



Xin Point Holdings Limited 信邦控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1571

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2017

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1. About This Report

1.1 Report Standards

This report is the first sustainable development report for Xin Point Holdings Limited and its subsidiaries (collectively "Xin Point", "the Group" or "We/us"). This report is prepared in accordance with disclosure requirements of the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the "ESG Guidelines"), which covers the performance of the Group on different aspects, such as environment, employment, supply chain management and community investment during the financial year.

This report is prepared according to the four major reporting principles of ESG Guidelines, namely materiality, quantitative, balance and consistency. We have engaged an independent consultant to analyse the participation of stakeholders and the materiality, so as to understand the important environmental and social issues of our operations. In long run, we hope to improve our performance in sustainable development with this report as our continuous efforts, and enhance our transparency in terms of sustainable development.

1.2 Reporting Year

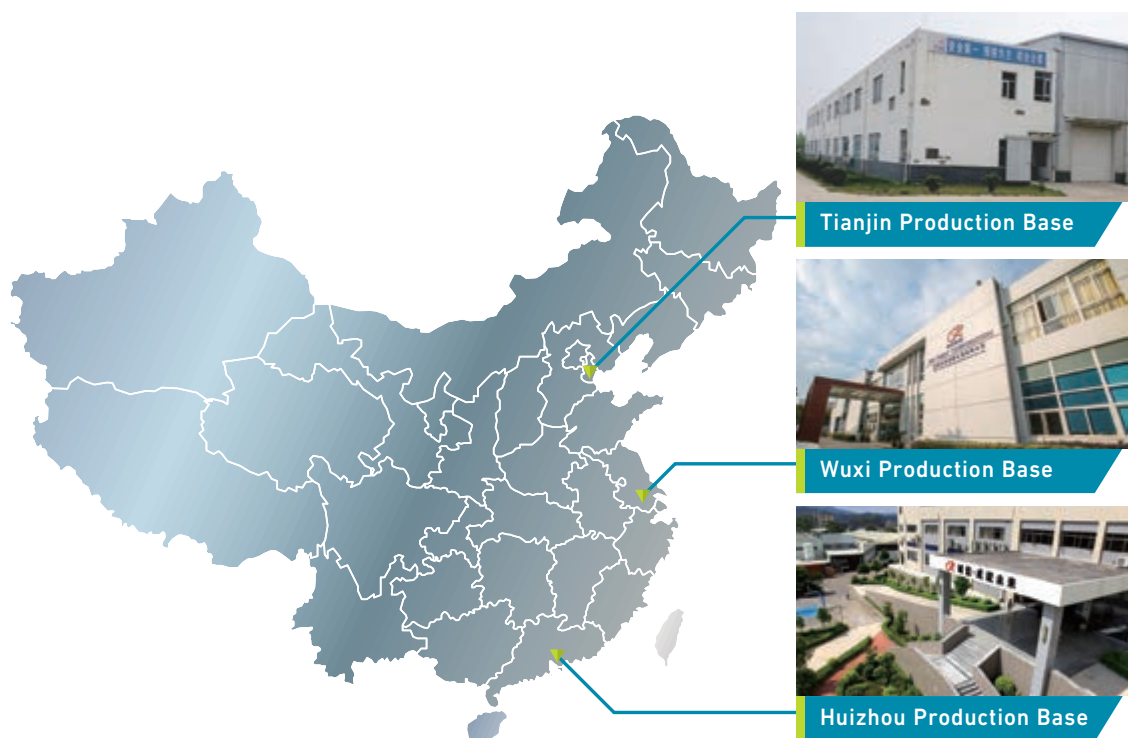
The Group will issue the "Sustainable Development Report" annually to disclose the performance in respect of our environmental protection and social responsibilities. This report describes the measures and results of the Group's sustainable development during the period between 1 January 2017 to 31 December 2017.

1.3 Report Coverage

This report covers the Group's major business of production of automotive plastic electroplated components in Mainland China, including the headquarter of the Group and the following manufacturing plants:

- Huizhou production base: Huizhou Keen Point Electronics Co., Ltd., Huizhou Keen Point Precision Plastic Co., Ltd., Huizhou Xin Point Surface Decoration Co., Ltd., Huizhou Keen Point Surface Decoration Co., Ltd., Huizhou Xinsheng Technology Co., Ltd.
- Wuxi production base: Wuxi Jinxin Surface Decoration Co., Ltd., Wuxi Keen Point Electronics Co., Ltd., Wuxi Keen Point Automobile Precision Molding Co., Ltd.
- Tianjian Production Base: Tianjin Jinxin Precision Plastic Components Co., Ltd.

We are expanding our production line in Mainland China, and establishing our new production base located in Mexico, in order to enlarge the Group's presence in North and South America. We will include our performance of sustainable development regarding our new production base in Mainland China and Mexico in due course to enhance the transparency of our sustainable development.



1.4 Feedback Mechanism

We wish to hear from you regarding our performance in sustainable development and this report as a motivation to our continuous improvement. We can be reached at:

Address:	Keen Point Hi-tech Industrial Park, Xikeng, Huihuan county, Huicheng District, Huizhou, Guangdong
Telephone:	0086-752-2652600
Fax:	0086-752-2652333
Email:	ESG@xinpoint.com
Company website:	www.xinpoint.com

This report is published in both Chinese and English. The electronic version of this report is available on the Group's website (www.xinpoint.com). In case of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

2 About the Group

2.1 Brief Introduction to the History of the Group

The Group is a leading automotive plastic electroplated components supplier in China. In 2002, we started our business with our core business in the sales and manufacturing of electronic and chemical products. Subsequently, we expanded our business to plastic products, moulding production and electro-plating, and established our production base in Wuxi City and Tianjing City in China.

In 2006, we began to supply products to the first tier suppliers in North America. We set up offices in Germany and the United States in 2008 and 2013 respectively, in order to strengthen our market position in the global automotive market, and launch marketing campaigns to promote our products. In 2016, we became the second largest supplier of automotive plastic electroplated components in China in terms of sales revenue.

For years, we endeavoured to expand our businesses, and set up and expand the production bases in Mainland China as well as around the world. In the future, we shall focus on expanding production bases in Mexico and Mainland China in response to the upcoming market demand.

2.2 Scope of the Group's Business

Our products mainly include electroplated automotive interior decorative components of passenger vehicles, such as interior door handles, door trim, shifter bezels, steering wheels components, console parts and cluster rings. We emphasize on our one-stop production in mould production, plastic injection moulding and electroplating which enables us to achieve an outstanding production performance as demonstrated by our high production yield rate of approximately 90% in 2017, which is higher than the industry leading players.

We have accumulated extensive technical knowledge and developed a high degree of technical expertise as an automotive plastic electroplated components supplier, with a consistent focus on research and development. We are capable of completing surface decoration on a wide range of plastic resin surfaces, such as ABS resin, PC/ABS resin and other plastic resins. We are also capable of completing automotive decorative components with different kinds of plating finishes according to customer's specifications, such as bright, silk metal, black and titanium finishes.

Xin Point surpass the overall industry in terms of quality control and governance. Our products are generally applied to the passenger vehicle of globally renowned and luxury automotive brands mainly attributed to our strong reputation, production capability and the high quality products we can supply in the sector.

2.3 Sustainable Development Objectives

We aim to establish a leading technology-based enterprise in the plastic surface decoration industry based on the principle of “people-oriented, prevention-focused” to fulfill our promise of “safety first, recycling preferred, quality-centered”, to pursue zero defects and strive for continuous improvement. Under the framework of the laws and regulations at our operating jurisdictions, we endeavor to satisfy the requirements of customers and other stakeholders through continuously providing competitive products and services.

3 Sustainable Development Management Principles

3.1 Anti-Corruption and Enhancement of Governance

We strive to comply with national laws and regulations relating to bribery, extortion, fraud and money laundering. To minimize the operation risk of the Group, we regulate the behaviour of our staff members, suppliers, contractors and subcontractors as well as our customers through an effective internal control system. Accordingly, we established “Integrity Convention and Code of Business Ethics”, which requires the staff members to strictly comply with relevant laws and regulations, and maintain the highest standards of integrity and business ethics. At the same time, we forbid our directors, management or staff members to participate in activities which have conflict of interest with the Group, including participating in the businesses of our suppliers or contractors' clients in their personal capacity, misusing information or facilities of the Group, participating in transactions that are in direct commercial competition with Xin Point, possessing any asset that is impacted by the Company's actions or acquired based on the Company's information, holding or transferring any business opportunities of the Company, and holding any interest or position at our competing corporations. Meanwhile, our audit department shall annually review any conflict of interests of the senior management members, and principal personnel responsible for procurement, sales and finance, to ensure staff members do not participate in any activities that might contradict with the interests of the Group.








Apart from the above policies, in order to minimize the chance of committing fraudulence by our staff members, the Group has also established the “Anti-Fraud Whistleblowing System”, to encourage staff members to report any fraud they might discover. The “Anti-Fraud Whistleblowing System” requires the Board of Directors to supervise the management to set up a well-established internal control system for preventing fraud, and establish a channel for reporting any complaint. Staff members are also required to submit all the presents received in the business operation to the office of the President of the Group to avoid any fraudulence. The audit department of the Group is responsible for managing the channel for whistleblowing, including the whistleblowing hotline and emails to receive any named or anonymous report from our staff members and external third parties. The investigating personnel and the whistleblowers are protected when assisting such investigation. The Group prohibits any unlawful discrimination or revenge or hostile behaviours. The offenders of the relevant regulations will be fired with their labour contracts terminated, or reported to the governing jurisdiction to take such legal actions.

During the reporting year, there was no case of corruption litigation against the Group or our employees.

3.2 Stakeholders' Participation

By communication with the stakeholders, the Group understands their opinions and expectation regarding the sustainability development of the Group, and identifies the important environmental and social issues in the Group's operation, which is beneficial to continuously improving of relevant performance of the Group.

The stakeholders of the Group include staff members, shareholders and investors, customers, contractors, suppliers, governmental and regulatory institutions, industry associations and members of the community. The main channels of communication between the Group and stakeholders are as follows:

Type of stakeholders	Communication Channels	
 Employees	<ul style="list-style-type: none"> Intranet Staff meetings Staff trainings 	<ul style="list-style-type: none"> Staff interviews Questionnaire of stakeholders Satisfactory survey of staff members
 Customers	<ul style="list-style-type: none"> Telephone communication Opinion poll Questionnaire of stakeholders 	
 Shareholders or investors	<ul style="list-style-type: none"> Annual general meetings Annual and interim financial reports "Investor Relations" webpage on the Group's website 	<ul style="list-style-type: none"> Press releases Questionnaire of stakeholders
 Business Partners (suppliers and contractors)	<ul style="list-style-type: none"> Interviews Audits and assessments 	<ul style="list-style-type: none"> Telephone communications Questionnaire of stakeholders
 Governmental and regulatory institution	<ul style="list-style-type: none"> Interviews Telephone communications 	
 Media	<ul style="list-style-type: none"> Press release Press conference 	<ul style="list-style-type: none"> "News Center" webpage on the Group's website Questionnaire of stakeholders
 Community Organizations	<ul style="list-style-type: none"> Social welfare services Communication with community members 	

3.3 Materiality Analysis

To enhance the management efficiency of the sustainability development of the Group, the Group engages a third party professional institution to communicate with the stakeholders for the Group, and to analyse such environmental, social and governance issues that are important to the Group. Details of such communication and analysis processes are as follows:

Step I: Identifying the important environmental, social and governance issues of the industry

The Group refers to the ESG Guidelines of the Stok Exchange to preliminarily identify the issues to be considered concerning the sustainable development of the Group. The Group also preliminarily identify the relatively important issues on environment, social and governance in the industry. During the year, we have identified 31 issues for consideration.



Step II: Classifying Issues

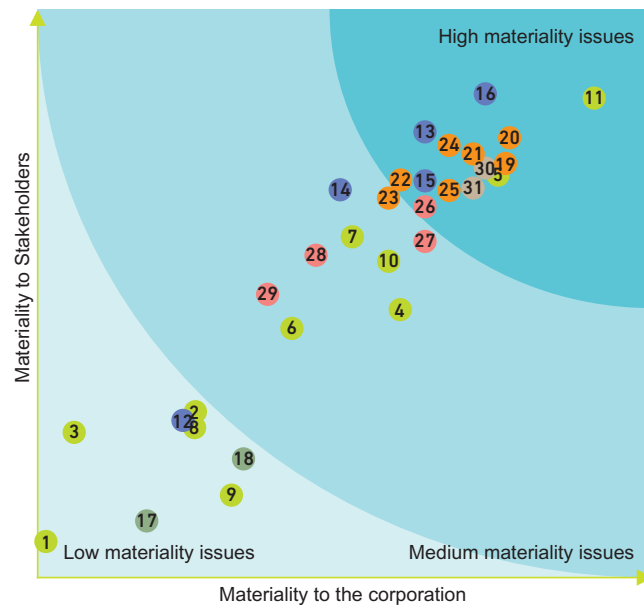
To grade the materiality of issues based on the opinions of stakeholders collected from the questionnaires. We invite over 200 stakeholders to fill in questionnaires, upon which the Group analyse the 31 issues based on the "materiality to the corporation" and "materiality to stakeholders", so as to classify the issues into three levels, namely the "high materiality issues", "medium materiality issues" and "low materiality issues", in order to identify the issues important to the Group.



Step III: Verifying results

The management of the Group conducts audit verification for the result with the third-party professional institution.

The result of relevant materiality analysis is as follows:



Material Issue Considered

	High Materiality Issues	Medium Materiality Issues	Low Materiality Issues
Environment	5. Wastewater management 11. Environmental management	4. Management of the use of water resource 6. Management of raw materials 7. Management of wastes 10. Adoption of environmental protection technologies	1. Effects on climate change 2. Management of the use of energy 3. Management of greenhouse gases 8. Management of reusing wastes 9. Environmental and natural resources
Employees	13. Occupational health and safety 15. Prohibition of child labour and forced labour 16. Labour standards	14. Employee benefits	12. Employment Conditions
Community investment			17. Community investments 18. Impact on the community
Product and service responsibility	19. Product health and safety 20. Product quality 21. Protection of intellectual properties 24. Product responsibilities 25. Advertisement and marketing activities	22. Consumers Privacy 23. Complaints on product and service	
Supplier management		26. Supplier management 27. Examination of suppliers 28. ESG performance of suppliers 29. Supplier training	
Anti-corruption	30. Anti-corruption management 31. Anti-corruption performance		

4. Care for the Environment

4.1 Environment Management Policies

The major business of the Group is manufacturing automotive interior decorative component. Inevitably, our production process adversely affects the environment, such as emitting three types of wastes (wasted water, solid wastes, exhaust gas). We strive to minimize the effects on the environment brought by the Group's production process, and comply with the applicable environmental laws and regulations. We formulate the environmental management direction across the Group based on the principle of "people-oriented and prevention-focused". The scope of management system covers various operation procedures, including the product manufacturing procedures of mouldings, injection moulding, insulation, plastic electroplating, spraying and painting, printing, laser engraving, and installation, as well as the raw material procurement, sales, transport, and after-sale services, so as to continuously and thoroughly improve on our environmental management.

Environmental Risks and Management

The production operation of Xin Point is supervised by the local environmental authority. We strictly comply with the "Environmental Protection Law of the People's Republic Of China". Inadequate environmental management will bring tremendous impact to the enterprise. Accordingly, the Group deliberately incorporate environmental management into the risk management mechanism and into the operation procedures of the Company, as well as setting up the "Environmental Factors Identification and Assessment Management Procedures" and the "Risk Management and Control Procedures" to direct every department to conduct environmental factors and risks identification and impact evaluation annually, while taking in consideration the expectation of stakeholders and compliance requirements, and to establish measures addressing risks to avoid and minimize the negative effects brought to our business and the environment. Some of the manufacturing plants of the Company have obtained the certification of ISO14001 environmental management.

The Company ensures that all the staff members understand the meaning and requirements of our environmental management direction by means of slogans, cards, training and notice boards. The above measures are also adopted to educate our staff members of the impact caused by their works on the environment, as well as the risks and consequences brought by the environmental management that do not comply with the customers' requirement and environmental management system. Consistent communication with staff members can help enhancing the environmental management, and ensuring that every staff member of the Company are communicating effectively to realize the target of engaging the entire staff in our environmental management system and its improvement, in order to contribute to the effective management system.

Environmental Regulation Compliance Management

We regularly review the compliance to environmental laws and regulations of the Company, in order to fulfill our promise of operation under compliance. Such reviews are conducted by meetings with the responsible personnel of relevant departments. The agenda of such meetings include the latest requirements of the national and local laws and regulations on the three types of wastes, the compliance and implementation situation of relevant departments, companies and industry, regulation on the Company's management and its methods. The Company has also established the "Environmental Monitoring and Control Procedures" to monitor critical procedures and activities that might have a material impact on the environment, including the technical monitoring (emission intensity and pollutant density, etc.) and management control (implementation of systems, targets, compliance with laws and regulations, etc.).

Our operation produces various kinds of chemicals that are emitted through gases, water and solid wastes. Accordingly, we shall comply with the environmental protection laws and regulations of China, including the "Environmental Protection Law of the People's Republic Of China" and certain relevant Chinese laws and regulations. We shall use, store, emit, and handle such chemicals based on their environmental impact valuation instructions. We have adopted anti-pollution measures in compliance with the environmental production standards of plastic electroplating industry in China. During the reporting period, we have not been penalized and punished due to violation of any applicable environmental laws and regulations.

4.2 Management of Water Resource

The production of automotive interior decorative component uses large and discharges amounts of water and wastewater. In order to reduce the environmental impact of the Group's operations, we are committed to reducing water consumption and wastewater discharge. At the same time, we ensure that the discharged water quality meets the relevant standards set by the Chinese government. We abide by the "Water 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" to protect water resources, so as to reduce the environmental impact of the Group's operations. During the reporting period, we did not violate any laws and regulations related to water bodies.

We strive to reduce the usage of water in the electroplating process and reuse the large amount of electroplating wastewater and recycle precious metals thereto, so as to conserve the water resources while reducing the burden of heavy metals on the water body, and make good use of the resources to solve pollution problems effectively and protect the environment.

Type of water used	Unit	2017 performance
Water consumption in production	cubic meter	501,235
Household water consumption	cubic meter	54,889
Quantified water consumption	cubic meter/revenue (RMB '000)	0.296

The electroplating industry is a pollution-intensive industry and produces heavy metal industrial wastewater during the production process. Therefore, we set up the production line in strict accordance with the requirements of the "Technical Specification for Electroplating Industry Wastewater Treatment (HJ2002-2010)", and established the compliance wastewater treatment procedures and technical solutions. The main source of our wastewater is from the electroplating and baked painting process. The electroplating process produces wastewater containing heavy metals, while the baked painting process produces acid and alkaline wastewater. If the two are not properly handled, they would have a negative impact on the environment. In order to reduce the impact of wastewater on the environment, the Group has installed appropriate wastewater treatment facilities in accordance with the "Wastewater Treatment Control Procedures" to ensure that the wastewater is discharged after proper filtration and treatment. The controlling procedures also set out the wastewater treatment processes and operations, water sampling requirements and discharge requirements, emergency response methods, reports and records, etc. We have installed surveillance cameras ourselves or through the industrial parks to continuously process and monitor the discharge of wastewater, and have installed wastewater recycling facilities to reduce the impact of wastewater produced during our operation on the environment.

Through continuous improved design, adoption of advanced craftsmanship and technologies and equipment, use of premium raw material and improvement management, we strive to reduce the emission of pollutants, and ensure that such prevention measures meet the national standards. During the reporting period, our emission of wastewater meet the national requirements, whereas our pollutant level meets the requirements of "Emission Standard of Pollutants For Electroplating (GB 21900-2008)" or the local government's requirements on water pollutant emission control standards, such as the "Electroplating Water Pollutants Emission Standard DB 44/1597-2015" imposed by Guangdong Provincial Government.



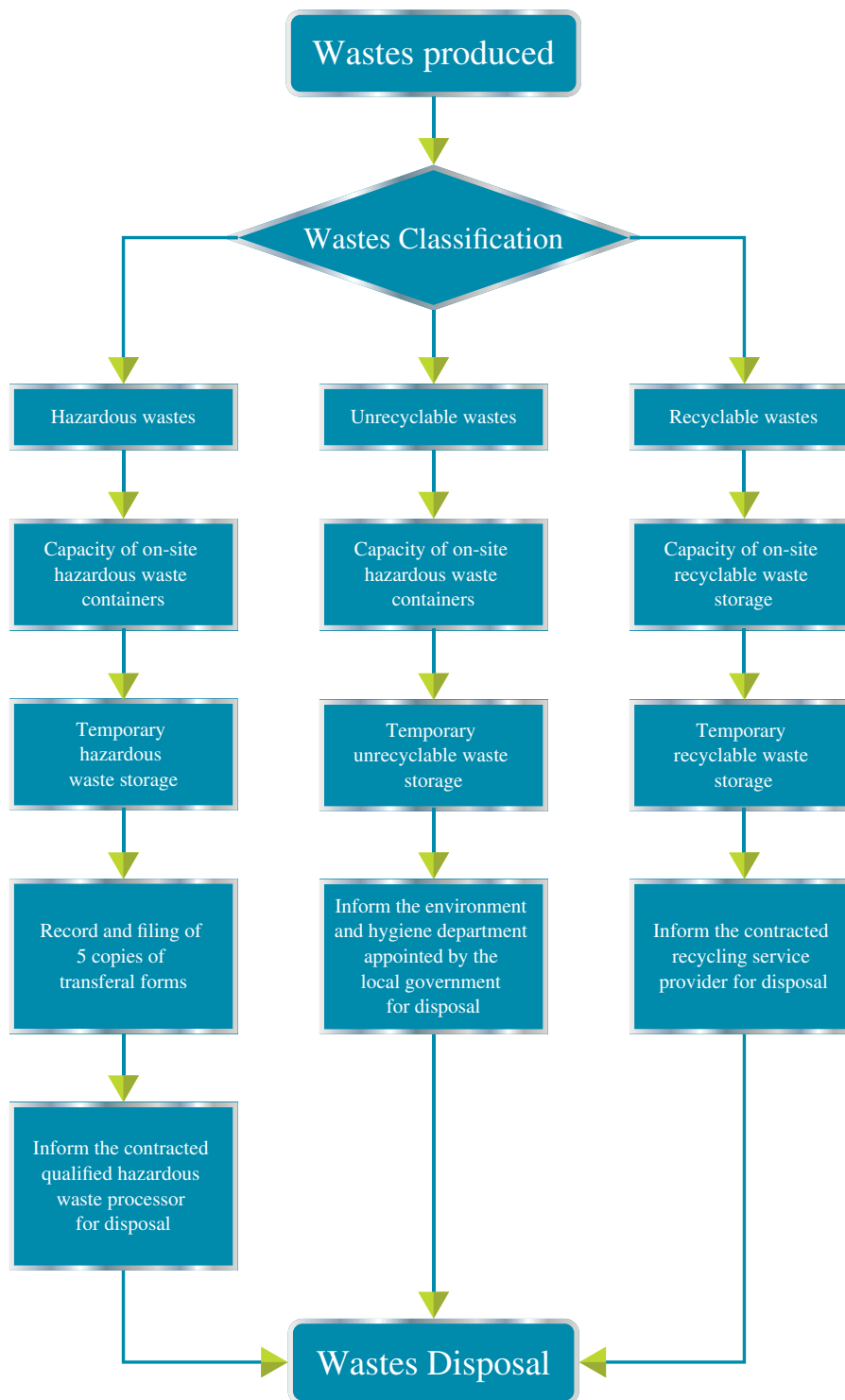
Copper and Nickel Production Line Recycling and Permeate Recycling System

A metal recycling process using "microfiltration + ultrafiltration + membrane filtration" was used. The system recovers the rinse water from the metal aqueduct through the source water tank and is then pressurized by a booster pump. The rinse water passes through a cotton core filter and an ultrafiltration membrane, and transformed into permeated liquid and temporarily stored in the circulating concentration tank. After several cycles of filtration, when the concentrated liquid reaches the conductivity setting value, the cycle is stopped. Both the concentrate and the separated recovered water can be returned to the production line for reuse. During the year, the total cost saving of copper and nickel materials was approximately RMB1,560,000, the reduction of wastewater discharged to the environment was approximately 8,420 cubic meters, and the water fee paid in relation to the electroplating base was RMB520,000.

Wastewater quality index	Unit	2017 performance
Production wastewater discharged	Tonnes	480,897
Household wastewater discharged	Tonnes	53,508
Chemical Oxygen Demand	Tonnes	18
Ammonia nitrogen	Tonnes	1

4.3 Management of Solid Waste

In order to ensure that all wastes are properly and safely handled during production, storage, and final disposal, and comply with laws and regulations such as the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste," we have established the "Waste Management and Control Procedures", in order to minimize the impact of solid wastes on the environment and realize the company's commitment to protecting the environment. The "Waste Management and Control Procedures" details each processing step, such as waste production, classification and storage, temporary storage area management, waste transfer, hazardous waste storage warehouse environment management, external processor qualification management, valuable waste recycling, transferal account records, etc., and clearly specify the responsibilities of the relevant departments. With such well-established waste management system, we had no waste disposal violation during the reporting period.



We will classify wastes by nature and store different categories separately to avoid contamination of valuable wastes. We will then contact the waste reusing or recycling service provider, avoiding wastes directly proceeding to the landfill/incineration, so as to make the best use out of such resources, and reduce the burden on the environment.

As the electroplating wastewater is technically treated, it produces the highly harmful heavy metal, namely the electroplating sludge. We have established the "Hazardous Waste Disposal Record Form" to properly manage the delivery of hazardous solid wastes such as electroplating sludge. Hazardous waste generating units must centralize such hazardous waste, arrange responsible personnel to collect and manage the wastes, and such hazardous wastes to be transported must be stored in specialized containers, and collected, transported, and disposed by qualified professional environmental service providers. We have engaged several external processing companies with the relevant licenses and business licenses approved by the government.

Types of hazardous wastes	Unit	2017 performance
Electroplating Sludge	Tonnes	339
Electroplating liquid filter	Tonnes	26
Waste paint residue and paint cans	Tonnes	60
Intensity of hazardous wastes	Tonnes/revenue (RMB '000)	0.226

Types of non-hazardous waste	Unit	2017 performance
Plastic	Tonnes	1,887
Clean cloths	Tonnes	1
Household wastes	Tonnes	128
Intensity of non-hazardous waste	Tonnes/revenue (RMB '000)	1.1

4.4 Management of Exhaust Gas

The gas emission from the electroplating plants during the production process is mainly generated by the component surface treatment process. In order to comply with the requirements of the "Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution", the Group actively reduces pollution and installs air purifiers and circulation facilities to collect air pollutants from the production workshops, so as to improve the air quality. During the reporting period, we have not been prosecuted or penalized for violating the relevant laws and regulations relating to gas exhaustion.



Hexavalent chromium atmospheric concentration recovery system

The acid mist is guided into the chromic acid recovery tower. The filter screen blocks the chromic acid particles in the mist from coalescing into a liquid. The chromic acid solution flows into the bottom channel and is guided into the recovery container by the conduit. The gas is purified until it reaches the level of acceptable standard of emission. The recycling system not only reduces pollutant emission, but also has obvious economic benefits. One chromium recycling tower on the production line recycles about 600 kilograms of chromic anhydride per month, which amounts to RMB13,000, and saves RMB156,000 during the year.

In order to meet the control requirements of the "Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution", we have engaged independent third-party testing companies to inspect the exhaust gas emission concentration at the exhaust outlets of each plant. Such exhaust emission complies with the "Emission Standard of Pollutants for Electroplating" and local government's standards on pollutant emission, e.g., the local standard of Guangdong Province, "Air Pollution Emission Limit DB44/27-2001".

Types of Exhaustion	Maximum Density of Emission (mg/m ³)***	Emission standard (mg/m ³)	2017 performance
Sulfuric acid mist	≤5	30*	Up to standard
Chromic acid mist	≤0.025	0.05*	Up to standard
Dimethylbenzene	≤0.567	70**	Up to standard
Non-Methane Hydrocarbon	≤2.98	120**	Up to standard
Methylbenzene	≤48.74	40**	Up to standard

Sources:

* "Electroplating Pollutant Emission Standard" GB 21900-2008

** "Air Pollutant Emission Limit" DB44/27-2001

*** The value is taken from each exhaustion outlet inspection report, and represents the maximum detected value of the type of exhaust gas.

Types of exhaust gas	Unit	2017 performance
Methylbenzene	Tonnes	1.164
Dimethylbenzene	Tonnes	0.295

4.5 Use of Resources

Apart from atmospheric pollutant emissions, the Group is also concerned about the impact of greenhouse gases. We comply with the "Water and Electricity Management System" to reduce energy consumption by reducing energy consumption in machinery and equipment, fuel usage management, water leakage prevention, lighting, and air conditioning, so as to contribute to slowing down global climate change. By monitoring energy consumption, we realize that the largest expense of our operation is the electricity purchased externally.

In respect of substantial electricity usage, we implemented two energy saving and consumption reduction projects in 2017. Not only did it reduce the amount of greenhouse gas emission, but also generated economic



Energy Saving and Consumption Reduction of Ice Water Units

The cooling unit in the ice water module is manually deactivated in winter, and the pipelines are cooled by the combination of low temperature in the north and the cooling circulation pumps and cooling fans. During other seasons, the electronic control design is used to drive the cooling units to cool the crafting pipelines, and the cooling circulation pumps and the cooling fans are automatically switch on or off according to the cooling water temperature in the unit. Annual savings of electricity costs amounted to approximately RMB24,000.



Improvement of Energy Saving and Consumption Reduction by Using Residue Heat to Dry Sludge

The heat generated during the operation of the air compressor is guided into the sludge drying unit through the pipeline, and the hot air form a turbulence in the lower part of the chamber according to the design of the pipeline, where the wet sludge is fully exposed to evaporate the moisture. The drying unit is built with iron sheets painted in black, which is heated by solar energy outdoors, and the two heat sources both contribute to drying the sludge.

The processing time of such procedure is 3 times faster than normal drying methods, and the annual saving of electricity costs is approximately RMB35,000.

values.

Types	Unit	2017 performance
Gasoline	MWh	730.9
Diesel	MWh	1,842,519.0
Electricity	MWh	858,120.1
Steam acquired externally	tonnes	1,208.6
Total emission of greenhouse gas*	tonnes	60,257.54
Intensity of total emission of greenhouse gas	Tonnes/revenue (in RMB thousand)	0.0321

* Including gas, diesel (scope 1) and electricity acquired externally (scope 2)

In addition, the details of other resources we consumed in 2017 are as follows:

Types	Units	2017 performance
Carton (packing materials)	tonnes	2,447
Office paper	piece	2,661,463

5. Practices of Operation

5.1 Supply Chain Management

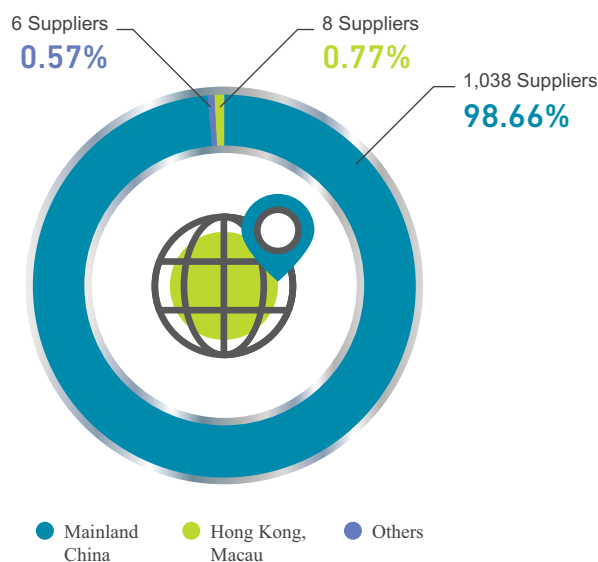
The Group is committed to provide quality automotive electroplated products. We believe that effective supply chain management is crucial to maintain the quality of products and has a significant impact on the Group's business sustainability. We have established the "Supply Chain Management and Control Procedures" to regulate the selection, evaluation and review of new suppliers, as well as the management of qualified suppliers.

During the selection of suppliers, the procurement department is required to conduct reviews with regards to potential manufacturers and issue a "Basic Supplier Survey" to the manufacturers for a basic background check. After passing the product quality review, price evaluation, site visits and evaluation of hazardous substances, we will include the qualified suppliers to the list of approved suppliers. If an approved supplier meets our environmental substance management requirements, we will put it on the list of approved green suppliers and request them signing the "Green Procurement Agreement" formulated by the Group.

The Group's purchasing department conducts annual review of the approved green suppliers, including distributing the "Environment Quality Questionnaire for Suppliers", and the results will be recorded in the "Supplier Semiannual/Annual Review Form". If any supplier failed in the annual audit, or if there were any major quality or environmental incident, we will revoke the qualification of the supplier. At the same time, we will conduct occasional inspections regarding our suppliers' environmental activities and conduct on-site audits and assessments based on the environmental of aspects of the "Supplier Supervision List".

We expect our suppliers to consider the sustainable development factors in their operations, and have formulated the "Supplier's Code of Conduct." The code includes standards for different aspects, such as environment, society, corporate governance, anti-corruption, and basic human rights of employees for our suppliers' compliance.

During the reporting period, we had a total of 1,052 suppliers, which are mainly located in Mainland China.



5.2 Product Responsibilities

The Group aims to establish a leading technology-based enterprise in the plastic surface decoration industry, to pursue zero defects, and continuously implement improvement. We strive to meet the relevant requirements under the applicable laws and regulations, requirements from customers and other related requirements by continuously providing competitive products and services. We promote complied with the management policies internally and ensure that employees at all levels clearly understand the content of the management policies through various promotion channels, such as displaying management policies on notice boards and billboards, and strictly follow and implement such policies during production process.

In order to meet the quality requirements of our products and avoid the risks caused by product quality issues during production, we have established the "Final Inspection and Control Procedures" to guide employees in the final inspection of finished products. We will follow requirements of the "Product Marking Control Procedures" and affix a return label on defective products and combine the defective records into a summary table. At the same time, the quality control department will record the defective records in the ERP. The quality control department regularly analyzes the data of defects from the ERP system, and calculates the passing rate of each batch to obtain the final failure rate of pass per million (PPM). The production department is responsible for submitting products for inspection to the quality control department, the products are then processed according to the inspection results, and improvement measures are provided to improve the product quality.

Customer's confidence is vital to the Group's development. We have been collecting customer's suggestions and handling customers' complaints carefully to improve the quality of our products and services. Since 2012, the Group has compiled and combined the customer complaints collected from various plants of the Group, and analyzed the causes of the complaints as well as recorded the results of solutions, thus effectively improved the Group's service and quality.

The Group has developed the "Customer Complaints and Returns Procedures" in details for our customers, which clarified the responsibilities of the corresponding departments in response to customer complaints and returns out of different reasons, in order to ensure that customer complaints and returns are processed in a timely and effective manner, and thus customer satisfaction is enhanced. The Group's marketing department analyzes the customer satisfaction situation by the end of June and the end of December every year. Data under analysis is gathered through the "Customer Satisfaction Survey". Customers will rate us from six aspects, such as product quality, technical capacity, prices, delivery, attitude of service and environmental protection capability. The quality of the products and services provided by the Group is rated as excellent and highly recognized by our customers. For example, in the 2017 customer satisfaction survey conducted by Wuxi Jinxin Surface Decoration Co., Ltd., the customers rated an overall score of 97 or above for the products and services provided by Jinxin.

5.3 Continuous Innovation

The Group understands clearly the importance of innovation for future development and integrates the innovation into our long-term development goals. Accordingly, we promote technological innovation, encourage employee initiatives in product innovation, and provide bonuses for technological innovation. In 2017, Huizhou Keen Point Surface Decoration Co., Ltd. won the second prize for the Technology Innovation Award with the project "M-Anode Additive Auxiliary Equipment" and received a bonus of RMB30,000. The Group keeps a detail record of patent applications filed, including information on the name of the process, progress of the application, and the type of patent.

Due to tightened environmental protection requirements, the Group has also invested in the research of "Physical Vapor Deposition" (PVD) process on top of meeting the current market demand for water electroplating process, and developed a more environmentally friendly and energy-saving PVD process. Currently, we possess leading PVD technology in the automobile PVD field across the country. In 2016, we successfully developed the PVD technology of soft rubber material to enhance the Group's competitiveness. At the same time, we applied for and was granted the patent, namely "A Plastic Surface Coating Process". The annual sales of the PVD project in its upward trend was over RMB10 million.

In respect of the product technology confidentiality system, the Group clearly stated the specific scope, requirements, measures and treatment for protection of confidential information by employees, and formulated the "Secrecy System" to enhance employees' awareness of confidentiality. In addition, the Group's "Employee Handbook" has also clearly stipulated the employees' obligations in respect of confidentiality and lay out the corresponding rewards and penalties. In the event of a leak of intelligence that causes damages to the Group, the informant will be fully liable. In addition to compensating for the loss, the persons responsible will be disciplined or legally liable.

6 Care for Employees

The Group recognizes the importance of our employees, in which the development of the Group relies on the hard work of employees. Our employees are cornerstones to the Group's development and care for our employees is one of our important responsibilities. We work hard to create a working environment in good conditions for our employees, maintain good labour relations to attract and retain talents in compliance with "Labour law of People's Republic of China" and "Law on Employment Contracts".

The Group adopts fair recruitment principles. We pursue an open, fair and just recruitment, and candidates are treated fairly without consideration to their gender, race, religious belief, age, disability situation, sexual orientation, nationality, political views, social status, social or clan background.

During the reporting period, we have not violated any law or regulation in relation to labour.

6.1 Employee Relationship

The Group strives to maintain good relationship with our employees in order to attract and retain talents. We provide competitive compensation and career path for our employees. On top of the basic salary, the remuneration of employees includes allowance, bonus and other performance bonus to ensure the efforts paid by the employee are rewarded. The salary of the employees is adjusted according to evaluation and recognition of their performance, and the relevant approval procedures are executed according to internal management systems.

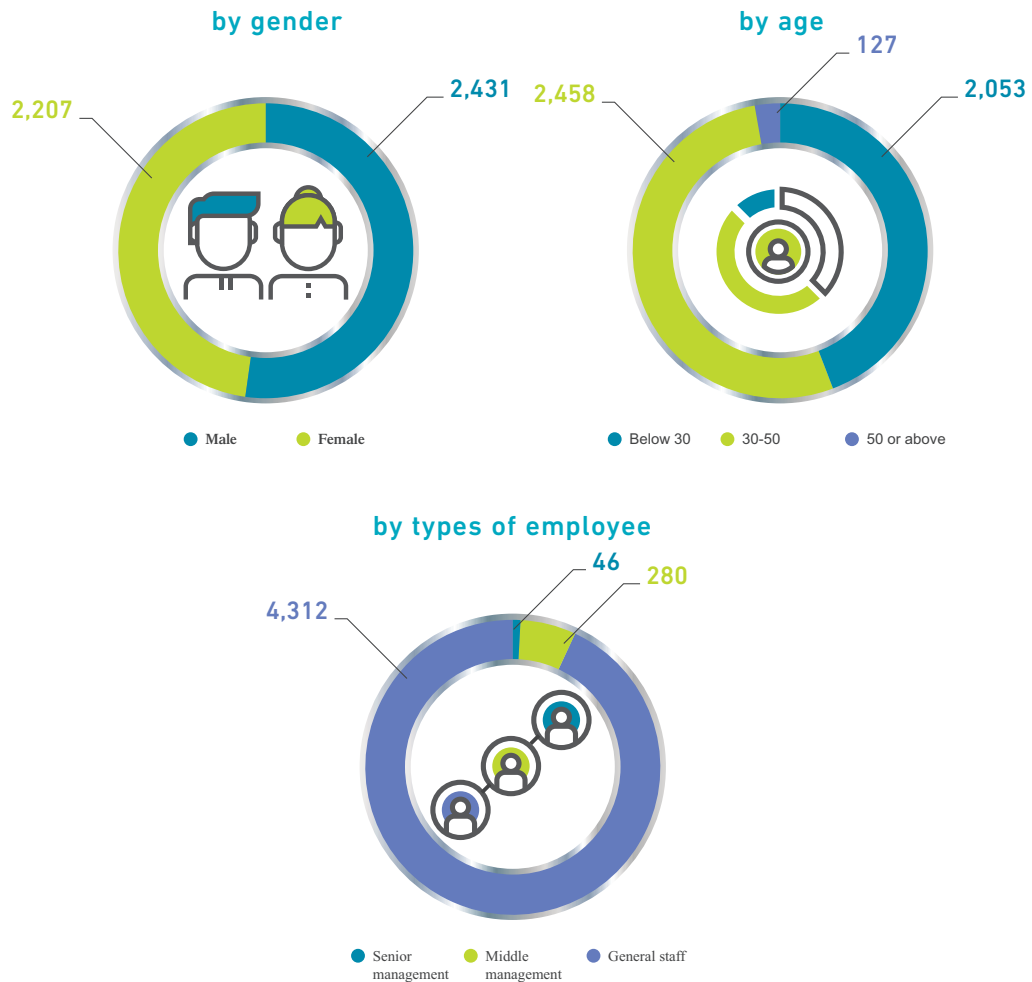
Apart from remuneration, we also provide attractive career path. Whenever there is vacancy, we will first consider internal promotion, in order to provide diversified opportunities of development to employees. We indicate our requirements in relation to remuneration, benefits, attendance, leave, resignation in our "Staff Manual", informing employees of their rights and obligations.

The Group values the communication with employees and set up guidelines for internal communication. If employees have opinion or dispute concerning the operations and management of the Group, they may lodge complaints with their department supervisors, the human resources department or the administrative department. If an employee has a dispute with the Group regarding the enforcement of labour laws and regulations, the employee may also file a complaint with the labour union or the Labour Law Supervision Committee. The complaints or grievances made by employees are handled confidentially to protect the privacy of employees. Meanwhile, the Group also encourages suggestions on the operation and development of the Group from employees. Once such suggestions are adopted, appropriate incentives will be provided as a token of appreciation.

The human resources department is also required to conduct survey on labour satisfaction regularly. We collect data of the satisfaction level and views from employees in areas such as the Group's management, their work, personal development, benefits, etc. by anonymous questionnaires. The result will be analysed and sent to the relevant departments. Apart from a survey of employees' satisfaction, human resources department would also approach employees by means of exit interview, suggestion box and performance review to ensure opinions of the employees can be effectively reflected.

6.2 Number of Employees

As at 31 December 2017, the Group has 4,638 employees. They are mainly responsible for production, research and development, quality assurance, human resources, administration and finance, maintenance, logistics, procurement, marketing and management.



6.3 Safe Workplace

Apart from employees' benefits, we value the employees' safety at work. We comply with the principle of "safety first, prevention-centred, centralized governance". Also, we are committed to enhance employee's awareness on occupational safety and health as well as their ability for self-protection, in order to minimize the occurrence of safety issues and create a safe workplace.

The Group complies with "Law for prevention of occupational disease of People's Republic of China" and "Regulation for Prevention of Dust Lung Disease of People's Republic of China" and establishes the "Regulation on the management of safe production". This policy regulates safety training, inspection and management, and guidelines about maintaining safety at work. We also establish safety management committee in each subsidiary, which is composed by management and labour representative to perform regular safety inspection for production facilities and ensure employees compliance to the safety measures and the existing production procedure.

We provide safety training for employees to enhance their awareness towards occupational safety. The human resources department provides safety training to new employees according to the annual training plan. It includes the fundamental knowledge of safety, such as hazardous chemical, firefighting, use of electricity and mechanical operation. Each department has to provide safety training to employees according to training plan. The new joiners and employees who have been transferred from other departments need to attend specific safety training courses (such as operation of equipment and occupational safety tools) before their official onboarding. Such requirement can ensure that employees would have adequate knowledge to cope with safety requirements.

The Group has adopted strict measures to avoid the re-occurrence of fire in the manufacturing plant of the Group. Use of fire or lighting cigarettes are strictly prohibited in the production area of the factory. If there is a need for use of fire in other places of the factory, the relevant use must be approved by the administration department. The details of use should be clearly stated in the application form, including the venue in use, time, reason and the name of the relevant supervisor. The responsible person of safety at work will also inspect relevant area and prepare documentation for record purpose after approval is granted. Any personnel who use the fire in the factory without prior approval will be punished or laid off.

We will regularly maintain the fire facilities and conduct fire drill. At the same time, we will closely monitor the production area storing explosive and flammable materials, and install fire detection and alarm system which would minimize the impact of a fire to our production. Our building attendants shall perform safety patrol everyday, to prevent fire in the production area.

During the reporting period, there is no case of death in line of duty.

6.4 Employee Development and Training

Training is provided to employees to enable adequate personal development opportunities to them, and enhance the Groups' productivity. The human resources department of the Group will learn about demand of training of every department by means of interview, questionnaire and direct feedback at the beginning of every year in order to set up annual training plan. Apart from the annual training plan, the human resources department is responsible for introducing and providing on-the-job training course. The course covers safety at production, company management direction, quality and environment awareness, product quality risk. We set up an examination after training to ensure the employees clearly understand and apply the relevant knowledge.

There are 3,962 trained employees during the reporting period and each of them received training of 7 hours in average.

Average training hour per employee in 2017			
by gender		by types of employee	
Gender	Average training hour per employee (hour)	Type of employee	Average training hour per employee (hour)
Male	7.83	Senior management	1.22
Female	6.50	Middle management	11.42
		General employee	6.99

6.5 Labour Standard

The Group understands the importance of basic human rights. Accordingly, we prohibit the use of child labour or forced labour in our operation. In accordance with "Law of The People's Republic of China on Employment Contracts", the Group prohibits employment of child labour or forced labour in any positions. We emphasise the minimum age requirement of the candidates. During the selection process, we will strictly investigate the candidate's age by checking the original identity card and verifying his/her photo to ensure correctness before proceeding. The relevant personnel will check the staff member's identity again to arrange before signing labour contract and providing training. If any false data is discovered, the human resources department of the Group will not employ such person. If child labour is found, the human resources department of the Group will suspend his/her work at once.

The employee of the Group must be employed voluntarily, forced labour such as prison labor, contract labor, debt labour are prohibited. The Group will enter into the labour contract with employees according to labour regulations which states the relevant employment conditions to ensure the employee's understanding to the relevant employment. We comply with the principle of voluntary working overtime when need arises and the employee can choose to work overtime. If the employee does not work overtime as he/she is informed, they may approach to the department supervisor for re-arrangement.

During the reporting year, there were no non-compliance cases regarding child labor or forced labor.

7 Community Participation

The Group is committed to a caring community with contributions to minority group, promoting community development, and creating social benefits. We encourage employees to participate in voluntary works and devote in the welfare business.

On 25th March, 2017, the leaders of Huizhou Keen Point Precision Plastic Co., Ltd. visited Hubo Village in Tonghu Country to consulate the old soldiers in difficulties under the assistance of the Association of Array Culture of Huizhan and Zhongkai High-Tech Industrial Development Zone. On 30th March, 2017, they sent consolation and daily supplies and bicycles to soldiers of such district.

During the reporting period, the consolation expenses of the Group to old soldiers in difficulties, demobilized soldiers and soldiers stationed in such district are RMB5,000 respectively.

8 Content Index of ESG Reporting Guide

Environmental Aspect

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
A1: Emission	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management Policies	
	KPI A1.1 The types of emissions and respective emissions data	Management of water resource; Management of Gas Exhaustion	
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Use of Resources	
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Management of solid wastes	
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Management of solid wastes	
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Management of Gas Exhaustion	
	KPI A1.6 Description of how hazardous and non- hazardous wastes are handled, reduction initiatives and results achieved.	Management of solid wastes	

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
A2: Use of resource	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environment Management Policies	
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources	
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Management of Water Resources	
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Use of Resources	
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Management of Water Resources	
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources	
A3: Environmental and natural resources	General disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment Management Policies	
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		The operating activities of the Company do not create significant impact on the environment and natural resources

Social Aspect

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Employment and Labour Practices			
B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Care for Employees, Employees relationship	
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	Number of employees	
	KPI B1.2 Employee turnover rate by gender, age group and geographical region		The mobility for first tier labour in the factory is huge, difficult to accurately calculate the turnover mobility
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.	Safe workplace	
	KPI B2.1 Number and rate of work-related fatalities.	Safe workplace	
	KPI B2.2 Lost days due to work injury.		During the reporting period, the number of lost days due to work injury of the Group is 302.
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safe workplace	

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Employment and Labour Practices			
B3: Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff development and training	
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Staff development and training	
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Staff development and training	
B4: Labour standard	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 standard	
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	Labour standard	
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	Labour standard	

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Operating Practices			
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	
	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, how they are implemented and monitored.	Supply Chain Management	
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 responsibilities	
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.		During the year there are no cases of recall for safety and health issues
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Product responsibilities	
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Continuous innovation	
	KPI B6.4 Description of quality assurance process and recall procedures. Product responsibility	Product responsibilities	
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product responsibilities	

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Operating Practices			
B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption and enhancement of governance	
	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 and enhancement of governance	
	KPI B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-Corruption and enhancement of governance	
Community			
B8 : Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Participation	
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Participation	
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Participation	