

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE COMPANY

Tongguan Gold Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”, “our” or “we”) 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.

The environmental, social and governance (“ESG”) concept is increasingly important to global business development. In March 2021, China rolled out its 14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which reaffirmed its determination and ambition to implement a sustainable development strategy, improve the mechanism for improving ecological civilization, establish an ecological civilization system, accelerate the prosperity of green economy and society, and move towards the goal of building a Beautiful China (美麗中國). The importance of building a Beautiful China in the coming five years has been further emphasized by the National Conference on Ecological and Environmental Protection in July 2023.

As a responsible gold mining enterprise, the Group upholds the responsible gold mining Principles and strives to implement its sustainability strategies and fulfil its environmental and social responsibilities in its business operations. To achieve sustainable and resilient operations, we endeavour to stand out in all three areas.

To achieve responsible gold mining practices and improve ESG performance, we consider the environmental protection and social well-being of our employees as well as our partners and communities associated with its business activities. Accordingly, we have made a comprehensive and ongoing effort to span various functions and to involve a high level of external collaboration, robust governance and efficient project management.

MESSAGES FROM THE BOARD

Dear valued stakeholders,

The Group is acutely aware that the 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. As a growing gold mining operator, the Group realizes its corporate social responsibility and strives to optimize our business model and lower our potential negative social and environmental impact with innovative solutions. We focus on making sustainability engrained into the core of its business strategy and purpose, and importantly, a catalyst for driving resilience and sustainability. ESG mindsets, principles and best practices are incorporated in daily operations to drive long-term strategic value. In addition, Targets are set regularly and reviewed, and progress is reported transparently to refine the management approach of the Group periodically.

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MESSAGES FROM THE BOARD *(CONTINUED)*

Fulfilling environmental responsibilities

In 2020, China established a national target to reach its carbon peak by 2030 and carbon neutrality by 2060. Additionally, the country is facilitating its mining industry for transition to a Low-Carbon operation plan.

The Group has actively worked on decarbonizations considering green metals are increasingly in high demand and the country encourages the low-carbon development of industry. To stay ahead of the competition, the Group emphasizes the development of carbon goals and formulation of climate policy, which administers our management approach and operations to mitigate and adapt to climate change.

To achieve the integration of Production, Life and Ecosystem (生產、生活、生態), the Group has continually constructed and enhanced its environmental management system. The latest regulatory requirements of governments are studied and adopted, which include 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》). In the meantime, internal teams are formed to monitor and control potential environment-related risks. Environmental protection and performance monitoring taskforces are established to develop a corporate environmental protection network. The network consists of corporate leaders and other personnel and organizes relevant meetings for internal discussion. The internal taskforces (including managers and well-selected technicians) have been equipped with the necessary expertise and knowledge to be responsible for the overall environmental protection work.

To archive environmental protection data and timely report to the management, all departments and employees have conscientiously followed the relevant policies and regulations, organized internal environmental monitoring, mastered the original records, established the operating account of environmental protection facilities, and fulfilled their responsibilities.

Caring for people's wellbeing

The health and safety of the workforce and communities are our top priority. As embedded 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 developed internal mechanisms and has formulated teams to coordinate operational responses and launch protective protocols. We have strictly adhered to safety regulations in the jurisdictions where it operates, including the Work Safety 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. Risk management is conducted by the Group proactively and hazard identification is conducted across all its operational processes.

Rather than treating ESG as a mere compliance requirement, we recognize it as a forward-thinking and sustainable approach to creating value. In the future, we aim to unlock greater opportunities for sustainable growth, decarbonize our value chain, and expand our positive impact on society.

Finally, we would like to take this opportunity to thank all our employees for their continued dedication to delivering on our values and principles, and our stakeholder communities for their partnership and support. We are pleased to present the ESG report for the financial year 2024, demonstrating the progress of the Group's sustainability journey and unwavering efforts in leading the whole industry towards responsible mining.

Board of Directors of Tongguan Gold Group Limited
24 March 2025

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ABOUT THIS REPORT

The Group is pleased to present its eleventh ESG report (the “Report”) to demonstrate the sustainable initiatives, programmes and performance.

The information of the Report was collected through the official documents and statistics, the integrated information on 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.

Reporting Scope and Period

The Report presents our ESG performance from 1 January 2024 to 31 December 2024 (the “Reporting period”). Unless otherwise specified, the reporting scope of the Report remains the same as last year, covering the Group’s major business activities and management policies of its gold mining operations, office operations and gold recycling business.

Report Standards and Principles

The Report has been prepared in strict adhere to Appendix C2 – Environmental, Social and Governance Reporting Guide (the “Guide”) of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“HKEX”).

The preparation of the Report follows the reporting principles listed in the Guide:

Materiality	<p>The Reporting scope of the Report is set and the material ESG topics are determined in consideration of the principle of Materiality.</p> <p>A holistic approach is adopted throughout the report preparation process to generate a valuable, credible and useful ESG report.</p>
Quantitative	<p>The key performance indicators (“KPIs”) of the Group are disclosed in a quantitative manner where appropriate to generate a comprehensive view of the Group’s ESG performance. The data is collected and calculated with reference to “Appendix 2: Reporting Guidance on Environmental KPIs” and Appendix 3: Reporting Guidance on Social KPIs” of “How to Prepare an ESG Report” by HKEX.</p>
Consistency	<p>A consistent approach is adopted in methodologies, data collection and calculation for meaningful comparisons of ESG data over time.</p> <p>The GHG emissions data have been prepared in line with widely recognized standards, including the recommendations from “How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs” issued by HKEX and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT *(CONTINUED)*

Access to this Report

The Report is available in English and Chinese and is uploaded to the website of HKEX and the official website of the Company (<http://www.tongguangold.com>). If there is any conflict or inconsistency, the English version shall prevail.

Stakeholder Feedback

Stakeholders' feedback and advice are welcome to enhance and strengthen the ESG approach and performance of the Group. They can share opinions and comments with the Group by post:

Postal address: Room 2707A, 27/F., Office Tower of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong

SUSTAINABILITY GOVERNANCE

To create long-term value for all stakeholders, the Group incorporates and considers ESG elements in all business operations and decisions in adhering to the following sustainability principles:

- Promotion of Environmental Education
- Improvement of environmental management system
- Strengthen assessment and supervision
- Optimization of governance framework
- Implementation of accountability mechanism in delivering environmental target
- Exploration of the application of clean energy
- Building of a “green” corporate culture
- Acceleration of technological transformation and innovation; and
- Transformation into intensive pollution control mode

The Group is committed to building a robust corporate governance that champions ESG management and emphasises the integration of ESG risks and opportunities into its enterprise risk management system. Considering the importance of ESG, the Group has formulated a top-down management approach.



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SUSTAINABILITY GOVERNANCE *(CONTINUED)*

Board of Directors

The Board of Directors (the “Board”) of the Company holds the primary and ultimate responsibility for overseeing and ensuring the execution and effectiveness of relevant ESG policies reporting and other issues. The effectiveness of ESG risk management implementation is consistently monitored and overseen by well-defined metrics. The Board regularly reviews the Group’s progress towards its goals through Board meetings and oral presentations from the Management teams.

With the support of internal teams and the expertise of external professionals, the Board supervises the environmental and social risk assessment of the Group. The potential impacts of material ESG issues are evaluated, prioritized and managed according to the result of the materiality assessment to create long-term value. To foster the incorporation of ESG consideration into the business decision-making process, an ESG-oriented corporate culture is promoted from the top-down.

Management Teams

Management teams are primarily responsible for identifying, evaluating, consolidating and addressing ESG-related risks from operations, as well as supervising all employees to execute the Group’s policies effectively. More importantly, the management teams play an important role in maintaining efficient and effective communication between the Board and frontline staff.

Under the leadership of the Board and guidance of corresponding Management teams, the sustainability strategies of the Group have gradually become a running thread through its operations. Different approaches are adopted when faced with various ESG risks. The Group continuously reviews and revises its sustainability policies to fulfil the updated regulatory requirements, meet stakeholders’ expectations and align the practices with what the transition towards sustainability demands.

In addition, the Group has also engaged an independent consultant, Riskory Consultancy Limited, to assist in report preparation and provide ESG– and carbon neutrality-related consultancy services.

For more details on our corporate governance, please refer to the “Corporate Governance Report” of the Annual Report 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group highly values the feedback from its stakeholders as they are critical of the Group's operation and management. During the Reporting Period, the Group consistently engaged with its stakeholders and responded to their significant concerns in a timely manner.

To ensure barrier-free communication with key stakeholder groups, the Group utilize different platforms and maintains different communication channels as below:

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> - Compliance with laws and regulations - Anti-corruption policies 	<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
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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group has conducted an annual internal review to identify stakeholders' concerns and interests regarding ESG topics. To achieve the Group's sustainable development plans and goals, we will adjust our business strategies and sustainability initiatives according to the materiality assessment result. A three-step approach is adopted to confirm the material topics:

1. Identification

41 ESG issues from three pillars including environmental, social and governance have been identified according to the previous year's assessment result and considering the regulatory trends of the Stock Exchange, the Sustainability Accounting Standards Board (SASB) standards for disclosure topics, the ESG Industry Materiality Map of MSCI, and the material topics of peer companies.

2. Review

The identified ESG issues are reviewed and assessed by the Group to determine the overall materiality level of each issue and derive a prioritized list.

3. Confirmation

The materiality level of the ESG issues is adjusted and confirmed. A total of 7 issues are classified as the highest importance for the Reporting Period. The assessment results are conducive to enhancing sustainability decision-making and are disclosed in the Report.

ESG issues	Materiality level
Environmental	
Land Use, Ecosystem and Biodiversity	Most Important
Climate Change Mitigation & Adaptation	
GHG Emissions	Important
Air Pollution	
Solid Waste Management	
Energy Management	
Water & Wastewater Management	
Materials Management	
Renewable and Clean Energy	
Local Environmental Protection	Relevant
Packaging Material Management	
Social	
Occupational Health and Safety	Most Important
Communication and Engagement with Suppliers	
Social Risk Management of Supply Chain (e.g. human rights or corruption)	
Business Ethics & anti-corruption	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT (CONTINUED)

3. Confirmation (CONTINUED)

Diversity & Equal Opportunity	Important
Employee Remuneration and Benefit	
Employee Development and Training	
Preventing Child and Forced Labour	
Labour Practices	
Environmental Risk Management of Supply Chain (e.g. pollution)	
Intellectual Property Rights	
Product Quality	
Customer Privacy and Data Security	
Green Procurement	Relevant
Supply Chain Materials Sourcing & Efficiency	
Health and Safety Relating to Products/Services	
Customers Welfare	
Marketing and Promotion	
Labelling Relating to Products/Services	
Product Design & Lifecycle Management	
Access & Affordability	
Community Engagement	
Participation in Philanthropy	
Cultivation of Local Employment	
Support of Local Economic Development	
Corporate Governance and others	
Critical Incident Risk Responsiveness	
Management of the Legal & Regulatory Environment (regulation-compliance management)	Important
Systemic Risk Management (e.g. Financial Crisis)	
Internal Communication & Grievance Mechanism	
Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities	Relevant

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY

Management Approach

Balancing business development and ecological protection is one of the key tasks of the Group. We have always committed to fulfilling the environmental requirements, and strictly comply with all applicable laws and regulations in Hong Kong and the PRC, including but not limited to:

- Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》);
- Law of the People's Republic of China on Environmental Impact Assessment 2018 (《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》);
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》);
- Water Pollution Prevention and Control Law of the People's Republic of China (《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》);
- Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》); and
- Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》).

To identify and handle environment-related issues in business operations, a dedicated Environmental Protection Department or Environmental Production Protection Department is formed by professional management staff. During the Reporting Period, the Group was not aware of any material violation of laws and regulations in relation to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions

Adhering to the concept of “lucid waters and lush mountains are invaluable assets” (綠水青山就是金山銀山), the Group continuously implements the principles of scientific and green development, conforming to industry regulations and norms and vigorously developing circular economy following the below principles:

Reduce at source (源頭減量)	Control in the process (過程控制)	Remedy at the end (末端治理)	Reduce the waste (資源利用化)
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The Group has consistently adopted different measures to effectively reduce its adverse impact on the environment according to the technical approaches to pollution control as recommended in the Technical Policy of Gold Industrial Pollution Control. We focus on the following three tasks:

- Improvement of energy efficiency in mining operations;
- Exploration of practicality in installing environmentally friendly facilities; and
- Transition of energy resources from fossil fuel-based model to low-carbon development.

Air emission

Sulphur oxides (“SO_x”) and nitrogen oxides (“NO_x”) and Particulate matter (“PM”) were the primary air pollutants from the mining process, fuel combustion for machinery operations, vehicle transportation and other operational processes.

During the Reporting Period, the data for air emissions is as follows:

Air emission ¹	Unit	2024	2023
SO _x	Kg	4.1	2.7
NO _x	Kg	1,069.6	323.2
PM	Kg	76.9	30.7

1. Air emissions included only the air pollutants in the exhaust gas from vehicles for transportation.

To effectively reduce air emissions, staff are encouraged to replace gasoline vehicles with electric vehicles and carpool together.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

GHG emissions

The GHG emissions generated by the Group were mainly from the combustion of fossil fuels, electricity and coal consumption during industrial operations. During the Reporting Period, the data for GHG emission is as follows:

GHG emission ¹	Unit	2024	2023
Scope 1 (Direct Emissions)	Tonnes CO ₂ e	2,239	1,354
Scope 2 (Energy Indirect Emissions)	Tonnes CO ₂ e	43,692	21,992
Total GHG emission	Tonnes CO ₂ e	45,931	23,346
Intensity ²	Tonnes CO ₂ e/revenue (HK\$ million)	35.3	36.6

1. 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” by HKEX, 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.
2. Considering the environmental impact of our gold recycling is insignificant compared to the gold mining operation, we believe using the revenue of gold mining operation segment to calculate the intensity would better assist readers to assess our performance.

Waste Management

The Group’s hazardous waste mainly consists of chemical containers generated from our gold mining operation. As for the non-hazardous waste, it mainly consists of tailings and sludge generated from our gold mining business and domestic of the Group.

During the Reporting Period, the data for hazardous and non-hazardous waste is as follows:

	Unit	2024	2023 ¹
Hazardous Waste	Tonnes	24.27	9.33
Intensity	Tonnes/revenue (HK\$ million)	0.02	0.01
Non-hazardous Waste	Tonnes	694,538	658,316
Intensity ²	Tonnes/revenue (HK\$ million)	533.12	1,032.34

1. The data of 2023 has been restated to ensure the consistency and comparability.
2. Considering the environmental impact of our gold recycling is insignificant compared to the gold mining operation, we believe using the revenue of gold mining operation segment to calculate the intensity would better assist readers to assess our performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Hong Kong Office

Only indirect GHG emissions, municipal solid waste and wastewater were generated in the Hong Kong office. No hazardous waste was generated during the Reporting Period.

i. GHG Emission

Indirect GHG emissions were generated by the Hong Kong office mainly due to the consumption of purchased electricity. Despite not being a carbon-intensive business, the Hong Kong Office has proactively aligned with the Hong Kong Climate Action Plan 2030+ and supported the goal of Hong Kong to achieve carbon neutrality before 2050.

A series of measures have been adopted to reduce electricity consumption:

- Promote the use of multi-media systems and the internet to minimise the frequency of and dependence on business travel;
- Encourage employees to use public transportation or carpool when possible; and
- Take an initiative through actions, including avoiding unnecessary printing.

More details of actions in saving electricity and improving energy efficiency are further disclosed in the next subsection under Electricity and Other energy resources.

ii. Solid Wastes

Commercial solid waste was the main solid waste generated by the Hong Kong office. A centralized rubbish bin is used in the Hong Kong office to collect waste. The packaging materials for takeaway food were collected 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.

To reduce commercial waste, employees are encouraged to change their behaviours in daily operations by reducing, reusing and recycling. In addition, the Hong Kong office successfully applied the Charter of Food Wise Hong Kong in February 2025 to support food waste reduction and recycling. The Group has also provided effective training and implemented the Waste Classification System.

iii. Wastewater

Commercial wastewater was the primary wastewater generated from the Hong Kong Office. The wastewater was directly discharged into the building sewerage network and handled by the property management. To reduce water consumption in the office, various effective measures were adopted by the Group and to be further presented in the next subsection under Water.



Foodwise Charter of the Company

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Gold Recycling and Gold Mining Businesses

Minimal emission was generated by this segment. 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 subcontractors. In addition, the office of the gold mining business in the PRC also involves gold recycling operations.

During the Reporting period, the principal emissions in the gold mining business of the Group included GHG emissions from the electricity consumption and combustion of fossil fuels and coal for industrial operations, SO_x, NO_x, smoke, slag, dust, noise, wastewater, tailings, mine waste, rock waste and domestic waste from workers during the mining process.

The Group normally conducts comprehensive environmental impact assessments for facility expansion and mining operations adhering to the requirements of the government to ensure that all emissions from the mining sites could be effectively monitored and managed. To further minimize the environmental impacts, the Group purchases the operational facilities including the dust removal equipment in accordance with national standards, desulfurization and denitrification devices and strengthening internal training and examination of personnel in construction operations to enhance internal awareness of environmental protection. To reduce the discharge of waste and introduce comprehensive recycling and reuse of water resources, automatic technologies and processes are deployed in production workshops. In addition, the Group continuously makes innovations to optimise the production process that realises the improvement of the recycling rate.

1. Air and GHG Emissions

The use of electricity, and consumption of gasoline and dust during mining operations, such as blasting, hauling, crushing and stockpiling rock, were the primary sources of air and GHG emissions. Exhaust fumes were produced from heavy machinery for mining and transporting ore and other solid waste. Emission was also generated from the transportation of light vehicles for workers commuting back and forth between dormitories and mining sites.

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

We understand the importance of fostering a zero-carbon energy and operation revolution and are committed to decarbonizing the operation to mitigate and adapt to the consequences of climate change through various measures. 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.

More internal policies reducing air and GHG emissions from mining operations are described in the A.2 Use of Resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Gold Recycling and Gold Mining Businesses (CONTINUED)

2. Solid Waste

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. During the Reporting period, paper, glass and plastic-made products were the main domestic solid waste generated by employees. They were well-sorted, recycled and handled by the certified municipal department.

The two key materials from the gold mining and processing were tailings and mineral processing waste. To achieve the target of zero harm to people and the environment from tailings facilities, we have 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》).

During the Reporting period, the tailings were piled up in the internal tailing warehouses. The 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”, we strive to maximize the recycling rate of tailings. The tailings are normally delivered to the tailing ponds after passing through their processing facilities.

All hazardous waste was separated from the general waste and stored at a special warehouse installed with stringent monitoring procedures and systems. The Group stored the hazardous wastes 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 14 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》).

Protective clothing and protective equipment that meet the national standards are provided to staff responsible for handling the hazardous waste. The Control systems have been established with strict operating procedures. Certified companies that are responsible for the recycling and handling of hazardous waste materials are engaged regularly.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Gold Recycling and Gold Mining Businesses (CONTINUED)

3. Wastewater

The industrial sewage during mining operations and the domestic wastewater from workers are the main sources of the wastewater from mining activities of the Group. The target of “Zero Water Discharge” has been set for the mining business according to the principle of “Circular Economy”. The sewage has fully been recycled on-site for planting or irrigation, and the onsite wastewater was practically 100% recycled during the Reporting period.

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. To recycle the industrial wastewater, the Group has installed automation equipment, such as drainage pump stations on site. 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 organizations, while effluents are used for agricultural irrigation or discharged.

Case Study: the mining sites owned by Grand Gallant Group

There are two adjacent underground water storage tanks in the mining sites. The water tank has been for the purpose of sedimentation function. There is a reservoir on the ground. The water from the underground water tank of the mine is discharged to the surface reservoir through the pipelines. The reservoir is equipped with a water pump station, while the water pump and pipelines are mechanically connected. The water in the reservoir will be utilized as production water in the mineral processing plant. The sediment deposited in the underground water tank is manually cleaned and then enters the mineral processing process together with the ore produced in the mine. The production water is used in the mineral processing process and is recycled without being discharged to the workers' homes. The wastewater has a “fertilizer pool” sewage treatment facility. It is connected through a water pump and used for irrigating the plants and sprinkling water to reduce dust after purification and treatment.

The site-level environment teams of the Group are responsible for water management, including the supervision and coordination of sustainable water usage and sewage treatment. 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》)” through effective implementation of internal policies and practices. Various types of wastewater should be collected, stored and treated in special containers in terms of their different characteristics and properties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Noise

Heavy machinery and drills were the main contributors to noise emissions of the Group. Professional teams are formed to inspect the perceived impacts of operations including the noise from operations and run participatory monitoring sessions for the surrounding area on noise levels. We are committed to keeping the vehicles and machines below the noise limit and adopting necessary measures to ensure the correct use of hearing protection equipment by workers.

To alleviate the impact of noise on the surroundings, the Group has adopted various noise-reducing facilities and measures 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). For instance, considering the size of windows and areas of facilities.

To achieve better noise control, the Group selected low-noise and protective equipment and pumps with better performance in noise control, as well as installed shock pads, air compressors and mufflers on site. We also applied advanced mining technology such as Millisecond deep-hole blasting, and drilling machines adopted wet rock drilling to reduce the noise caused by friction.

Trend Analysis and Goals

1. GHG emission

Target	<p>Align 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 FY2023 as the baseline year, the Group targets to lower its GHG emissions (scope 1 + scope 2) intensity 12.5% by 2028.</p>
Proposed Steps	<p>The Group applies innovative technologies, optimizes production processes and strengthens internal monitoring and management of energy consumption to increase energy efficiency.</p> <p>The Group will seek opportunities to offset its carbon emissions through investment and planting activities.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A1. Emissions (CONTINUED)

Trend Analysis and Goals (CONTINUED)

2. Solid waste

Target	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. The Group commits to achieving “Zero Discharge of Solid Waste” by fully integrating Circular Economy into practices in the long run.
Proposed Steps	The Group commits to allocating 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.

A2. Use of Resources

Electricity, gasoline, diesel, coal, water and paper were the main resources consumed by the Group during the Reporting Period. No packaging materials were required or consumed by the gold mining and gold recycling businesses as the final products of the Group are gold products that are sold by pour-out.

During the Reporting Period, the data for resource consumption is as follows:

Use of Resources	Unit	2024	2023
Energy			
– Electricity (Indirect Energy)	MWh	76,617	38,567
– Diesel (Direct Energy)	MWh	1,842.9	1,140.3
– Gasoline (Direct Energy)	MWh	754.4	641.4
– Coal (Direct Energy)	MWh	4,311.3	3,375.8
Total energy consumption	MWh	83,525.6	43,724.5
Intensity ¹	MWh/revenue (HK\$ million)	64.1	68.6
Water			
Total water consumption	M ³	54,740	72,368
Intensity ¹	M ³ /revenue (HK\$ million)	42.0	113.5

1 Considering the environmental impact of our gold recycling is insignificant compared to the gold mining operation, we believe using the revenue of gold mining operation segment to calculate the intensity would better assist readers to assess our performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A2. Use of Resources (CONTINUED)

Management Approach

Optimizing the mining operations and ensuring access to secure and reliable energy sources are key to the long-term stability of the Group as energy is essential for mining businesses.

Environmental Protection Departments are established to formulate implementation plans and monitor the progress in energy efficiency improvement and resource conservation. The specialists of the Environmental Protection Departments conduct regular assessments of the energy performance of various operating sites and processes according to the Group's accountability system.

Electricity

Electricity was purchased from the utility company and consumed in the offices and during mining and gold recycling operations.

The Group strives to increase energy efficiency improvement and transformation as well as the application of clean and renewable energy resources. An environmental protection department has been established to formulate implementation plans and monitor the progress of improving energy efficiency and resource conservation. The staff of the department evaluate the energy performance of different operating plants and processes regularly.

Both offices and mining sites of the Group have still stringently complied with relevant regulations and the Group's policy of electricity conservation. A "stop and resume work" policy has been formulated and a reward and punishment system for power management has been established. To quantify and track the consumption of different energy resources in mining operations, internal energy-related policies have also been formulated.

To smoothly transform into a "low carbon and low consumption" business model, environmentally friendly vehicles for transportation and operations are prioritized. 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 a reward and punishment system for electricity management have been established.

During the Reporting period, various measures have been adopted to encourage employees to reduce the electricity consumption of the Group:

- All idle lights and air conditioners are switched off (e.g. most electrical equipment will be turned off during lunch time);
- "Save electricity and turn off the light when you leave please" posters are placed;
- Seminars and training courses are provided to employees to advocate energy conservation;
- New electric generators and transformers with high energy efficiency are purchased and installed on-site;
- More LED bulbs are used for office lighting instead of energy-intensive lamps;
- Energy audits are conducted regularly to monitor equipment operation; and
- Natural ventilation or ventilation fans are adopted for areas not requiring air-conditioning.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A2. Use of Resources *(CONTINUED)*

Other energy resources

Gasoline and diesel were primarily consumed by the Group for digging, loading and transportation of ore and waste rock, comminution process, and heating while coal was used for heating purposes.

China has made notable progress in its clean energy transition over the years. 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 strives to improve energy efficiency and transition to scale up its application of clean and renewable energy resources.

Internal energy-related policies have been established to quantify and track the amount of different energy resources consumed during mining operations. To further reduce gasoline consumption, employees are encouraged to replace them with electric vehicles and to carpool. Energy consumption audits on vehicle performance are conducted on a regular basis. To make a smooth transition towards a "low-carbon and low-consumption" business model, environmentally friendly vehicles for transportation and operations are prioritized during procurement.

In addition, in the cases where the Group outsources the transportation work, a comprehensive background check is undertaken on the outsourced company to assess their performance in energy efficiency.

Water

We value water resources and prioritize water utilization efficiency. To alleviate the potential detrimental impact on water resources during operations, we are committed to responsible water stewardship. Robust water resource protection and monitoring measures have been adopted. For instance, flow meters are installed to control the withdrawal of water resources. The Group did not face any issue in sourcing water that fits for purpose during the Reporting period.

In spite of the 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 encourages the mining sites where water could be largely consumed to reuse the wastewater properly.

We focus on increasing awareness of water conservation among employees to efficiently implement the water conservation and security strategy of the Group as well as accumulate practical experience for future improvement. To promote and prioritize water conservation in daily operations, effective measures based on the "3R rules – Reduce, Reuse and Recycle" have been implemented.

The following practices have been implemented to further enhance water utilisation efficiency:

- Optimise chemical dosage and management procedures in the wastewater treatment processes to monitor and ensure compliance with industry standards
- Fix dripping taps timely to avoid further leakage of the water supply system
- Conduct regular leakage tests on water taps, joint rings and other components in the water supply system
- Strengthen the inspection and maintenance of water taps, water pipelines and water storage

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A2. Use of Resources *(CONTINUED)*

Paper

To effectively control paper usage, the Quantification Management Policy has been formulated and acted as an efficient tool. We have implemented a series of Office Automation (“OA”) solutions from document transfer, and information communication, all the way to the review, approval and signing of relevant decisions within the Group.

To promote and achieve a paperless office, the Group has adopted the following measures:

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

Trend Analysis and Goals

1. *Energy Efficiency*

Target	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 12.5% by 2028.
Proposed Steps	On top of electricity conservation, the Group commits to focus its efforts on improving the energy efficiency of its equipment through upgrades and procurement.

2. *Water*

Target	The Group targets to maintain its water recycling rate at 100% and pursues an effort to lower its consumption of freshwater in operations.
Proposed Steps	The Group plans to improve the water recirculating system and employ advanced water recycling facilities to enhance water efficiency.

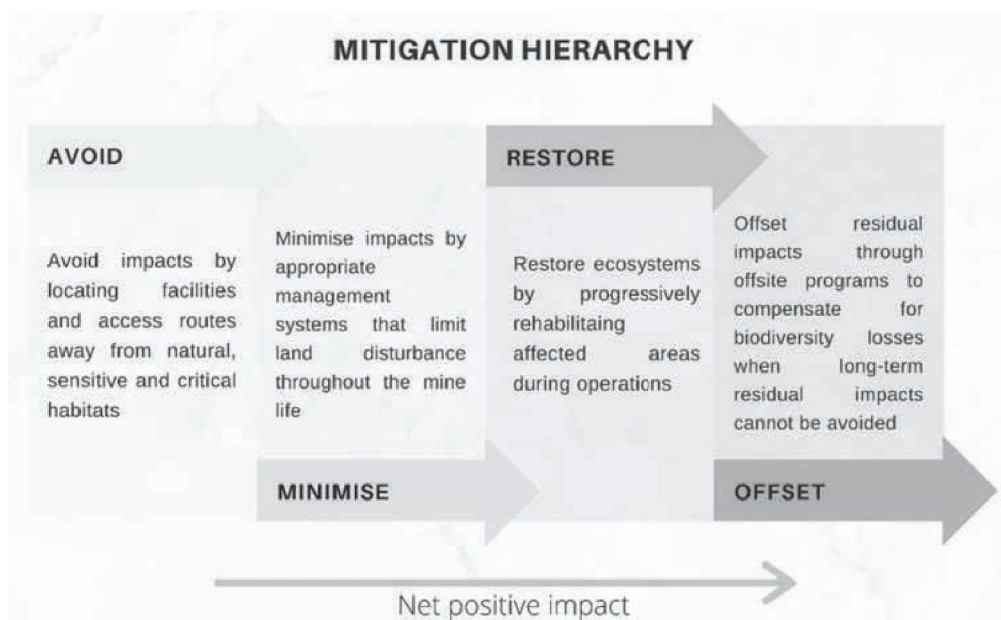
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A3. The Environment and Natural Resources

Gold mining is a resource-intensive activity that consumes significant land and energy, posing potential environmental risks. We are acutely aware of the harmful effects of our mining operations and have made substantial efforts to mitigate the associated environmental impacts and risks to foster coordinated and sustainable long-term development.

The Group consistently concentrated on identifying, evaluating and monitoring its significant environmental impacts, and developing practical and effective solutions to mitigate and manage these risks. To pursue efforts to achieve a net positive impact on operations, the Mitigation Hierarchy concept has been integrated into the environmental management and risk control system.



During the Reporting Period, land Use, Ecosystem and Biodiversity, mining waste management and GHG emission control were classified and considered as material issues to the Group. To mitigate their negative impact, we developed strategies and established critical approaches to effectively address these challenges.

For land use, ecosystem and biodiversity, the Group strives to protect local biodiversity through ecological restoration by various actions. To reduce wasteful dilution and further lower the potential risk of surface subsidence, we have been backfilling the mined-out areas, which props up the surrounding rock mass.

For mining waste management, we recognize that substantial waste may be generated in the mining process while mine tailings are generated in mineral processing plants after separation. These tailings can threaten ecosystems and water resources without proper management. The Group strictly complies with the requirements of national and local regulations, especially the treatment of tailings and onsite sewage. We have implemented and planned for sustainable management of mining tailings. We are dedicated to minimizing the impact of tailings facilities on water resources by monitoring and preventing acid mine drainage and the release of hazardous chemicals. Professional taskforces have also been formed to conduct regular environmental impact assessments of tailing facilities and dams. The Group continues to formulate and implement its internal policies for more effective waste stewardship onsite 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》).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A3. The Environment and Natural Resources *(CONTINUED)*

In relation to the tailing assessment, pollutants such as heavy metals and organic matter may exist in the tailings pond. Physical, chemical or biological methods are adopted for treatment, such as using adsorbents. The degradants are used to remove and degrade pollutants which help to reduce pollution to surrounding soil and water bodies. For the damaged land around the tailings pond, various effective measures have been implemented to restore the fertility and ecological functions of the land and reduce the loss of land. For instance, vegetation restoration and soil restoration. The Group has also adopted anti-seepage measures considering tailings ponds may cause pollution to surrounding water bodies. We have implemented measures to prevent tailings leakage and water purification technologies purify contaminated water. In future, we will further promote the reconstruction of ecological balance and improve the ecological environment around tailings ponds' environment quality. The Group will also track and evaluate effects, identify problems in a timely manner and take corresponding measures to ensure the sustainability and stability of governance effects.

For GHG emissions control, the Group adopted various measures to reduce GHG footprints. China's 2060 carbon neutrality commitment greatly accelerates its low-carbon energy transition to rapidly reduce economy-wide emissions towards net zero, diminishing the reliance on fossil fuel consumption. The top priority of the Group in accelerating its transformation is transitioning towards cleaner energy sources including "green" electricity. The Group's initiatives concentrated on three aspects, namely innovative R&D investment and technology deployment, opportunities through partnerships and collaboration, and education to facilitate behaviour change.

A4 Climate Change

The Group is aware that climate change amplifies operating risks, causing a significant increase in the intensity and frequency of extreme weather events with far-reaching consequences. We recognize that the mining sector is especially susceptible to climate change. Accordingly, we have developed a group-wide climate policy that outlines our strategic management approach and serves as a foundation for defining the practices the Group should adopt to address climate-related risks.

As a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Group is dedicated to addressing gaps in climate-proof policies and security strategies, enhancing environmental standards, and boosting resilience. We aim to support national and regional economic growth and development through responsible mining practices. To minimise the impacts of climate change and exposure to climate-related risks, the Group has been formulating its Climate Policy to oversee and regulate the Group's mining operations.

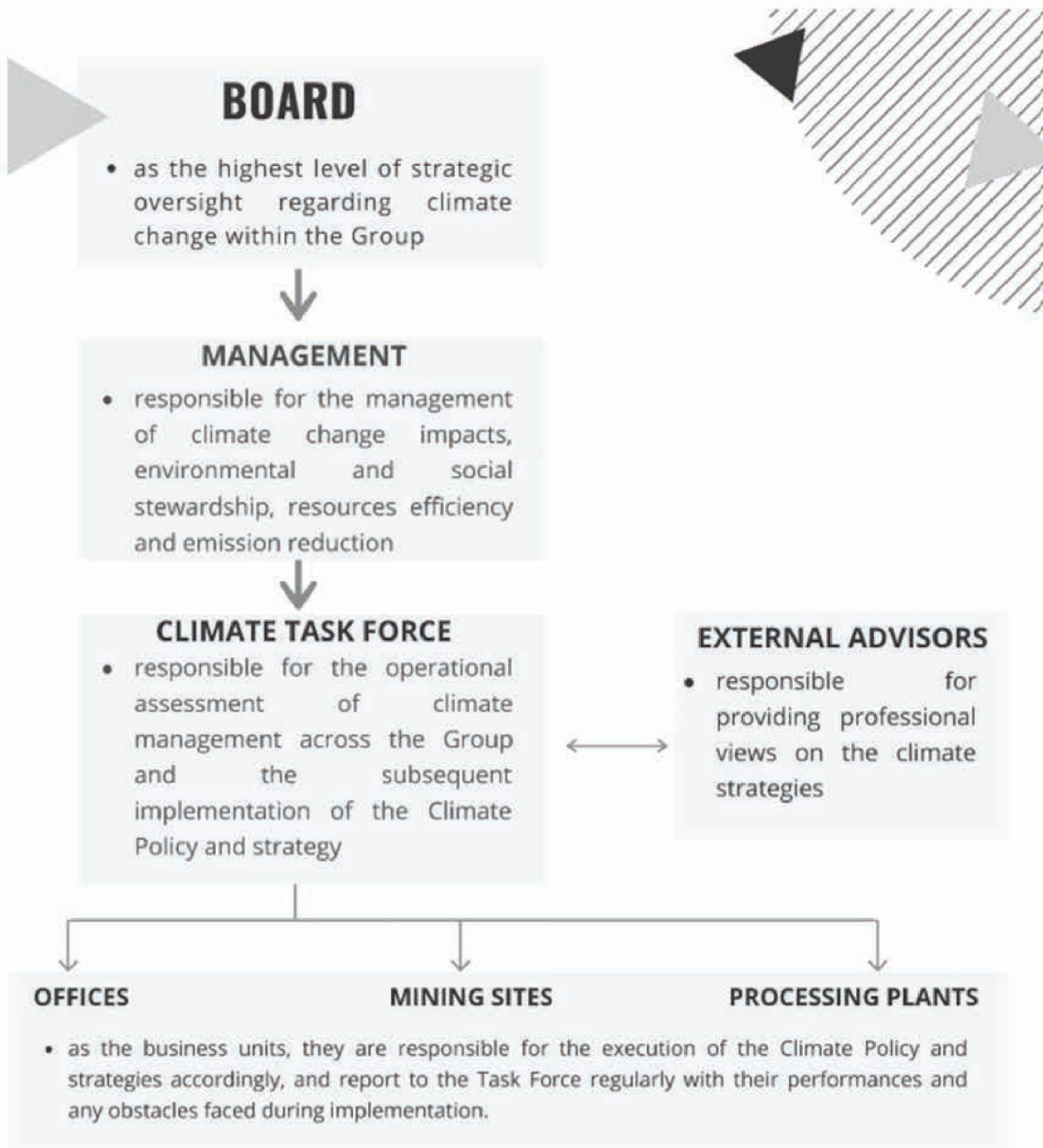
The Group's preliminary analysis of climate-related risks and plans for climate action are detailed in the following sub-sections, which highlight our developing climate policy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A4 Climate Change *(CONTINUED)*

Governance



The Group has collaborated with external ESG professionals to assist the Board and Management team in understanding material physical and transition risks. These risks could have significant repercussions on the Group’s financial performance and position in the long term.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A4 Climate Change (CONTINUED)

Strategy

By conducting a preliminary climate scenario analysis, the Group evaluates its business operations in relation to key factors across various climate projections and prioritizes the implications of both physical and transition climate-related risks on its financial planning and development strategy. Two IPCC emissions scenarios (RCP 2.6 and RCP 8.5) along with two IEA scenarios (ETP 2DS and WEO Current Policies) were adopted. Highlights of the identified climate-related risks that affect the Group's business are shown below:

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 the workforce (e.g.. health, safety, absenteeism) 	Material risks
Increased severity of extreme weather events such as cyclones and floods		
<u>Chronic risks</u>	<ul style="list-style-type: none"> Write-offs and early retirement of existing assets (e.g.. damage to property and assets in "high-risk" locations) Increased capital expenditure 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 	Less material risks
Changes in precipitation patterns and extreme variability in weather patterns		
Rising mean temperatures		Material risks
Rising sea levels		Not significant risks

Transition risks	Potential impact on the Group	Significance
<u>Compliance Risk</u>		
Increased pricing of GHG emissions	<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 	Material risks
Enhanced emissions-reporting obligations		Not significant risks
<u>Technological risks</u>		
Substitution of existing products and services with lower emissions options	<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 operation 	Not significant risks
Costs to transition to lower emissions technology		Material risks

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY *(CONTINUED)*

A4 Climate Change *(CONTINUED)*

Risk Management

The Group is dedicated to incorporating climate risk management into its enterprise risk management framework. We conduct climate risk analysis through a three-step process:

1. Evaluate the implications of relevant climate-related risks on the business via internal discussions and support from external advisors;
2. Undertaking a materiality assessment to prioritize risks that require immediate attention;
3. Perform a feasibility analysis of response actions for implementation.

Climate risk will be included on the agenda for the Board's Audit and Risk Committee meetings. Additionally, a quarterly meeting is planned between the Board and Management to discuss the identification of potential climate risks, during which mitigation measures and tracking plans will be addressed.

Metrics and Targets

To identify and manage relevant climate-related risks and opportunities, the Group has set up both directional and quantitative metrics with reference to the seven cross-industry, climate-related metric categories recommended by TCFD.

Highlights of the climate-related metrics and targets established by the Group are shown below:

Metrics

- Total GHG emissions (Scope 1 and Scope 2) intensity
- Annual water consumption intensity
- Resources allocated to climate-related measures and campaigns

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL SUSTAINABILITY (CONTINUED)

A4 Climate Change (CONTINUED)

Metrics and Targets (CONTINUED)

Goals

Target Type	Total GHG Emissions (Scope 1 + Scope 2) intensity
Base Year	FY2023
Target Year	FY2028
Scope	<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) • 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) • Subei County Holezadegai Northeast Mining Co., Ltd. (肅北縣霍勒扎德蓋北東礦業有限責任公司) • Tianshui Xindu Mining Co., Ltd. (天水鑫都礦業有限公司) • Tiuquan Chuangjin Mining Development Co., Ltd. (酒泉市創金礦業發展有限責任公司) • Hong Kong Office
Targeted Reduction from Base Year	12.5%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

The Group values employees' talents and is committed to building and sustaining an attractive workplace with excellent career development opportunities for all employees. We strive to provide a suitable platform to them, ensure equal and fair compensation and respect labour rights. Talent development, learning, diversity and culture are prioritized in the human resources management approach of the Group.

We strictly adhere to applicable employment laws and regulations in Hong Kong and the PRC that were material to the Group's businesses, including but not limited to Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Cap. 282 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》) and Regulations on the Supervision of Labour Security (《勞動保障監察條例》).

During the Reporting Period, the Group was not aware of any material violation of laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have a significant impact on the Group.



Sports activities among our staff during the International Workers' Day

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B1. Employment *(CONTINUED)*

The Human Resource Department of the Group monitors the implementation of company policies, including:

- Measures of Employee Recruitment;
- Employment Management;
- Employee Training Management;
- Employee Transfer Management;
- Employee Leave and Attendance Management;
- Performance Management;
- Compensation Management; and
- Human Resources Management System.

To ensure compliance with the latest laws and regulations, the department reviews and updates internal procedures regularly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (CONTINUED)

As at 31 December 2024, the Group had a total of 436 employees (2023: 420 employees). The employee demographic is as follows:

Total Workforce	2024	2023
By Gender		
Male	353	338
Female	83	82
By Employment Type		
Full-time	435	389
Part-time/Contract	1	31
By Age Group		
Below 30	40	32
31-40	112	117
41-50	124	125
Above 51	160	146
By Geographical Region		
Hong Kong	11	8
Mainland China	425	412

Note: The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered 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

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B1. Employment *(CONTINUED)*

Recruitment and promotion

A set of transparent and clear procedures in annual recruitment is adopted and followed to ensure the recruitment practices comply with the following principles:

Openness (公開)	Fairness (公平)	Transparency (透明)	Standardization (規範)
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The recruitment plan is formulated by the General Office according to internal procedure and considering the positions vacancies in various departments. The recruitment sources are identified, and the eligible candidates are selected, in which CV screening, interviews, internal discussion and approval, and entry health examination are normally carried out step by step.

Fair, competitive remuneration and benefits are provided with due consideration of the applicant's past performance, personal attributes, job experiences and career aspirations. The promotion within the Group is strictly based on clear and legitimate procedures. We refer to market benchmarks in relation to staff promotion. Equal promotion opportunities are provided to eligible employees who have exhibited outstanding performance and potential.

Compensation and dismissal

To review and adjust the compensation policy for employees annually after evaluation and approval, the Group benchmarks the standard of local markets, company performance, economic circumstances, individual development and position type.

Any kind of unfair or illegitimate dismissal is strictly prohibited. The termination of the employment contract is implemented in accordance with reasonable, lawful grounds and internal policies such as the Staff Handbook of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B1. Employment (CONTINUED)

Compensation and dismissal (CONTINUED)

During the Reporting period, the employee turnover rate of the Group is as follows:

Turnover Rate	2024	2023
By Gender		
Male	10.5%	7.4%
Female	9.6%	14.6%
By Age Group		
Below 30	30.0%	15.6%
31-40	10.7%	8.5%
41-50	5.6%	13.6%
Above 51	8.8%	3.4%
By Geographical Region		
Hong Kong	0.0%	0.0%
Mainland China	10.6%	9.0%

Verbal warnings will be provided to staff who have violated the Group's employment policies before issuing a warning letter. The employees remaining 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. The Group may consider terminating the labour contract according to laws and regulations if an employee is falling under of the circumstances defined to be serious by the Group:

1. Failure 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 cause damage to the interests of the Group etc.

Working hours and rest periods

The terms and policies in the Group's management of working hours and rest periods are formulated according to 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) and are specified in the Staff Handbook. To compensate those who work overtime with extra pay or additional days off, the attendance management system is adopted to monitor employees' working hours.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B1. Employment *(CONTINUED)*

Working hours and rest periods *(CONTINUED)*

Employees are entitled to leave benefits including but not limited to

	Statutory Holidays	Marriage leave	Bereavement leave	Maternity leave	
Breastfeeding leave	Sick leave	Personal leave	Family visit leave	Annual leave	

Equal opportunity and anti-discrimination

Being an equal-opportunity employer, the Group is dedicated to building a fair, inclusive, and diverse workplace. Anti-discrimination is promoted, and equal opportunities are provided in all human resources and employment-related decisions. Employees are provided with equal opportunity in training, promotions, dismissals, and retirement policies units, irrespective of age, gender, marital status, pregnancy, family status, disability, race, ethnicity, nationality, religion, or any other non-job-related factors. The Group enforces an equal opportunity policy toward workplace discrimination, harassment, or vilification, in compliance with local laws and regulations. Employees are encouraged to report any incidents of discrimination to the Human Resource Department, which is responsible for conducting investigations and implementing appropriate disciplinary measures against those found responsible.

Upholding the value of equality, the Group strives to foster barrier-free internal communication through multiple channels. As the main units responsible for managing employee relations and communication within the organization, the Human Resource Departments and Staff Committees at all levels of the Group assist employees in enhancing job satisfaction, ensuring labour security, providing occupational psychological counselling, and actively listening to their suggestions. All staff are encouraged to share feedback with the Group without hesitation. To cultivate a corporate culture of inclusivity and respect, the Group regularly updates employees on recent operations and management developments via emails, bulletin boards, meetings, and other communication platforms.

Other benefits and welfare

Employees are provided with various corporate benefits following internal policies to enhance their sense of belonging. Social insurance items stipulated by relevant laws and regulations are purchased for employees. For instance, endowment insurance, work-related injury insurance, medical insurance and housing provident funds.

The Group provides routine physical examinations and organizes regular physical exercises and recreational activities to protect employees' physical and mental health.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B2. Health and Safety

The Group has incorporated safeguarding the health and safety of the employee into its corporate values. Systematic safety management strategy, approach and regulations have been formulated and implemented to create a safe and secure work environment for employees.

We strictly complied with applicable national and local regulations in relation to occupational health and safety in Hong Kong and the PRC, including but not limited to the 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》), and Mine Safety Law of the People's Republic of China (《中華人民共和國礦山安全法》).

During the Reporting period, the data in relation to health and safety is shown below:

	Unit	2024	2023	2022
Work-related fatalities	No.	0	0	0
Lost days due to work injury	Day	90	20	100

During the Reporting period, the Group was not aware of any material violation of laws and regulations in relation to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

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

To minimise the risks of accidents on mine sites and enhance employees' health and safety awareness, the Group has established a comprehensive mechanism and formulated a list of effective policies managing safety and labour practices in line with applicable health and safety standards. To facilitate and maintain a safe working environment, we have formulated internal policies and guidelines, including the 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). To effectively enhance the level of safety management, a detailed construction plan for the “Six Major Systems” has been developed 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 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 full-time Safety, Environmental Protection, Production and Technology Department has been formed and is equipped with full-time safety officers to facilitate the Group's safety management onsite. Safety Production Management Committees have been established and are responsible for organising educational workshops on the topic of safe production, formulating safety measures and supervising the implementation of internal policies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B2. Health and Safety *(CONTINUED)*

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

The Group has effectively adopted the following measures to eliminate fatalities and life-altering injuries from the operations and to continuously reduce potential injury and health hazards onsite.

Emergency preparedness programs	Management of hazardous materials	Technical safety training
<ul style="list-style-type: none"> • Train and build mine rescue team • Improve its real-time monitoring and alerting system 	<ul style="list-style-type: none"> • Promote the lifecycle management of purchase, use, storage, transportation and disposal 	<ul style="list-style-type: none"> • Machine safeguarding training • Simulator training

Equipment operation training

The mining rescue team are provided with suitable protective gear and rescue plans for emergencies. In case of unpredicted circumstances, professional emergency facilities and sufficient supplies are in place. During the outbreak of unwanted environmental and operational incidents that might threaten the health and safety of workers, the designated staff will guard and manage to ensure that the contingency plan can be carried out perfectly. We strive to strengthen the countermeasures to emergencies according to the National Emergency Plans in Response to the Outbreak of Environmental Incidents (《國家突發環境事件總體應急預案》) and to intensify emergency drills in both frequency and quality in the future. Relevant policies have been formulated to guide the correct handling of hazardous materials, to align procurement practices, operations in the mining sites, storage in warehouses, transportation to another place, and disposal measures with industry standards. The awareness and knowledge of employees in occupational health and safety are increased by several training programmes.

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 timely and effectively address the underlying threats, the Group has continuously assessed the safety risks that are material to the Group’s operations and adopted a precautionary approach. The Group has also strictly implemented the aforementioned internal policies under the accountability system to address the relevant safety risks. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B3. Development and Training

Employees' capabilities are key to work productivity and efficiency. The Group aims to enhance the ability of employees through training. Various training programmes have been designed and organized for employees in different positions.

During the Reporting Period, the training and development data is as follows:

	2024	2023
Percentage of employees trained by gender		
– Male	84.4%	87.0%
– Female	66.3%	74.4%
Percentage of employees trained by Employee Category		
– Director and the management	93.8%	82.4%
– Senior employee, manager and senior manager	96.3%	89.8%
– General staff	81.1%	83.7%
Average training hours per employee by gender		
– Male	5.6	6.6
– Female	3.8	5.0
Average training hours per employee by Employee Category		
– Director and the management	7.9	8.6
– Senior employee, manager and senior manager	6.4	17.1
– General staff	5.0	4.3

To create more opportunities for employee improvement, the Group has devoted sufficient resources to training development and provision.

New hires	Technical safety training
<ul style="list-style-type: none"> A complete training package covering the History of Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System 	<ul style="list-style-type: none"> Regular courses that match the corporate demands and employees' interest

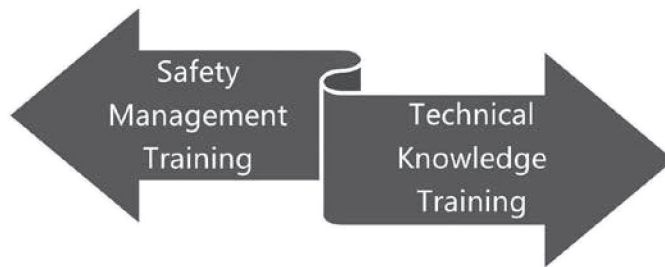
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES (CONTINUED)

B3. Development and Training (CONTINUED)

Employees are encouraged to obtain more work-related knowledge in their spare time and sign up for professional qualification examinations and external training to further enhance their professional skills and meet the Group's development goals. Reimbursement will be provided to employees who have taken external qualification examinations and obtained vocational qualification certificates.

The training provided by the Group's training can mainly be divided into safety management and technical knowledge.



Safety Management Training

With the support of the Safety, Environmental Protection, Production and Technology Department, the General Office is responsible for formulating an annual safety training plan. The Safety, Environmental Protection, Production and Technology Department organizes relevant business departments and production units to carry out group-wide and company-level safety educational courses and workshops.

According to the annual safety training plan, regular workshop-level safety training is launched for each production unit. Personnel from relevant business departments and production units are required to participate in the Three-Level Safety Training (三級安全培訓) and fill in the "Training Attendance Form". The assessments of the Three-Level Safety Training are regularly performed by the General Office, Safety, Environmental Protection, Production and Technology Department and the production unit.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES *(CONTINUED)*

B3. Development and Training *(CONTINUED)*

Technical Knowledge Training

The Safety, Environmental Protection, Production, and Technology Department, along with mining sites and mineral processing workshops, jointly oversee technical knowledge training. Employees are expected to continuously stay updated on the latest production processes, understand the features of key workshop facilities, and become proficient in the performance of machinery, equipment, and tools. When new processes, technologies, equipment, or materials are introduced, operators must undergo training from the supplier's technical personnel and adhere strictly to specified technological processes and operational requirements. Business skills and knowledge training are provided for employees in critical positions every six months, accompanied by assessments. All training plans, teaching materials, curriculums, and related information are systematically archived in the corporate training records.

B4. Labour Standards

Upholding and protecting labour rights is a fundamental element of the Group's commitment to sustainability. Child and forced labour are strictly prohibited. We strictly abided by applicable labour laws and regulations in Hong Kong and the PRC, including but not limited to 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》). During the Reporting period, the Group was not aware of any material violation of laws and regulations in relation to preventing child and forced labour that have a significant impact on the Group.

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. To ensure that job applicants are lawfully employable prior to the confirmation of any employment, all of them are required by the Group's Human Resource Department to provide valid identity documents to combat illegal employment of child labour, underage workers and forced labour.

The Group mandates its subsidiaries to report new hires and reviews all employment information monthly. If any case is identified as non-compliant with applicable labour laws, regulations, or standards, the associated employment contract will be terminated immediately, and the individuals responsible for human resource management will face appropriate disciplinary action.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

B5. Supply Chain Management

The Group recognizes the importance of supply chain management to achieve sustainable development. As a socially responsible organization, the Group remains steadfast in its commitment to fostering a sustainable and reliable value chain by proactively addressing environmental and social risks. All operating subsidiaries successfully managed their suppliers during the Reporting Period through the effective execution of the supply chain management policies.

During the Reporting period, the Group had a total of 74 major suppliers located in the PRC. The Group's supply chain management policy applies to all its major suppliers and approximately 17 suppliers have committed to complying with our Supplier Code of Conduct.

The main suppliers of the Group include partners providing machinery and equipment, raw materials and labour and transportation services for the Group. For its gold recycling business, the main suppliers consist of partners supplying gold-related materials and subcontractors offering gold refining services. A supply chain management ledger system has been implemented to select eligible suppliers that meet corporate standards and comply with relevant laws and regulations. This system allows the Group to effectively categorize and register suppliers in terms of supply categories, corporate strengths, and other criteria. Candidates are evaluated through inquiries, onsite inspections, benchmarking, bidding, and other methods. Suppliers with strong credibility, industry qualifications, high product quality, fair pricing, and proven experience are prioritized. In General, the procurement plan is submitted by the department for management review and approval. The Procurement Department handles the submission of procurement applications and the purchasing of relevant materials.

The performance of the suppliers and supply chain practices are consistently monitored through engagement. All suppliers and contractors are required to adhere to the policies agreed upon in the contracts throughout the business partnership. Supplier Management Procedures” (供應商管理辦法) and other internal policies have been established to mandate suppliers to consistently align with the Group's standards and guidelines. Regular evaluations of the supply chain are conducted to identify and mitigate major risks. In the event of a risk, an emergency plan is promptly activated, involving the mobilization of professionals and allocation of emergency funds to minimize potential losses. “

Social and Environmental Risk Control

To identify and mitigate potential social and environmental risks within its supply chain, The Procurement Department of the Group prevents any potential threats and monitors the process in collaboration with suppliers. We ensure that each business division has designated personnel in charge of communication with suppliers.

To effectively control the risks, suppliers' environmental performance and compliance, in particular their significant environmental hazards in operations, are assessed through interviews. Regular evaluation is conducted in relation to the legality, technical level, production capacity, quality assurance and industry certificates of the candidate suppliers. We pay attention to the suppliers' progress in improving their performance by abiding by labour standards, human rights, code of conduct, anti-corruption policies, and health and safety-related standards. Internal collaboration and participation in supplier selection and management are strengthened.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B5. Supply Chain Management (CONTINUED)

Social and Environmental Risk Control (CONTINUED)

To enlarge the influence to more partners in the value chain and make changes towards environmentally friendly business models, the Group promotes the integration of Green Procurement into operations, by taking into consideration energy efficiencies, 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.

We will continue to strengthen the scientific management of the supplier's online platform system and classify and evaluate its suppliers' performance automatically and more accurately in the future.

B6. Product Responsibility

Upholding the 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)”, the Group strives 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) and achieve high level of reliability, quality and robustness of products and services.

We strictly complied with the applicable rules, regulations and standards in the PRC and Hong Kong, including but not limited to the 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》).

During the Reporting period, the Group was not aware of any material violation of laws and regulations in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that have a significant impact on the Group.

Product quality and operation safety

Gold concentrate and gold bullion are our major products. We insist on the production of high-quality gold concentrate and gold bullion, which is “No Impurity and Uniform Colour” to satisfy customers' needs. A set of rules and effective measures have been established and implemented to standardize 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).

In addition, the Group also developed strict rules and effective measures for gold bullion to standardize the supplying and refining process and to ensure product quality, including but not limited to using the spectroscopic gold detector to test the gold-related materials.

To ensure performance and quality, the refining subcontractors are selected from the nationally recognized list.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (CONTINUED)

Product quality and operation safety (CONTINUED)

The product quality of the Group must consistently meet specific standards across various indicators. Regular assessment of quality control is conducted by the relevant personnel to support quality assurance. The production process is monitored and regulated through a set of parameters. An automated management system is utilized throughout the entire production process.

Following internal policies have been established and adopted to control product quality:

Product Plan Management	Product Process Management	Engineering Management
Equipment Management	Production Compliance Management	

In accordance with relevant international and national standards in the mining industry, the Group adheres to YS/T 3004-2011 Gold Concentrate (《金精礦行業標準》) for quality classification, ensuring the delivery of reliable and trustworthy products to its clients. The functional units of the Group, including mineral processing workshops and the Internal Quality and Technique Control Station, closely supervised and monitored the key production aspects, such as ore dressing tests and quality measurements of flotation-enriched gold concentrate. The Internal Quality and Technique Control Station is specifically responsible for sampling, testing, and issuing certifications for gold quality. Prior to the delivery of gold concentrate, the sample extraction is conducted by a representative designated by the buyer, under the supervision of the sales team. Samples must be placed in clean, dry containers and sent to the laboratory of the Quality and Technique Control Station for testing. The experimenter conducts chemical examinations, and the final test report must be signed by the relevant staff.

During the Reporting period, the Group did not encounter any products subject to recalls for safety and health reasons.

As part of its commitment to environmental stewardship and safety, tailing management is crucial for the Group. To ensure that the operations do not compromise the well-being of nearby residents, comprehensive tailings dam management plans have been developed, and safety inspections have been conducted on a regular basis:

- The length and slope of the sedimentation beach are verified to meet the requirement in design, preventing the slurry from brushing the dam body;
- Carry out geological surveys and stability analysis of the tailing dam when the pond accumulation is up to two-thirds of the designed height;
- 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;
- In a 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 differences between the two ends of the dam axis;

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES (CONTINUED)

B6. Product Responsibility (CONTINUED)

Product quality and operation safety (CONTINUED)

- 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.

Complaint handling, Privacy matters & Advertising

The Group values clients' feedback as it is significant to sustainable development. The general office of the PRC subsidiaries is responsible for dealing with customers' complaints. 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. During the Reporting period, no material complaints were received.

To ensure that customers' rights are strictly protected, we strictly adhered to the applicable laws in relation to customer privacy, including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and 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》). Under the confidentiality terms of the contract, employees are prohibited from disclosing any information about the Group and its customers to third parties. Information collected from customers by the Group will be used solely for the purpose for which it was gathered. During the Reporting period, the Group did not receive any complaints or become involved in any legal cases related to breaches of customer privacy or data loss.

With support from various departments, the Marketing Department of the Group is responsible for verifying and delivering accurate marketing materials that comply with relevant laws and regulations for the public and its clients, including but not limited to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》). Considering 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 the future, we will continue to shift our focus towards a value-oriented mindset and will be dedicated to building a business that produces distinctive and innovative products and services. To achieve this, the Group will further strengthen its unparalleled uniqueness, precision, and authority in the industry, while establishing a comprehensive and systematic competitive advantage in the high-precision sector.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

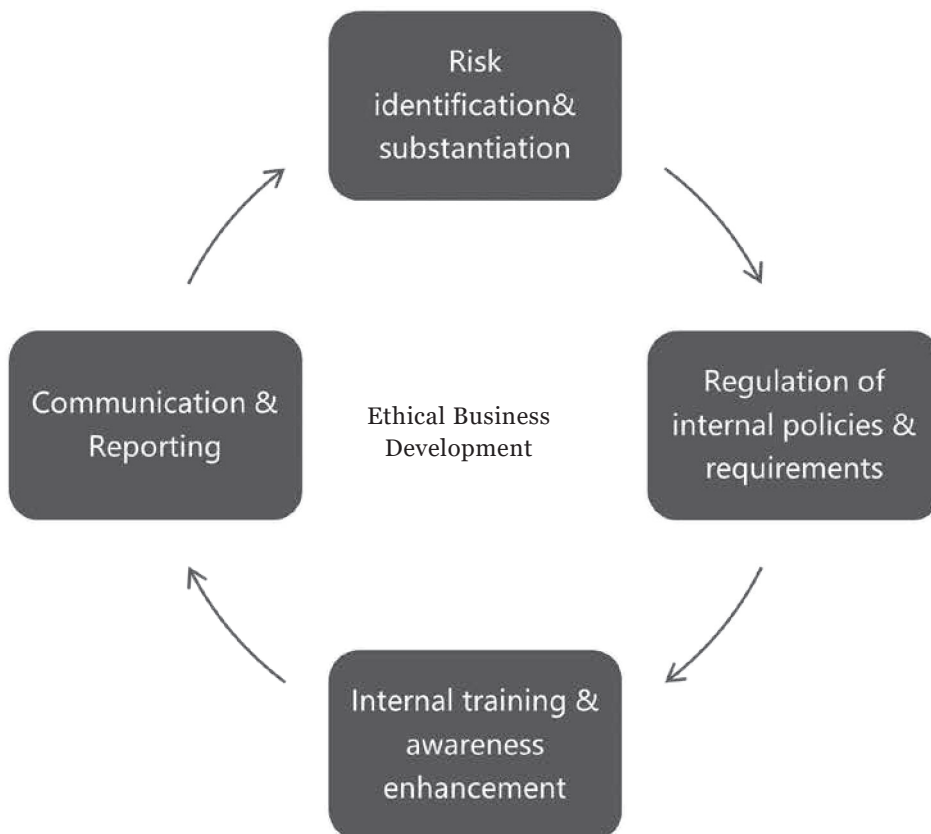
OPERATING PRACTICES (CONTINUED)

B7. Anti-corruption

A strong anti-corruption culture and system can effectively safeguard the reputation of the corporation and prevent a decline in business value. The Group is dedicated to ensuring a workplace free from corruption and mandates all employees to adhere to the standards outlined in the code of conduct and internationally recognized ethical guidelines.

We abided by the applicable laws and regulations relating to anti-corruption and bribery in the PRC and Hong Kong, including but not limited to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), the Law of the People's Republic of China on Anti-money Laundering (《中華人民共和國反洗錢法》) and Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》).

During the Reporting period, the Group was not aware of any material violation of laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group. There were no legal cases concerning corrupt practices were concluded against the Group or its employees.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES *(CONTINUED)*

B7. Anti-corruption *(CONTINUED)*

The Group enforces a strict zero-tolerance policy against bribery and corruption, rigorously implementing its anti-corruption internal policies, including the Staff Handbook, to combat fraudulent activities. The Group advocates for adherence to professional ethics, emphasizing lawfulness, honesty, integrity, and dedication. Employees are expected to protect the Group's interests and contribute positively to society's well-being. In cases of professional ethics violations that result in significant economic losses to the Group, immediate action will be taken in accordance with relevant laws and regulations. The Group upholds the principle of addressing nepotism in the recruitment or appointment of employees. Mutual oversight between superiors and subordinates is promoted to mitigate risks of bribery, extortion, fraud, and money laundering. A comprehensive internal control management system has been established to oversee business departments and prevent corruption. The Group has formulated a draconian Group-level internal control management system that supervises its business departments to prevent corruption.

As a key component of the anti-corruption strategy, the latest anti-corruption policy of the Group has been distributed to all staff in the Hong Kong office for their review and adherence. All employees who are party members signed the Member's Personal Integrity and Self-Discipline Commitment Letter, affirming their commitment to comply with the Group's anti-corruption policy.

Whistle-blowers are encouraged to report any suspected misconduct, either verbally or in writing, to the Human Resource Department of the Group, providing comprehensive details of the incident along with supporting evidence. To safeguard the Group's interests, the Human Resource Department is primarily responsible for investigating any suspected or illegal behaviour. To protect whistle-blowers from unfair dismissal or victimization, an effective grievance mechanism has been established. If any criminal activity is substantiated, the Group's management will promptly submit a report to the relevant regulators or law enforcement authorities as deemed necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY

B8. Community Investment

As a responsible corporate citizen, the Group upholds the philosophy of “giving back to society” and is dedicated to volunteering and providing financial support to disadvantaged community groups. We primarily focused on supporting community education, green development of infrastructure as well as cultural and sports activities. All employees are organized and encouraged to drive sustainability and welfare of communities where it operates, in alignment with the national Common Prosperity initiative.

During the Reporting period, the Group participated in different community events and has donated approximately HK\$3.5 million to various organizations. In particular, we have sponsored The 2024 Second Gansu-Qinghai-Xinjiang-Inner Mongolia “Four Provinces Twelve Cities” Regional Cultural Tourism Alliance Basketball Tournament (2024年第二屆甘青新蒙「四省十二城」區域文化旅遊聯盟籃球賽), held at the Subei County Gymnasium. The event was hosted by the Subei County People’s Government and the Jiuquan Municipal Bureau of Culture, Sports, Radio, Television, and Tourism. Through this basketball tournament, we wish to further deepen the exchange and cooperation of the Gansu-Qinghai-Xinjiang-Inner Mongolia “Four Provinces Twelve Cities” Regional Cultural Tourism Alliance (甘青新蒙四省十二城區域文化旅遊聯盟), cultivating regional cultural tourism brands, and promote cultural tourism exchanges and cooperation toward deeper levels, broader fields, and higher standards. Furthermore, we also supported the local governmental organizations in carrying out the Yellow River ecological protection work, demonstrating our commitment to environmental stewardship in China’s vital waterways.

We will steadfastly fulfil our social responsibility by leading the way in strengthening its connections with local communities and seeking new opportunities to create value for society in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspect	General Disclosures and KPIs		Relevant Section
Mandatory Disclosure Requirements			
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		Sustainability Governance
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report.		Reporting Standards and Principles
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		Reporting Scope and Period
"Comply or explain" Provisions			
A. Environmental			
Aspect 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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Sustainability
	KPI A1.1	The types of emissions and respective emissions data.	Air emission
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	GHG emission
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Air emission & GHG emission
	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.	Waste Management
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity.	Use of Resources
	KPI A2.2	Water consumption in total and intensity.	Use of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Electricity & Other energy resources
	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.	Water
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect		General Disclosures and KPIs	Relevant Section
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.	Climate Change
	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.	Climate Change
B. Social			
Employment and Labour Practices			
Aspect 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.	Employment
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Compensation and dismissal
Aspect 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.	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect 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	Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect		General Disclosures and KPIs	Relevant Section
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	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.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social and Environmental Risk Control
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect 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.	Product Responsibility
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product quality and operation safety
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Complaint handling, Privacy matters & Advertising
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Complaint handling, Privacy matters & Advertising
	KPI B6.4	Description of quality assurance process and recall procedures.	Product quality and operation safety
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Complaint handling, Privacy matters & Advertising
Aspect 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.	Anti-corruption
	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.	Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community			
Aspect 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.	Community Investment
	KPI B8.1	Focus areas of contribution	Community Investment
	KPI B8.2	Resources contributed	Community Investment