



RENAISSANCE ASIA SILK ROAD GROUP LIMITED

復興亞洲絲路集團有限公司

(於開曼群島註冊成立之有限公司)

(股份代號：274)

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Renaissance Asia Silk Road Group Limited (formerly known as China Billion Resources Limited) (“**Company**”) together with its subsidiaries (collectively referred to as “**Group**”) is pleased to present its Environmental, Social and Governance Report (“**Report**”), which aims to demonstrate its efforts on sustainability development to all stakeholders.

REPORTING FRAMEWORK

The Report is prepared in accordance with the Environmental, Social and Governance (“**ESG**”) Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Report primarily highlights the Group’s major initiatives and activities implemented from 1 January 2021 to 31 December 2021 (“**Year 2021**”). For information regarding the corporate governance of the Group, please refer to the Company’s 2021 annual report.

This Report is prepared in accordance with the four reporting principles in the ESG Reporting Guidelines, including (i) Materiality: The Company has identified a number of issues covering ESG and has invited stakeholders to carry out a materiality assessment in Year 2021, please refer to the section “Materiality Assessment” in this Report for details. (ii) Quantitative: This Report describes the criteria, methodologies and sources of conversion factors used for the key performance indicators (“**KPIs**”) related to emissions and energy consumption. (iii) Balance: Both positive and negative impacts of the business are presented with a high degree of transparency; and (iv) Consistency: Unless otherwise stated, this Report adopted consistent methodology for easy comparison at any time.

THE SCOPE OF THE REPORT

The subsidiary of the Company, Hunan Westralian Mining Company Limited (“**Hunan Westralian**”), is a Chinese-foreign contractual joint venture located in Guanzhuang Town, Yuanling County, Huaihua City, Hunan Province, China, principally engaged in gold mining, exploration and trading of gold products. Since Hunan Westralian is a subsidiary of the Group that has a high impact on the ESG, this Report focuses disclosing the policies and KPIs implemented by Hunan Westralian on 4 environmental aspects and 8 social aspects in Year 2021.

THE GOVERNANCE STRUCTURE

Oversight of ESG Issues by the Board of Directors of the Company (“**Board**”)

The Board has a primary role in overseeing the Group’s ESG issues. In Year 2021, the Board and the management have assessed the impact of ESG-related risks on operations, and formulated ESG related policies to address related risks. The Board ensures that the management has all appropriate tools and resources to oversee the ESG issues. The Group attaches great importance to the opinions of various stakeholders and regards them as the cornerstone of the Group’s development. In Year 2021, the Group has reviewed the ESG matters and ESG related issues at regular meetings.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Board's Management Approach and Strategy for Material ESG-related Matters

In order to better understand the views and expectations of different stakeholders on ESG matters, the Group conducts materiality assessments annually. The Group ensures that various platforms and communication channels are used to reach, listen to and respond to its key stakeholders. Through general communication with stakeholders, the Group is able to understand the expectations and concerns from its stakeholders. The feedback obtained enables the Group to make more informed decisions and to better assess and manage the impacts of the business decisions.

The Group has assessed the materiality through the following steps: (i) identifying ESG issues; (ii) prioritising key ESG areas with stakeholders' participation; and (iii) verifying and determining material ESG issues based on the results of communication with the stakeholders.

Taking these steps can better understand the importance that the Group's stakeholders place on each ESG issues, and enable the Group to make a more comprehensive plan for the future direction of sustainable development.

Board Reviews Progress Made Against ESG-related Goals and Targets

The progress of implementation and the performance against goals and targets should be closely reviewed from time to time, and effective communication about the goals and targets with key stakeholders such as employees, customers and suppliers are essential. Modification may be needed if the progress does not meet expectation or if there are changes in business operations.

STAKEHOLDER ENGAGEMENT

The Group is committed to sustain its long-term businesses and to enhance environmental protection and to serve the communities in which it operates. The Group also delivers quality products and services to the customers with its prudent business management and its reasonable decision-making process.

The Group maintains close contact with the stakeholders, which include shareholders, government, employees, customers, suppliers, society and the general public. The Group strives to listen to different opinions and balance the benefits of all its stakeholders via constructive communication in deciding its long-term business development goals. The Board is responsible for evaluating the Group's environmental, social and governance risks, and ensuring that the relevant risk management and internal control system are implemented appropriately and effectively.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group discussed with stakeholders for the expectations and concerns of stakeholders through various channels, and the relevant feedback from the Group is as follows:

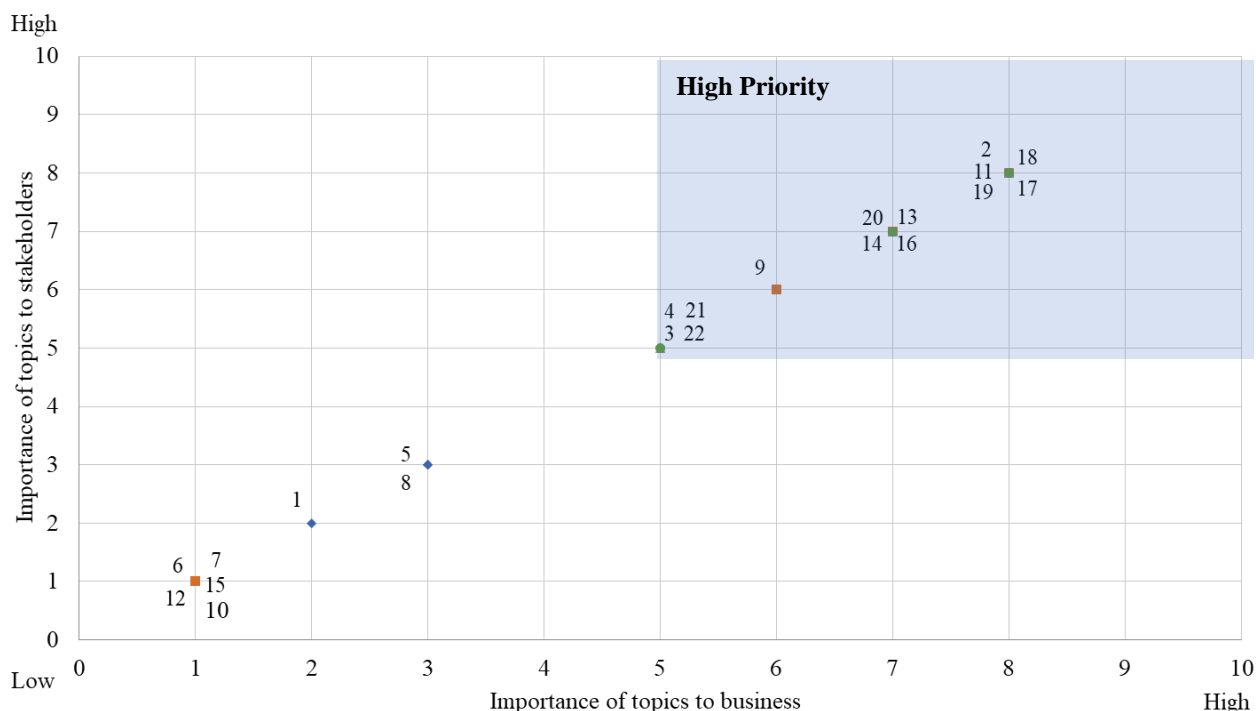
Stakeholders	Expectations and Concerns	Communication and Response
Shareholders	<ul style="list-style-type: none"> Financial results Corporate transparency Sound risk control 	<ul style="list-style-type: none"> Improve mining capability and facilities with the goal to maximise the output efficiency Daily information disclosure Optimization of risk management and internal control
Governments	<ul style="list-style-type: none"> Being law-abiding Paying tax in accordance with law Safe mining production requirement and supervision 	<ul style="list-style-type: none"> Operation in compliance with the law Making timely tax payment in full Further improve the safety measures of Gold Mine
Employees	<ul style="list-style-type: none"> Career development platform Remuneration and benefit Safe working environment 	<ul style="list-style-type: none"> Promotion mechanism Competitive remuneration and benefit packages Provision of training to staff and enhancing their safety awareness
Customers	<ul style="list-style-type: none"> Customer information security Customer interest protection 	<ul style="list-style-type: none"> Customer privacy protection Marketing in compliance with the law
Suppliers	<ul style="list-style-type: none"> Collaboration integrity Business ethics and creditworthiness 	<ul style="list-style-type: none"> Building a responsible supply chain Performing contracts in accordance with the law
Communities and public	<ul style="list-style-type: none"> Environmental friendliness Employment opportunities 	<ul style="list-style-type: none"> Green office measures Provision of employment opportunities

Materiality Assessment

The Group carried out a materiality assessment to the environment, society and governance related matters in Year 2021. With reference to its actual business and industrial characteristics, the Group identified and recognised 22 topics in relation to the environment, society and governance, and invited internal and external stakeholders to give rating on the materiality of such 22 topics. After consolidating the rating results of stakeholders and the Group's sustainable development target, the management of the Group summarised the materiality priority of the topics and prepared a materiality matrix chart.

The result of materiality assessment will be used by the Group as guidance when formulating future environmental, social and governance work plans and goals, with a view to creating sustainable value for stakeholders.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



▲ The Group's environmental, social and governance materiality matrix chart for Year 2021

Environmental Topics	Social Topics	Governance Topics
1. Greenhouse gas emissions	9. Local community engagement	17. Economic value created
2. Energy consumption	10. Community investment	18. Corporate governance
3. Water consumption	11. Occupation health and safety	19. Anti-corruption
4. Waste	12. Supply chain labour standard	20. Supply chain management
5. Environmental impact created by our business	13. Training and development	21. Customer satisfaction
6. Green building certification	14. Employee benefit	22. Customer privacy
7. Customer engagement on environmental topics	15. Inclusion and equal opportunity	
8. Use of chemicals	16. Attract and retain talents	

Emissions

During Year 2021, Hunan Westralian has 1 gasoline-powered compact car for office use and 2 diesel-powered medium and heavy vehicles for delivering ore. The emissions from fuels produce exhaust gases including black smoke, carbon monoxide, hydrocarbons, nitrogen oxides (NOx), sulphur oxides (SOx) and respiratory suspended particles (RSP, or particulate matter (PM)). Hunan Westralian also know that consumption of electricity for production can cause air pollutants and greenhouse gas emissions.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In Year 2021, the key environmental performance indicators of the Hunan Westralian's emissions are listed as follows:

Environmental Indicators	Unit	Year 2021	Year 2020
Air Emissions (Note 1 & Note 2)			
Emissions of nitrogen oxides (NO _x)	kg	206.61	6.49
Emissions of sulphur oxides (SO _x)	kg	0.14	0.04
Emissions of particulate matter (PM)	kg	14.86	0.47
Greenhouse Gas Emissions			
Total greenhouse gases emissions (Note 3)	kg of carbon dioxide equivalent	5,819,398	5,942,514
Greenhouse gases emissions intensity (per Hunan Westralian's employee)	kg of carbon dioxide equivalent	11,804	12,177
Direct emissions (Scope 1)	kg of carbon dioxide equivalent	25,124	6,987
- Greenhouse gas emissions removals from newly planted trees	kg	(14,260)	(11,500)
Indirect emissions (Scope 2) (Note 4)	kg of carbon dioxide equivalent	5,807,779	5,945,677
Other indirect emissions (Scope 3)	kg of carbon dioxide equivalent	755	1,350

Note 1: Due to the increase in gold mine production in Hunan Westralian in Year 2021, the use of medium and heavy-duty vehicles has increased, resulting in an increase in exhaust emissions.

Note 2: The emission factors used to calculate the exhaust emissions are according from the Hong Kong Environmental Protection Department's Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modeling Software. The assumptions of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30kmh, and include running exhaust emissions only.

Note 3: : The greenhouse gas emissions (directly and indirectly) and their removals can be divided into the following three separate scopes:

Scope 1 : The greenhouse gas emissions generated by the business owned or controlled by Hunan Westralian (primarily from the fuel consumption of vehicles) and the greenhouse gas emissions removals from newly planted trees.

Scope 2 : The greenhouse gas emissions generated in the production process resulting from the consumption of electricity purchased by Hunan Westralian from electricity power company.

Scope 3 : All other indirect greenhouse gas emissions generated by the external environment of Hunan Westralian, including indirect emissions from the use of electricity when processing freshwater and sewage by external agencies.

Note 4: The indirect greenhouse gas emissions generated by the consumption and purchase of electricity by the Group are calculated according to the emission system number of 0.6101 kg CO₂/kWh by the Ministry of Ecology and Environment of People's Republic of China (2019).

Hunan Westralian has carried out a series of energy-saving and emission reduction measures, including but not limited to (i) restricting the usage of motor vehicles and forbid being used for private purposes; and (ii) the driver must strictly abide by the rules and regulations of the Company. Hunan Westralian has formulated appropriate precautions and control measures for possible sources of pollution in its production processes including implemented the "Environmental Protection Management System" ("**Protection System**") and the "Environmental Protection Quality Control System" and adhered to the Environmental Protection Law of the People's Republic of China. In order to protect its staff and local residents, Hunan Westralian classifies and processes the household waste storage at designated locations or permitted locations to prevent or reduce pollution.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's 5-year target is to reduce the emission intensity of exhaust gas and greenhouse gas emission by 3% by year 2026 based on the baseline in Year 2021. The relevant targets are detailed as follows:

Environmental KPIs	Reduction Target	Baseline Year	Status
Nitrogen oxides (NO _x) emission intensity	Reduce 3% by year 2026	Year 2021	In progress
Sulphur oxides (SO _x) emission intensity	Reduce 3% by year 2026	Year 2021	In progress
Particulate matter (PM) emission intensity	Reduce 3% by year 2026	Year 2021	In progress
Greenhouse gas emission intensity	Reduce 3% by year 2026	Year 2021	In progress

Since Hunan Westralian did not generate hazardous waste in its operation in Year 2021, there is no relevant data. If any hazardous waste needs to be disposed of, Hunan Westralian will engage a professional company to handle and dispose of it.

Hunan Westralian only generated a small amount of non-hazardous waste in its operation in Year 2021, therefore, relevant data need not be quantified. In order to protect the construction workers and the resident people, Hunan Westralian classifies and stores non-hazardous wastes, and centrally disposes those wastes at designated or permitted locations to prevent or reduce pollution.

The Group's goal is to maintain no hazardous waste and only a very small amount of non-hazardous waste in the next five years.

In Year 2021, Hunan Westralian was not aware of any material non-compliance of any laws or regulations relating to the emissions of exhaust gas and greenhouse gases, and releasing harmful and harmless wastes on land and water, including the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Water Pollution. In addition, no major fines or sanctions relating to the non-compliance with the relevant laws and regulations have been received in Year 2021.

Use of Resources

Hunan Westralian has formulated an environmental protection framework and resource use measure to minimise and monitor the environmental impact of its operations. Hunan Westralian has implemented green office measures, such as redeploying office equipment as much as possible, encouraging the use of recycled paper for printing and photocopying, and requiring employees to turn off idle lights and appliances to reduce energy consumption.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In Year 2021, the key environmental performance indicators for the use of resources in Hunan Westralian are listed as follows:

Environmental Indicators	Units	Year 2021	Year 2020
Use of Resources			
Purchased electricity consumption <i>(Note 1)</i>	kwh	9,519,388	6,924,044
Petrol consumption <i>(Note 2)</i>	kwh	21,903	24,015
Diesel consumption <i>(Note 2)</i>	kwh	77,063	1,159
Total energy consumption	kwh	9,618,354	6,949,218
Energy consumption intensity	kwh <i>(per Hunan Westralian's employee)</i>	19,510	14,240
Water consumption			
Total water consumption	cubic metre	1,400	1,780
Water consumption intensity	cubic metre <i>(per Hunan Westralian's employee)</i>	3	4
Packaging Material Usage <i>(Note 3)</i>			
Packaging material used for finished products	kg	N/A	N/A
Packaging material used intensity	kg <i>(per Hunan Westralian's employee)</i>	N/A	N/A

Note 1: Due to the increase in gold mine production in Hunan Westralian in Year 2021, the purchased electricity consumption will increase.

Note 2: The Group apply the conversion factors sourced from the Energy Statistics Manual issued by the International Energy Agency to convert the units of data collected (gasoline and diesel) into kwh.

Note 3: As Hunan Westralian is mainly engaged in gold mining, exploration and trading of gold products, no packaging materials were consumed in Year 2021.

Hunan Westralian has implemented a number of policies and procedures to strengthen employees' environmental awareness and thus reduce resource use, including (i) proper use of air-conditioners and keeps the room temperature at 26 degrees celsius; (ii) the office uses daylight whenever possible in order to effectively reduce the electricity consumption; and (iii) encourage printing when needed, use environmental friendly paper in office daily in order to reduce paper consumption.

During the Year 2021, the Group has not experienced any difficulty in sourcing water that is fit for the usage of the Group.

The Group's 5-year target is to reduce energy consumption intensity and water intensity by 3% by year 2026 based on the Year 2021 baseline. The relevant targets are detailed as follows:

Environmental KPIs	Reduction Target	Baseline Year	Status
Energy consumption intensity	Reduce 3% by year 2026	Year 2021	In progress
Water consumption intensity	Reduce 3% by year 2026	Year 2021	In progress

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environment and Natural Resources

In order to implement the Environmental Protection Law of the People's Republic of China to reduce or prevent destroying and polluting the natural environment, to protect and improve the mining environment and to promote conservation works, Hunan Westralian has built an environmental friendly enterprise according to the Protection System. The Protection System is formulated according to relevant laws, regulations, and standards of the state, industry and local authorities. For the environmental protection work, employees should abide by the principle of "prevention first with treatment combined"(預防為主, 防治結合), "whoever pollutes whoever cleans up"(誰污染誰治理), and implement the "a very thorough"(縱到底, 橫到邊) management system.

In addition, according to the Protection System, Hunan Westralian has set up a team specialized in environmental protection called The Environmental Protection Leading Team and the Safety and Environmental Protection Department. The Environmental Protection Leading Team is the highest decision-making body in environmental protection in Hunan Westralian, its duties include: (i) leading the environmental protection works; (ii) developing environmental protection policies and objectives; (iii) researching and deciding on governance solutions for major sources of pollution; (iv) assessing the overall condition of environmental protection; (v) ensuring the allocation of resources for environmental protection; (vi) awarding the employees in recognition of their outstanding achievements and contributions to environmental protection; and (vii) being responsible for determining the relevant personnel in line with the government investigation and environmental accidents.

Hunan Westralian adheres to green operation and is committed to building green enterprises. During Year 2021, Hunan Westralian deliberately planted about 620 trees to beautify the living area of the plant. This action can reduce greenhouse gases. In addition, in order to effectively reduce the water consumption, the industrial water used in ore processing in the mining area is taken from groundwater, and the wastewater generated is recycled and reused in the ore processing plant.

Climate Change

Continued emissions of greenhouse gases lead to climate change. In response to climate change, the Group refers to the framework of the Task Force on Climate-related Financial Disclosures of Financial Stability Board to assess climate-related risk. The risks fall into two broad categories, namely: (i) physical risks associated with the impacts of climate change; and (ii) transition risks associated with a low carbon economy.

The climate-related risks identified by the Group are mainly structural damage to buildings in the mining area in Hunan Westralian due to the increased frequency of extreme weather events and floods caused by changes in rainfall patterns. Such climate changes may affect workforce management and planning, and also increase the risk of employee injury on the job. In addition, there is also a risk that the infrastructure and machinery in the mining area of Hunan Westralian may be damaged by climate change. The damage to the facilities will affect the operation and lead to an increase in operating costs.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To address the above climate-related risks, Hunan Westralian has purchased employee injury insurance for all employees. These insurances cover expenses for employee injury due to weather conditions. In addition, Hunan Westralian has also purchased relevant property insurance for all engineering projects, operational projects and major fixed assets to protect property damage caused by weather factors and reduce maintenance costs that may be required.

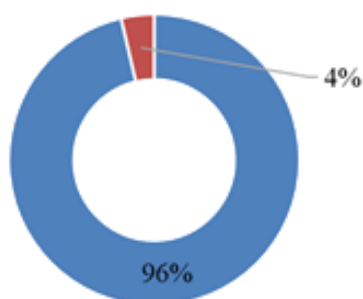
Employment

The Group is committed to providing a working environment free from any form of discrimination: race, gender, religion, age, disability or sexual orientation. Hunan Westralian strives to create a people-oriented, market-based, competitive and fluid work environment that attracts, trains, motivates and assesses its employees in its never-ending effort in creating a quality team. Hunan Westralian provides equal opportunities for all personnel in respect of recruitment, compensation ratios, trainings and developments, promotions and other employment benefits.

Hunan Westralian recruits employees of all gender, age, skills, educational backgrounds, industry experiences and other qualities, in order to achieve the most appropriate, diversified and efficient team.

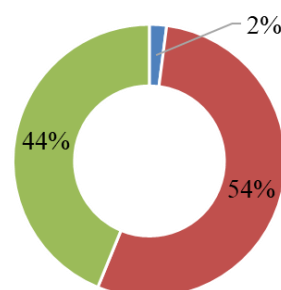
Hunan Westralian has a total of 493 employees, all of which are full-time employees. As at 31 December 2021, the total number of employees in Hunan Westralian by different categories is as follows:

By Gender



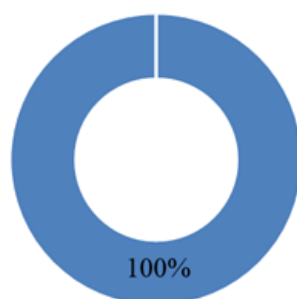
■ Male ■ Female

By Age Group



■ Under 30 years old ■ 30 to 50 years old
■ Over 50 years old

By Geographical Region



■ China ■ Others

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding to recruitment, our Group, especially Hunan Westralian, strictly follows the recruitment procedures of the Staff Manual: (i) departments that intend to recruit new employees must first fill out the department recruitment application form, and hand into the general administration officer of the department of personnel administration for approval; (ii) the personnel administration department will host the initial interviews with the candidates; (iii) personnel administration department will turn in forms and information of the candidates to their department manager and general manager for their approvals, and host the secondary interview; (iv) the personnel administration department will inform the new employees their first day of work, and assist them with their entry formalities which include establishing their personal files, signing contracts and informing them the lengths of their probations, their salaries and employee benefits in detail; and (v) the department manager will then explain to the employees their job duties and extents of their authorities.

In Year 2021, the employee turnover ratio of Hunan Westralian by different categories is set out in the table below:

Year 2021

Employee turnover rate by gender*(Note 1)*

- | | |
|----------|---|
| - Male | - |
| - Female | - |

Employee turnover rate by age group*(Note 1)*

- | | |
|----------------------|---|
| - Under 30 years old | - |
| - 30 to 50 years old | - |
| - Over 50 years old | - |

Employee turnover rate by geographical region*(Note 1)*

- | | |
|---------|---|
| - China | - |
| - Other | - |

Note 1: No employee of Hunan Westralian has resigned in Year 2021.

Hunan Westralian strictly complies with the Labor Law of the People's Republic of China to provide reasonable salaries and benefits to its Chinese employees, providing five social insurances and one fund (五險一金), which include endowment insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, and the housing provident fund for employees. Employees are also entitled to paid holidays, which include annual leave, sick leave, marital leave and maternity leave. Hunan Westralian has established a promotion mechanism in which the department manager can make adjustment on the employee's salary and promotion based on his/her job performances. All guidelines related to salaries and dismissals, work hours and holidays are clearly stated in the company's Staff Manual. Provided with a well-defined and fair reward and punishment mechanism, the employees can focus on developing their own potentials and performing their best on their jobs.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hunan Westralian's working hour is 6 days a week and 7 hours a day. Hunan Westralian has also provided a guideline in its leave management method, which states that other than the national statutory holidays, employees may be entitled to overtime compensation (overtime work will be compensated with same amount of time-off). In the case of sick leave, employees who are hospitalized or suffering from illnesses must provide medical proofs to obtain sick leaves. In addition, employees are also entitled to marital leave, maternity leave, paternity leave, bereavement leave based on the state regulations.

In Year 2021, Hunan Westralian was not aware of any material non-compliance of laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefit and welfare. The Group strictly complies with local laws and regulations related to employment, such as the Labor Law of the People's Republic of China and the Law of the People's Republic of China on the Employment Contracts. In addition, no major fines or sanctions have been received in Year 2021 due to non-compliance with relevant laws and regulations.

Health and Safety

In order to put our guiding principles of “placing safety first, preventing injuries as core, and managing comprehensively” (“安全第一，預防為主，綜合治理”) into practice, and to strengthen the managements of safety training, Hunan Westralian has set out guidelines in accordance to Safe Production Law of the People's Republic of China, Safety Training Management Measures (Safety Supervision Bureau Decree No. 44) and the relevant laws and administrative regulations, to ensure the quality of our job safety training and further its development. Furthermore, the Company provided a variety of well-planned and specialized safety trainings which are tailored to the realistic working conditions, in order to promote a higher level of safety awareness for all.

Major hazards of mining include: (i) dumping operation; (ii) ground pressure; (iii) water damage; (iv) fire or explosion hazards; (v) poisoning; and (vi) suffocation hazards.

Dumping Operations: Mine dumps (also known as waste field) refer to sites where waste materials such as soils and rocks that were removed to access to the ores are stored. The waste materials produced in the process generally include humus topsoil, weathered rock, hard rock, mixed geotechnical soils and small amount of recycled off-the-shelf mines and lean mines, etc. Hunan Westralian has also set up the “Safety Management System for Dumping Operation” regulates the operation of dumps to satisfy each process' safety protection requirements, evaluation and management, supervision and inspection requirements, to prevent accidents in the dumps.

Ground Pressure: Due to some unauthorised indiscriminate mining by the locals in the past, there are goaves existing in the mines. The goaves may collapse under the ground pressure if they are not filled or treated with other methods. To prevent the goaves from collapsing, Hunan Westralian has developed a “Filling Recovery Safety Management System”, which requires each layer of mining to be filled immediately after being mined, and the last layer shall be treated with fill tightening, to prevent staff from falling into goaves.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Damage: There are three types of water damage that may cause casualties and property damages: (i) when goaves collapse and water from surface seeping in as a result, or when there are cracks or caves on the surfaces and precipitations pour in; (ii) when underground water gushes inside the mining areas (even when the amount of water gushing is small, the strength and abruptness may cause immense damages to the mining site); and (iii) when the water on the surface or when rain pours in and lead to flooding in goaves, roadways and mining areas. In order to prevent any of the water damages mentioned above, Hunan Westralian regulates all its units to fulfill the work safety requirements by abiding “Drainage Management System”, “Surface and Underground Drainage Management System”, “Water Damage Control Technology Management System”, “Water Damage in Mines Forecast System” and “Water Damage Investigation System”.

Fire or Explosion Hazards: There are multiple potential sources of flammable, combustive and explosive materials in the mining process, explosives and detonator materials such as ammonium nitrate are the most dangerous. To eliminate any fire or explosion hazards in the process of storage and transportation, Hunan Westralian has developed “The Use of Fire Product Management System”, “Explosives Storage Safety System”, “Explosives Safety Inspection System” and “Use of Explosives Management System”. The systems also require all responsible personnel passing the safety training and assessments, and have obtained the Explosives Administrator Certificate or Explosion Certificate. In addition, Hunan Westralian has also set up “Fire Safety Measures”, “Fire Prevention Management System” and “Fire Management System”, and requires all managers to inspect and supervise the site strictly adhering to the guidelines, which include but not limited to (i) sampling the air quality for any combustible gas at mining site and clearing out any flammable material in the location and using sprinkler to remove any dust particles before ignition. There shall be at least two fire extinguishers and two buckets at the scene at all time. After ignition, it should put out the fire with water, and observe for an hour to ensure all fire were put out before leaving the scene; (ii) checking the first and second wiring before welding, and ensuring the grounding is placed well to prevent electric shock; and (iii) checking the oxygen and acetylene meters before using welding torches to prevent gas leakage.

Poisoning and Suffocation Hazards: Poisoning and suffocation hazards are caused by the airborne dust and soot from explosion and other airborne contaminants at the mine, which include: the mixture of sulfide and air formed by the oxidation of the ore body, and air contaminants in the cave, the goaf and the tunnel. The mine is divided into separate mining zones with separate ventilation system in each zone, and use the central exhaust ventilation system to vent the air out of the mine. Hunan Westralian has formulated a “Ventilation and Dust Management System”, which requires the production technology department, environmental safety department, and the mechanical and electrical management unit of the mine area to strictly abide by it.

The Group continue its effort to improve its mining capability and facilities with the goal to maximise the output efficiency of the Gold Mine. The following areas will require further capital investment for improvement: (i) mine site facilities in the mine located in the eastern side of the site; (ii) plants for mining products processing; and (iii) ancillary facilities, including mine ventilation and air distribution systems.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



▲ Safety work warning signs are placed in the mining area



▲ Dust warning signs are placed in the mining area

In Year 2021, the number of fatalities, rates and lost days due to work-related injuries are set out in the table below:

	Year 2021	Year 2020	Year 2019
Number of work-related fatalities	-	1	-
Rate of work-related fatalities (%) (Note 1)	-	0.2%	-
Lost days due to work injury	-	-	-

Note 1: The death rate due to work-related injuries is calculated by dividing the number of deaths due to work-related injuries by the number of workers.

In Year 2021, there were no work-related accidents, therefore, there was no loss of working days due to work-related injuries and no work-related fatalities. However, on 13 January 2020, Hunan Westralian had occurred an accident in related to production safety liabilities, which caused 1 death and 1 injury. After investigation by the accident investigation team established by the local government, it was determined that Hunan Westralian violated section 1 of Article 27 and section 1 of Article 38 of the “Production Safety Law of the People’s Republic of China”; section 1 of Article 4 and section 1 of Article 8 of the “Interim Regulations on Requirement for Mining Enterprise Leaders to Descend into Mine Pits with Mine Workers on Regular Shifts, and Supervision and Inspection over Metal and Non-metal Underground Mines”; section 5 of Article 4 and section 2 of Article 9 and section 2 of Article 13 of the “Provisions on Safety Training of Production and Operation Entities” in the accident. According to the accident prevention measures proposed by the accident investigation team, Hunan Westralian has implemented rectification measurements in 2020, including but not limited to: (i) strengthening the strict implementation of the “Mining Enterprise Leaders Descend into Mine Pits with Mine Workers System”, and the shift management leaders shall descend and ascend along with the shift workers at the same time; (ii) implementing

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

the “Shift Handover System”, shift management leaders should fill in the handover records truthfully; (iii) implement the “Safety Education and Training System” to provide no less than 72 hours of safety education and training for new employees, no less than 12 hours retraining for the key persons in charge and safety management personnel each year, and no less than 20 hours of retraining for existing employees each year; (iv) strictly implementing the “Badges Requirements and Records of Employees Descend into Mine Pits System” and “Safety Management of Descending into Mine Pits System”; and (v) implementing the “Municipality on the Screening, Identification and Control of Safety Hazards System” to carry out safety hazard investigation and control management, and adopt technical measures to manage newly discovered safety hazards.

In response to the coronavirus disease 2019 outbreak, Hunan Westralian has been closely monitoring and following local government policies and recommendations, and strictly implementing the enhanced workplace control measures. Hunan Westralian has formulated the “Implementation Rules for the Prevention and Control of Coronavirus Disease” and established a prevention and control leading group to ensure the hygiene and safety of the working environment. Relevant measures include but are not limited to: (i) implementing work from home or shift work arrangements for some employees during the epidemic; (ii) requiring employees to wear masks at work; (iii) formalating mandatory temperature check and vistors registration procedures; (iv) providing employees with disposable protective masks and hand sanitisers; and (v) regularly disinfecting offices, staff dormitories and canteens.

In Year 2021, Hunan Westralian was not aware of any material non-compliance of laws and regulations relating to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Regulation on Work-Related Injury Insurance, “Fire Control Law of People’s Republic of China and other applicable laws and regulations, resuting in a material impact in Hunan Westralian to provide a safe working environment and protecting employees from occupational hazards. In addition, no major fines or penalites have been received in Year 2021 due to non-compliance with relevant laws and regulations.

Development and Training

Hunan Westralian has prepared “Staff Manual” to regulate the employee trainings and developments, it includes: (i) training purposes; (ii) training systems; (iii) method of trainings; and (iv) training management. In order to create a safe working environment for all, Hunan Westralian is committed to providing workers sufficient pre-job trainings, on-the-job trainings and other related professional trainings. All new employees are required to participate internal training which enables them to quickly adapt to the working environment, to understand the corporate culture and to master the basic skills needed. In addition, Hunan Westralian also recruit lecturers for staff-training internally as well as externally: the internal trainings improve the operational capacities of the employees, and external trainings enhance their professional knowledges, safety awareness, and further their skills in management leadership and teambuilding. Hunan Westralian strives to further company development, enhance the performances of its employees and retain the talents in company.

Hunan Westralian has developed a “Safety Activities Day System”. Every Friday is a Safety Activities Day, every mining area is divided into morning and afternoon section, and the activities are held for not less than 2 hours.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hunan Westralian has formulated a safety training program to continuously improve the employees' awareness and skills on job safety to meet the needs of the company's overall development. The training targets the new employees, special operations personnel, team leaders, part-time security officers, major responsible officers of the company and safety management personnel. Under the necessity of the Hunan Westralian's development, the trainings also equip all the staff with essentials knowledges such as the laws and regulations, skills on identifying sources of hazards, emergency procedures and safety standards etc.

In Year 2021, the average training hours completed by employees in Hunan Westralian by different categories and the percentage of employees trained are set out in the table below:

	Year 2021
Total number of hours of training received by the employees (hour)	18
Average hours of training per employee by gender	
- Male (hour)	18
- Female (hour)	-
Average hours of training per employee by employment category	
- Senior (hour)	18
- Middle (hour)	18
- Junior (hour)	18
Percentage of training employee (Note 1)	78%
Percentage of training per employee by gender (Note 2)	
- Male	100%
- Female	-
Percentage of training per employee by employment category (Note 2)	
- Senior	0.8%
- Middle	3.1%
- Junior	96.1%

Note 1: The percentage of trained employees is calculated by dividing the number of employees participating in training by the number of employees.

Note 2: The segment of trained employees by category is calculated by dividing the number of employees trained in that category by the number of employees participating in training.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Labour Standards

Hunan Westralian believes that all forms of child labour and forced labour are universally condemned, and therefore against these illegal arrangements and strive to comply all the laws and regulations strictly. Hunan Westralian strictly complies with the labor contract system, and all employees are required to sign a labor contract within one month from the date of employment.

Hunan Westralian has adopted the general recruit measurement to avoid child labor and forced labor, including: (i) prevention of child labour measure; and (ii) prevention of forced labour measure. When the administrative and human resources department reviews the resume of the job applicants, it will remove those job applicants who are under the age of 18. Since the measurement came into effect, the Group has not hired any child labour. In addition, employees are required to submit their daily working hours to their immediate supervisors every day. The administrative and human resources department will check the work hours records once a week. If any overtime is found, an investigation will be carried out immediately.

In Year 2021, the Group was not aware of any material non-compliance regarding laws and regulations relating to prevent child labour and forced labour in Hunan Westralian. The Group strictly complies with local laws and regulations related to labor standards, such as the Labor Law of the People's Republic of China and the Provisions on Prohibition of Child Labour. In addition, no major fines or sanctions have been reported in Year 2021 due to non-compliance with relevant laws and regulations.

Supply Chain Management

Hunan Westralian has always complied with laws and regulations in its business operations, and has always adhered to the international standards, and remained fair in its purchasing procedures. In its supply chain management, Hunan Westralian always upholds the principle of transparency, honesty, integrity and fairness. Hunan Westralian provides strict guidelines on its purchasing procedures in its assessment and selections of services providers to ensure every little step is in compliance with regulations. In addition, Hunan Westralian has approval procedures to ensure the cooperation with suppliers are monitored and approved by the appropriate level of management.

Hunan Westralian's business involves mining projects in mining areas. If the project needs to be contracted to a contractor, Hunan Westralian will enter into a project contract with the contractor in accordance with the "Contract Law of the People's Republic of China" and relevant laws and regulations. In the process of selecting contractors, Hunan Westralian will conduct due diligence on the contractors during the contractor access approval process, including obtaining their industrial and commercial documents and relevant licenses. The project contractors must strengthen the safety production management at the construction site in accordance with the requirements in the contract to ensure safe production. The contractors shall, in accordance with the requirements of relevant laws and regulations, purchase insurance and distributes labor protection articles for its employees to reduce the risk of work-related injury.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The number of suppliers by region is set out in the table below:

Year 2021

China	43
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Product Responsibility

Customers' satisfaction is one of Hunan Westralian's main goals. Hunan Westralian is committed to comply with the laws and regulations in respect to health and safety of its products, advertising, labeling and privacy. All employees are required to comply with applicable government and regulatory laws, rules, codes and regulations.

Since gold mines are different from other metal mines, the production, beneficiation and leaching processes of gold mines are complicated. Therefore, Hunan Westralian has formulated the "Product Quality Management Measures" to standardise the management procedures for the inspection of product quality by laboratories in the mining area. Hunan Westralian is engaged in gold mining, exploration and trading of gold products, and the sale of gold products does not involve recycling for safety and health reasons.

In addition, since the sale of gold products by Hunan Westralian does not involve copyright and trademark infringement, there is no system for safeguarding and protecting intellectual property rights.

Hunan Westralian has not received any complaints from customers regarding products and services in Year 2021. In addition, Hunan Westralian did not recall the shipped products in Year 2021.

Hunan Westralian implements privacy protection in accordance with the confidentiality clauses of the contract, and strictly keeps customer privacy and business information confidential in business operations.

In Year 2021, the Group was not aware of any material non-compliance of the laws and regulations relating to the health and safety, advertising, labeling, privacy matters relating to the products and methods of redemption in Hunan Westralian. The Group strictly complies with local laws and regulations related to product liability, such as the Advertising Law of the People's Republic of China. In addition, no large fines or sanctions have been reported in Year 2021.

Anti-corruption

The Group's objective is to promote anti-corruption, anti-money laundering and zero bribery, extortion and fraud. The Group has established a set of internal management regulations on anti-corruption, implemented a comprehensive mechanism, and strictly monitored each employee to ensure that employees do not have any violations of discipline, regulations and laws such as seeking personal gain, bribery, extortion, fraud and money laundering, and resolutely combat corruption and uphold integrity. If there is any suspected case, the employee can notify the management and refer it to the relevant department for investigation.

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Combining the relevant laws and regulations of the People’s Republic of China and the actual company’s situation, Hunan Westralian has set up “Anti-fraud Policy” to strictly prohibit any forms of corruptions and frauds, to enhance Hunan Westralian’s governance and internal control, and to regulate its operation activities in order to reduce Company’s operation risks and to ensure the company has a stable and healthy development. All employees are prohibited from using deception or other illegal measures to receive personal benefits including but not limited to money, gifts, loans, awards, contracts, services and food.

Hunan Westralian has also set up “Anti-fraud Prosecution Procedure” and communication channels that enable the staff to report frauds. If employees in Hunan Westralian knew or suspected any forms of fraud, they may follow the procedures to report. Hunan Westralian encourages employees to report to the Chairman of the Audit Committee through mail or email anonymously. After the prosecution is accepted, the relevant prosecutions will be conducted independently by the internal auditors or the external legal counsels under the supervision of the chairman of the committee.

In Year 2021, the Group provided its directors and senior management with an anti-corruption training seminar organised by the Hong Kong Institute of Corporate Governance.

In Year 2021, the Group was not aware of any material non-compliance of the laws and regulations relating to bribery, extortion, fraud and money laundering in Hunan Westralian. The Group strictly complies with local laws and regulations related to anti-corruption, such as the Criminal Law of the People’s Republic of China and the Anti-Money Laundering Law of the People’s Republic of China. In addition, no large fines or sanctions have been reported in Year 2021.

Community Investment

Hunan Westralian is striving to become a positive force in the communities in which they operate, and has maintained close communication and interaction with the community in order to contribute to community development.

As a responsible enterprise, Hunan Westralian is committed to improving its social image and social responsibility through community investment, and also encourages all employees to take their own initiative to help and support local communities and neighbours.