





ABOUT THIS REPORT

Hong Kong Resources Holdings Company Limited (the "Company", together with its subsidiaries (the "Group" or "We"), hereby presents this Environment, Social and Governance ("ESG") Report (the "Report") for the year ended 30 June 2022.

This Report illustrates on various policies and measures carried out by the Group in fully implementing the principle of sustainable development in a transparent and open manner during the year. The Report covers the management policy, mechanisms and measures for the environmental protection, emission reduction, safe workplace, staff training and drills, supply chain management and community investment and engagement, with a view to enhancing the confidence and understanding of the stakeholders toward the Group.

REPORTING STANDARD AND SCOPE

This Report covers the reporting period from 1 July 2021 to 30 June 2022 (the "Reporting Period") and makes relevant disclosures in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "HKEx").

During the Reporting Period, the Group was principally engaged in the provision of trademark licensing and retailing for gold and jewellery products in Hong Kong and Mainland China and providing new media marketing service in Mainland China. Focusing on the core and significant business units within the Group, the scope of this report covers the business operations of (i) the offices in Hong Kong and Mainland China; (ii) self-operated point of sales in Hong Kong and Mainland China for gold and jewellery products; and (iii) the office of new media marketing service in Mainland China.

REPORTING PRINCIPLES

The Group has applied the principles of "Materiality", "Quantitative", "Balance" and "Consistency" in accordance with the ESG Reporting Guide in the preparation of this Report. Details of application of these reporting principals are illustrated below:

Materiality

We engaged with our stakeholders to identify and assess ESG issues that matter most from their perspectives. We assess the materiality of these ESG issues based on the corresponding risks posed on the sustainability on the Group's business. A materiality assessment was conducted to determine material ESG issues with results approved by the Board of Directors (the "Board"). More details can be found in the sections "STAKEHOLDER ENGAGEMENT" and "MATERIALITY ASSESSMENT".

Quantitative

We disclosed information in relation to the relevant standards, methodologies, assumptions and/or calculation tools, and source of conversion factors used, for reporting the environmental and social key performance indicators ("KPIs"). Quantitative information is provided with narrative and comparative figures, where possible.

Consistency

We applied consistent reporting and calculation methodologies to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons. The material changes in the methodologies are set out in the relevant sections in detail. Proper explanation of any changes of calculation methodologies that may affect the comparison with previous reports have been added in the Report.

Balance

The Report provides complete, fair, clear, comparable and objective overview of the Group's ESG policies and performance for stakeholders with an unbiased picture.

FEEDBACK

Stakeholder's opinion is considered valuable and crucial to the Group's business and sustainable development. Should you have any opinion on this Report or our sustainable development performance, please contact us at info@hkrh.hk.

GOVERNANCE STRUCTURE

The Group understands that ESG are crucial to the sustainable development of an enterprise. The Group has established an ESG management framework with clearly defined responsibilities to ensure top-down and effective implementation of the ESG policies and measures. The Board is responsible for overseeing the effective implementation of the Group's ESG strategy and reporting, supervising and leading the senior management and relevant departments and business units in the design, implementation and monitoring of the risk management and internal control systems to address the ESG-related issues, and regularly reviewing the progress of relevant performance and objectives.

The Group has established an ESG governance structure and implemented the concept of sustainable development in its daily work. The structure consists of three parts:

- (i) The decision-making level (the Board of Directors);
- (ii) The organisation level (the management); and
- (iii) The execution level (the departments and the business units of the Group), which are responsible for different ESG functions and work, respectively.

The Board is responsible for:

- Taking up the overall responsibility over the Group's ESG strategy and reporting;
- Developing the ESG management framework, approach, strategy, priorities and objectives;
- Overseeing the Group's overall ESG risks, sustainable initiatives and its relevant goals and targets, and reviewing the relevant progress and performance;
- Ensuring that appropriate and effective ESG risk management and internal control systems are in place related to ESG matters;
- Delegating the ESG-related responsibilities to senior management and departments;
- Supervising and leading the management, departments and business units to conduct the ESG-related work; and
- Reviewing and approving the ESG Report.

The Senior Management is responsible for:

- Developing and implementing relevant policies and measures in accordance with the ESG approach, strategy, priorities and objectives set by the Board;
- Assessing and determining the ESG-related progress, performance, risks and opportunities, and reporting to the Board;
- Providing guidance on the implementation of the ESG policies and measures to the departments and business units of the Group;
- Being delegated with authority from the Board to review and monitor the Group's ESG policies and practices to ensure compliance with the relevant legal and regulatory requirements;
- Reporting the ESG-related work to the Board; and
- Preparing the ESG Report and submitting it to the Board for approval.

The departments and the business units of the Group are responsible for:

- Coordinating and implementing specific ESG policies, strategy, objectives and measures;
- Integrating and collecting information and data relating to the Group's ESG performance;
- Reporting the ESG-related work to the management and make recommendations where appropriate;
- Coordinating with senior management in preparing the ESG Report; and
- Collecting feedback from stakeholders.

APPROACH AND STRATEGY

The Group adopt a long-term view on sustainability in the context of the investments and involvements of the Group in the shared environment. While keeping abreast of the ever-changing sustainability relevant business practices of the business spaces of the Group, the Group adopt a vigilant yet coherent approach in aligning the sustainability directives of the Group. the Group had identified decarbonization and digitalization as the core drivers of the strategic alignment effort of the Group.

In additions, the Board implemented a clear and prioritise ESG management approach and initiative that is closely aligned with the Company's overall business strategy. The management are responsible for the formulation of policies and guidelines, and the allocation of budgets for the ESG activities and projects in achieving sustainable development. Our vision is to promote sustainable economies, build a solid foundation and a bright future for the Group and enhance the value for business partners of the Group and shareholders of the Company.

OUR GOAL AND PROGRESS REVIEW

We set environmental goals and social goals for the sustainability of the Group's business, our goals are as follows:

- While promoting the steady growth of our business, the Group regards social and environmental responsibility as one of the core values in its business operations;
- Key environmental concern of the Group is the consumption of energy and corresponding greenhouse gas ("GHG") emissions during the provision of (i) trademark licensing and retailing for gold and jewellery products; and (ii) new media marketing services;
- The goals and targets of the Group in relation to environmental issues are to maintain stable energy efficiency;
- Key social concern of the Group is safety and well-being of employees as they are the foundation of business growth; and
- The goals and targets of the Group related to social issues is to maintain safe working environment and maintain close relationship with employees:

We regularly update the Board on the achievement of KPI goals which include the environmental goals and the social goals. The senior management determines and reviews the progress of ESG objective and provide feedback through regular reports provided by the relevant business units and report to the Board. The Board reviews the achievement of objectives and the progress and effectiveness of ESG related matters. For the meanwhile, the Board continues to monitor the risks posed to the Group from these material ESG-related issues. As the business continues to develop, the Board has been paying attention to new ESG-related issues and will continue to oversee ESG-related work to keep abreast of the latest disclosure requirements of the ESG Report Guide of the HKEx.

The Group is committed to undertake ESG responsibilities and improving our ESG performance by upholding good corporate governance standards, implementing environmental friendly measures, responding to stakeholders' expectation with practical actions and promoting the sustainable development of the Company.

STAKEHOLDERS ENGAGEMENT

The Group recognizes the expectation and feedback from our stakeholders are vital for sustainable development of the Group. The Group values the intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. Stakeholder engagement is the process by which an organisation involves parties who may be affected by the decision it makes or can influence the implementation of its decisions. Therefore, the Group pays close attention to stakeholders' demands and has established communication channels to collect and response to stakeholders' concerns.

The Group actively engages with stakeholders to identify ESG issues that need to be addressed. The Group has also identified key stakeholders that are important to the business and has engaged in open and regular communication with our stakeholders including Government and Regulatory Authorities, Shareholders and Investors, Customers, Suppliers, Employees and Communities. During the Reporting Period, the Group continued to understand the key ESG concerns of our stakeholders through various communication channels and platforms, such as communication meetings and corporate websites etc., to promote and adjust the strategy of sustainable development.

The stakeholder's expectation and concerns has been taken into consideration by utilizing diversified communication channels as shown below:

Stakeholders	Communication Channels	Expectations and Concerns		
Internal key stakeholders				
Employees	• Employee performance evaluation	• Labour rights		
	On-the-job training	Career Development		
	• Internal email	Remunerations and benefits		
	• Staff handbook	• Occupational health and safety		
		• Respecting all employees and ensuring fair treatment		
External key stakeholders				
Government/Regulatory Authorities	• Announcement and other regulatory	Compliance with local laws and regulation		
	reports	Support for local economic growth		
	• Statutory filings and notification	Regular information reporting		
		• Pay tax on time, and in return contributing to the society		
Shareholders/Investors	• Annual General Meetings and other	• Return on investment and dividends		
	shareholders' meetings	Good corporate governance		
	• Announcement and circulars on HKEX			
	website	Operational sustainability		
	• Interim and Annual Reports	• Transparency and disclosure of corporate		
	Corporate website	information		
Customers	Corporate website	• Quality of products and service		
	Customer service hotline	Value of service		
	• Email	Timely delivery		
	• Advertisement	Corporate reputation		
	Social media platforms	• Customer data and privacy protection		
Suppliers	Procurement processes	• Stable demand		
	• Exhibition and Industry events	Good relationship with Company		
	Engagement and cooperation	Corporate reputation		
	• Supplier meeting and conference	• Fair competition/equal rivalry		
	• Regular assessment			
Community	• ESG Report	• Environmental protection		
	• Announcements	Community contribution		
	Company website	Economic development		
	Charitable activities			
	Staff volunteering activities			

MATERIALITY ASSESSMENTS

Materiality assessment was conducted in accordance with the expectation and feedback from the key stakeholders. We use the following process to identify, prioritise and manage material ESG-related issues:

Step 1: identify the ESG-related issues

• The issues are identified based on the disclosure requirements of the ESG Reporting Guides in Appendix 27 to the Listing Rules, the business characteristics of the Group and the ESG report of the industry peers.

Step 2: prioritise the ESG-related issues

- The Group collects feedback from the stakeholders in daily operation.
- The Group identifies and priorities the ESG-related issues which are considered to have significant impacts and materiality on stakeholders and the development of the Group's business.
- All the identified ESG-related issues will be prioritised based on the feedback from key stakeholders collected through the communication channels as mentioned in the "STAKEHOLDERS ENGAGEMENT" section.

Step 3: determine material ESG-related issues

• The issues with higher priority and importance was identified as material issues which will be determined and reviewed by management.

The material assessment helps to ensure that the Group's business objectives and development direction satisfy with the stakeholders' expectations and requirements. Based on the result of material assessment, the management of the Group priorities customer satisfaction, product quality and responsibility, occupational health and safety, employee training and development, use of resources and GHG emission as material issues which affect the long-term sustainability of the Group. Effective internal control systems on these aspects are reinforced with the aim of enhancing efficiency of operations and generating the environmental and social benefits to our stakeholders. The group will pay more attention to the above areas and focus on strengthening the discussion of material issues, in order to respond to the concerns of stakeholders, key initiatives and concerns of Group and stakeholders are summarized in the following sections.

Materiality Matrix

	High	 ♦ ♦ 	Anti-corruption and Anti-fraud Remunerations and benefits	* *	Customers satisfaction Customers privacy protection Employee training and development	* * * *	Economic performance Compliance with laws and regulations Product responsibility Employee right Qualifications and professional conduct
holders	Medium	~	Community contribution	<!--</th--><th>Use of Resources Suppliers management Occupational health and workplace safety</th><th>AA</th><th>Emission Energy consumption and efficiency</th>	Use of Resources Suppliers management Occupational health and workplace safety	AA	Emission Energy consumption and efficiency
Importance to Stakeholders	Low		Waste Management Prevention child and forced labor	÷	Attention to Community	A	Environmental awareness of employees Impact of climate change
Im		Lov	N	Me	dium	Hi	gh
	Importance to the group						
			> Environmental		♦ Employee		◆ Operation

A. ENVIRONMENTAL

Environmental targets

The Group is committed to transforming into a low-carbon economy and conserving resources in its business activities, including the use of energy, water and paper. We aim to reduce the use of resources and the consequential carbon footprint through the adoption of various green initiatives. Last year, the Group announced its emission and resource consumption targets that need to be achieved in Year 2025 by using Year 2020 as the baseline year for our environmental KPIs, the Group planned to:

- 20% Reduction in GHG emission intensity
- 20% Reduction in energy consumption intensity
- 20% Reduction in water consumption intensity

Environmental Protection Policies

Protecting the environment is one of the Group's key concerns. The Group commits to meet the requirements as stipulated in the applicable national/local environmental laws and regulations. Since the Group has taken into consideration of environmental sustainability in its business operations, the management of the Group will monitor its environmental performance regularly. The policies and measures for energy and waste management have been established and dedicated by the Group to achieve the emission targets as mentioned above.

A1 Emissions

Despite that the Group's operation does not have any mass emissions or significant impact to the environment, the Group is committed to minimize our environmental impacts by responsibly managing our business, reducing our carbon footprint and using resources effectively. Hence the Group has established relevant emissions reduction and energy saving initiatives to manage the emission and maintain green operations and is committed to operating in a sustainable manner through mitigating emissions, improving energy efficiency and reducing its impacts on the environment.

Our Group compliance with the following significant rules and regulations in relation to environmental protection:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong)
- Public Health and Municipal Services Ordinance (Cap. 132 of the Laws of Hong Kong)
- Environmental Protection Law of the People's Republic of China
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China

The Group recognises that pollution prevention and resource conservation are key to combating climate change, and thus effectively integrates these concepts into its business decision making.

Air emissions

The Group concerns about the use of fuel that could have an adverse effect on the environment.

The air-emissions of the Group were primarily generated from the use of the vehicles for operations. Enhancing fuel efficiency is a key focus of the Group's environmental protection efforts plays a key part in driving the Group's sustainable development. The Group encourages staff to make a good use of public transportation and use conference calls to reduce the frequency of business travel and reduce the usage of vehicles.

A summary on the relevant air emissions related KPIs of the Group for the year ended 30 June 2022 (with Year 2021 comparative data) is disclosed as follows:

Types of Emissions Unit E		Emissior	1	Emission intensity		
				(per million dollar	of revenue)	
		2022	2021	2022	2021	
Nitrogen oxides ("NOx")	g	2,228	2,641	2.47	3.09	
Particulate matter ("PM")	g	164	194	0.18	0.23	
Sulphur oxides ("SOx")	g	53	67	0.06	0.08*	

* Restatement and recalculation of data based on new data

Greenhouse gases emissions

The business operation of the Group produced certain degree of emissions, most of which were generated form retail stores. During the Year, the Group generates minimal GHG emissions from the vehicle use for operations and purchased electricity for business operation. The indirect GHG emissions, which are generated from daily electricity power consumption, is one of the main emissions and main sources of the carbon footprint of the Group. The carbon footprint of the Group will be monitored to find out the impact of the Group's daily operation on the environment.

A summary on the relevant emissions related KPIs for the year ended 30 June 2022 (with 2021 comparative data) is disclosed as follows:

Types of Emissions	Unit	Emission		Emission inter	nsity
				(per million dollar o	of revenue)
		2022	2021	2022	2021
Scope 1	tonne of CO ₂ e	10	12	0.01	0.01
Direct Emission					
Carbon dioxide ("CO ₂ ")					
generated from:					
 Fuel combustion 					
Scope 2	tonne of CO ₂ e	420	688	0.47	0.80*
Indirect Emission					
Carbon dioxide ("CO ₂ ")					
generated from:					
 Purchased electricity 					
Total emissions	tonne of CO_2e	430	700	0.48	0.81*

* Restatement and recalculation of data based on new data

During the Reporting Period, the total GHG emissions was lower than that of in 2021 due to the reduce in fuel and electricity consumption. The Group endeavors to improve energy efficiency and reduce energy consumption by adopting energy saving initiatives in the Section "Use of resources" in this Report.

Hazardous and non-hazardous waste

The Group's daily operation does not involve in any production process, therefore, there is no generation of hazardous wastes and no discharge of sewage into soil and water. The non-hazardous wastes were mainly attributed to the discarded packaging materials, domestic wastes, papers, paper bags and gift boxes generated during our operation, which were insignificant and does not have material impacts to the environment. The Group is committed to reduce the amount of waste produced and remain not to generate hazardous waste under existing operations. The Group's target is not to increase the generating of non-hazardous waste by the end of next reporting year as compared to the Year 2022. Please refer to the subsection headed "Waste Management" below for the policies the group adopted to reduce waste.

A responsible waste management policy is adopted and principles of reducing, reuse, and recycle are applied by the Group to minimize waste generation, including waste avoidance, reducing waste from its source and reuse, recycling and responsible disposal of waste. Employees are encouraged to reduce the production of waste.

A2 Use of resources

The use of resources in the course of the Group's business operations mainly includes the consumption of energy, water, petrol, papers and packaging material. Our Group is committed to conserving resources in our business activities, including use of energy, water and paper during the daily operation. Our goal is to stable the energy and water consumption level. We aim to reduce the use of resources and corresponding carbon footprint through adoption of various green initiatives. Green awareness is promoted among employees in order to drive their behavioral changes.

Green measures on deploying energy efficient equipment and adoption of resource conserving process are implemented in pursuing our commitment. The following are the key measures to improve the efficiency of resource use.

Reducing Electricity Consumption

Energy consumption is one of the major use of resources by the Group. The Group has always aimed at efficient use of resources by requesting all our employees to comply with the energy-saving policy of the Group.

At the same time, the Group have implemented the following energy-saving and energy-efficient measures at our offices as follows:

- Switch off the lightings and electrical appliances when not in use;
- Use more environmental-friendly and efficient energy-saving electrical appliances;
- Use LED tubes in offices and shops;
- Deploy natural light as much as possible on office floors;
- Clean and maintain office equipment (such as air-conditioners) regularly to maintain energy efficiency; and
- Adjust the indoor temperature to an average of between 24 and 26 degrees Celsius.

Water Conservation

As fresh water is one of the precious natural resources, the Group is committed to protect the water resource and encourage all employees to develop water-saving habits as well as prevent excessive use of detergents for reducing rinsing water.

Reducing Paper Consumption

Waste management and waste reduction are important strategies, which help conserve valuable resources. In order to reduce paper consumption, the Group has developed the following measures:

- Print on both sides of the paper;
- Use both sides of the paper for writing;
- Place waste paper recycling bin next to the printer to facilitate collection or reuse;

- Encourage the use of electronic communication channels;
- Disseminate internal communication through email or implement electronic office systems;
- Reuse old stationery such as folders and envelopes; and
- Reuse packaging boxes.

Reducing Packaging Material

The Group uses reusable and decomposable paper bags for packaging. Packaging is an inevitable part in the retail business, in which paper bags contribute to the largest paper consumption. The Group encouraged the use of eco-friendly reusable bags and offered customers an incentive for using an eco-friendly reusable bag instead of plastic or paper. The Group will continue to study possible ways to avoid unnecessary use of packaging material and recycle whenever appropriate.

A summary on the relevant use of resources related KPIs of the Group for the year ended 30 June 2022 (with Year 2021 comparative data) is disclosed as follows:

Resources utilisation	Unit	Consumption		Consumption in	ntensity
				(per million dollar	of revenue)
		2022	2021	2022	2021
Electricity	kWh	795,169	935,814	882	1,093
Water	m ³	765	981	0.8	1.1
Petrol	L	3,613	4,536	4.0	5.3
Paper	kg	3,638	2,123*	4.0	2.5*
Packaging material					
Paper bag	kg	1,489	955	1.7	1.1
Gift box	kg	9,413	7,636	10.4	8.9
Total	kg	10,902	8,591	12.1	10.0

* Restatement of data based on actual resources data consumed in Year 2021

Energy consumption

During the Reporting Period, the use of electricity was the major source of energy consumption of the Group which contributed to the total energy consumption of approximately 795,169 kWh and its intensity was approximately 882 kWh/ million of revenue (2021: 935,814 kWh and its intensity was 1,093 kWh/million of revenue).

The Group is committed to reduce the environmental impact to the minimum by encouraging staff to reduce the use of energy and other resources, reuse and recycle used materials in daily operations. With the effective implementation of energy saving measures and shortening the opening hours of some retail shops due to the pandemic of COVID-19, the electricity consumption has recorded a significant decrease.

Water consumption

During the Reporting Period, all water consumed by the Group was for office general consumption purpose and the Group has not encountered any issue in sourcing water that is fit for purpose. The water consumption volume of the Group was approximately 765 m³ and its intensity was approximately 0.8 m³/million of revenue (2021: 981 m³ and its intensity was 1.1 m³/million of revenue).

The Group will continue to encourage our employees to conserve water although we require to increase the frequency of cleaning and standard of hygiene cleaning under the COVID-19 pandemic.

Paper consumption

During the Reporting Period, the total amount of paper consumption of the Group was approximately 3,638 kg and its intensity was approximately 4 kg/million of revenue (2021: 2,017 kg and its intensity was 2.5 kg/million of revenue).

Paper consumption figures increase was due to paper ordered by mainland office under gold and jewellery business had a significant increase for the year ended 30 June 2022. It was solely due to the increase in bulk purchase volume can get a better discount price.

Packaging material consumption

During the Report Period, the total amount of packaging material consumed by the Group was approximately 10,902 kg and its intensity was approximately 12.1 kg/million of revenue (2021: 8,591 kg and its intensity was 10 kg/million of revenue).

Packaging is an inevitable part in the retail business, in which paper bags contribute to the largest packaging material consumption. The Group will find the possible ways to avoid undue and unnecessary use of packaging materials and consider recycle whenever appropriate.

A3 The environment and natural resources

The Group is aware that operations would have certain impact on the environment and natural resources. Due to the nature of the business, the Group does not have any direct and significant impacts on the environment and natural resources in the course of our operations.

The Group manages and minimises the impact that it may cause to the environment and natural resources directly or indirectly, through the following policies:

- Ensure its business operations comply with the environmental laws in the PRC and Hong Kong;
- Strengthen the awareness of employees on environmental protection through training and means of internal communications; and
- Monitor its daily business operations in conserving energy and water to reduce direct impact on the environment.

To improve energy consumption, we have implemented a number of relevant and effective resources utilisation and emission reduction measures, including measures on electricity, water and paper consumption. For further details, please refer to the section headed "Use of Resources" above.

The Group will formulate a set of more comprehensive environmental policies regarding emissions, use of resources, environment and natural resources in the future. The Group continues to make use of best practices across their functions and to develop and implement better strategies for monitoring of resources consumption data and evaluate KPIs performance as to enhance the contributions to environmental sustainability through good environmental practices.

The Group is committed to monitoring further possible environmental impacts of its business operations, and to implementing measures to control any adverse impacts, in order to generate long-term values for the stakeholders as well as the communities where the Group operates.

A4 Climate change

The Group understands that climate change is a global issue that affects everyone around the world. We are aware of climate change which may lead to extreme weather and might pose potential risks to the Group's business and the impacts on the sustainable development of our business operations.

The Group has incorporated ESG related risks, such as climate risk, into the Group's risk management system to identify and mitigate the risks that may affect the Group. The Group pays attention to the trend of climate change and actively assesses the climate risks posed to the business operations. The Group has adopted the measures in response to the assessed risks, including both physical risks and transition risks, arising from the climate change.

The Group will actively respond to the relevant policies which imposed by local governments in response to the global trend of low-carbon sustainable development, make business contingency plans and respond appropriately to extreme weather caused by climate change. In addition, the Group has put in place disaster preparedness plans to ensure the safety of our employees and to enhance our overall resilience to natural disasters and to ensure that we can deal with natural disaster emergencies in a timely and efficient manner and prevent climate crises head-on.

The impact of climate change has been mitigated by various measures implemented in the operations. The Group will continue to monitor the situation and update our management approach to climate change.

B SOCIAL

B1 Employment

Respecting human rights and labour rights has been an integral part of the Group's approach to sustainability. The Group strongly believes that its staff is an invaluable asset to the Group and is significant to the Group's business. Therefore, the Group provides an equal and fair working environment and the workplace is free from discrimination and received equal opportunities for all despite of age, gender, race, colour, sexual orientation, disability or marital status to increases employee satisfaction. The Group would diversify its staff by means of gender and age to balance the culture and communications between staff. The Group promotes labour diversity and welcomes all manpower, thus putting the principle of fairness into practices. To further promote good relationship with employees there will be activities such as staff gathering, social activities and team building for employees to participate to strengthen their work-life balance.

Employment contract in PRC has been reviewed by the legal consultant. The contract specifies the terms including compensation and dismissal, working hours, leaves and other benefits and welfare for staff. Staff handbook also highlights important information of policies on business conduct and the rights of termination.

The Group complied with all the relevant employment laws and regulations, such as the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) as well as the "Labour Law of the PRC" and the "Labour Contract Law of the PRC". During the Report Period, the Group had no reported incidents of non-compliance with employment regulations during the reporting period.

Remuneration

The Group maintains a policy of paying competitive remuneration. Remuneration of employees which included salary and discretionary performance bonus is decided with reference to the financial results of the Group, the market level as well as individual performance and contributions. Remuneration packages including performance bonuses are reviewed on a regular basis by the Group.

Dismissal

The Group ensures that its employees are protected under the employment laws of Hong Kong and the PRC, including but not limited to the following protections:

- Dismissal is for good causes and not due to discriminations;
- An employee cannot be dismissed when she has been confirmed pregnant or given notice of pregnancy; and
- An employee cannot be dismissed when he or she takes a paid sick leave.

Recruitment and promotion

Recruitment and promotion should be fair and open for all employees, and cannot be affected by age, sex, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation. Employees of the Group are recognised and reviewed by their contribution, work performance and skills. The Group always do its best to provide employees with a good working environment and development opportunities.

Working hours and rest periods

The Group creates an excellent and comfortable working environment. Based on the features of its principal business, the Group sets appropriate working hours and rest breaks for all staff members. The Group also provides paid leave, marriage leave, maternity leave, casual leave and compassionate leave in addition to the statutory holidays.

Policy on equal opportunity, diversity, anti-discrimination and other benefits

The Group is an equal opportunity employer. Candidates are assessed fairly based on their experience, qualifications and abilities. The Group is committed to the belief that nobody should be treated less favorably based on his/her personal characteristics such as gender, pregnancy, marital status, disability, family status, and race. Opportunities for employment, training and career development are equally open to all qualified employees.

A summary on the relevant employee composition related KPIs of the Group for the year ended 30 June 2022 (with comparative figures for the Year 2021) is disclosed as follows:

Social KPIs	2022	2021*
	No. of Staff	No. of Staff
Total workforce	946	982
Total workforce by gender		
Female	791	828
Male	155	154
Total workforce by employment type		
Full-time	945	982
Part-time	1	-
Total workforce by employment category		
Senior management	15	17
Middle management	134	133
General staff	797	832
Total workforce by age group		
Age 18-25	62	77
Age 26-35	405	433
Age 36-45	401	396
Age 46 or above	78	76
Total workforce by geographical region		
PRC	863	882
НК	83	100

A summary on the relevant employee turnover rate related KPIs of the Group for the year ended 30 June 2022 (with comparative figures for the Year 2021) is disclosed as follows:

Social KPIs	2022	2021*
	Turnover Rate	Turnover Rate
Employee turnover rate	28%	25%
Employee turnover rate by gender		
Female	29%	*
Male	21%	*
Employee turnover rate by age group		
Age 18-25	40%	*
Age 26-35	39%	*
Age 36-45	17%	*
Age 46 or above	17%	*
Employee turnover rate by geographical region		
PRC	27%	*
НК	37%	*

* The Group starts to disclose the social KPIs data of employee turnover rate by gender, age group and geographical region in Year 2022.

B2 Health and safety

Our Group is committed to provide and maintain a safe, healthy, and hygienic workplace for all employees, and all other persons likely to be affected by our operations and activities. All employees of the Group are required to comply with all relevant occupational health and safety regulations. During the Report Period, the Group complied with all the relevant laws and regulations such as the Law of the PRC on Work Safety", the "Law of the PRC on Prevention and Control of Occupational Diseases" in relation to providing its employees with a safe and healthy working environment and protecting them from occupational hazards. The group was not aware of any non-compliance with relevant laws and regulations that had significant impact on the Group in providing a safe and healthy working environment during the Report Period.

In order to minimise workplace incidents and put the health and safety of the staff as the priority of productions, the Group has established a set of safety policy and procedures and is committed to implementing the following measures:

- Establish safety procedures for potentially hazardous work;
- Every worker was required to follow safety instructions;
- Workplaces are equipped with fire and safety facilities to prevent and control outbreak of fire accidents;
- Occupational hazard warning signs and warning instructions at conspicuous place around every workplace;
- Provide necessary protective equipment and medical insurance to the employees;
- Establish emergency measures such as fire or explosion emergency plan;
- Regularly arrange rescue, fire and evacuation drills;
- Provide and maintain a healthy and safe working environment;
- Actively promote environmental protection, health and safety awareness of the employees, and support the development of environmental protection, health and safety in the industry; and
- Provide all employees with necessary job information, guidance, training and supervision to minimise occupational hazards.

The outbreak of COVID-19 has posed a significant threat to public health. The Group exercised social responsibility to safeguard our employees against infection and contain the epidemic by implemented a series of measures:

- Arrange regular COVID-19 testing to employees;
- Body temperature screening on main entrance;
- Regular cleaning and disinfection of the workplace;
- Reminded the employees to maintain good personal hygiene such as the need to wear surgical masks properly and washing hands frequently in office;
- Requested the employees to declare their health and recent travelling history;
- Requested the employees who had been travelled overseas recently to stay at home for self-quarantine; and
- Adopted flexible working arrangement to allow employees to work from home so as to enhance social distancing.

The Group will closely monitor the development of the epidemic and strengthen the precautionary measures if necessary. The group has maintained a health and safe working environment and recorded no lost work days due to work injury and there were no work-related fatalities in each of the past three years (including the Year 2022).

A summary on the relevant number and rate of work-related fatalities related KPIs of the Group for the past three years is disclosed as follows:

Social KPIs	2022	2021	2020
	2.11	N T-1	2.11
Number of work-related fatalities	Nil	Nil	Nil
Rate of work-related fatalities	Nil	Nil	Nil
Lost days due to work injury.	Nil	Nil	Nil

B3 Development and training

To accomplish the corporate objectives as well as personnel development of employees, our Group encourages and supports our employees in continuous personal and professional training. Training enhances employees' competencies and potentials in performing their jobs effectively and efficiently and leads to long-term mutual success of employees and the Group.

In order to enhance corporate governance, the Company kept the Board updated by providing various reading materials, which covered the major changes of the Listing Rules and regulations, and other finance and management reference materials. The Company also received written confirmation from each of the Directors that the Director had participated in continuous professional development training to develop and refresh his knowledge and skills in accordance with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Report Period.

The Group has established a comprehensive training system and assessment criteria from theory, sales technique, and product knowledge. The Group provides employees with training and development courses which cover various areas, including orientation, leadership and management skills and on-site training etc., with the aim of improving employees' efficiency, knowledge and skills for discharging their duties at work as well as to better equip themselves for achieving outstanding performance and maintaining intellectual curiosity. Furthermore, the Group provides orientation and on-the-job training for new staff. Senior staff offers mentorship to new staff to ensure that the culture of the Group and skills of craftsmanship van be inherited. Apart from on-site training mentioned, the group also has online training platform for expertise training for senior staff. During the Reporting Period, 908 headcounts of employees have attended training provided or sponsored by the Group. The distribution in gender and employment category are set out below:

Social KPIs	Percentage of employees trained	Average training hours completed per trained employee
Trained percentage		
Total workforce	96%	22
Trained percentage by gender		
Female	84%	23
Male	16%	12
Trained percentage by employee category		
Senior management	1%	12
Middle management	14%	18
General	85%	22

B4 Labour standards

Our Group prohibits the engagement of any child and forced labour in any of our operations and services. The Group strives to comply with the local laws and regulations throughout the recruitment and employment process, such as Provisions on the Prohibition of Using Child Labour of the People's Republic of China《中華人民共和國禁止使用童工規定》 and Employment Law of Hong Kong prohibit the employment of child labour in any job positions. The Group has a clear staff manual to prohibit forced labour and ensure legal and volunteer employment of all employees. Labour who is forced to work by means of physical punishment, abuse, involuntary servitude, peonage or trafficking is strictly forbidden.

With the aim to prevent child labour employment, the human resources department is responsible for identity check for every job applicant to ensure no employment of child labour during the process of recruitment. Employees are required to enter into a labour contract which contains information regarding working hour, employees benefits and rights on termination to prevent any form of forced labour. Upon receipt of letters of resignation, payment of the outstanding wages will be made on time.

In addition, the Group offers sufficient rest days to employees and would not force any employees to work overtime against their will so as to prevent forced labour practices. The Group guarantees employees the right to rest and vacation according to law. Employees enjoy legal holidays and legal leave, marriage leave, compassionate leave, paid annual leave and other leave entitlements.

We also set up communication channels to allow employees to report cases of child labour and forced labour. If child labour and forced labour are found, the Management will immediately investigate the causes to ensure that no recurrence of similar incidents. The Group implement the following procedures to report child and forced labour:

- Employee opinion boxes has set up to allow employees to report child and/or forced labour;
- Human resource department would check the proof of age for all applicants before confirm their employment; and
- If child and forced labour is identified, investigation and remediation actions would be conducted immediately.

During the reporting period, the Group was not aware of any material non-compliance with relevant laws and regulations related to recruitment of child labour or forced labour practices.

B5 Supply chain management

In view of maintaining high quality standards and products provided by the suppliers, the Group has formulated policies and procedures of supply management, including the Procurement Policy to standardise the selection, evaluation and monitoring procedures of suppliers in a fair, open and impartial manner. The Group also established an integrated and systematic procurement procedure and process in selecting new potential suppliers and reviewing the performance of existing suppliers. Throughout our supplier selection and appraisal processes, we considered not only the infrastructure, production capacity and market reputation of the potential suppliers, but also their compliance of legal, ethical and social aspects as well as suppliers' ethics, and suppliers' compliance with laws and regulations concerning environmental and social practices.

Potential supplier has to provide the environmental test report showing the supplier meets with the national standard of PRC. Ongoing and regular inspections and assessments are conducted as regulatory monitoring. The Group conducts sample testing for every batch of products to ensure the quality meets with the industry standard of PRC.

All approved suppliers have to fulfil the Group's internal approval processes and enter into the Supplier Agreement to ensure that products and services provided are up-to-standard. When signing procurement contracts or enter into an engagement, terms regarding quality assurance are included to ensure the delivered products and components are up to standard, and defective products will be returned. Diamond and gem suppliers are required to provide documented proof of the ethical provenance of their goods. All materials and finished goods are monitored and passed the tests of qualified gem laboratory. Through prioritizing suppliers with demonstrated management and high performance on ESG aspects, relevant risks arisen from the supply chain are mitigated and managed.

During the supplier selection and contract drafting processes, the following factors are considered in achieving "Green Procurement" on the Group's supply chain:

- Use of environmental-friendly resources in provision of products/services;
- Effort on limiting emission of pollutants;
- Responsible management of environmental impacts;
- Compliance with local environmental and social law and regulations;

- Historical incidents on bribery, corruption, and money laundering;
- Existence of discrimination due to ethnicity, gender, age, disability or marital status on supplier's recruitment;
- Provision of fair wages and all other legally mandated benefits;
- Provision of a safe working environment which complies with local laws or practices; and
- Community investment initiatives and effort.

The Group has also established a rating and warnings system for the assessment of current suppliers. Suppliers are subject to a system of warnings, when substandard goods and materials are identified, the quality assurance deposits would be deducted. If no improvements have been made thereafter, temporary or even permanent blocking of orders. The cooperation with suppliers will also be terminated if the environmental and social standards not in line with the Group's policy.

A summary on the relevant number of suppliers related KPIs of the Group for year ended 30 June 2022 is disclosed as follows:

Location of suppliers	No. of suppliers
PRC	191
HK	100

B6 Product responsibility

The Group strictly abides by the Product Quality Law of the People's Republic of China, Law of the People's Republic of China and Trade Octima on Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China and Trade Description Ordinance of Hong Kong. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that would have any significant impact on the Group relating to health and safety, advertising and labelling and privacy matters.

The Group is committed to establishing strong relationships with its customers, providing customers with high-quality products and services, settling customer complaints timely and effectively, continuously improving our service level, and ensuring customer satisfaction through the following policies:

- Ensure the products and services comply with related laws and guidelines;
- Carry out inspection on the products and ensure its quality matches against the terms of the relevant purchase contract;
- Provide customers with accurate product information and high quality products/services; and
- Develop product warranty policy and after-sales services for our products.

Quality assurance

The Group exercises tight quality control and is meticulous from supplier selection, sales and after-sales services. Quality check is performed before dispatching the jewellery to the retail shop. All qualified items are marked by batch number. During the Reporting Period, the Group did not receive any significant complaints or recall any products due to quality, safety and health reasons.

The Group is committed to providing quality products to customers and focuses on customers' feedback to the products sold by the Group. Customers can offer their opinions or lodge complaints through existing communication channels. The Group will conduct investigations and prepare reports based on the responses and take corrective measures when necessary. During the Reporting Period, the Group did not receive any complaints from its customers or the public in relation to its products or services.

Protecting intellectual property rights

The Group understands the importance of intellectual property and makes every effort to safeguard and protect the intellectual property. By the same token, the Group placed much emphasis on the infringement of other intellectual property rights. While complying with the Trade Marks Ordinance in Hong Kong, the Group also adhered to the Trademark Law and Patent Law of the People's Republic of China.

The Group implement the following practices relating to observing and protecting intellectual property rights:

- The Group uses authorized and copyrighted products only;
- Employees are not allowed to download or install any forged or copied programs, software or materials; and
- The Group's standard employment contracts contain provisions on intellectual property rights and confidentiality.

Data privacy policy

Protecting the security and privacy of stakeholders' personal data is important to our Group. The employees of the Group are trained on the data protection principles and methods and we ensure compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and other statutory requirements to meet a high standard of security and confidentiality of personal data privacy protection. The following data protection principles are adopted in preserving proper security and use of data:

- We only collect personal data that are relevant and required for our businesses;
- We will not share personal data to any entity that is not a member of our Group without consent unless it is required by law or it was previously agreed;
- We maintain appropriate data collection, storage, and processing practices and security measures to protect against unauthorised access to personal information;
- Computer system is regularly updated and is installed with firewall and antivirus software to avoid possible hackers' activities; and
- All employees have signed confidentiality agreement.

During the Report Period, there were no reported cases of any product recalls, product safety or related health issues. The Group has not encountered incidents of infringement of intellectual property rights or leakage of confidential information during the Year.

B7 Anti-corruption

The Group strives to comply with the applicable laws and regulations relating to fraud and corruption prevention and antimoney laundering in the PRC and Hong Kong and maintain a culture of honesty with zero tolerance towards any kind of such activities. The Group recognizes the importance of the ethical conducts and integrity of each director and all employees in order to maintain a fair, honest and integrity-based business environment. With integrity being a core part of the Group's business ethics, employees have the responsibility to observe the applicable rules and regulations such as the Prevention of Bribery Ordinance of Hong Kong and the Criminal Law of the PRC.

The Group has formulated a clear code of conduct in respect of the prevention of bribery, employees' interests, conflicts of interest, prevention of extortion and fraud in the employee handbook. Besides, the Group has an anti-bribery policy in place to further provide clear guidelines in respect of anti-bribery and maintaining honesty and integrity. The Group reminds the employees by internal notice to avoid bribery and acceptance of advantages as and when appropriate. Furthermore, employees are encouraged to report any suspected corruption, bribery or misconducts through the whistleblowing mechanism established by the Group. Such reports are kept confidential and the identity of the whistle-blowers are protected and free from unfair treatment.

Anti-corruption training has been rolled out during the year for all directors and staff under the Group. The online training provides an introduction to anti-money laundering on the legislation, approach and roles and responsibilities of senior managements and staff. This included the approach in assessing AML compliance risks, method to prioritize these risks and controls for AML compliance.

During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that would have any significant impact on the Group, nor any corruption litigation against the Group or the employees.

B8 Community investment

As a responsible company, we aim at serving and strengthening the wider community, and encouraging employees and other stakeholders in supporting the community. Our Group understands well of the importance for making positive contribution to the community where it operates, and considers community benefits as one of its social responsibilities. We encourage our employee to actively participate in public conventions, conference, exhibitions and events with a particular focus on community investment, sponsorships and charitable contributions.

Selection of supporting charities involves several considerations. We evaluate the vision and background of requesting charities in aligning with our Group's. Charities engaged in unethical activities, and those in unclear financial position, and conflict of interest with corporation/individual will not be considered.

During the Reporting Period, the Group upholds the spirit of giving back to the society by playing a part in two key area: community wellbeing and youth development.

- Awarded "Caring Company 10+" by The Hong Kong Council of Social Service ("HKCSS"). The "Caring Company Scheme" was launched by HKCSS in 2002, which aims at cultivating good corporate citizenship. It is specifically geared to build strategic partnerships among businesses and non-profit organizations to create a more cohesive society.
- Donation of disposable face masks to St. James' Settlement
- Donation to the Hongkong Federation of Youth Groups for youth development and "People Food Bank" of St. James' Settlement for the services of single parent or low-income families, street sleepers and other needy.

The Group has also achieved industry awards as recognition for brand excellence and for its efforts in promoting service excellence in the jewellery retail sector.

- "CORPHUB-Hong Kong's Most Outstanding Services Awards 2021-Jewellery"
- "Capital Weekly-Services Awards 2021 Jewellery"
- "BOCHK Corporate Environmental Leadership Awards Programme 2020-Eco Partner"
- "Promoting Happiness Index Foundation Hong Kong-Happy Company"
- "Marie Claire-Best Label Award 2020/2021 (Best Jewelry)"
- "HKRMA Certificate of Outlet Anti-Epidemic Measures Recognition"
- "Hong Kong Retail Management Association-2021 Quality Service Retailer of the Year of Flagship Stores-Bronze Award"
- "TVB Weekly Brand Award 2021" by TVB Weekly
- "CAPITAL ESG Awards 2021"
- "Elite Jewellery Brand Awards 2021" by Ming Pao Weekly

Hong Kong Resources Holdings Company Limited