



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. PREAMBLE

Tongguan Gold Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in (i) the gold exploration, development and mining production activities, and (ii) gold recycling, which is purchasing the gold related materials, refining and sale of gold bullion.

In March 2021, China rolled out its 14th Five-Year Plan (2021–2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035, which reaffirmed its determination and ambition to implement a sustainable development strategy, improve the mechanism for improving ecological civilisation, establish an ecological civilisation system, accelerate the prosperity of green economy and society, and move towards the goal of building a Beautiful China (美麗中國). As environmental, social and governance (“ESG”) concept is increasingly important on the stage of global business development, the Group has long been committed to implementing its sustainability strategies and fulfilling its environmental and social responsibilities in its business operations.

To maintain and further strengthen the trust as a responsible gold mining enterprise, the Group upholds the Responsible Gold Mining Principles related to ESG. The Group has been endeavouring to stand out in all three areas and will continue its efforts to make its operations more sustainable and resilient.

The Group is aware that the pursuit of responsible gold mining practices is not without the consideration of environmental protection and social wellbeing of our employees as well as our partners and communities associated with its business activities. The comprehensive and ongoing effort have been made to span various functions and to involve a high level of external collaboration, robust governance and efficient project management to improve ESG performance.

II. ABOUT THIS REPORT

In strict compliance with the requirement under Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Stock Exchange”), the Group is pleased to present its ESG Report to further demonstrate the Group’s initiatives, programmes and performance in terms of sustainable development for the year ended on 31 December 2022 (“FY2022”).

Reporting scope and boundary setting

Under the Operational Control Approach, the Group defines its reporting boundary by first considering its full spectrum of operating entities during the year under review and the ESG report primarily covers the Group’s major business activities and management policies of its gold mining operations, office operations and gold recycling business, which is the new gold related business in the second half of 2022, in the People’s Republic of China (the “PRC”) and Hong Kong. The reporting period of this ESG report is for the financial year 2022, from 1 January 2022 to 31 December 2022, unless specifically stated otherwise. For the corporate governance section, please refer to the Group’s Annual Report 2022 (Pages 16 to 31).

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II. ABOUT THIS REPORT *(CONTINUED)*

Reporting Principles

The ESG Report has been prepared with reference to the Reporting Principles set forth in the ESG Guide of the Stock Exchange. The content of the ESG Report was determined, organised and presented under the principles of Materiality, Quantitative, Balance and Consistency, which were applied throughout the entire reporting process.

Materiality:

The Group adopted the principle of Materiality in defining its reporting boundary as well as determining the ESG issues and associated risks and opportunities that are significant and relevant to the Group's long-term value creation. In FY2022, the Group engaged with its key stakeholder representatives in an annual survey, soliciting their feedback about the Group's ESG management and material ESG risks and opportunities with reference to the procedures and principles recommended by the GRI Standards in choosing materials topics. To be valuable, credible and useful, the content of the ESG report and its reporting process have been based on a holistic approach that takes Materiality into considerations.

Quantitative:

The Group gathered and disclosed its ESG performance in accordance with the quantitative Key Performance Indicators ("KPIs") set forth in the ESG Guide. Specifically, the Group generated a comprehensive picture of its environmental and social performance by quantifying its performance and progress, including Greenhouse Gas (GHG) emissions, use of resources, number of employees, training time etc., which have been laid out in different sections of the ESG Report.

Balance:

To delineate a balanced sustainability profile, the Group has unveiled its achievements in sustainable development and potential ESG-related risks including climate risks that the Group is or will possibly be facing in the long run in a transparent and impartial manner.

Consistency:

Over these years, the Group has adopted a coherent set of methodologies, frameworks and process for the reporting work on its ESG performance with gradual improvements that enable readers to have a clearer picture of the Group's sustainable development. The Group has referred to the framework and requirements of the ESG Guide in structuring information disclosure, made an assessment of its GHG profile in accordance with well-recognised standards including the recommendations in "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

Information disclosure

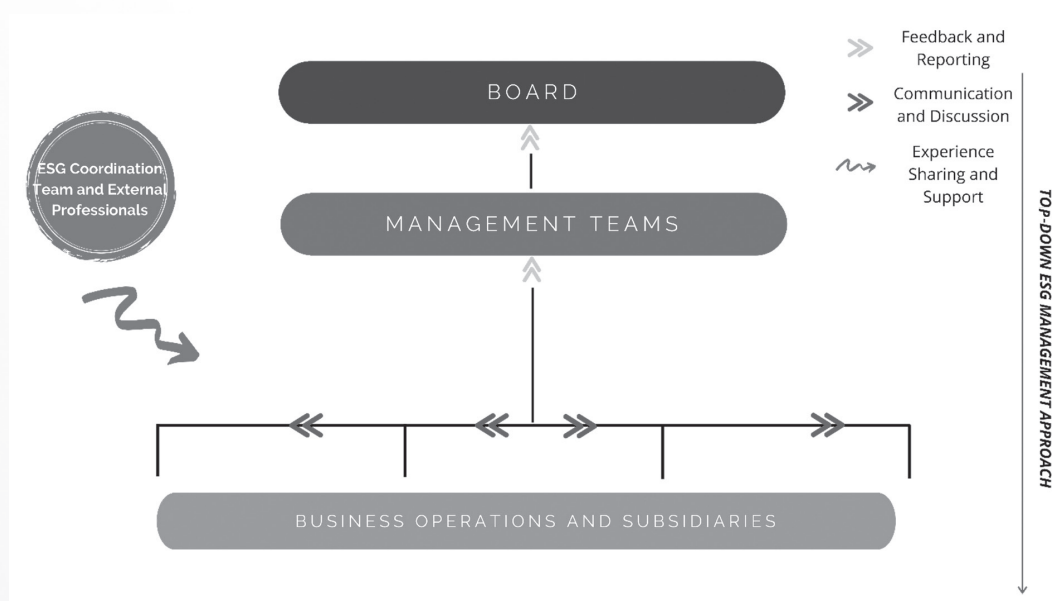
The information in the ESG Report was gathered through numerous channels, including official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by different subsidiaries of the Group. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity. This ESG report was written in both English and Chinese. If there is any conflict or inconsistency, the English version shall prevail.

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III. ESG MANAGEMENT STRATEGY

The Group's sustainability vision has been led by its objective to create long-term value for all stakeholders, and practised by embedding environmental, social and economic considerations into all its business operations and decisions. Adhering to the sustainability principle, namely "promoting environmental education, improving environmental management system, strengthening assessment and supervision, optimising governance framework, implementing accountability mechanism in delivering environmental target, exploring the application of clean energy, building a "green" corporate culture, accelerating technological transformation and innovation, and transforming into intensive pollution control mode".

As part of its governance framework, an ESG management approach has been built and implemented from the top to bottom within the Group as follow:



The Board of Directors (the "Board") of the Company takes the lead on and is responsible for overseeing the execution of relevant ESG issues, including ESG reporting. The Board assumes the ultimate responsibility for ensuring the effectiveness of the implementation of the Group's ESG policies and ESG report.

The responsibilities of the Board are mainly reflected from the aspects below:

- Overseeing the assessment of the Group's environmental and social risks, with the support of internal teams and expertise of external professionals;
- Analyse and prioritise the potential impacts of certain material ESG issues based on materiality assessment outcome on the Group's capability to create value for all in the long term; and
- Promote an ESG-oriented corporate culture from the top-down to facilitate all employees and operations to incorporate ESG considerations into business decision-making process.

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III. ESG MANAGEMENT STRATEGY *(CONTINUED)*

By leveraging the tools including materiality assessment and the regular reports from the Management teams that are mainly responsible for identifying, evaluating, consolidating and addressing ESG-related risks from operations, the Board has continuously supervised and monitored the effectiveness of the implementation of ESG risk management through well-defined metrics including GHG emissions and use of various types of group-wise energy resources, which are believed to be highly relevant to the Group's business nature, and proposed appropriate objectives such as quantitative environmental targets and policies that guide the entire organisation to march towards sustainability.

The Management team also plays an important role in maintaining the efficient communication between the Board and frontline workers, and in supervising all employees to execute the Group's policies effectively. Given the significance and value of ESG approaches, the Group's sustainability strategies have gradually become a running thread through its operations, under the leadership of the Board and guidance of corresponding Management teams.

The Board regularly reviews the Group's progress towards the goals through Board meetings and oral presentation from the Management teams.

The Group has partnered with external ESG professionals that have been assisting the Board and the Management team to understand those material physical and transition risks, which might cause significant repercussions on the Group's financial performance and position in the long run.

The Group prides itself on the commitment to robust corporate governance that champions the ESG management from the top and has been working on integrating ESG risks and opportunities into its enterprise risk management system. Facing a wide variety of ESG risks, the Group has adopted different approaches. Climate-related risk, for example, is an inherent risk element of ESG. The Group keeps reviewing and adjusting its sustainability policies on multiple fronts to meet the updated regulatory requirements, satisfy stakeholders' expectations as well as align its practices with what the transition towards sustainability demands. For instance, the Group has been formulating its Climate Policy that oversees and regulates the Group's mining operations, in order to minimise its impacts on climate change and exposure to climate-related risks (for more information, please refer to Section A.4. Climate Change). Details of the Group's management approach in both the environmental and social aspects can be found throughout different sections of the ESG Report.



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IV. MESSAGES FROM THE BOARD

Dear valued stakeholders,

As a growing gold mining operator, the Group has long been looking to drive long-term strategic value by incorporating ESG mindsets, principles and best practices in daily operations. ESG, to the Group, has been more than compliance. The Group works on making sustainability engrained into the core of its business strategy and purpose, and importantly, a catalyst of driving resilience and sustainability. To this end, the Group has set targets regularly, reviewed and reported its progress transparently, and refined its management approach continually. The Group is deeply aware that mining industry causes dramatic impacts on the natural environment and human health, should no attention be paid, or no solid actions be taken to regulate business operations from the perspective of sustainability. Therefore, we are committed to making every step with innovative solutions to optimise our business model and to lower our potential negative social and environmental impacts.

We fulfil our environmental responsibilities

In 2020, China established a national target to reach its carbon peak by 2030 and carbon neutrality by 2060. To achieve these goals, China aims to increase the share of non-fossil energy consumption to approximately 20% by 2025, approximately 25% by 2030, and over 80% by 2060. Additionally, the country is facilitating its mining industry for transition to a low-carbon operation plan.

In November 2022, China released a plan to advance the low-carbon development of its nonferrous metal industry, which is a key producer of industrial carbon emissions. This plan will assist China to achieve its aforementioned goals. The plan includes significant progress in the research and development of low-carbon-emissions technologies, with recycled metals accounting for over 24 percent of the total supply of nonferrous metals in the country. By 2025, there will be significant improvements made to the sector's industrial and energy consumption structure. As green metals are increasingly in high demand and the country encourages the low-carbon development of the industry, the Group has actively responded to the decarbonization trend. The Group has made an effort to stay ahead of the curve by developing its carbon goals and setting up its Climate Policy, which administers the Group's management approach and operations to mitigate and adapt to climate change.

Aiming to realise the integration of Production, Life and Ecosystem (生產、生活、生態), the Group keeps building and improving its environmental management system, and fully studying and implementing the latest regulatory requirements of governments, including the "Classification of Solid Mineral Tailings"《固體礦產尾礦分類》, "Specifications for sample proportioning of mineral processing"《固體礦產選冶試驗樣品配製規範》, "Codes for utilization of solid mine waste"《礦山固體廢棄物資源化利用指標及計算方法》. The Group has built internal teams that are in charge of regularly inspecting and controlling potential environment-related risks. The Group has set up environmental protection and performance monitoring taskforces, established a corporate environmental protection network that is composed of corporate leaders and other personnel, and held relevant meetings for internal discussion. The internal taskforces have been equipped with necessary expertise and knowledge. A factory-level leader is required to be responsible for the overall environmental protection work, supported by well-selected technicians to assist the leadership.

Under the robust government structure and leadership, all departments and employees have conscientiously implemented the relevant policies and regulations, organised internal environmental monitoring, mastered the original records, established the operating account of environmental protection facilities, fulfilled their responsibilities for archiving environmental protection data and timely reporting to the management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. MESSAGES FROM THE BOARD *(CONTINUED)*

We care about our people's wellbeing

Guided by our core value of “Putting People's Health & Safety In The First Place” (以人為本、生命第一), the Group has prioritised the health and safety of its employees, developing internal mechanism and teams responsible for coordinating operational responses and launching protective protocols for both the workforce and communities.

Over years, the Group has been in strict compliance with safety regulations in the jurisdictions where it operates, including the newly revised Safe Production Law of the People's Republic of China 《中華人民共和國安全生產法》. The Group has been committed to building and promoting a culture of safety from within, where all workers can be provided with a secure workplace, quality equipment and comprehensive training in relation to occupational health and safety. With safety at the heart, the Group has proactively carried out risk management and incorporated hazard identification in all its operational processes.

Rather than viewing ESG as a box-ticking exercise, we see it as a modern and sustainable way to drive value creation. Looking ahead, we will unlock more opportunities for sustainable growth, decarbonising our value chain while enlarging our positive contributions to the entire society.

Last but not least, I would like to take this opportunity to thank all of our employees for their continued dedication to delivering on our values and principles, and our stakeholder communities for their partnership and support. On behalf of the Board, I am pleased to present you the ESG report of FY2022, demonstrating the progress of the Group's sustainability journey and unwavering efforts in leading the whole industry towards responsible mining.

On behalf of the Board
Tongguan Gold Group Limited

Yeung Kwok Kuen
Executive Director and Chief Financial Officer

27 March 2023

V. STAKEHOLDER ENGAGEMENT

As an integral part of the Group's sustainability, stakeholder communication is vital for the Group to understand the concerns and expectations of its key stakeholders. The Group has put tremendous efforts in connecting with its stakeholders through a wide variety of channels as shown below, striving to actively communicate its sustainability approach and progress to all and adjusting its business operations based on the valuable feedback from its stakeholders.

In FY2022, the Group continuously engaged with its stakeholders and timely responded to their significant concerns. The Group highly values the feedback from its stakeholders and takes an initiative to utilise different platforms to maintain a barrier-free communication with different stakeholder groups.

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V. STAKEHOLDER ENGAGEMENT *(CONTINUED)*

Communication with Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> - Compliance with laws and regulations - Anti-corruption policies - Occupational health and safety 	<ul style="list-style-type: none"> - Supervision on the compliance with local laws and regulations - Routine reports and tax payments
Shareholders	<ul style="list-style-type: none"> - Return on investments - Corporate governance - Business compliance 	<ul style="list-style-type: none"> - Regular reports - Announcements - General meetings - Official website of the Group
Employees	<ul style="list-style-type: none"> - Employees' remuneration and benefits - Career development - Health and safety in the workplace - Education on environmental protection - Smooth internal communication 	<ul style="list-style-type: none"> - Performance appraisals - Regular meetings and training - Emails, notice boards, hotline, team building activities with the management
Senior management	<ul style="list-style-type: none"> - Monitoring on the disposal of solid waste - Business practice in compliance with laws and regulations - Prevention of occupational diseases - Technology innovation on "Green" development - Green development and quality control 	<ul style="list-style-type: none"> - Internal meetings - Online conference - Emails and telephone calls - Regular reports
Customers	<ul style="list-style-type: none"> - Production quality assurance - Protection of customers' privacy and rights 	<ul style="list-style-type: none"> - Customers' satisfaction surveys - Face-to-face meetings and onsite visits - Customer service hotline and emails
Suppliers	<ul style="list-style-type: none"> - Fair and open procurement - Win-win cooperation - Environmental protection - Protection of intellectual property rights - Insistence on sustainable development 	<ul style="list-style-type: none"> - Open tendering - Contracts and agreements - Suppliers' satisfaction assessment - Telephone discussions - Face-to-face meetings and onsite visits - Industry seminars
General public	<ul style="list-style-type: none"> - Involvement in communities - Business ethics - Environmental protection awareness - Consumption of packaging materials 	<ul style="list-style-type: none"> - Media conferences and responses to enquiries - Public welfare activities

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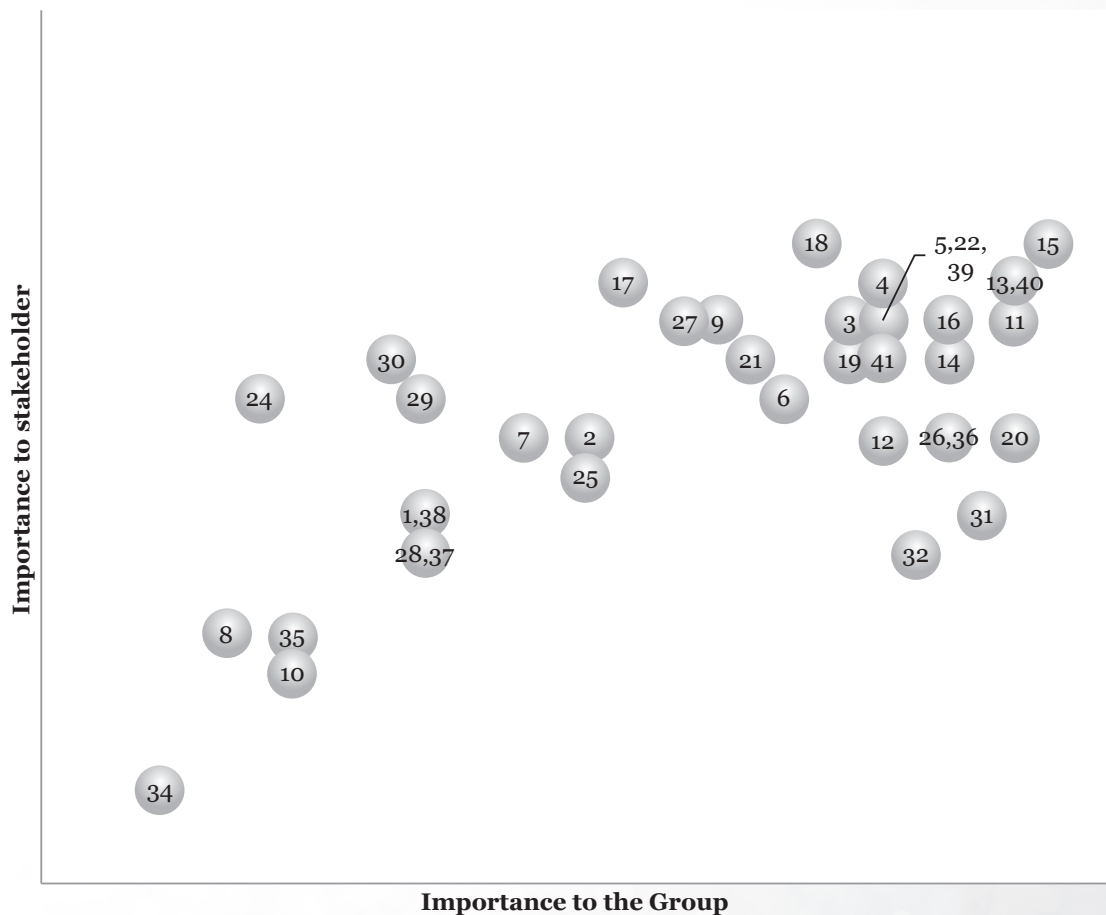
V. STAKEHOLDER ENGAGEMENT *(CONTINUED)*

Materiality Assessment

As ESG risks and opportunities for companies vary across industries and depend on factors including corporate culture, business models and operational characteristics, the Group undertook an annual materiality assessment based on dialogues with external stakeholders and internal impact analysis in FY2022, the outcome of which was approved by the Board.

In FY2022, the Group selected a range of its key stakeholders to participate in a materiality assessment survey initiated by an independent professional party. The key internal and external stakeholder representatives including suppliers, general employees and senior management were invited to prioritise the relevant ESG issues from a list of 41 topics from five pillars including environmental impacts, operating practices, leadership & governance, employment and labour practices, and community investment. The Group mapped the results into the matrix below, showing the rank of ESG topics in terms of their significance and relevance to the Group.

Stakeholder Engagement Materiality Matrix



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V. STAKEHOLDER ENGAGEMENT (CONTINUED)

Materiality Assessment (CONTINUED)

1	GHG Emissions	15	Preventing Child and Forced Labour	29	Product Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/ Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environment (regulation-compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/Services		

The Group identified “Preventing Child and Forced Labour” as the ESG topic that is of the most importance to the Group and its stakeholders. The results from the evidence-based materiality matrix are conducive to enhancing sustainability decision-making and have been used to inform the content of this report.

Stakeholders Feedback

The Group welcomes stakeholders’ feedback and advice on the improvement of corporate ESG approach and performance, especially related to topics listed as highly important to the Group and its stakeholders in the materiality assessment. Readers are also welcomed to share their views with the Group and send in writing to the head office and principal place of business of the Company in Hong Kong at Room 1306, 13/F., Bank of America Tower, 12 Harcourt Road, Admiralty, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY

Management Approach

As part of its overall effort in meeting the environmental requirements and balancing its business development with considerations into ecological protection, the Group seeks the long-term sustainability of the environment and the community where it operates, and has been prudent in controlling its emissions and consumption of resources in compliance with relevant environmental laws and regulations in Hong Kong and the PRC during its daily operations, including but not limited to the:

- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Environmental Impact Assessment Law of the People's Republic of China (中華人民共和國環境影響評價法);
- Environmental Protection Tax Law of the People's Republic of China (中華人民共和國環境保護稅法);
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法);
- Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法);
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法);
- Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the People's Republic of China on Conserving Energy (中華人民共和國節約能源法);
- Mineral Resources Law of the People's Republic of China (中華人民共和國礦產資源法);
- Regulations of the Management of Economical Use of Urban Water (城市節約用水管理規定);
- Regulation on the Administration of Permitting of Pollutant Discharges (排污許可管理條例);
- Emission standards for industrial enterprises noise at boundary (GB12348-2008) (工業企業廠界環境噪聲排放標準);
- Standards for pollution control on the storage and disposal site for general industrial solid wastes (GB18599-2001) (一般工業固體廢物貯存、處置場污染控制標準);
- Technical Policy of Gold Industrial Pollution Control (黃金工業污染防治技術政策);
- Guiding Opinions on Comprehensive Utilisation of Bulk Solid Waste During the 14th Five-Year Plan (關於“十四五”大宗固體廢棄物綜合利用的指導意見); and
- List of Administrative Penalties of the Ministry of Natural Resources (自然資源部行政處罰事項清單)

The dedicated Environmental Protection Department that is comprised of professional management staff is responsible for identifying and addressing environment-related issues in business operations of the Group according to internal policies.

This section mainly discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in FY2022.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.1. Emissions

The Group has been in compliance with relevant national and local environmental laws in terms of industrial emissions set out in the operating regions during mining operations. In FY2022, the Group found no disregard to influential laws relevant to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise. Adhering to the concept of “lucid waters and lush mountains are invaluable assets” (綠水青山就是金山銀山) and following the principles of “Reduce at source, Control in the process, Remedy at the end, Reuse the waste” (源頭減量、過程控制、末端治理、資源化利用), the Group insists on implementing the principles of scientific and green development, conforming to industry regulations and norms and vigorously developing circular economy. Thus, various effective measures to mitigate its negative impacts on the environment have been taken in accordance with the technical approaches to pollution control as recommended in the Technical Policy of Gold Industrial Pollution Control over years. In particular, the Group has focused its efforts on improving the energy efficiency during mining operations and exploring the practicality of installing environmentally friendly facilities and energy resources to transition from fossil fuel-based model to low-carbon development.

The key air pollutants from the mining process were sulphur oxides (“SO_x”), nitrogen oxides (“NO_x”) and particulate matter (“PM”) which mainly came from fuel combustion for machinery operations, vehicle transportation and other operational processes. In FY2022, the Group and its staff have acquired electric vehicles to replace gasoline cars. More than that, the Group also encourages employees to carpool together so that the air emissions can be further reduced. The air emissions of SO_x, NO_x and PM amounted to 0.4, 31.8 and 2.3 kg respectively.

In the Group, GHG emissions were primarily due to the combustion of fossil fuels and electricity consumption during industrial operations. During FY2022, the Group’s mining operations in the PRC were restricted due to the lockdowns in response to the national Zero-COVID policy, the usage of electricity was obviously decreased, resulting in the decrease of total GHG emissions to 11,576.8 tonnes CO₂e, with an intensity of 56.2 tonnes CO₂e/employee during the year under review.

The Group generated certain amounts of solid waste and wastewater from its mining sites and offices, including but not limited to waste by-products in the form of tailings and sludge during gold mining and processing. In FY2022, a total of 24.0 tonnes of non-hazardous general were generated. As the phase one of new processing plant has been fully operated in 2021, the wastewater generated can be repeatedly reused into the processing operations. In FY 2022, the gold mining business has not released wastewater on site. During the year under review, the Group did not discharge significant amounts of hazardous waste to the environment during its operations. The Group’s total emissions in FY2022 are summarised in Table 1 below, with a comparison with the figures in FY2021 (for the year ended 31 December 2021).

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VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.1. Emissions *(CONTINUED)*

Table 1 The Group's Total Emissions by Category in FY2022 and FY2021 ³

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2022	Intensity ¹ (Unit/employee) in FY2022	Amount in FY2021	Intensity ¹ (Unit/employee) In FY2021
Air Emissions ²	SO _x	Kg	0.4	–	0.6	–
	NO _x	Kg	31.8	–	65.4	–
	PM	Kg	2.3	–	2.7	–
GHG Emissions	Scope 1 (Direct Emissions)	Tonnes of CO ₂ e	108.4	–	164.8	–
	Scope 2 (Energy Indirect Emissions)	Tonnes of CO ₂	11,468.4	–	13,980.0	–
	Total (Scope 1 & 2)	Tonnes of CO ₂	11,576.8	56.2	14,144.8	69.0
Non-hazardous Waste	Solid Wastes	Tonnes	24.0	0.12	29.8	0.15
	Wastewater	M ³	0 ⁴	– ⁴	68.1	0.33

¹ Intensities in FY2022 and FY2021 were calculated by dividing the amount of air, GHG and other emissions by the total workforce of the Group in FY2022 and FY2021, which was 206 and 205, respectively;

² Air emissions included only the air pollutants in the exhaust gas from vehicles for transportation;

³ The methodology adopted for reporting on GHG emissions set out above was based on “How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, GHG Protocol Corporate Standards, EMEP/EEA air pollutant emission inventory guidebook 2019 – Update Mar. 2022 and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories;

⁴ The phase one of new processing plant can practically 100% recycle the wastewater into mining operation so no release of wastewater is recorded in 2022.

Hong Kong Office

The principal types of emissions from the Hong Kong office were municipal solid waste, wastewater and indirect GHG emissions from the purchase and consumption of electricity. During the year under review, no hazardous waste was generated from the Group's Hong Kong office.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.1. Emissions *(CONTINUED)*

Solid Wastes

The solid waste generated from the Group's Hong Kong Office was mainly commercial solid waste. Under proposed amendments to the Waste Disposal Ordinance for municipal solid waste, the Group has remained staunch champions of scheme and been committed to encouraging its employees in making behavioural changes that reduce, reuse and recycle the commercial waste from the office. For example, the Hong Kong office has put a centralised rubbish bin for the collection of waste. With the effective training and implementation of Waste Classification System, for instance, the Group collected the packaging materials of takeaway food from employees in the office for other uses. The non-recyclable municipal solid waste from offices was handled by the property management of the building and ultimately disposed of at landfills by the government department.

Wastewater

Wastewater generated from Hong Kong Office was mainly commercial wastewater. The wastewater was directly discharged into the building sewerage network and handled by the property management. Since the amount of wastewater highly depends on the amount of wastewater released on site, the Group has adopted specific measures, further described in the next subsection under **Water**, to reduce its water consumption in the office.

GHG emissions

In 2022, the 27th UN Climate Change Conference concluded on November 18th, reiterating the urgency of actions to reduce GHG emissions by 43% by 2030 to limit global warming to around 1.5°C. Despite not being a carbon-intensive business, the Group's Hong Kong Office has energetically aligned its practices with Hong Kong Climate Action Plan 2030+ and supported the goal of Hong Kong to achieve carbon neutrality before 2050. To this end, the Group has implemented a series of measures to lower its electricity consumption in the office. For example, the Group has encouraged the use of multi-media systems and the internet so as to minimise the frequency of and dependence on business travels. The Group encourages its employees to use public transportation or carpool when possible, and to take an initiative through actions, including avoid unnecessary printing, to make positive changes to the environment and planet. The details of actions taken by the Group in saving electricity and improving energy efficiency are further introduced in the next subsection under **Electricity** and **Other energy resources**.

Gold Recycling and Gold Mining Businesses

As the gold recycling operations solely involve the sale of physical gold bullion by purchasing gold related materials from other supply chain players and refining by the subcontractors, the office of the gold mining business in the PRC also involves the gold recycling operations as well and this segment has minimum emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.1. Emissions *(CONTINUED)*

Gold Recycling and Gold Mining Businesses *(CONTINUED)*

In FY2022, the principal emissions in the gold mining business of the Group included GHG emissions from the electricity consumption and combustion of fossil fuels for machinery operations, SO_x, NO_x, smoke, slag, noise, wastewater, tailings, mine waste, rock waste and domestic waste from workers during the mining process. To ensure that all emissions from the mining sites could be effectively monitored and managed, the Group normally performs comprehensive environmental impact assessments for facility expansion and mining operations according to the government's requirements. An Environmental Monitoring Team comprised of professional inspectors has been commissioned to continuously monitor the emissions and evaluate the potential environmental impacts of operations. Further, the Group has mainly been working on the following aspects to minimise its environmental impacts:

- Purchasing the operational facilities including the dust removal equipment in accordance with national standards, and strengthening internal training and examination of personnel in construction operations to enhance internal awareness of environmental protection;
- Deploying automatic technologies and processes in production workshops to reduce the discharge of waste and introducing comprehensive recycling and reuse of water resources; and
- Continuously making innovations to optimise the production process that realises the improvement of recycling rate.

Air & GHG Emissions

Air and GHG emissions from this business segment mainly came from the use of electricity, consumption of gasoline and dust during mining operations such as blasting, hauling, crushing and stockpiling rock. For instance, a fleet of heavy machinery for mining and transporting ore and other solid waste may produce certain amounts of exhaust fumes, while the transportation of light vehicles for workers commuting back and forth between dormitories and mining sites is another main contributor to air emissions.

In strict compliance with national and local requirements, the Group has implemented internal policies and effective measures to abate the negative impacts on the surrounding areas. For dust suppression and control, professional equipment and facilities that conform with the national standards including bag-house dust collectors and closed hoods have been adopted to ensure that the air quality onsite meets the requirements. To further reduce the generation of dust, the Group has strictly adopted the Six Major System for field operations, including the use of wet drilling and blasting, installing sprinkler systems on vehicles to minimise the dust on the mining sites and ore transportation routes.

With a commitment to decarbonise its operations that mitigate and adapt to the consequences of climate change, the Group understands that it has a natural role to play in embracing a zero-carbon energy and operation revolution, thus adopting multiple measures to lower its GHG emissions. For instance, the Group seeks the opportunities associated with low-carbon and energy-efficient technologies, including fuel-switching, exploration of the use of renewable energy sources, and considering energy efficiency as an important criterion in the procurement process.

To further lower the air & GHG emissions from mining operations, the Group has set up internal policies, which are further described in the **A.2. Use of Resources**, to reduce energy use through advanced energy management systems and energy efficiency initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.1. Emissions *(CONTINUED)*

Wastewater

The wastewater from mining activities of the Group was mainly the industrial sewage during mining operations and the domestic wastewater from workers. Based on the principle of “Circular Economy”, the Group has set a target of “Zero Water Discharge” for its mining business and achieved that the sewage has fully been recycled on site for planting or irrigation. As the phase one of new processing plant has been fully operated in 2021, the onsite wastewater of the Group was practically 100% recycled in FY2022.

As part of its environmental assessment and policies, the Group has been focusing on the internal treatment of wastewater according to national standards and based on its comprehensive water management plans. The sedimentation tanks, automatic valveless filters and drainage ditches have been set on the periphery of the mining area, with a catch basin set in the mining pit. Automation equipment, such as drainage pump stations, has been installed on site to recycle the industrial wastewater. All industrial wastewater must be processed in the sedimentation tank, in which the floating mud should be collected and transported to the certified external environmental organisations, while effluents are used for agricultural irrigation or being discharged. With the effective implementation of internal policies and practices, the domestic and industrial wastewater from the Group’s mining operations meets the standard of “Integrated waste discharge standard (GB 8978-1996) (污水綜合排放標準)”. Various types of wastewater should be collected, stored and treated in special containers given their different characteristics and properties. The site-level environment teams of the Group take the responsibility for water management, including the supervision and coordination of sustainable water usage and sewage treatment.

Solid Wastes

The solid waste in this business segment mainly consisted of industrial solid waste including tailings, waste rock, mineral processing waste, as well as other hazardous and non-hazardous materials. For the domestic solid waste generated by its employees, mainly comprised of paper, glass and plastic-made products, was well-sorted, recycled and handled by the certified municipal department during the year under review.

Tailings and mineral processing waste were the two key materials that came from the gold mining and processing. The Group has benchmarked the Global Industry Standard on Tailings Management and strictly implemented the Work Plan for Preventing and Resolving Tailings Pond Safety Risks (防範化解尾礦庫安全風險工作方案), aiming to move towards the ambition of zero harm to people and the environment from tailings facilities. In FY2022, the Group’s tailings were piled up in its internal tailing warehouses, where facilities for processing fine-grained water-containing tailings that consisted of three main systems: Plunger pump tailings transportation, Tailings ponds and Return pumping station facilities (including return water which is all reused), were established. Upholding the mindset of “zero waste”, the Group strives to maximise the recycling rate of tailings. After passing through its processing facilities, the tailings are normally delivered to the tailing ponds.

- Achieve reduction at source
- Strengthen process control
- Standardise the disposal of bulk solid waste

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.1. Emissions *(CONTINUED)*

Solid Wastes *(CONTINUED)*

In FY2022, the hazardous wastes were carefully stored by the Group in special containers and warehouses under strict surveillance in accordance with the requirements of Guiding Opinions on Comprehensive Utilisation of Bulk Solid Waste During the 14th Five-Year Plan (關於「十四五」大宗固體廢棄物綜合利用的指導意見) and the Regulations on the Safety Management of Hazardous Chemicals (危險化學品安全管理條例). The Group has been in partnership with certified companies that are responsible for the recycling and handling of wasted hazardous materials. The Group regulates that all hazardous waste be strictly separated from the general waste and stored at special warehouse installed with stringent monitoring procedures and systems.

To keep a sound management of tailings, waste rock and other valuable solid waste, the Group has established the Solid Waste Stewardship Strategy to promote the good practices in construction, operation, maintenance, monitoring and the disposal of waste.

Noise

The Group has built professional teams inspecting the perceived impacts of operations including the noise from operations, and run participatory monitoring sessions for the surrounding area on noise levels. In FY2022, noise emissions of the Group mainly came from heavy machinery and drills. The Group has been committed to keeping its vehicles and machines below the noise limit and taking necessary measures to ensure the correct use of hearing protection equipment among workers. In strict compliance with national and local regulations in terms of noise emissions such as Emission standards for industrial enterprises noise at boundary (GB12348-2008), the Group has adopted various noise-reducing facilities and measures to lower the impact of noise on the surroundings. Low-noise equipment and pumps with better performance in noise control have been selected by the Group, while shock pads, air compressors and mufflers were installed on site. Advanced mining technology such as Millisecond deep-hole blasting has also been applied for better noise control.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.1. Emissions *(CONTINUED)*

Trend Analysis and Goals

Areas	Trend Analysis	Targets	Proposed Steps
GHG emissions	As compared with FY2021, the Group's GHG emissions in FY2022 declined by approximately 18.2%, primarily due to the decrease in energy resources consumption.	<p>In line with the global trend of decarbonisation and national carbon neutrality goal by 2060, the Group has been focusing on the control of its GHG emissions.</p> <p>Taking FY2020 as the baseline year, the Group targets to lower its GHG emissions (scope 1 + scope 2) to 10,939 tonnes CO₂e, by 12.5% by 2025, with reference to Science-Based Targets initiative.</p>	The Group commits to improve its energy efficiency by applying innovative technologies, optimising production process and strengthening internal monitoring and management on energy consumption. Meanwhile, the Group will seek opportunities to offset its carbon emissions through investment and planting activities.
Solid wastes	As compared with FY2021, the Group's solid waste amount in FY2022 went down by 19.5%.	<p>Gold mining and its multiple processes including extraction, processing and refining, create waste including tailings.</p> <p>Based on an in-depth analysis, the Group believes that an indefinite target that aims to ensure no catastrophic or major environmental incidents in relation to its tailings management is appropriate at the current stage. In the long run, the Group commits to achieve "Zero Discharge of Solid Waste" by fully integrating Circular Economy into practices.</p>	The Group commits to allocate more resources to implement its Sustainable Waste Management that steadily intensifies efficient extraction and overall utilisation of valuable components of tailings through external partnerships and internal growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.2. Use of Resources

In FY2022, the main resources consumed by the Group were electricity, gasoline, diesel, water and paper. Since the final products of the Group are gold concentrate and gold bullion that are sold by pour-out, the gold mining and gold recycling businesses do not require or consume any packaging materials. Table 2 illustrates the amount of different resources used by the Group in FY2022 and FY2021.

Table 2 Group's Total Use of Resources by Category in FY2022 and FY2021

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2022	Intensity ¹ (Unit/employee) in FY2022	Amount in FY2021	Intensity ¹ (Unit/employee) in FY2021
Energy ²	Electricity	kWh'000	18,795	91.2	22,912	111.8
	Diesel	L (kWh'000)	15,000 (151.2)	72.8	18,462 (186.1)	90.1
	Gasoline	L (kWh'000)	25,429 (241.6)	123.4	44,125 (402.2)	215.2
	LPG	L (kWh'000)	- ⁴	- ⁴	3,493 (25.2)	17.0
	TOTAL	kWh'000	19,187.8	93.1	23,526	114.8
Water	Water	M ³	59,322	288.0	22,248	108.5
Paper ³	Paper	Kg	291	1.4	332	1.6
Raw Materials	Metal	Tonnes	715	3.5	856	4.2
	Concrete	Tonnes	502	2.4	777	3.8
	Wood	Tonnes	113	0.5	386	1.9
	Paper	Tonnes	3.7	-	3.9	-
	Gold related materials	Tonnes	2.05	-	-	-

¹ Intensity for FY2022 and FY2021 was calculated by dividing the amount of resources the Group consumed in FY2022 and FY2021 by the total workforce in FY2022 and FY2021 respectively, which was 206 in FY2022 and 205 in FY2021;

² The methodology adopted for energy conversion of the energy resources of the Group was based on the IPCC Default Net Calorific Values Database; and

³ Paper consumption = paper inventory at the beginning of reporting period + paper added to inventory during reporting period – paper collected for recycling purposes – paper inventory at end of the reporting period.

⁴ In FY2022, LPG has been replaced by the use of Methanol which is more environment-friendly and costs less.

Management Approach

The Group has built Environmental Protection Departments for formulating implementation plans and monitoring the progress in energy efficiency improvement and resource conservation. Based on the accountability system of the Group, the specialists from Environmental Protection Departments are responsible for performing regular assessments on the energy performance of various operating sites and processes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.2. Use of Resources *(CONTINUED)*

Electricity

Electricity was purchased from the utility company by the Group and consumed in the offices and during mining and gold recycling operations. During FY2022, in response to the national Zero-COVID policy to lockdowns, the Group stopped the mining operations on site for several times, resulting in the decrease of electrical usage. Both offices and mining sites of the Group have still stringently complied with relevant regulations and the Group's policy of electricity conservation. The Group has set up the policy of "Cut off electricity during operation shutdown and re-operate after returning to work" (停轉停工·復轉復工) and established a reward and punishment system for electricity management. In FY2022, the Group implemented the following practices to control its electricity usage:

- Switch off all idle lights and air conditioners (e.g. most electrical equipment will be turned off during lunch time);
- Place "Save electricity and turn off the light when you leave please" posters to encourage workers and employees to conserve energy;
- Advocate energy conservation through seminars and training courses among employees;
- Purchase and install new electric generators and transformers with high energy efficiency on site;
- Use more efficient LED bulbs for office lighting instead of energy-intensive lamps;
- Monitor equipment operation by carrying out energy audit continuously; and
- Adopt natural ventilation or ventilation fans for areas not requiring air-conditioning.

Other energy resources

Gasoline and diesel were the primary energy resources used by the Group for digging, loading and transportation of ore and waste rock, comminution process, and heating. As energy is essential for mining businesses, optimising the mining operations and ensuring the access to secure and reliable energy sources are key to the long-term stability of the Group's business. In FY 2022, the weight of total gold concentration was reduced by 7,452.6 tons so the use of diesel for forklifts decreased in FY 2022. Additionally, the Group has encouraged its employees to replace with electric vehicles and to carpool so that the use of gasoline was further reduced for the year.

Over years, China has made notable progress in its clean energy transition and in 2022, the National Development and Reform Commission set 2025 efficiency goals for energy-intensive industries, envisaging tougher energy efficiency standards by 2030. In response to China's commitment to achieving carbon neutrality by 2060, the Group has been endeavouring to ratchet up its ambitions on improving energy efficiency and transitioning to scale up its application of clean and renewable energy resources. Specifically, the Group has set up internal energy-related policies that quantify and track the amount of different energy resources consumed during mining operations. The Group performs energy consumption audits on its vehicle performance regularly. In the cases where the Group outsources the transportation work, the Group undertakes thorough background check on the outsourcers in advance to assess their performance in energy efficiency. During procurement, the Group prioritises environmentally friendly vehicles for transportation and operations, in order to make a smooth transition towards a "low-carbon and low-consumption" business model.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.2. Use of Resources *(CONTINUED)*

Water

The Group recognises the value of water as a shared resource and has long been committed to responsible water stewardship, in order to minimise the potentially detrimental impact on water resources during operations.

The Group is committed to taking effective measures that prioritise water conservation based on the “3R rules – Reduce, Reuse and Recycle” in its daily operations. With the implementation of robust water resource protection and monitoring measures, such as the installation of flow metres on the control of the withdrawal of water resources, the Group did not face any problem in sourcing water during the year under review.

The Group’s mining sites, where water could be largely consumed, have been encouraged to reuse the wastewater properly. In FY2022, in order to reduce the operation loss due to the lockdown, part of its processing plant area was contracted for a period while the party could use the facilities contracted and undertook relative business and benefit with the Group. The contracted party was principally engaged in processing mineral surface which involves cleaning so the consumption of water increased significantly in FY2022. In spite of contracting facility area, the Group still held and supported multiple water recycling initiatives to reach the goal of “Zero Water Discharge” on site. The Group has also put its focus on the education of water conservation among its employees, who are expected to efficiently practise the Group’s water conservation and security strategy, as well as accumulate practical experience for future improvement. To further enhance the utilisation efficiency of water resources, the Group has adopted the following practices:

- Fix dripping taps timely to avoid further leakage of the water supply system;
- Monitor and ensure the compliance with industry standards by optimising chemical dosage and management procedures in the wastewater treatment processes;
- Strengthen the inspection and maintenance on water taps, water pipelines and water storage; and
- Run regular leakage test on water taps, joint rings and other components in the water supply system.

Paper

The Group has implemented its Quantification Management Policy as an efficient tool to control the paper usage in the organisation. A variety of Office Automation (“OA”) solutions have been put into practice from document transfer, information communication, all the way to the review, approval and signing of relevant decisions within the Group. To further reduce the use of paper, the Group has implemented the following policies in order to promote a paperless office:

- Promote the procurement and use of recycled paper;
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Spread the idea of “Think before print” by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- Put boxes and trays as containers beside photocopiers to collect single-sided paper for reuse;
- Use the back of old single-sided documents for printing or draft paper; and
- Recycle used stationery whenever possible.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.2. Use of Resources (CONTINUED)

Trend Analysis and Goals

Areas	Trend Analysis	Targets	Proposed Steps
Energy Efficiency	As compared with FY2021, due to lockdown and national Zero-COVID policy, the Group's electricity consumption in FY2022 decreased by approximately 18.0%. The usage of gasoline in FY2022 dropped significantly by 42.4% whilst diesel consumption and intensity decreased moderately when compared with FY2021. In FY2022, the Group did not consume LPG but alternatively used Methanol as substitute.	In line with the goals of GHG emissions reductions, the Group targets to lower the GHG emissions in the purchase of electricity for operations, which is the largest contributor to the Group's GHG profile, by 13% by 2025.	On top of electricity conservation, the Group commits to focus its efforts on improving energy efficiency of its equipment through upgrades and procurement.
Water	As compared with FY2021, the Group's water consumption in FY2022 went up by 166.6% mainly due to contracting its facility area as described in the above subsection under Water .	The Group targets to maintain its water recycling rate at 100% and pursues an effort to lower its consumption of freshwater in operations.	The Group plans to improve water recirculating system and employ advanced water recycling facilities to enhance water efficiency.

A.3. The Environment and Natural Resources

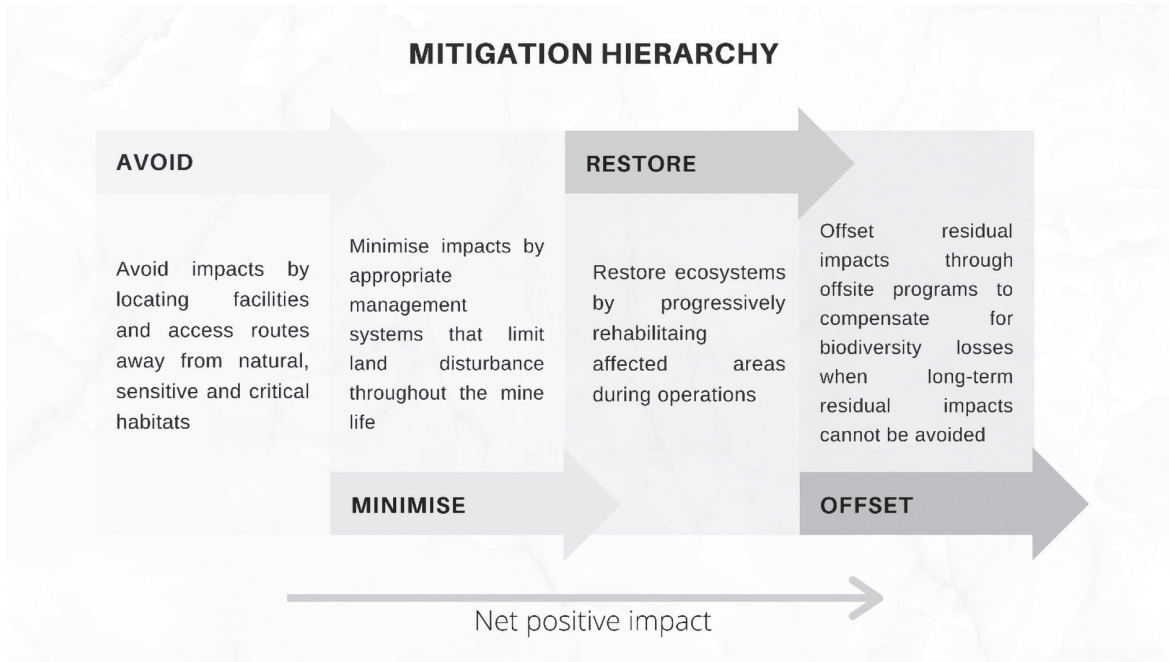
Gold mining operation is an intensive type of land use and energy consumption with the potential for environmental impact. The Group has been highly conscious of the detrimental effects caused by its mining and any associated operations, and made tremendous efforts to address the underlying environmental impacts and risks with a coordinated and sustainable longer-term vision.

Over years, the Group has been focusing on the identification, evaluation and monitoring of its significant environmental impacts, as well as the development of feasible and effective solutions to mitigate and control the risks. The Group has integrated the Mitigation Hierarchy concept into its environmental management and risk control system, in order to pursue efforts to achieve net positive impact of its operations. In FY2021, mining waste management (e.g. tailings management) and GHG emission control, among other environmental topics, were two types of environmental impacts that were considered material to the Group. The Group's approach to waste management, especially the treatment of tailings and onsite sewage has been guided and strictly based on the requirements of national and local regulations. The Group has deeply been aware that its mining processes may produce large amounts of waste, with mine tailings being generated in mineral processing plants after separation, and tailings can pose a threat to the ecosystems and water resources should no proper management be in place. As such, the Group has implemented or planned for sustainable mine tailings management. For instance, the Group is committed to minimising the impacts of tailing facilities on water resources by monitoring and preventing acid mine drainage and the release of hazardous chemicals. Further, the Group has built professional taskforces that are responsible for performing environmental impact assessment of tailing facilities and dams regularly. In line with regulations and standards including the Provisions on the Protection of the Geologic Environment of Mines (礦山地質環境保護規定) and Technical Policy of Gold Industrial Pollution Control (黃金工業污染防治技術政策), the Group continues to formulate and implement its internal policies for more effective waste stewardship onsite.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.3. The Environment and Natural Resources *(CONTINUED)*



GHG emission control is another material topic under the Group’s environmental management system. As China’s 2060 carbon neutrality commitment plays a pivotal role in accelerating its low-carbon energy transition to rapidly reduce economy-wide emissions towards net-zero, diminishing the reliance on fossil fuel consumption and transitioning towards cleaner energy sources including “green” electricity have been the top priorities of the Group in accelerating its transformation. To lower its GHG footprint, the Group’s initiatives touch upon three aspects, namely innovative R&D investment and technology deployment, opportunities through partnerships and collaboration, education to facilitation behaviour change. The Group has been devising and formulating its climate strategy, and has put forward its carbon reduction target with reference to Science-Based Targets initiative that corresponds with the ambition of Paris Agreement in driving climate actions.

While the Group has focused its efforts on addressing its material impacts on the environment and natural resources, a multitude of actions have been taken by the Group to protect local biodiversity through ecological restoration. For example, the Group has been backfilling the mined-out areas, which props up the surrounding rock mass, reduces wasteful dilution and further lowers the potential risk of surface subsidence.

A.4. Climate Change

It is universally acknowledged that climate change amplifies operating risks, causing a significant increase in the intensity and frequency of extreme weather events with far-reaching consequences. In COP 27 held in 2022, adaptation, mitigation and financing tools were reiterated and will be jointly strengthened in a balance supported by all parties. The Group understands that mining is a sector that is particularly vulnerable to climate change, thereby developing and formulating a group-wide climate policy, outlining its strategic management approach and being taken as a starting point for defining the practices that the Group should do in facing climate-related risks.

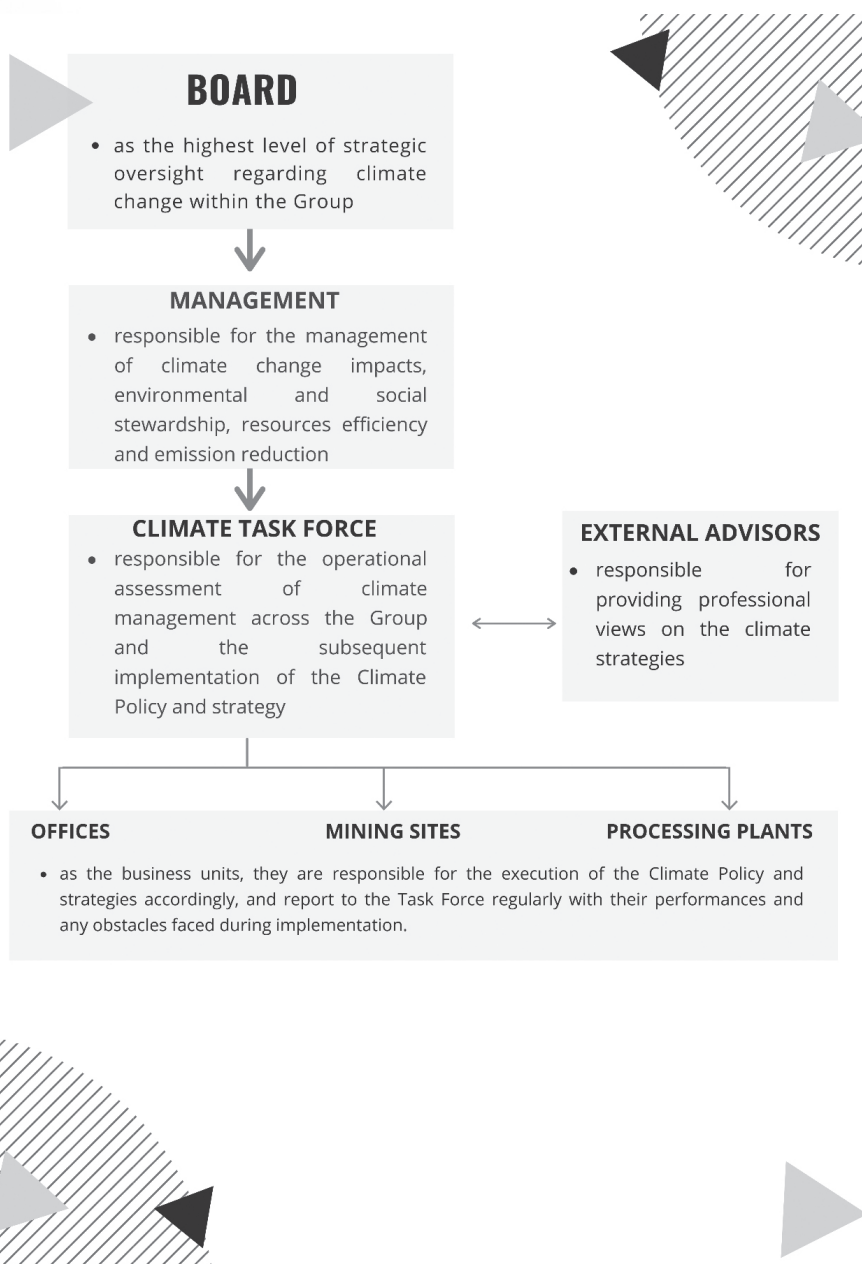
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A.4. Climate Change *(CONTINUED)*

As a supporter of Task Force on Climate-related Financial Disclosure (TCFD) framework, the Group is committed to closing the gaps of climate-proof policies and security strategies, improving its environmental standards and augmenting the resilience, and supporting national and regional economic growth and development through responsible mining. The Group’s preliminary analysis of climate-related risks and planning for climate actions can be found in the following sub-sections which highlights the Group’s climate policy under development.

Governance



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT


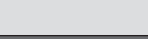



VI. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)



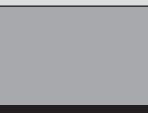

A.4. Climate Change (CONTINUED)

Strategy

The Group has assessed its business operations against key elements under different climate projections, and prioritised the implications of both physical and transition climate-related risks on its financial planning and development strategy through a preliminary climate scenario analysis. Specifically, two IPCC emissions scenarios (RCP 2.6 and RCP 8.5) and two IEA scenarios (ETP 2DS and WEO Current Policies) were adopted. Set out below are a highlight of the identified climate-related risks that impact the Group's business.

Key	
Material risks	
Less material risks	
Not significant risks	

Physical risks	Potential impact on the Group	Significance
<u>Acute risks</u>	<ul style="list-style-type: none"> – Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions) – Reduced revenue and higher costs from negative impacts on workforce (e.g. health, safety, absenteeism) – Write-offs and early retirement of existing assets (e.g. damage to property and assets in “high-risk” locations) – Increased capital costs due to physical damage to facilities – Increased insurance premiums and potential for reduced availability of insurance on assets in locations vulnerable to the impact of extreme climate events 	
Increased severity of extreme weather events such as cyclones and floods		
<u>Chronic risks</u>		
Changes in precipitation patterns and extreme variability in weather patterns		
Rising mean temperatures		
Rising sea levels		

Transition risks	Potential impact on the Group	Significance
<u>Compliance risks</u>	<ul style="list-style-type: none"> – Increase operating costs including compliance costs (e.g. Chinese national carbon trading scheme) – Write-offs, asset impairment, and early retirement of existing carbon-intensive assets due to policy requirements – Increased costs and/or reduced demand for products and services resulting from fines and judgements 	
Increased pricing of GHG emissions		
Enhanced emissions-reporting obligations		
<u>Technological risks</u>	<ul style="list-style-type: none"> – Reduced demand for existing products and services that rely on carbon-intensive operations – Research and development (R&D) expenditures in new and alternative technologies (e.g. renewable energy resources) – Costs to benchmark and integrate new practices and processes into operations 	
Substitution of existing products and services with lower emissions options		
Costs to transition to lower emissions technology		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A.4. Climate Change (CONTINUED)

Risk Management

The Group is committed to integrating climate risk management into its enterprise risk management approach and mechanism, and performs climate risk analysis by following three steps, namely evaluating implications of relevant climate-related risks on business through internal discussions and by the support from external advisers, undertaking materiality assessment to prioritise the risks that need immediate attention, performing feasibility analysis of its response actions for implementation.

Climate risk is planned to be a part of the agenda at the Board's Audit and Risk Committee meetings. A quarterly meeting is planned to be held between the Board and the Management to discuss the identification of potential climate risks, in which mitigation measures and tracking plans are raised.

Metrics and Targets

With reference to the seven cross-industry, climate-related metric categories recommended by TCFD, the Group has built both directional and quantitative metrics and targets to assess and manage relevant climate-related risks and opportunities. Below are the highlight of the climate-related metrics and targets established by the Group:

Metrics

- Annual GHG emissions – Scope 1
- Annual GHG emissions – Scope 2
- Annual Water consumption/Revenue
- Resources allocated to climate-related measures and campaigns

Goals

Target Type	Base Year	Target Year	Target Methodology	Scope	Targeted Reduction from Base Year
Total GHG Emissions (Scope 1 + Scope 2)	FY2020	FY2025	SBTi Absolute Contraction Approach	<ul style="list-style-type: none"> • Tongguan County Xiangshun Mining Development Co., Ltd. (潼關縣祥順礦業發展有限公司) • Luonan Jinhui Mining Co. Ltd. (洛南縣金輝礦業有限公司) • Shaanxi Tongxin Mining Co. Ltd. (陝西潼鑫礦業有限公司) • Tongguan County De Xing Mining LLC (潼關縣德興礦業有限責任公司) • Tongguan Tongjin Mining Company Limited (潼關縣潼金礦業有限責任公司) • Hong Kong Office 	12.5%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY

Employment and Labour Practices

B.1. Employment

In pursuit of creating and maintaining an appealing workplace and great career development opportunities for all employees, the Group treasures its employee's talent and commits to provide all employees with a suitable platform, compensate them equally and fairly and respect their fundamental labour rights. The Group's human resources management approach prioritises talent, learning, diversity and culture of its people. As at the end of FY2022, the Group had a total of 206 full-time employees.

Table 3 Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographic Locations of The Group in FY2022 and FY2021¹

Gender	Age group				Total
	Below 30	Between 31 and 40	Between 41 and 50	Above 51	
Male	19	47	41	58	165
Female	5	13	17	6	41
Total	24	60	58	64	206

Gender	Age group				Total
	Below 30	Between 31 and 40	Between 41 and 50	Above 51	
Male	27	47	37	60	171
Female	4	12	10	8	34
Total	31	59	47	68	205

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.1. Employment (CONTINUED)

Unit: Number of employees in FY 2022

Gender	Position Type			Total
	General staff	Senior employee, manager and senior manager	Director and the management	
Male	132	23	10	165
Female	39	1	1	41
Total	171	24	11	206

Unit: Number of employees in FY 2021

Gender	Position Type			Total
	General staff	Senior employee, manager and senior manager	Director and the management	
Male	135	23	13	171
Female	32	1	1	34
Total	167	24	14	205

Employment type in FY 2022

Full time	Part time	Total
206	0	206

Employment type in FY 2021

Full time	Part time	Total
205	0	205

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.1. Employment (CONTINUED)

Geographic location in FY 2022

Locations	Number of employees
PRC	201
Hong Kong	5
Total:	206

Geographic location in FY 2021

Locations	Number of employees
PRC	200
Hong Kong	5
Total:	205

- 1 The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.1. Employment (CONTINUED)

Table 4 Employee Turnover Rate by Age Group, Gender and Geographic Locations in FY2022 and FY2021¹

Gender	Age group				Total
	Below 30	Between 31 and 40	Between 41 and 50	Above 51	
Male	12	10	1	7	30
Employee turnover rate (%)	63.2%	21.3%	2.4%	12.1%	18.2%
Female	0	0	0	3	3
Employee turnover rate (%)	0.0%	0.0%	0.0%	50.0%	7.3%
Total	12	10	1	10	33
Total employee turnover rate (%)	50.0%	16.7%	1.7%	15.6%	16.0%

Gender	Age group				Total
	Below 30	Between 31 and 40	Between 41 and 50	Above 51	
Male	10	5	6	8	29
Employee turnover rate (%)	37.0%	10.6%	16.2%	13.3%	17.0%
Female	1	0	2	5	8
Employee turnover rate (%)	25.0%	0.0%	20.0%	62.5%	23.5%
Total	11	5	8	13	37
Total employee turnover rate (%)	35.5%	8.5%	17.0%	19.1%	18.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.1. Employment (CONTINUED)

Geographic locations in FY 2022

Locations	Employee turnover	Employee turnover rate
PRC	30	14.9%
Hong Kong	3	60.0%
Total:	33	16.0%

Geographic locations in FY 2021

Locations	Employee turnover	Employee turnover rate
PRC	37	18.5%
Hong Kong	0	0.0%
Total:	37	18.0%

- 1 The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2022 and FY2021 by the number of employees in FY2022 and FY2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.1. Employment (CONTINUED)

Law compliance

In FY2022, the Group abided by applicable employment laws and regulations in Hong Kong and the PRC that were material to the Group's businesses, including but not limited to the:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法);
- Insurance Law of the People's Republic of China (中華人民共和國社會保險法);
- Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法);
- Minimum Wage Regulations (最低工資規定); and
- Regulations on the Supervision of Labour Security (勞動保障監察條例).

The Human Resource Department of the Group is responsible for monitoring the implementation of relevant company policies, including Measures of Employee Recruitment (員工招聘), Employment Management (錄用管理), Employee Training Management (員工培訓管理), Employee Transfer Management (員工調動管理), Employee Leave and Attendance Management (員工休假及考勤管理), Performance Management (績效管理), Compensation Management (薪酬管理) and Human Resources Management System (人力資源管理制度), as well as reviewing and updating internal procedures on a regular basis in accordance with the latest laws and regulations.

Recruitment and promotion

Following a set of transparent and clear procedures in annual recruitment, the Group ensures that its recruitment practice conforms to the principles of "Openness, Fairness, Transparency, Standardisation" (公開、公平、透明、規範). For instance, the General Office formulates the recruitment plan according to internal procedures with considerations of the vacancy status of positions in various departments, and performs the recruitment through identifying recruitment sources and selecting the eligible candidates, in which CV screening, interviews, internal discussion and approval, and entry health examination are normally carried out step by step.

The Group offers fair, competitive remuneration and benefits with due considerations of applicants' past performance, personal attributes, job experiences and career aspirations. The Group refers to market benchmarks in relation to staff promotion and provides equal promotion opportunities to eligible employees who have exhibited outstanding performance and potential. The promotion within the Group is strictly based on clear and legitimate procedures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.1. Employment (CONTINUED)

Compensation and dismissal

The Group benchmarks the standard of local markets, company performance, economic circumstances, individual development and position type, in order to review and adjust the compensation policy for employees annually after evaluation and approval. The termination of employment contract is implemented in accordance with reasonable, lawful grounds and internal policies such as the Staff Handbook (員工手冊) of the Group. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have violated the Group's employment policies, the Group would warn verbally before issuing a warning letter. The employees who remain untamed despite making the same mistakes repeatedly would be dismissed by the Group following the standard procedures set out in the laws of Hong Kong and the PRC. For employee falling under of the circumstances defined to be serious by the Group, the Group may consider terminating the labour contract according to laws and regulations:

- (1) Employees who fail to meet the employment conditions during the probationary period;
- (2) Serious violation of labour discipline or internal rules and regulations; and
- (3) Serious dereliction of duty, malpractice and cause damage to the interests of the Group etc.

Working hours and rest periods

The Staff Handbook (員工手冊) specifies the terms and policies in the Group's management of working hours and rest periods, which are based on local employment laws including Provisions of the State Council on Employees' Working Hours (國務院關於職工工作時間的規定). The attendance management system enables the Group to monitor its employee's working hours and compensate those who work overtime with extra pay or additional days off.

The Group's employees are entitled to the leave benefits including statutory holidays, marriage leave, bereavement leave, maternity leave, breastfeeding leave, sick leave, personal leave, family visit leave, annual leave etc.

Equal opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. Training and promotion opportunities, dismissals and retirement policies of the Group are all on the basis of factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related elements in all business units of the Group. Meanwhile, the equal opportunity policy of the Group allows zero tolerance in relation to any workplace discrimination, harassment or vilification according to local ordinances and regulations. Employees can report any incidents involving discrimination to the Human Resource Department of the Group that is responsible for making investigations and taking any necessary disciplinary actions on the responsible individuals.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY *(CONTINUED)*

Employment and Labour Practices *(CONTINUED)*

B.1. Employment *(CONTINUED)*

Equal opportunity and anti-discrimination (CONTINUED)

The Group upholds the value of equality in the workplace and encourages barrier-free internal communication through various channels. The Human Resource Departments and Staff committees at all levels of the Group, as the main units responsible for managing employee relations and communication within the organisation, provide assistance to employees in improving job satisfaction, labour security, occupational psychological counselling and listening to their suggestions. All staff can equally give feedback to the Group without any concerns. The Group regularly informs its employees of the Group's recent operation and management information through emails, bulletin boards, meetings and other channels, in order to create a corporate culture that respects all.

Other benefits and welfare

To bring employees a sense of belonging, the Group has provided a wide variety of corporate benefits to its employees according to internal policies. The Group purchases various social insurance items stipulated by relevant laws and regulations such as endowment insurance, work-related injury insurance, medical insurance and housing provident fund for employees. To protect the physical and mental health of employees, the Group provides routine physical examinations and organises regular physical exercises and recreational activities. In FY2021, the Group's employees participated in the sports meeting organised by the country seat where it operated. None of any sports meeting was organised in that country seat in FY2022 in compliance with the social distancing restriction of the Pandemic in the PRC.

During the year under review, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.2. Health and Safety

Law compliance

It has long been one of the top priorities of the Group to minimise and eliminate its employees' exposure to occupational health and safety, and promote the wellbeing of its staff by creating a secure work environment supported by systematic safety management strategy, approach and regulations. In FY2022, the Group was in strict compliance with national and local regulations in relation to applicable occupational health and safety in Hong Kong and the PRC, namely:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on the Protection of Production Safety (中華人民共和國安全生產法);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法);
- Mine Safety Law of the People's Republic of China (中華人民共和國礦山安全法);
- Regulations for the Implementation of the Mine Safety Law of the People's Republic of China (中華人民共和國礦山安全法實施條例);
- Regulation on Work Safety Licenses (安全生產許可證條例);
- Regulation on Work-Related Injury Insurance (工傷保險條例);
- Notice of the State Administration of Work Safety on the strengthening of dust hazard control work in the gold mining enterprises (國家安全監管總局關於加強金礦開採企業粉塵危害治理工作的通知);
- Warning Signs for Occupational Hazards in the Workplace (工作場所職業病危害警示標識); and
- Notice on Issuing the Work Plan for Preventing and Resolving the Safety Risks of Tailings Pond (關於印發防範化解尾礦庫安全風險工作方案的通告).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.2. Health and Safety (CONTINUED)

Management approach

“Safety first, Prevention Crucial, Integrated Management” (安全第一，預防為主，綜合治理)

The Group has incorporated safety into its corporate values, and set up a comprehensive mechanism and a list of effective policies managing safety and labour practices in line with applicable health and safety standards, in order to minimise the risks of accidents on mine sites and enhance employees' health and safety awareness. The internal policies and guidelines, including Work Safety Manual (工作安全手冊), Internal Control Manual (內部控制手冊) and Management Manual of Safe Production Standardisation (安全生產標準化管理手冊), have been set up to facilitate and maintain a safe working environment. In accordance with the Interim Provisions on the Installation, Use, Supervision and Inspection of the “Six Major Systems” for Safety Risk Avoidance in Metal and Non-metallic Underground Mines issued by the State Administration of Work Safety, the Group has formulated a detailed construction plan for the “Six Major Systems”, comprehensively improving the level of safety management.

The Human Resource Department and the Administrative Department are responsible for monitoring and ensuring that all the safety policies are in place and enforced properly in the office. The Group has built a full-time Safety, Environmental Protection, Production and Technology Department that is equipped with full-time safety officers to facilitate the Group's safety management onsite. The Group has established Safety Production Management Committees, which are responsible for organising educational workshops under the topic of safe production, formulating safety measures and supervising the implementation of internal policies.

Striving for the elimination of fatalities and life-altering injuries from its operations, and to continuously reduce potential injury and health hazards onsite, the Group has focused on the effective implementation of the following measures:

Emergency preparedness programs

- Train and build mine rescue team
- Improve its real-time monitoring and alerting system

Management of hazardous materials

- Promote the lifecycle management of purchase, use, storage, transportation and disposal

Technical safety training

- Machine safeguarding training
- Simulator training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.2. Health and Safety (CONTINUED)

Management approach (CONTINUED)

Equipment operation training

Suitable protective gears and rescue plans for emergency have been provided to the mining rescue team. Professional emergency facilities and sufficient supplies are all in reserve for unpredicted circumstances, which are guarded and managed by designated staff to make sure that the contingency plan could be perfectly carried out during the outbreak of unwanted environmental and operational incidents that might threaten the health and safety of workers. The Group is committed to optimising its countermeasures to emergency according to the National Emergency Plans in Response to the Outbreak of Environmental Incidents (國家突發環境事件應急預案) and to intensify emergency drills in both frequency and quality in the near future. The Group has also set up policies to guide the correct handling of hazardous materials, to align the procurement practice, operations in the mining sites, storage in warehouses, transportation to another place, and disposal measures with industry standards. The Group has also been working on improving the awareness and knowledge of employees in occupational health and safety through training programmes.

The Group has continuously assessed the safety risks that are material to the Group's operations and committed to timely and effectively addressing the underlying threats by taking a precautionary approach. Specifically, the potential safety risks include the inadequate implementation of safety and environmental protection education and training, "three violations" (三違行為) that have caused casualties and property losses etc. To address the relevant safety risks, the Group has strictly implemented its aforementioned internal policies under the accountability system. All units and mining areas of the Group are required to regularly check the achievement of safety-related goals and report to the Safety, Environmental Protection, Production and Technology Department.

Table 6 Number of work-related fatalities and lost days due to work injury of the Group in past three financial years ¹

Year	FY2022	FY2021	FY2020
Number of work-related fatalities	0	0	0
Lost days due to work injury	100	90	–

¹ The information about injury and fatality was obtained from the Group's Human Resources Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

In FY2022, the health and safety policies or initiatives of the Group covered all business units. The Group was in compliance with relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that may have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY *(CONTINUED)*

Employment and Labour Practices *(CONTINUED)*

B.2. Health and Safety *(CONTINUED)*

Resilience in Post-Pandemic Era

Since the Pandemic began in early 2020, the impetus to set the world on a more secure and sustainable footing has taken on new urgency. The promotion of employee's wellbeing, in particular, has become one of many corporate priorities in pursuing sustainability. In the post-pandemic era, the Group has resolutely adhered to the national and local requirements of epidemic prevention and control measures, and established and implemented internal policies and contingency plans, including Epidemic Prevention and Control Emergency System (疫情防控應急制度) and Hygiene and Epidemic Prevention System (衛生防疫制度). The Group has developed empathy with its employees, aiming to build trust and strengthen unity within the organisation to tide over the crisis. The Group also provided staff in difficulty caused by the Pandemic with the living support.



B.3. Development and Training

The goal of corporate training to the Group is to improve its employees' capabilities and make the workforce more productive and efficient. Over years, the Group has organised a great many training programmes for employees in different positions, and highly encouraged its employees to take advantage of spare time to study more work-related knowledge.

The Group has allocated sufficient resources to training development and provision, aiming to create more opportunities for its employees to improve themselves. A complete training package is normally designed and arranged to all new hires, which covers the History of Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System. For experienced employees, courses that match the corporate demands and employees' interest are offered regularly. To further enhance the professional skills of its employees and meet the Group's development goals, signing up for professional qualification examinations and external training is highly encouraged. Employees who have taken external qualification examinations and obtained vocational qualification certificates could receive a reimbursement from the Group.

Given the business nature, the Group's training can mainly be split into safety management and technical knowledge.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.3. Development and Training (CONTINUED)

Safety Management Training

The Safety, Environmental Protection, Production and Technology Department assists the General Office in formulating an annual safety training plan. The Safety, Environmental Protection, Production and Technology Department is responsible for organising relevant business departments and production units to carry out group-wide and company-level safety educational courses and workshops. Each production unit launches workshop-level safety training on a regular basis according to the annual safety training plan. Personnel from relevant business departments and production units need to participate in the Three-Level Safety Training (三級安全培訓) and fills in the “Training Attendance Form”. The General Office, Safety, Environmental Protection, Production and Technology Department and the production unit regularly perform the assessment of the Three-Level Safety Training.

Technical Knowledge Training

The Safety, Environmental Protection, Production and Technology Department, mining sites and mineral processing workshops are collectively responsible for the technical knowledge training. The Group organises its employees to keep learning the latest production processes, familiarising themselves with the characteristics of main facilities of the workshop, and mastering the performance of the machines, equipment and tools. When introducing a new process, technology, equipment and material, the operator shall be trained by the technical personnel of the supplier, and strictly follow the technological processes and requirements to operate equipment. The Group provides training of business skills and knowledge for employees in key positions every six months with assessments, and archives all training plans, teaching documents, curriculums and other relevant information in the corporate training files.

In FY2022, a multitude of training opportunities were provided to employees by the Group, including but not limited to Mineral Processing Technology and Control (選礦技術及控制), the latest Law of the People's Republic of China on Work Safety (安全生產法), Factors affecting Floatation Process Learning and Training (影響浮選工藝的因素學習培訓), Budget Quota for Shaft Engineering Learning (井巷工程預算定額), Safety Regulations for Metal and Nonmetal Mines (2021 edition) (金屬非金屬礦山安全規程(2021版)), Pump Starter Cabinet Control Principle Learning and Training (水泵啟動櫃控制原理學習培訓).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.3. Development and Training (CONTINUED)

Table 7 Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2022 and FY2021¹

Gender	Position			Total
	General staff	Senior employee, manager and senior manager	Director and the management	
Male	118	23	7	148
% of employees trained	89.4%	100.0%	70.0%	89.7%
Female	8	1	1	10
% of employees trained	20.5%	100.0%	100.0%	24.4%
<i>Total Employees Trained:</i>				
Total	126	24	8	158
% of employees trained	73.7%	100.0%	72.7%	76.7%

Gender	Position			Total
	General staff	Senior employee, manager and senior manager	Director and the management	
Male	107	23	9	139
% of employees trained	70.4%	15.1%	5.9%	91.4%
Female	12	1	0	13
% of employees trained	7.9%	0.7%	0.0%	8.6%
<i>Total Employees Trained:</i>				
Total	119	24	9	152
% of employees trained	78.3%	15.8%	5.9%	74.1%

¹ The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2022 and FY2021. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.3. Development and Training (CONTINUED)

Table 8 Training Hours Received by the Employees of the Group by Gender and Position Type in FY2022 and FY2021¹

Unit: Training Hours in FY 2022

Gender	Position			Total
	General staff	Senior employee, manager and senior manager	Director and the management	
Male	226	64	20	310
Average training hours	1.9	2.8	2.9	2.1
Female	16	20	2	38
Average training hours	2.0	20.0	2.0	3.8
Total	242	84	22	348
Average training hours	1.9	3.5	2.8	2.2

Unit : Training Hours in FY 2021

Gender	Position			Total
	General staff	Senior employee, manager and senior manager	Director and the management	
Male	198	64	50	312
Average training hours	1.5	2.8	3.8	1.8
Female	24	20	0	44
Average training hours	0.8	20.0	0.0	1.3
Total	222	84	50	356
Average training hours	1.3	3.5	3.6	1.7

1 The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Employment and Labour Practices (CONTINUED)

B.4. Labour Standards

Respecting for and protecting labour rights is a central part of the Group's sustainability vision. In FY2022, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (中華人民共和國勞動法) and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and forced labour employment. To combat illegal employment of child labour, underage workers and forced labour, the Group's Human Resource Department requires all job applicants to provide valid identity documents to ensure that they are lawfully employable prior to the confirmation of any employment. The Group's Human Resource Department is responsible for the conformance of corporate policies and practices with the relevant laws and regulations that prohibit child labour and forced labour. The subsidiaries of the Group report on its new hires and the Group reviews all employment information on a monthly basis. Once any case that fails to comply with the relevant labour laws, regulations or standards is found, the relevant employment contract will be immediately terminated and the individuals responsible for the management of human resources will be disciplined accordingly.

In FY2022, the Group was in compliance with the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

Operating Practices

B.5. Supply Chain Management

As a socially responsible enterprise, the Group has invariably been committed to maintaining a sustainable and reliable value chain by considering the environmental and social risks. With the effective implementation of supply chain management policies of the Group, all operating subsidiaries of the Group effectively managed its suppliers in FY2022.

As a gold mining operator, the Group's main suppliers include partners providing machinery and equipment, raw materials and labour and transportation services for the Group. Regarding the gold recycling business, the main suppliers include partners providing gold related materials and subcontractors providing the gold refining services. In the selection of eligible suppliers that meet corporate requirements and comply with relevant laws and regulations, the Group has established a supply chain management ledger system, which enables the Group to effectively classify and register suppliers according to supply categories, corporate strengths and other factors. The Group prioritises the suppliers with good credibility and reputation, industry qualifications, best product quality, fair quotation and experience, and assesses the candidates through inquiries, onsite investigation, benchmarking, bidding and other channels. Normally, the department submits the plan of procurement for the approval of the management. The Procurement Department is responsible for the submission of procurement application and purchasing relevant materials.

The Group keeps monitoring the performance of its suppliers and its supply chain practice on a continuous basis through engagement. The Group requires that all its suppliers and contractors follow the policy that has been agreed upon in the contract during the business partnership with Group. The Group regularly evaluates its supplier chain to avoid major risks. An emergency plan will be timely activated by which the Group organises professionals and allocates emergency fund to minimise the risk and prevent subsequent losses. The Group has formulated "Supplier Management Procedures" (供應商管理辦法) and other internal policies, to manage its suppliers who are required to consistently conform to the Group's policies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY *(CONTINUED)*

Operating Practices *(CONTINUED)*

B.5. Supply Chain Management *(CONTINUED)*

Social and Environmental Risk Control

To identify and minimise the underlying social and environmental risks that might arise from its supply chain, the Group's Procurement Department is responsible for preventing any potential threats and monitoring the process in collaboration with its suppliers. The Group ensures that each business division has specific employee(s) in charge of the communication with its suppliers. To effectively control the risks, the Group has implemented the following practices:

- Perform interviews with suppliers, through which the Group assesses its suppliers' environmental performance and compliance, in particular their significant environmental hazards in operations;
- Evaluate the candidate suppliers' legality, technical level, production capacity, quality assurance and industry certificates regularly;
- Maintain close contact with suppliers to adapt to any potential changes that might affect the stability of supply chain;
- Pay attention to the suppliers' progress in improving the performance of abiding by labour standards, human rights, code of conduct, anti-corruption policies, and health and safety-related standards;
- Strengthen internal collaboration and participation in supplier selection and management;
- Promote the integration of Green Procurement into operations, by taking into considerations energy efficiency, geographic locations, environmental management related certificates and other criteria, such as whether the dust collector and water purification system have been installed in accordance with relevant national requirements, in supplier selection and collaboration, and aim to enlarge its influence to more partners in the value chain to make changes towards environmentally friendly business models.

In the future, the Group will continue to strengthen the scientific management of supplier's online platform system, and automatically and more accurately classify and evaluate its suppliers' performance. During the year under review, the Group had a total of 29 major suppliers located in the PRC with whom the Group did not experience any material delays, conflict or other significant accidents. The Group's supply chain management policy applies to all its major suppliers and approximately 97% of its suppliers are covered by the Group's Green Procurement principle in collaborations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Operating Practices (CONTINUED)

B.6. Product Responsibility

In pursuit of a high level of reliability, quality and robustness of products and services, the Group has adhered to its business operation philosophy of “Steady operation, Pioneering and innovative, Upholding integrity, and Enhancing social responsibility (穩健經營、開拓創新、篤守誠信、增強社會責任感), aiming to fulfil its product responsibility, namely “People-Oriented, Quality Assurance, Environmental Protection and Scientific Management” (以人為本、保證質量、保護環境、科學管理).

With regard to the Group’s health and safety, advertising, labelling and privacy matters of its products and services, the Group was in compliance with the relevant rules, regulations and standards in the PRC and Hong Kong in FY2022, including:

- Product Quality Law of the People’s Republic of China (中華人民共和國產品質量法);
- Mineral Resources Law of the People’s Republic of China (中華人民共和國礦產資源法);
- The Notice of Gold Tax Policy (關於黃金稅收政策問題的通知); and
- Ambient air quality standards (環境空氣質量標準).

Product quality and operation safety

The major products of the Group are gold concentrate and gold bullion. To produce consistently top-notch products that satisfy customers’ needs, the Group insists on the production of high quality gold concentrate and gold bullion, which is “No Impurity and Uniform Colour”. In particular, the Group has formulated a series of strict rules and brought in effective measures in an effort to standardise the production and sale process, including the requirements of the laboratory report (檢驗結果報告單), water content test report (水分檢測報告單), gold concentrate delivery measurement order (金精礦出庫計量單), gold concentrate mental concentration confirmation slip (金精礦金屬含量確認單) and gold concentrate advice of settlement (金精礦銷售結算單).

Regarding the gold bullion, the Group also formulated a series of strict rules and effective measures in an effort to standardise the supplying and refining process and ensuring the product quality, including but not limited to using the spectroscopic gold detector to test the gold related materials. The Group also choose the refining subcontractors from the nationally recognised list to ensure the quality of the refining subcontractors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Operating Practices (CONTINUED)

B.6. Product Responsibility (CONTINUED)

Product quality and operation safety (CONTINUED)

The Group's products quality must strictly meet certain requirements under different indicators. To support the quality assurance, the relevant personnel responsible for quality control is assessed on a regular basis. The production process is monitored and regulated by a series of parameters. An automated management process has been applied through the entire production process. To control product quality, the Group has formulated and implemented internal policies, including the Product Plan Management, Production Process Management, Engineering Management, Equipment Management and Production Compliance Management. In compliance with relevant international and national standards (金精礦行業標準) in quality classification in order to deliver reliable and trustworthy products to its clients. The key production aspects such as the ore dressing test and quality measurement of the flotation-enriched gold concentrate, are supervised and monitored strictly by the Group's functional units, including mineral processing workshops and Internal Quality and Technique Control Station. Specifically, the Internal Quality and Technique Control Station is responsible for the sampling, testing and issuing certification on the quality of gold. Before the delivery of gold concentrate, the sample extraction is conducted by the person designated by the buyer under the supervision of the sales team. The sample must be put in clean and dry vessels, and transferred to the laboratory of the Quality and Technique Control Station for testing. The experimenter performs chemical examinations and the final test report should be signed by relevant staff on the test report. In FY2022, the Group did not encounter any products subject to recalls.

As part of its environmental stewardship and safety protection policies, tailing management has been vital to the Group. The Group has set up comprehensive tailing dam management plans and performed safety inspections regularly to ensure that its operations do not jeopardise the wellbeing of surrounding residents:

- Project geological surveys and stability analysis of the tailing dam are carried out when the pond accumulation is up to two-thirds of the designed height;
- To ensure the good permeability and stability of the tailing dam, upstream tailing ores are dispersed evenly so that both the coarse and fine particulates can be deposited in the correct place;
- The length and slope of the sedimentation beach are verified to meet the requirement in design, preventing the slurry from brushing the dam body;
- In later stage, the internal and external slopes of the dam are built strictly based on the requirements in terms of factors including the stacking quality and the uniform rise of the dam to avoid significant height difference between the two ends of the dam axis;
- The inner water edge line is maintained parallel to the dam axis; and
- Seepage prevention and drainage of the dam are maintained through practices including building the flood interception ditch at the dam abutment, reducing the dam body's infiltration line and preventing mountain torrents from scouring the dam body.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Operating Practices (CONTINUED)

B.6. Product Responsibility (CONTINUED)

Complaint handling, Privacy matters & Advertising

The general office (綜合辦公室) of the PRC subsidiaries is responsible for dealing with customers' complaints. As the Group values clients' feedback, a follow-up mechanism is initiated and set up timely once any complaint is received. After investigation, the Group makes corresponding rectifications based on the results and notifies the result to the complainant in a timely manner.

The Group abided by the laws in relation to customer privacy and ensures that its customers' rights are strictly protected, including Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法); and Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) in FY2022. According to the confidentiality terms in the contract, employees are not allowed to disclose any information of the Group and its customers to any third party. Information collected by the Group from its customers would be used only for the purpose for which it has been collected. In FY2022, the Group did not receive any complaint or was involved in any legal case concerning breaches of customer privacy and losses of customer data.

In compliance with the Advertising Law of the People's Republic of China (中華人民共和國廣告法), the Group's Marketing Department is responsible for verifying and providing accurate marketing materials in line with applicable laws and regulations to the public and its clients, supported by multiple departments.

Given the business nature of the Group, the labelling, intellectual property rights and recall-related matters are relatively insignificant or not applicable to the Group. In FY2022, the Group was in compliance with the relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group. Looking ahead, the Group will keep adjusting its thinking towards value-oriented mindset and commits to forge a business that manufactures unique and leading products and services. To this end, the Group continues to solidify its absolute leading uniqueness, precision and authority in the business field, and establish a multi-dimensional and systematic competitive advantage in the high-precision field.

B.7. Anti-corruption

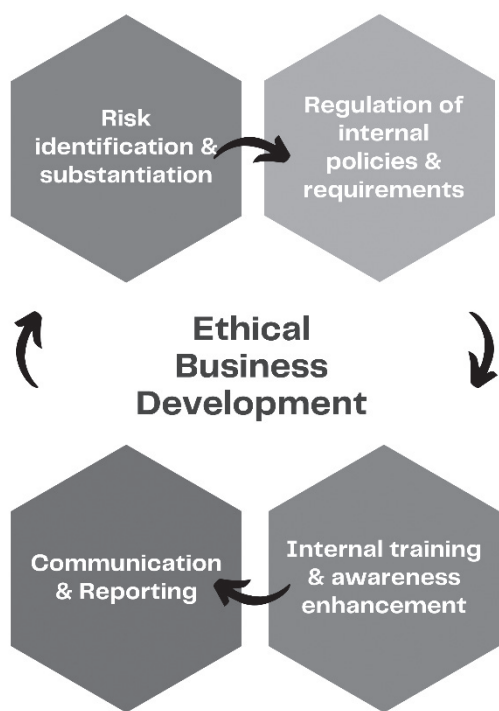
The Group is deeply aware that maintaining a sound anti-corruption culture and system throughout the organisation protects the Group against the risk of the reputation being stained and a decline in the value of business. The Group has committed to maintaining a workplace free from corruption and requires that all employees behave in compliance with the requirements set forth in the code of conduct and internationally recognised standards for ethical behaviour. In FY2022, the Group abided by the laws and regulations relating to anti-corruption and bribery in the PRC and Hong Kong, including the Anticorruption Law of the People's Republic of China (中華人民共和國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), Interim Provisions on Banning Commercial Bribery (關於禁止商業賄賂行為的暫行規定), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY (CONTINUED)

Operating Practices (CONTINUED)

B.7. Anti-corruption (CONTINUED)



The Group has zero tolerance for any practice in relation to bribery and corruption, and has strictly enforced its anti-corruption internal policies, such as its Staff Handbook (員工手冊), to manage any fraudulent practices. The Group advocates the conformance to professional ethics of law-abiding, honesty, integrity and dedication. All employees should safeguard the interests of the Group and be responsible for the wellbeing of society. For those who have violated professional ethics and caused significant economic losses to the Group, the Group will take immediate actions in accordance with the laws and regulations. In the recruitment or appointment of employees, the Group upholds the principle of addressing nepotism. The Group promotes mutual supervision between superiors and subordinates in the organisation to prevent bribery, extortion, fraud and money-laundering. The Group has formulated a draconian Group-level internal control management system that supervises its business departments to prevent corruption. During the year under review, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

As part of its anti-corruption strategy, the Group's latest anti-corruption policy was sent to all staff in Hong Kong office for their review and compliance. All staff with party membership signed the Member's Personal Integrity and Self-Discipline Commitment Letter (黨員個人廉潔自律承諾書) to promise their compliance with the Group's anti-corruption policy. In FY2022, the Group had around 2-hour internal training related to anti-corruption with its employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VII. SOCIAL SUSTAINABILITY *(CONTINUED)*

Operating Practices *(CONTINUED)*

B.7. Anti-corruption *(CONTINUED)*

Whistle-blowers can report verbally or in writing to the Human Resource Department of the Group for any suspected misconduct with full details of the incident and supporting evidence. The Human Resource Department of the Group is responsible for carrying out investigations against any suspected or illegal behaviour to protect the Group's interests. The Group has set up an effective grievance mechanism to protect whistle-blowers from unfair dismissal or victimisation. Where any crime is substantiated by the Group, a report will be submitted promptly to relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In FY2022, the Group was in compliance with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Community

B.8. Community Investment

The Group has been fully aware of its corporate citizenship and committed to volunteering and providing financial support to the disadvantaged community groups over these years. The Group is dedicated to encouraging and engaging its employees on a variety of different levels to drive sustainability and welfare of communities where it operates, in response to the national Common Prosperity initiative, and has focused its community investment and efforts mainly on supporting community education, green development of infrastructure as well as cultural and sports activities.

In FY2022, the Group organised and participated in a number of community events. For instance, the Group continued to financially support the education of students in the high school and made donations to nearby villages, counties and units that were in close contact with the Group, as well as provided support to the distribution point of anti-epidemic service. Specifically, the Group sponsored RMB200,000 to Tongguan County Financial Service Bureau (潼關縣財政局) as anti-epidemic donation and donated RMB200,000 to Tongguan County Charitable Association (潼關縣慈善協會) for charitable purpose.

Looking forward, the Group will unswervingly fulfil its social responsibility by being a trailblazer in strengthening its bond with local communities and exploring more opportunities to create value for society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VIII. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A. Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note:</i> Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 305: Emissions, and GRI 306: Effluents and Waste) GRI 305: Emissions: Management approach disclosures guidance GRI 307: Environmental Compliance: Disclosure 307-1	49
	KPI A1.1	The types of emissions and respective emissions data.	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-3, 305-6, and 305-7	50, 51
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 305: Emissions: Disclosures 305-1, 305-2, 305-4	51
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste: Disclosure 306-3 (a)	50, 51
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GRI 306: Waste: Disclosure 306-3 (a)	51, 52
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 305: Emissions) GRI 305: Emissions: Clause 1.2 and Disclosure 305-5	56
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Waste) GRI 306: Waste: Disclosures 306-4 and 306-5	52, 54, 55

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A. Environmental				
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note:</i> Resources may be used in production, in storage, transportation, in buildings, electronic equipment etc.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, and GRI 303: Water and Effluents)	58, 59
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	GRI 302: Energy: Disclosures 302-1 and 302-3	57
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303: Water and Effluents: Disclosure 303-5	57
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 302: Energy) GRI 302: Energy: Disclosures 302-4 and 302-5	60
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents) GRI 303: Water and Effluents: Disclosure 303-1	59
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301: Materials: Disclosure 301-1	57
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste)	60, 61
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	GRI 103: Management Approach: Disclosures 103-1 and 103-2 (used together with GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 304: Biodiversity, GRI 305: Emissions, and GRI 306: Waste) GRI 303: Water and Effluents: Disclosure 303-1 GRI 304: Biodiversity: Disclosure 304-2 GRI 306: Waste: Disclosures 306-1 and 306-2	60, 61

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
A. Environmental				
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	GRI 103: Management approach: Disclosure 103-2 (c-i) (used together with GRI 201: Economic Performance) GRI 102: General Disclosures: Disclosure 102-29	61, 62
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	GRI 201: Economic Performance: Disclosure 201-2	63, 64
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 202: Market Presence, GRI 401: Employment, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination) GRI 419: Socioeconomic Compliance : Disclosure 419-1	70-72
	KPI B1.1	Total work force by gender , employment type (for example, full- or parttime), age group and geographical region.	GRI 102: General Disclosures: Disclosures 102-8 (a), 102-8 (b), and 102-8 (c) GRI 405: Diversity and Equal Opportunity: Disclosure 405-1(b)	65-67
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	GRI 401: Employment: Disclosure 401-1 (b)	68, 69
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosure 403-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1	73-75
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	GRI 403: Occupational Health and Safety: Disclosure 403-9, 403-10	75
	KPI B2.2	Lost days due to work injury.	N/A	75

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Employment and Labour Practices				
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosure 103-2 and 103-3 (a-i) (used together with GRI 403: Occupational Health and Safety) GRI 403: Occupational Health and Safety: Disclosures 403-1, 403-3, 403-5, 403-7	74, 75
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 404: Training and Education) GRI 404: Training and Education: Disclosure 404-2 (a)	76, 77
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	N/A	78
	KPI B3.2	The average training hours completed per employee by gender and employee category.	GRI 404: Training and Education: Disclosure 404-1	79
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 419: Socioeconomic Compliance: Disclosure 419-1	80
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 408: Child Labour: Disclosure 408-1(c) GRI 409: Forced or Compulsory Labour: Disclosure 409-1(b)	80
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 408: Child Labour and GRI 409: Forced or Compulsory Labour) GRI 408: Child Labour: Disclosure 408-1(c) GRI 409: Forced or Compulsory Labour: Disclosure 409-1(b)	80

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)	80, 81
	KPI B5.1	Number of suppliers by geographical region.	GRI 102: General Disclosures: Disclosure 102-9	81
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	GRI 102: General Disclosures: Disclosure 102-9 GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment) GRI 303: Water and Effluents: Disclosure 303-1 (c) GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2 GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2	81
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	GRI 102: General Disclosures: Disclosure 102-9 GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 303: Water and Effluents, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment) GRI 303: Water and Effluents: Disclosure 303-1 (c) GRI 308: Supplier Environmental Assessment: Disclosures 308-1 and 308-2 GRI 414: Supplier Social Assessment: Disclosures 414-1 and 414-2	81
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosure 103-2 (used together with GRI 306: Waste and GRI 308: Supplier Environmental Assessment)	81

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Operating Practices				
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 416: Customer Health and Safety, GRI 417: Marketing and Labelling, and GRI 418: Customer Privacy) GRI 416: Customer Health and Safety: Disclosure 416-2 GRI 417: Marketing and Labelling: Disclosures 417-2 and 417-3 GRI 418: Customer Privacy: Disclosure 418-1 GRI 419: Socioeconomic Compliance: Disclosure 419-1	82
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	83
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	GRI 102: General Disclosures: Disclosures 102-43 and 102-44 GRI 103: Management Approach: Disclosure 103-2 (c-vi) GRI 418: Customer Privacy: Disclosure 418-1	84
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	84
	KPI B6.4	Description of quality assurance process and recall procedures	N/A	82, 83
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	GRI 103: Management Approach: Disclosures 103-2 and 103-3 (a-i) (used together with GRI 418: Customer Privacy)	84

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	GRI Standards and Disclosures*	Page
B. Social				
Operating Practices				
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 205: Anti-corruption) GRI 205 Anti-corruption: Disclosure 205-3 GRI 419: Socioeconomic Compliance: Disclosure 419-1	84, 85
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GRI 205: Anti-corruption: Disclosure 205-3	85
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GRI 102: General Disclosures: Disclosure 102-17 GRI 103: Management Approach: Disclosures 103-2 and 103-3 (a-i) (used together with GRI 205: Anti-corruption) GRI 205: Anti-corruption: Clause 1.2	86
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	GRI 205: Anti-corruption: Disclosure: 205-2: Communication and training about anti-corruption policies and procedures	85
Community				
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	GRI 103: Management Approach: Disclosure 103-2 (c-i) (used together with GRI 413: Local Communities)	86
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	GRI 203: Indirect Economic Impacts: Disclosure 203-1(a)	86
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	GRI 201: Economic Performance: Disclosure 201-1(a-ii)	86

* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the 'Linking the GRI Standards and HKEX ESG Reporting Guide' (updated July 2020).