEHOLDERS’ ENGAGEMENT” and “MATERIALITY ASSESSMENT”;

Quantitative: Quantitative environmental and social information has been presented in the Report with descriptions of its purpose and impact, and comparative information will be provided in subsequent reports;

Consistency: The Report is our sixth ESG report. We adopt a consistent approach for ESG information disclosure in the Report to facilitate meaningful comparisons year by year.

Publication

The Report is available online in both Chinese and English versions. All shareholders and stakeholders can access the Report on the website of the Stock Exchange at www.hkexnews.hk and the Company’s website at www.chinasilver.hk. In case of any discrepancy, the English version shall prevail.



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GROUP PROFILE

The Group is committed to continuing to be 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, quality products and diversified sales channels of the Group are the keys to our success.

STATEMENT OF THE BOARD

In order to ensure the establishment of competent ESG risk management measures and internal control system, the Board is responsible for directing the sustainability strategies and the reporting of ESG, while the management of the Group would execute the strategies and practice sustainability in their daily operation.

The Board reviews and revises the Group's policy on sustainable development from time to time to ensure the effectiveness of the policy for accomplishing the expectations and needs of the stakeholders. An annual review will be carried out by the Board on the ESG initiatives to make sure adequate measures have been taken to enhance sustainability governance. A materiality assessment and stakeholders' assessment are carried out every year to identify and prioritize material ESG and risk related issues.

In the long run, we aim to emphasise on business sustainability and strive to maintain higher standards of business practices in respect of environmental protection, especially against the backdrop of the strict enforcement of the Central Ecological and Environmental Protection Inspection Group, which indeed has greatly raised the industry's barriers in terms of environmental protection under the Manufacturing segment.

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STAKEHOLDERS' ENGAGEMENT

The Group values all stakeholders and their views on the Group's business and 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
The Stock Exchange	Compliance with the Listing Rules	Announcements published on the Stock Exchange's website Meetings Telephone calls and emails
Government and regulatory authorities	Compliance with relevant 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 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

During the Reporting Period, the Group held discussions with the management and conducted materiality assessment through various channels to identify ESG issues that the key stakeholders and the Group are both interested in; and assessed the level of concern as viewed by them; so as to select the relatively important environmental and social issues. For materiality assessment, the Group has adopted the following three processes:



Identification

- Through diverse channels and internal discussion
- Examines and adopts the ESG issues of concern in the past stakeholders' engagement
- Draws attention to emerging ESG issues



Setting priorities

- Synthesises, analyses and evaluates the views of all parties to identify and prioritise potential and important issues



Validation

- Interacts with the management team to validate the materiality assessment results and ensure that these issues are aligned with the sustainable development direction sought by the Group
- Reports the materiality assessment results to the Board and makes disclosure in the ESG report

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

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

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 csf@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 notices 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 Notices 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 under the Manufacturing segment of the Group. Pursuant to the Notices, the Bureau has imposed a penalty of approximately RMB1.5 million and 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》);



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- (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》).

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 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.

On 24 August 2021, the local environmental protection authority notified Jiangxi Longtianyong that, following the adoption of rectification measures by Jiangxi Longtianyong, such as the demolition of non-compliant facilities and construction of compliant facilities, the relevant authorities have approved in principle the resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the "**Resumption of Production Notice**"). Pursuant to the Resumption of Production Notice, after conducting environmental compliance assessment on the silver workshop, the relevant authorities were of the view that the pollution prevention and control measures of Jiangxi Longtianyong after rectification were in compliance with the relevant environmental requirements. The Resumption of Production Notice also requires Jiangxi Longtianyong to further enhance its pollution prevention and control facilities and strictly implement its environmental protection management system, with a view to ensure that the discharge of pollutants consistently meet the required targets.

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As part of Jiangxi Longtianyong's efforts to fully resume production activities, Jiangxi Longtianyong has been working to upgrade and enhance its production facilities for the clean production of tin and precious metals (including gold, silver and palladium) (the "Project"). The Project is subject to approvals by multiple governmental authorities. A consultation draft of the environmental impact report for the Project (the "Report") has been made available for public inspection by the local government of Yongfeng County and no opposition has been received during the public inspection period. Following the completion of the public inspection period, the total pollutant emission levels calculated based on the Report and the emission standards adopted in the Report have been submitted to the relevant government authorities of Ji'an City and Jiangxi Province for review and approval. It is expected that if such authorities approve the emission levels and emission standards as stated in the Report, the Report will be further submitted to the Department of Ecology and Environment of Jiangxi Province for review, expert assessment and pre-approval public inspection. The Report may be subject to further revisions before it is formally approved by the relevant government authorities. In parallel with the aforesaid environmental impact assessment process, Jiangxi Longtianyong has begun constructing some of the production facilities for the Project. It is expected that, following the approval of the Report and completion of such construction works, Jiangxi Longtianyong will carry out installation and testing of relevant equipment as well as trial run of the production facilities to ensure that they operate smoothly and are consistent with the emission levels and emission standards as approved by the relevant governmental authorities. Following such efforts, Jiangxi Longtianyong will apply for completion acceptance of the Project, after which the production facilities for the Project will be formally put into operation. The Group currently targets to fully resume production activities at Jiangxi Longtianyong in the second quarter of 2022.

Further details of the suspension of production and subsequent developments are set out in the Company's announcements published on 7 June 2021, 25 August 2021 and 22 February 2022.



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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 relevant 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 relevant laws and regulations to transport dangerous goods. Therefore, the Group was unable to directly measure the emissions of the relevant vehicles.

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

	2021	2020
Gas emissions (tonnes)		
Nitrogen oxides (Note 1)	0.02	0.11
Sulphur dioxide	2.69	6.83
Particulates	1.12	2.89

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

Due to the suspension of production under the Manufacturing segment, the gas emission during the production processes in the current year was significantly lower than that in the last year.

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Greenhouse gas emissions

Greenhouse gas emissions include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

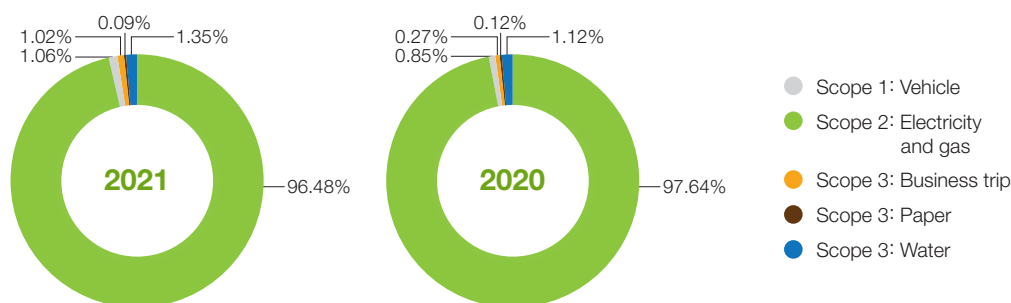
The greenhouse gases generated in the business processes of the Group mainly include Scope 1: vehicles; Scope 2: electricity and gas used in office and warehouses; and Scope 3: paper and water used by employees and in office and warehouses and business trips. The main greenhouse gas emission of the Group is carbon dioxide (CO₂).

	2021		2020	
	CO ₂ equivalent emission (tonnes)	Intensity (Note 2)	CO ₂ equivalent emission (tonnes)	Intensity (Note 2)
Scope 1 – Greenhouse gas direct emissions				
Greenhouse gas emissions from mobile combustion sources	35	1.52	63	1.32
Scope 2 – Energy indirect emissions				
Mainly from the electricity purchased	3,185	138.24	7,252	152.38
Scope 3 – Other indirect emissions				
Paper waste disposed at landfills	3	0.13	9	0.19
Electricity used for processing fresh water and sewage by government department	45	1.95	83	1.74
Business air travel by employees	34	1.48	20	0.42
	3,302	143.32	7,344	154.32

Note 2: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB2,304 million during the Reporting Period (2020: RMB4,759 million).

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CARBON DIOXIDE EMISSIONS



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

Non-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. The following table shows the total amount of wastes sent by the Group to these specialized companies during the Reporting Period.

	2021	2020
Non-hazardous wastes		
Usage (tonnes)	16,068	49,107
Intensity (Note 3)	697	1,032

Note 3: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB2,304 million during the Reporting Period (2020: RMB4,759 million).

Due to the suspension of production under the Manufacturing segment, the non-hazardous wastes generated during the production processes in the current year were significantly lower than that in the last year.

Hazardous wastes

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. During 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. As a result, the Group recorded a pollutant handling fee of approximately RMB1.5 million during the Reporting Period.

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In regard to the rectification measure of disposal of hazardous waste stored in production workshops and warehouses, certain of Jiangxi Longtianyong's inventory of raw materials which had previously been refined for production purposes was deemed to be hazardous waste pursuant to the Notices and was ordered to be disposed of. Accordingly, a one-off write-off of inventories of approximately RMB2,408.5 million was recorded in the current year (2020: nil). Other than that, no other hazardous wastes were produced during the Reporting Period.

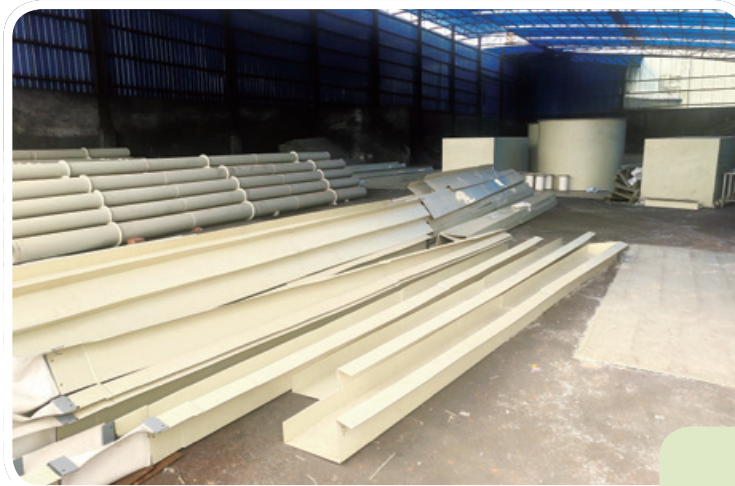
The below shows the quantities of hazardous wastes disposed during the Reporting Period.

	2021	2020
Hazardous wastes		
Usage (tonnes)	26,000	-
Intensity (Note 4)	1,128	-

Note 4: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB2,304 million during the Reporting Period (2020: RMB4,759 million).

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.





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A.1.4 Treatment of hazardous and non-hazardous wastes

Waste treatment

The Group collected waste residues internally and from third parties, then reprocessed them to produce valuable products 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 during the Reporting Period, 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 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.

A.1.5 Measures for and results of reducing emissions

The Group targets to maintain its emissions within the relevant regulatory standards by the following means.

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 regulatory standard was recorded in the Reporting Period.

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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	2021		2020	
		Usage	Intensity (Note 5)	Usage	Intensity (Note 5)
Power consumption	kWh	4,485,294	194,674	10,213,301	214,610
Diesel consumption	tonnes	19	0.8	210	4
Coal	tonnes	740	32	2,200	46
Coke	tonnes	8,000	347	9,100	191

Note 5: The intensity is the corresponding unit per RMB100 million of the Group's revenue, which was approximately RMB2,304 million during the Reporting Period (2020: RMB4,759 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. During the Reporting Period, we did not encounter any significant issues in sourcing water that is fit for purpose. The following table illustrates the Group's water usage during the Reporting Period.

Resources Utilization	Unit	2021		2020	
		Usage	Intensity (Note 6)	Usage	Intensity (Note 6)
Water consumption	tonnes	88,005	3,820	172,788	3,631

Note 6: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB2,304 million during the Reporting Period (2020: RMB4,759 million).

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

The Group endeavours to use its best efforts to reduce the consumptions on energy, paper and water, as well as packaging material in the coming year.

In order to achieve this target, 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.

The Group has worked to raise staff awareness of environmental management at workplace by encouraging the staff to reduce the consumption of electricity, paper and water resources. When carrying out renovations of the new offices, the Group used more energy efficient LED lighting and air conditioners. Moreover, we put posters at conspicuous locations to remind our staff to switch off electricity when leaving office and turn off water taps immediately after use. The Group strongly encourages double-sided printing, use of electronic documentation and recycling of used paper in order to reduce paper consumption. Dedicated bins have been set up in offices to facilitate waste separation and recycling.



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

Under the New Jewellery Retail segment, 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.

Main packaging material	2021		2020	
	Usage (tonnes)	Intensity (Note 7)	Usage (tonnes)	Intensity (Note 7)
Plastics	4.9	0.21	3.8	0.080
Corrugated paper	8.0	0.35	6.2	0.130
Paper sheets	0.5	0.02	0.4	0.008

Note 7: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB2,304 million during the Reporting Period (2020: RMB4,759 million).

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.

When we dispose of the inventories of raw materials which were previously refined for production purposes, we carefully select the licensed hazardous wastes handlers.

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 emphasise our vision of environmental protection.

Anti-pollution measures and inspection

Our emission of wastewater and exhaust is inspected by certified third parties. For parts that 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, the Group has engaged an external environmental expert to advise on appropriate rectification measures for addressing the concerns of the Bureau.

A.4 CLIMATE CHANGE

The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks. Understanding these trends and the relationship with our business can help us to prepare, analyse possible risks and opportunities, help seize the opportunities of potential benefits and establish the response capacity of the Group in the long run.

In response to climate change, the Group is committed to reducing carbon emissions and waste generated during its production and operational processes.



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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.

In order to enhance operational efficiency and minimise the staff redundancy during the suspension period under the Manufacturing segment, the total number of staff decreased from 914 to 289 as of the end of the Reporting Period. All of our employees are full-time staff for both years. 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.

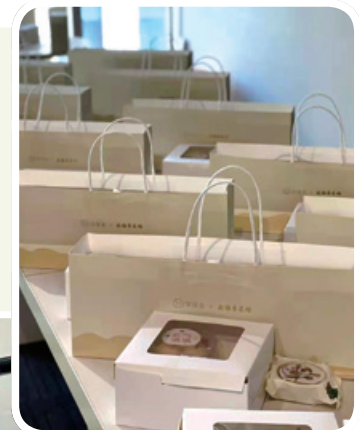
Through a rigorous and transparent recruitment process, the Group has successfully adhered to the corporate principle of fair employment in our talent management. With regard to promotion arrangements, the Group provides promotion opportunities for qualified employees in order to make the best use of 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.



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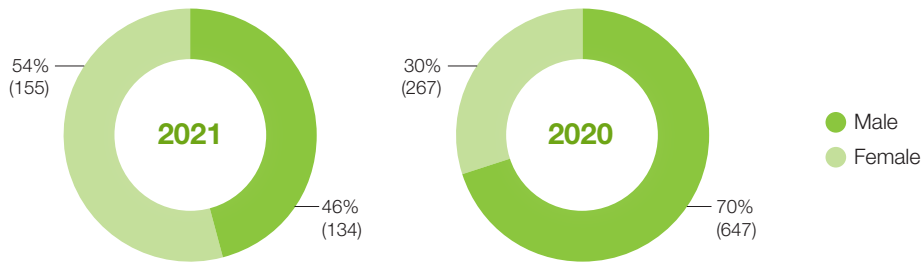
We value the opinions of our employees and encourage them to voice their thoughts so that we can create a comfortable working environment for them. Therefore, we have set up feedback collection email addresses and mailboxes as a channel of communication between our employees and the Group. In addition, we believe that the Group's success depends on our employees' commitment and sense of belonging. In the current year, in light of the outbreak of novel coronavirus ("COVID-19"), we sent shopping cards and gifts during festivals instead of arranging staff gatherings and parties so as to minimise the risk of spreading COVID-19, 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.



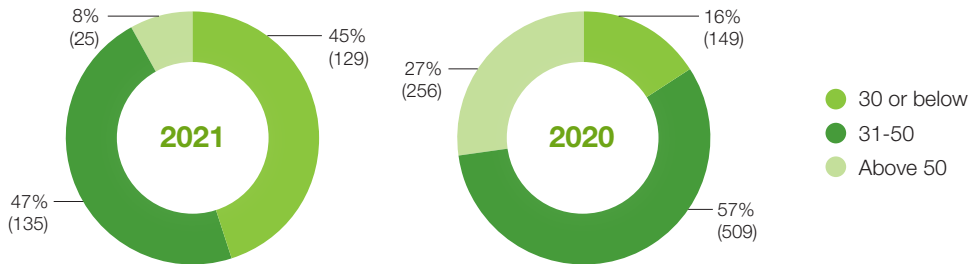
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The following figures are compiled based on the total number of employees as at the end of the Reporting Period.

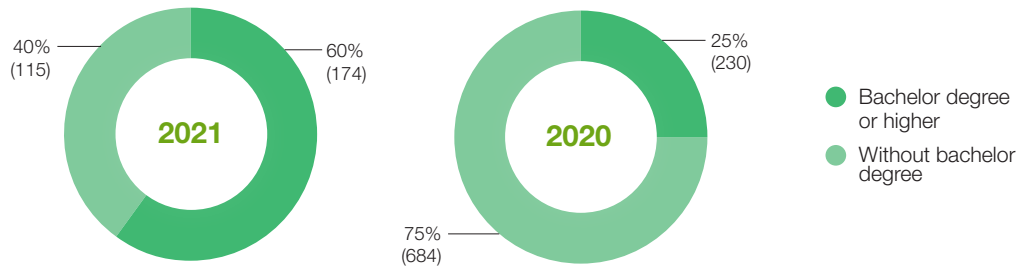
STAFF PROFILE BY GENDER



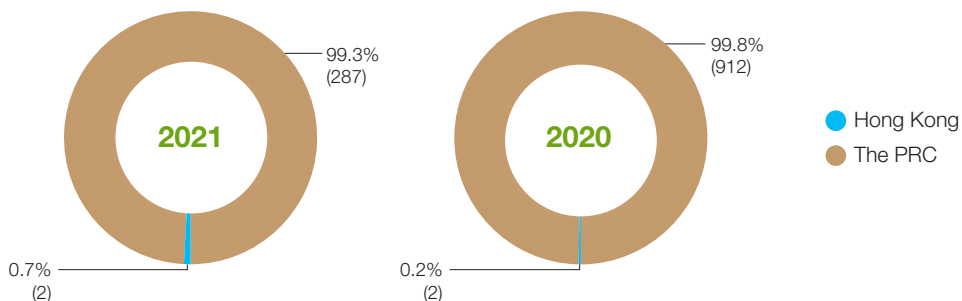
STAFF PROFILE BY AGE



STAFF PROFILE BY EDUCATION



STAFF PROFILE BY GEOGRAPHICAL REGION



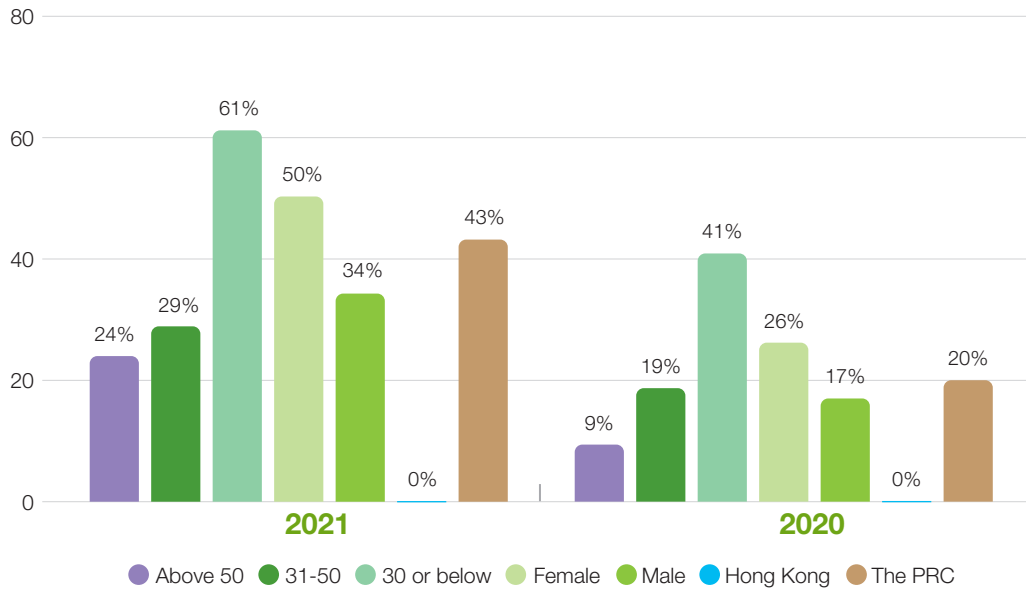


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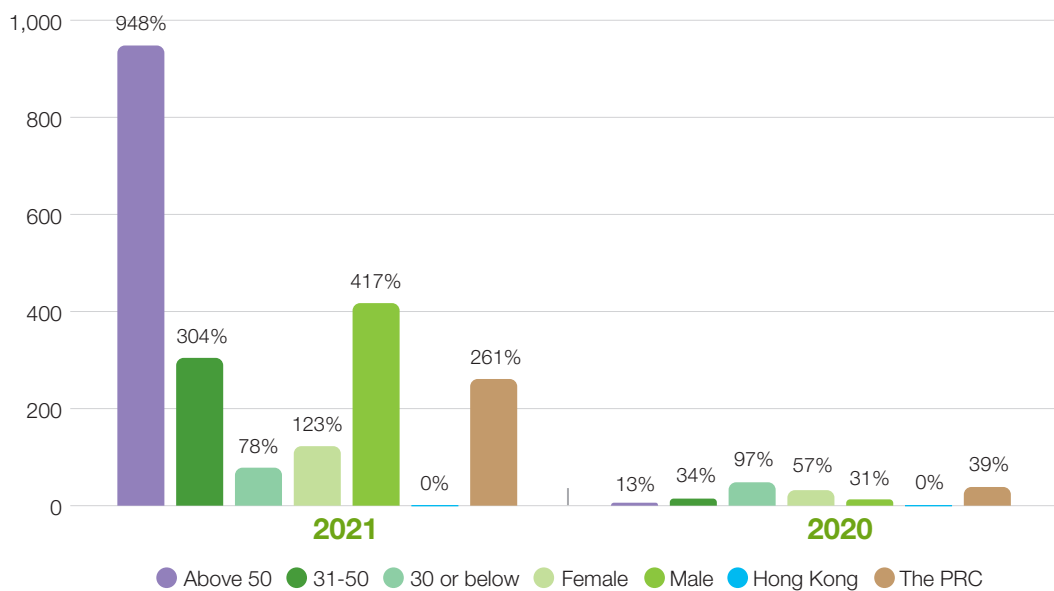


The analysis of staff on-boarding and turnover rates during the Reporting Period is as follows:

STAFF ON-BOARDING RATE



STAFF TURNOVER RATE



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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 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 relevant 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.

Providing a safe and relaxing working environment for our employees is one of our main considerations. A number of measures have been implemented in the workplace to promote this policy, which are detailed as follows:

- No smoking, no abuse of alcohol and no drugs in the workplace;
- Provision of clean and tidy staff lounge;
- Adequate illumination in the workspace and open and clear corridors, especially the escape exits; and
- Provision of adjustable chairs and computer displays so that our employees can maintain proper sitting postures and protect their eyes.

Moreover, the Group also has an appropriate amount of recreational facilities installed in workplaces as well as green plants in the office, so that our 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 Group. 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.

No work-related fatalities were recorded in each of the past three years including the Reporting Period. During the Reporting Period, no work-related injuries were recorded.

	Unit	2021	2020
Number of work-related injuries	Case(s)	0	0
Number of severe work-related injuries	Case(s)	0	0
Lost days due to work-related injuries	Day(s)	0	0





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:

	2021	2020
Approximate hours per head (hours) (Note 8)		
Manager level or above	1.4	0.6
Below manager level	8.8	8.1

Note 8: The calculation for last year's average training hours per employee was adjusted to total number of training hours over total number of employees to facilitate meaningful comparisons with that of the current year.

During the Reporting Period, the percentages of staff that received training are: management level or above staff: 59%, below manager level staff: 40%; male: 49%; female: 37%.

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 relevant 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.

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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 63 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 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.

As mentioned in the above sections, in regard to the rectification measure of disposal of hazardous waste stored in production workshops and warehouses, certain of Jiangxi Longtianyong's inventory of raw materials which had previously been refined for production purposes was deemed to be hazardous waste pursuant to the Notices.

Save as disclosed above in relation to certain of Jiangxi Longtianyong's inventory of raw materials, we did not receive any major complaints about the quality of our products and services.



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Excellent service experience

For the online business under the New Jewellery Retail segment, the Group has established an online platform for customers to purchase goods at any time of the day. The Group also launches 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. We have vigorously developed E-commerce live streaming business in recent years, and E-commerce live streaming realises face-to-face information exchange between streamers (merchants) and consumers. Through the live streaming communication portal, consumers can be provided with better products and services. Meanwhile, our powerful technology research and development team has created a "smart marketing decision support system" for jewellery industry. Through collecting and analyzing data from both online platforms and offline stores, such system provides valuable information on customer behaviour and preferences, thereby allowing retailers to gain an insight into operational and business strategies. Big data analysis not only allows us to understand customer behaviour and preferences, but also equips us with insight into our operations and business strategies, helping to provide consumers with enhanced shopping experience and better products.

After-sale services

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.

In order to raise the awareness of self-discipline, the Group provides relevant anti-corruption and anti-bribery training for the Board and employees. All new employees have training on anti-corruption business ethics and anti-money laundering in order to enhance their self-discipline awareness and emphasize the importance of integrity and ethics. The Group's "Anti-Corruption Policy" was officially published on the official website of the Company in March 2022 and also included in the staff's handbook.

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". In the last year, the Group organized 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. To minimize risk of spreading COVID-19 in the society, we did not organize such activities in the current year.