



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**

2022



Environmental, Social And Governance Report

CONTENTS

ABOUT THIS REPORT	2
GROUP PROFILE	3
STATEMENT OF THE BOARD	3
STAKEHOLDERS' ENGAGEMENT	4
MATERIALITY ASSESSMENT	5
FEEDBACK	6
A. ENVIRONMENTAL PROTECTION	7
A.1 EMISSIONS AND WASTES	7
A.1.1 Notices on environmental rectification	7
A.1.2 Gas and greenhouse gas emissions	9
A.1.3 Total amount and intensity of non-hazardous and hazardous wastes generated	11
A.1.4 Treatment of hazardous and non-hazardous wastes	13
A.1.5 Measures for and results of reducing emissions	13
A.2 RESOURCE UTILIZATION	15
A.2.1 Direct and indirect energy	15
A.2.2 Total amount and intensity of water consumption	15
A.2.3 Plan on energy utilization and proper use of water	16
A.2.4 Total amount of packaging materials used for finished products	17
A.3 IMPACT ON THE ENVIRONMENT AND NATURAL RESOURCES	17
A.4 CLIMATE CHANGE	17
B. SOCIETY	18
EMPLOYMENT AND LABOUR PRACTICES	18
B.1 EMPLOYMENT	18
B.2 HEALTH AND SAFETY	22
B.3 DEVELOPMENT AND TRAINING	24
B.4 LABOUR STANDARDS	24
OPERATING PRACTICES	25
B.5 SUPPLY CHAIN MANAGEMENT	25
B.6 PRODUCT RESPONSIBILITY	26
B.7 ANTI-CORRUPTION	28
B.8 COMMUNITY INVESTMENT	28

Environmental, Social And Governance Report



ABOUT THIS REPORT

This environmental, social and governance report (the “**Report**”) covers the impact of the principal operations of China Silver Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) on the environment, society and governance (“**ESG**”) from 1 January 2022 to 31 December 2022 (the “**Reporting Period**” or the “**current year**”) together with the comparative figures from 1 January 2021 to 31 December 2021 (the “**last year**”).

Principal activities

The Group is principally engaged in four 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 (Stock code: 1815) (“**CSMall Group**”), being the design and sales of gold, silver, gem-set, colored gemstones and other jewellery products in the PRC; (iii) the **Silver Exchange** segment, being the operation of Shanghai Huatong Silver Exchange Company Limited* (上海華通鉑銀交易市場有限公司), an integrated precious metal and non-ferrous metal exchange platform in the PRC; and (iv) the **Fresh Food Retail** segment operated under CSMall Group, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS (Software as a service) services along the agricultural supply chain 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 January 2022). 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 seventh 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.

* For identification purpose only

A decorative illustration in the top left corner featuring wind turbines, solar panels, a building with 'ES' on its roof, and trees. A circular icon with a laptop symbol is positioned above the main title.

Environmental, Social And Governance Report

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.

During the current year, the Group acquired the new Fresh Food Retail segment, which conducts integrated online-and-offline sales of fresh food in the PRC, and provides related electronic platforms and branding and SaaS (software as a service) services along the agricultural supply chain in the PRC.

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 entry barriers in terms of environmental protection under the Manufacturing segment.

Environmental, Social And Governance Report



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 Food safety and production environment	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 Career development and training Office epidemic prevention	Regular meetings Comprehensive training Intranet and emails Regular company activities
Customers	Safe and high-quality products Good relationship Business ethics After-sales services Product and food safety	Website Regular business visits Interactive customer evaluation



Environmental, Social And Governance Report

Major stakeholders	Issues of concern	Engagement channels
Suppliers and partners	Long-term partnership Fair competition Food safety	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 previous 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

Environmental, Social And Governance Report



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 cs@chinasilver.hk, and the Group is committed to continuous review and improvement.



Environmental, Social And Governance Report

A. ENVIRONMENTAL PROTECTION

A.1 EMISSIONS AND WASTES

During the Reporting Period, 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, 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 during last year

Between 23 April 2021 and 20 May 2021, the Ji'an City Yongfeng Ecology and Environment Bureau* (吉安市永豐生態環境局) (the "Yongfeng Ecology and Environment Bureau" or the "Bureau") issued two administrative penalty notices and a 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 major subsidiary under the Manufacturing segment of the Group. 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 Yongfeng Ecology and Environment 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. As a result of the contraventions, the Yongfeng Ecology and Environment Bureau ordered Jiangxi Longtianyong to suspend its production activities from 26 April 2021 onwards pending completion of certain rectification measures. Jiangxi Longtianyong has engaged an environmental specialist to provide recommendations on the appropriate rectification measures to address the Yongfeng Ecology and Environment Bureau's concerns. Following the adoption of rectification measures by Jiangxi Longtianyong, such as the demolition of non-compliant facilities and construction of compliant facilities, on 24 August 2021, it received the notice that the relevant authorities have approved in principle the resumption of production of Jiangxi Longtianyong's silver electrolysis production line (the "Silver Electrolysis Production Line").

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 environmental impact report for the Project (the "Environmental Report") would need to be subject to review, technical evaluation and expert assessment by multiple governmental authorities as well as multiple rounds of pre-approval public inspection before it could be formally approved.

In parallel with the aforesaid environmental impact assessment process, Jiangxi Longtianyong had been constructing the production facilities for the Project, and had practically resumed the production activities of the Silver Electrolysis Production Line on a commercial scale since mid-June 2022.

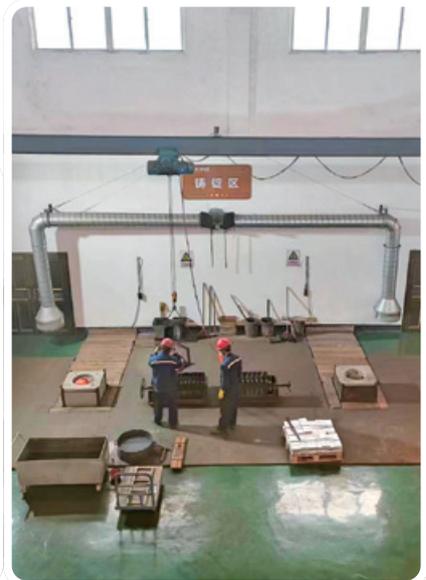
Environmental, Social And Governance Report



On 27 July 2022, the Environmental Report was formally approved by the Department of Ecology and Environment of Jiangxi Province (江西省生態環境廳) (the “**Provincial Department**”). Although there will be continuous monitoring, supervision and possible further rectification works before the final acceptance of the Project, it is expected that these post-approval procedures would not impede Jiangxi Longtianyong’s resumption of operation of the Silver Electrolysis Production Line and the Palladium Sponge Production Line (defined below).

Subsequently, Jiangxi Longtianyong has continued with the construction works for the Project, among which it has completed the installation of facilities for the production of palladium sponge (a type of high-purity palladium product) from raw palladium (the “**Palladium Sponge Production Line**”). Following the aforesaid formal approval of the Environmental Report, Jiangxi Longtianyong has conducted continuous testing and trial run of the Palladium Sponge Production Line, and the Palladium Sponge Production Line has been officially put into operation on a commercial scale since 25 August 2022. In addition to silver and palladium, it is expected that, on the basis of the approval of the Environmental Report, the production of certain other products such as tin and lead will resume after the installation, testing and trial run of the relevant production facilities.

Further details of the suspension of production and subsequent developments are set out in the announcements published on 7 June 2021, 25 August 2021, 22 February 2022, 17 June 2022 and 26 August 2022.





Environmental, Social And Governance Report

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.

Manufacturing segment and Silver Exchange segment

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.

New Jewellery Retail segment and Fresh Food Retail segment

In addition to selling products to customers face-to-face at the exhibition hall and through physical stores, the New Jewellery Retail segment also sells its products online and the products will be delivered by external large scale transportation companies. Similarly, the Fresh Food Retail segment relies on external large scale frozen food transportation companies to deliver fresh meat products to our partners (i.e. fresh meat stalls known as "Meat Shopkeepers (肉掌櫃)"). Therefore, we have not been able to directly measure emissions from 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).

	2022	2021
Gas emissions (tonnes)		
Nitrogen oxides (Note 1)	0.01	0.02
Sulphur dioxide	1.95	2.69
Particulates	0.81	1.12

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

Environmental, Social And Governance Report



Greenhouse gas emissions

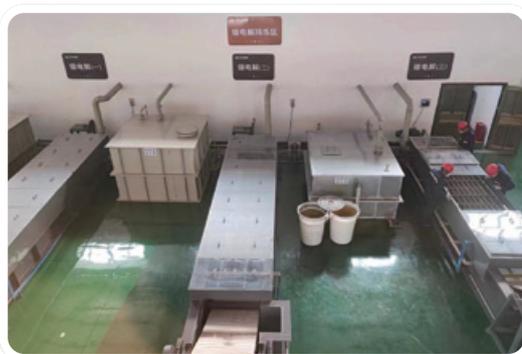
Greenhouse gas emissions include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

Greenhouse gas emissions in the Manufacturing segment come from the use of electricity and the combustion of fuels during production. Whereas, in the Silver Exchange segment and the New Jewellery Retail segment, most indirect emissions come from the use of electricity in offices. The office of the Fresh Food Retail segment is located in a shared workspace, and the rental cost already covers various daily office expenses, so direct emissions calculations based on usage rates is not possible. For the fresh meat stalls services, some partners (known as "Meat Shopkeepers (肉掌櫃)") are operating in wet markets, supermarkets, grocery stores, etc. The related water and electricity expenses are borne by the partners or may be included in the rent or management fees, and the partners are also unable to track the consumption level. Therefore, we have not been able to directly measure emissions.

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).

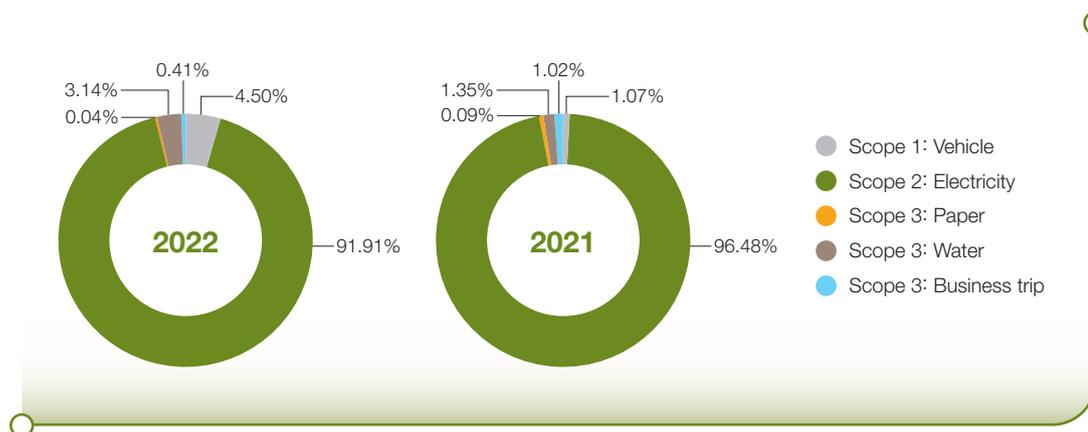
	2022		2021	
	CO ₂ equivalent emission (tonnes)	Intensity (Note 2)	CO ₂ equivalent emission (tonnes)	Intensity (Note 2)
Scope 1 – Greenhouse gas direct emissions				
Greenhouse gas emissions from mobile combustion sources	27	0.82	35	1.52
Scope 2 – Energy indirect emissions				
Mainly from the electricity purchased	544	16.76	3,185	138.24
Scope 3 – Other indirect emissions				
Paper waste disposed at landfills	0	0.01	3	0.13
Electricity used for processing fresh water and sewage by government department	19	0.57	45	1.95
Business air travel by employees	2	0.08	34	1.48
	592	18.24	3,302	143.32

Note 2: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB3,246 million during the Reporting Period (2021: RMB2,304 million).



Environmental, Social And Governance Report

CARBON DIOXIDE EMISSIONS



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

Non-hazardous wastes

The Group's Manufacturing segment acquired waste residues from third parties and, after processing, recycled them for multi-purpose utilization and extracted useful precious metals from them. The final waste residues were sent to specialized companies that dispose of such wastes. The following table shows the total amount of wastes sent by the Group to these specialized companies during the Reporting Period.

	2022	2021
Non-hazardous wastes Usage (tonnes)	11,604	16,068
Intensity (Note 3)	357	697

Note 3: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB3,246 million during the Reporting Period (2021: RMB2,304 million).

The Silver Exchange business and the New Jewellery Retail business do not involve waste or pollution issues. The non-hazardous waste generated by the Fresh Food Retail business mainly consists of the organic waste generated in the fresh meat processing plants and fresh meat stalls ("Meat Shopkeepers" (肉掌櫃)) and office daily usage. Through accurate data prediction, we can reduce the inventory stored in the Meat Shopkeepers, thereby reducing the amount of non-hazardous waste disposed of and minimizing the environmental impact of discarding expired fresh food waste. Daily household garbage produced during operations is collected and processed by property management companies. According to the assessment of the Group, the amount of this type of waste for the above segments is limited, and thus direct measurement of wastes was not conducted for those segments.

Hazardous wastes

Last year, 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 last year, 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.

Environmental, Social And Governance Report

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 last year. During the Reporting Period, there was no hazardous wastes produced nor otherwise disposed of, nor relevant write-off incurred. Apart from the Manufacturing business, the other segments of the Group do not use or store hazardous waste.

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

	2022	2021
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 RMB3,246 million during the Reporting Period (2021: RMB2,304 million).

Wastewater

During the current year, as the Group expands its businesses to the integrated online-and-offline sales of fresh food in the PRC, the non-hazardous wastewater generated in the operation of the Manufacturing business and Fresh Food Retail business is mainly from the wastewater in the process of electrolysis production, and from the cleansing sewage of fresh meat processing plants and our partners (known as "Meat Shopkeepers (肉掌櫃)"), respectively. For the Fresh Food Retail business, the related wastewater are treated and discharged by the partners or may be included in the rent or management fees, and the partners are also unable to track the consumption level. Therefore, we have not been able to directly measure emissions.

During the Reporting Period, upon the completion of new production line, the Group has a separate system for wastewater management for the Manufacturing business, and all treated wastewater was recycled and reused minimize the outward discharge. The Manufacturing segment must comply with laws and regulations including but not limited to 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》), and the treated wastewater is discharged into the municipal sewage pipelines to meet the standards. The Group is committed to responsible environmental management practices and will continue to work with the relevant authorities to ensure that its operations comply with national standards and regulations.

Last year, 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 during last year. The Group continued to communicate with the Bureau to reach a consensus on the disposal of such raw materials, with an aim to bring the least harm to the environment.



Environmental, Social And Governance Report

A.1.4 Treatment of hazardous and non-hazardous wastes

Waste treatment

For Manufacturing segment, the Group acquired waste residues 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 and stored 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 last year, 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. During the Reporting Period, the Group has taken steps to improve its storage system and environment to prevent violations of the Law on the Prevention and Control of Water Pollution of the People's Republic of China. The Group has repaired the damaged warehouse floor and implemented additional measures to ensure that raw materials are stored in strict accordance with hazardous waste storage requirements.



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.

Environmental, Social And Governance Report



Indicators inspection

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

Efficiency management

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



Environmental, Social And Governance Report

A.2 RESOURCE UTILIZATION

The Group is committed to optimizing resources utilization and production and operation patterns in order to reduce the impact on the environment. As our main consumption in the operation process is electricity and water, we adopt different measures to reduce consumption and improve resource efficiency.

During the Reporting Period, the office of the Fresh Food Retail segment is located in a shared workspace, and the rental cost already covers various daily office expenses, so direct measurement of usage rates is not possible. For the fresh meat stalls services, some partners (known as "Meat Shopkeepers (肉掌櫃)") are operating in wet markets, supermarkets, grocery stores, etc. The related water and electricity expenses are borne by the partners or may be included in the rent or management fees, and the partners are also unable to track the consumption level. Therefore, we have not been able to directly measure usage rates.

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	2022		2021	
		Usage	Intensity [Note 5]	Usage	Intensity [Note 5]
Power consumption	kWh	834,558	214	4,485,294	194,674
Diesel consumption	tonnes	13	0.4	19	0.8
Coal	tonnes	917	28	740	32
Coke	tonnes	4,300	132	8,000	347

Note 5: The intensity is the corresponding unit per RMB100 million of the Group's revenue, which was approximately RMB3,246 million during the Reporting Period (2021: RMB2,304 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	2022		2021	
		Usage	Intensity [Note 6]	Usage	Intensity [Note 6]
Water consumption	tonnes	37,186	1,145	88,005	3,820

Note 6: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB3,246 million during the Reporting Period (2021: RMB2,304 million).

Environmental, Social And Governance Report



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.



Environmental, Social And Governance Report

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

Under the New Jewellery Retail segment, the business activity is the sales of gold, silver, colored gemstones, gem-set and other jewellery products, where most of the packaging materials are used for preservation of products, such as jewellery boxes and bags, and are considered as part of the complete products. Therefore, this part of packaging materials was not accounted for separately. The packaging materials used in the Fresh Food Retail business are mainly plastics and are provided to consumers by partners. Therefore, the Group does not have statistics on the relevant data. With respect to packaging materials used by the Group with statistics available, the commonly used materials are plastics, corrugated paper and paper sheets. The following table illustrates the Group's usage of packaging materials during the Reporting Period.

Main packaging material	2022		2021	
	Usage (tonnes)	Intensity (Note 7)	Usage (tonnes)	Intensity (Note 7)
Plastics	4.1	0.13	4.9	0.21
Corrugated paper	7.2	0.22	8.0	0.35
Paper sheets	0.7	0.02	0.5	0.02

Note 7: The intensity is tonnes per RMB100 million of the Group's revenue, which was approximately RMB3,246 million during the Reporting Period (2021: RMB2,304 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.

During last year, when we disposed of the inventories of raw materials which were previously refined for production purposes, we carefully selected qualified hazardous waste disposal companies.

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.

Environmental, Social And Governance Report



B. SOCIETY

EMPLOYMENT AND LABOUR PRACTICES

B.1 EMPLOYMENT

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

As at the end of the Reporting Period, the Group had a total of 389 employees (2021: 289). All of our employees are full-time staff for both years. During the current year, 128 of all employees are employed in the newly acquired Fresh Food Retail business, and the overall number of employees has increased by 100 compared to the year 2021. We firmly believe that our employees are one of our indispensable and important assets and their contributions are fundamental to the success of the Group. We have been striving to create and maintain a fair and respectful working environment together with our employees.

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

Environmental, Social And Governance Report

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

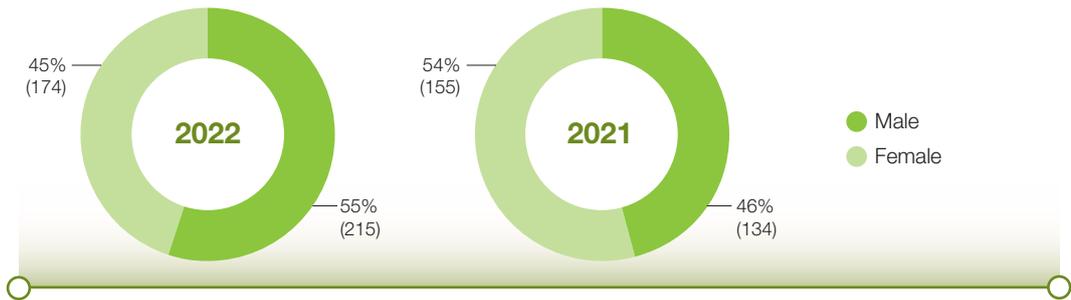


Environmental, Social And Governance Report

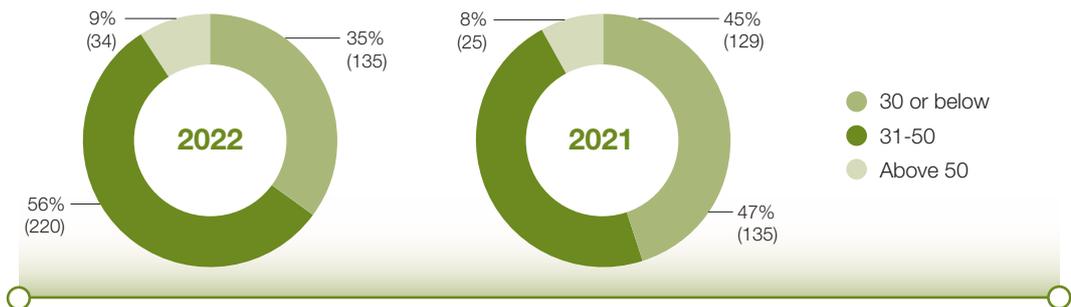


The following figures are compiled based on the total number of employees as at the end of the Reporting Period.

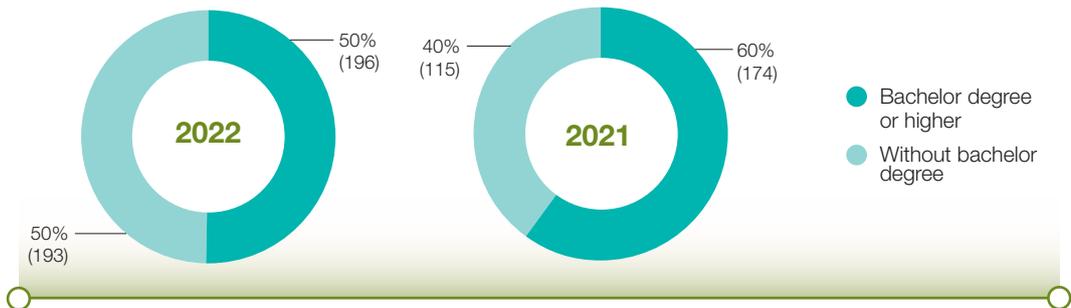
STAFF PROFILE BY GENDER



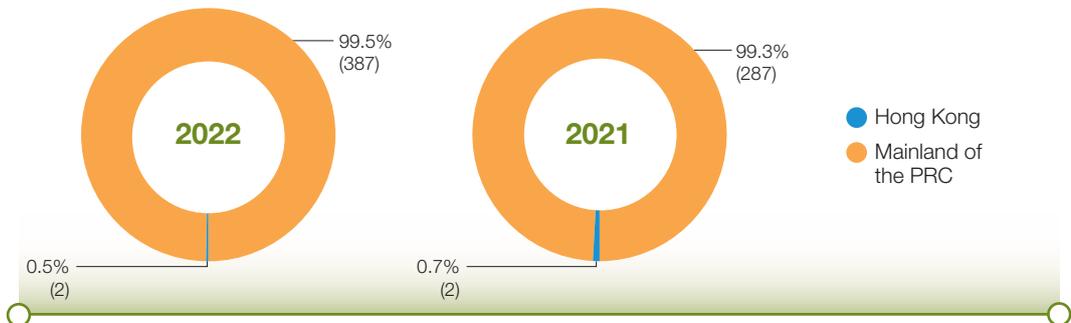
STAFF PROFILE BY AGE



STAFF PROFILE BY EDUCATION



STAFF PROFILE BY GEOGRAPHICAL REGION

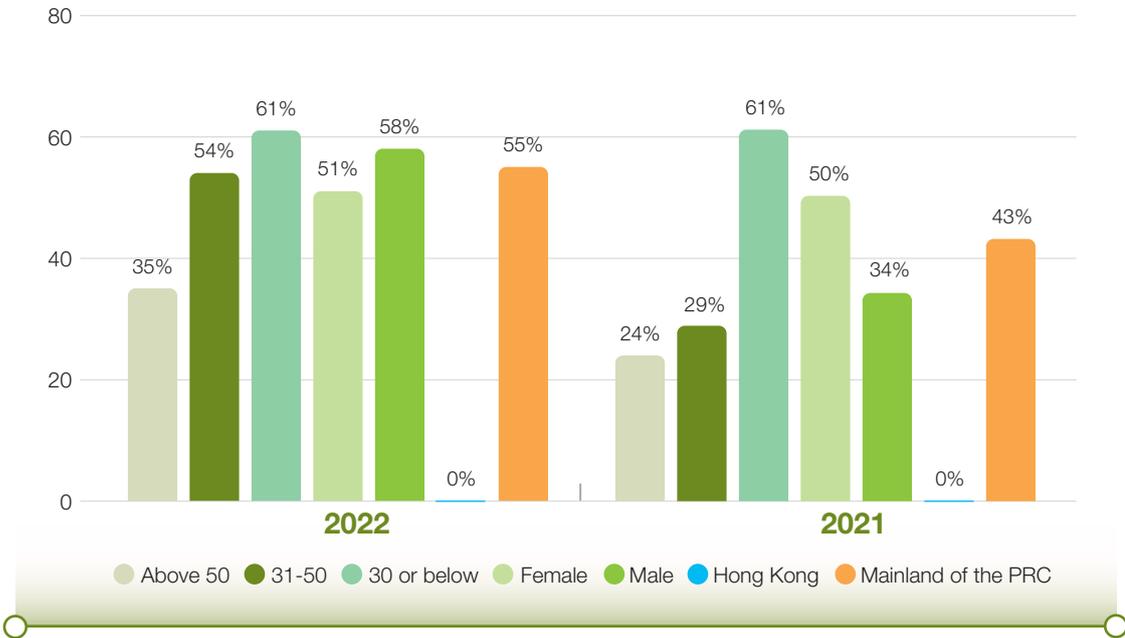


Environmental, Social And Governance Report

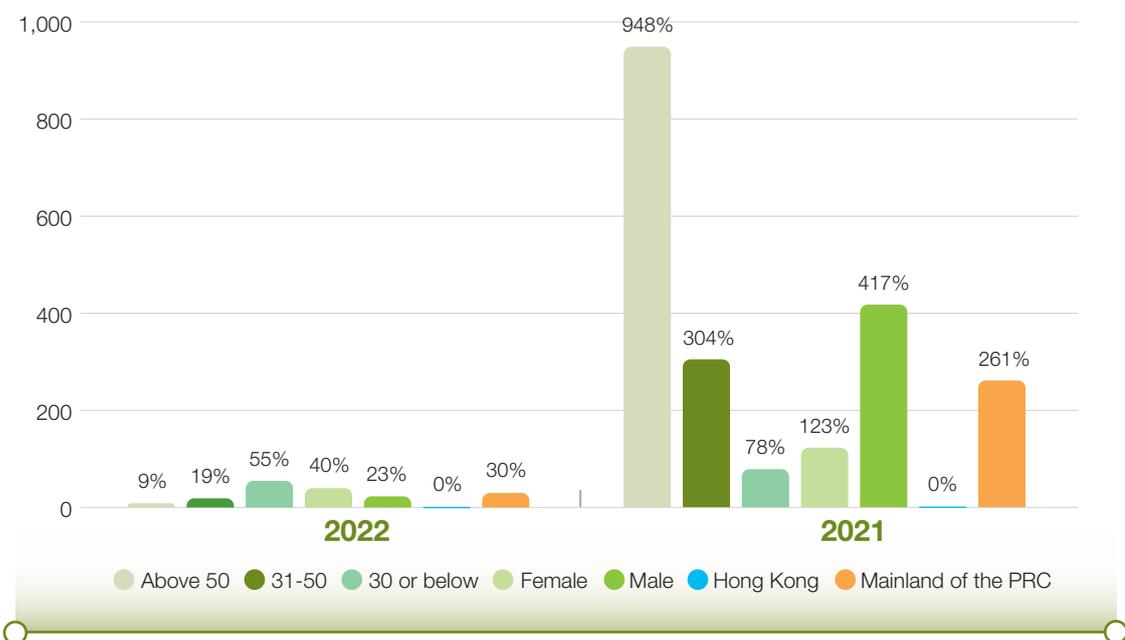


The analysis of staff on-boarding and turnover rates during the Reporting Period is as follows:

STAFF ON-BOARDING RATE



STAFF TURNOVER RATE



Environmental, Social And Governance Report



B.2 HEALTH AND SAFETY

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

As a member of the community, the Group considers that it has the responsibility to take a series of measures to minimize the risk of the spread of 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	2022	2021
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:

	2022	2021
Approximate hours per head (hours)		
By seniority		
– Manager level or above	0.6	1.4
– Below manager level	3.6	8.8
By gender		
– Male	1.2	0.5
– Female	5.3	0.4

During the Reporting Period, the percentages of staff that received training are: management level or above staff: 27%, below manager level staff: 97%; male: 81%; female: 89%.

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.

An illustration in the top left corner depicts a sustainable landscape. It features three wind turbines on a green hill, a building with a green roof, and several solar panels. There are also stylized trees and a small icon of a computer monitor. The overall theme is environmental friendliness and clean energy.

Environmental, Social And Governance Report

OPERATING PRACTICES

B.5 SUPPLY CHAIN MANAGEMENT

The Group's major suppliers are raw materials suppliers for our Manufacturing business, New Jewellery Retail business and Silver Exchange business, and fresh food suppliers for our Fresh Food Retail business. We are committed to providing our customers with quality products and services. To ensure the quality of our metal products and fresh food 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.

A stringent evaluation and review mechanism is in place in the Fresh Food Retail business to ensure the compliance of suppliers and quality of supplies. For the selection of new suppliers, we give priority to potential suppliers with good reputation and conduct a preliminary review on their capability to maintain quality and safe production. Then, we conduct investigations on supplier candidates' products, production capacity, and implementation of quality and safety management systems. Also, when necessary, we would request the supplier candidates to provide samples for evaluation and inspection and conduct on-site assessment. Only the suppliers which passed the review process can be introduced to the list of qualified suppliers. In addition, we will review and check the basic information of new suppliers, including conducting on-site assessment at the suppliers' site, reviewing their quality system certification, product safety certification, business license and other documents to ensure the suppliers' compliance. Afterwards, we regularly evaluate existing suppliers based on price, quality, delivery time and other aspects. Unqualified suppliers will be eliminated to ensure the quality of products and services provided by the suppliers.

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.

In the Fresh Food Retail business, to ensure food safety, the Company strictly selects partners, and partnering businesses must provide a "Food Safety Permit" (《食品安全許可證》) or a "National Industrial Product Production Permit" (《全國工業產品生產許可》). We also require temperature control during transportation by external transportation fleets to ensure that the food is delivered fresh to the Meat Shopkeepers. In addition, we also request the Meat Shopkeepers to clean and disinfect the meat processing utensils regularly.

During the Reporting Period, the Group has established a stable supplier network with approximately 128 suppliers, including 45 suppliers of the manufacturing sector, 19 jewellery suppliers and 64 fresh food suppliers, all of which were local suppliers of China.

Environmental, Social And Governance Report



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 last year.

During the Reporting Period, we did not receive any major complaints about the quality of our products and services.

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.



Environmental, Social And Governance Report

After-sale services

Both the New Jewellery Retail business and the Fresh Food Retail business of the Group provide after-sale services.

For New Jewellery Retail business, the Group provides high-quality products, backed with comprehensive after-sales service. Our website provides a clear list of points to note after making a purchase, including invoicing, repairing, shining, return, resizing, cleaning, examination and buyback. We have also set up a professional customer service team to provide consultation and handle complaints online.

For Fresh Food Retail business, we have implemented a series of rating mechanisms for our Meat Shopkeepers to ensure our customers receive high-quality services and products. Through regular monitoring and evaluation, we assess our Meat Shopkeepers and terminate our partnerships with those Meat Shopkeepers that fail to meet our standards. In addition, when we receive customer complaints, the relevant departments of our Fresh Food Retail business will investigate the issues and contact the Meat Shopkeepers selling related fresh food to understand the situation. We will respond to customers within 24 hours and take appropriate actions to prevent similar incidents from happening again and to enhance customer satisfaction. We will also keep detailed records of relevant complaint information for future reference in management.

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