



# 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

2018

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## 1 ABOUT THIS REPORT

### 1.1 Reporting Standards

This report is the second sustainable development report for Xin Point Holdings Limited (the “**Company**” or “**Xin Point**”) and its subsidiaries (together as the “**Group**”). This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) set out in Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong, which covers the performance of the Group on aspects of environment, employment, supply chain and community investment during the financial year 2018.

This report is prepared according to the four major reporting principles of ESG Reporting Guide, including materiality, quantitative, balance and consistency.

- **Materiality:** We have engaged an independent consultant to conduct stakeholder engagement and materiality assessment, so as to understand the material environmental and social issues of our operations.
- **Quantitative:** We disclose quantitative environmental and social performance data in this report and provide comparable data in appropriate indicators.
- **Balance:** We disclose the year’s environmental, social and governance performance, and also mention relevant improvement space to present an impartial performance profile in this Report.
- **Consistency:** The scope of this report and the data statistics methods are consistent with the past in order to provide a fair comparison.

In the long run, we hope that through this report we will continue to improve our performance in sustainable development and enhance the transparency in sustainable development of the Group.

### 1.2 Reporting Year

The Group issues the Environmental, Social and Governance Report every year to disclose the performance in respect of our environmental protection and social responsibilities. This report describes the Group’s environmental, social and governance measures and results during the financial year from 1 January 2018 to 31 December 2018.

### 1.3 Reporting Scope

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

- Huizhou production base: Huizhou Xin Point Precision Components 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 Moulding Co., Ltd.
- Tianjian Production Base: Tianjin Jinxin Precision Plastic Components Co., Ltd.

In order to meet the demand of the growing customer base, we are expanding our international production capability. In addition to speeding up the construction of production lines in Changzhou, China, we also established a new production base in Mexico to expand the Group's business in North and South America. New production bases of Changzhou, China and Mexico are expected to commence trial production in mid-2019. We will incorporate the sustainable development performance of the new production bases in due course to improve the transparency in sustainable development information.

### 1.4 Contact us

We welcome your feedback on our sustainable development performance and the content of this report. We believe that your feedback is the driving force for our continuous progress. Should you have any feedback on our sustainable development performance or the content of this report, you are welcome to contact us through the following ways:

Address: Keen Point Industrial Park, Xikeng, Huihuan Town, Huicheng District, Huizhou City, Guangdong Province  
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 discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

### 1.5 Board Approval

This report was approved by the Board of Directors (the "Board") of the Company on 8 July 2019.

\* For identification purpose only



## 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 products. Subsequently, we expanded our business to plastic products, moulding production and electro-plating, and established our production bases in Wuxi City and Tianjing City in China.

In 2006, we began to supply automotive decorative 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 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 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 demands.

### 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 wheel components, console parts and cluster rings. We emphasize on our one stop production capability in mould production, plastic injection and electroplating. Affected by the production suspension of Wuxi production base in the second half of 2018, the Group's product yield rate for the whole year dropped to approximately 87.6%.

As an automotive plastic electroplated components supplier, we have accumulated extensive technical knowledge and developed advanced professional technologies, 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, drawing, black and titanium finishes.

Xin Point surpasses the overall industry in terms of quality control and governance. Our products are generally applied to passenger vehicles of globally renowned and luxury automotive brands, attributed to our strong reputation, production capability and high quality performance.

### 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 GOVERNANCE APPROACH

#### 3.1 Sustainable Development Framework

Our sustainable development approaches are ingrained in our strategy and decision-making process and are led by the Board of Directors, by maintaining an effective risk management and internal control systems, and reviewing the effectiveness of the systems regularly. The Board of Directors and senior management are responsible for decision-making and supervision related to sustainable development. The various departments of the Group are responsible for identifying, monitoring and evaluating sustainable development issues related to respective department, implementing measures of sustainable development, and reporting to senior management.

#### 3.2 Advocating Probity and Perfecting Governance

We strive to comply with national laws and regulations relating to bribery, extortion, fraud and money laundering. To minimize the operation risks 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<sup>1</sup>, 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 Group's actions or acquired based on the Group's information, holding or transferring any business opportunities of the Group, 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.

<sup>1</sup> The laws and regulations on prevention of bribery, extortion, fraud and money laundering which have material impact on Xin Point include the "Criminal Law of the People's Republic of China" and the "Anti-Money Laundering Law of the People's Republic of China".

### 3.3 Stakeholder Engagement

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"> <li>• Intranet</li> <li>• Staff meetings</li> <li>• Staff trainings</li> <li>• Staff interviews</li> <li>• Stakeholder questionnaire</li> <li>• Satisfactory survey of staff members</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Telephone communication</li> <li>• Opinion poll</li> <li>• Stakeholder questionnaire</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Annual and interim financial reports</li> <li>• "Investor Relations" web page on the Group's website</li> <li>• Press release</li> <li>• Stakeholder questionnaire</li> </ul>
Cooperation partners (suppliers and contractors)	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Audits and assessments</li> <li>• Telephone communications</li> <li>• Stakeholder questionnaire</li> </ul>
Governmental and regulatory institution	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Telephone communications</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Press conference</li> <li>• "Press &amp; Events" web page on the Group's website</li> <li>• Stakeholder questionnaire</li> </ul>
Community Organizations	<ul style="list-style-type: none"> <li>• Community welfare services</li> <li>• Communication with community members</li> </ul>

### 3.4 Materiality Analysis

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

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

The Group refers to the ESG Reporting Guide of the Stock Exchange to preliminarily identify the issues to be considered concerning development of the Group. The Group also preliminarily identified the relatively material issues on environment, social and governance in the industry through peer comparison and media analysis. During the year, we have identified 31 issues for consideration.

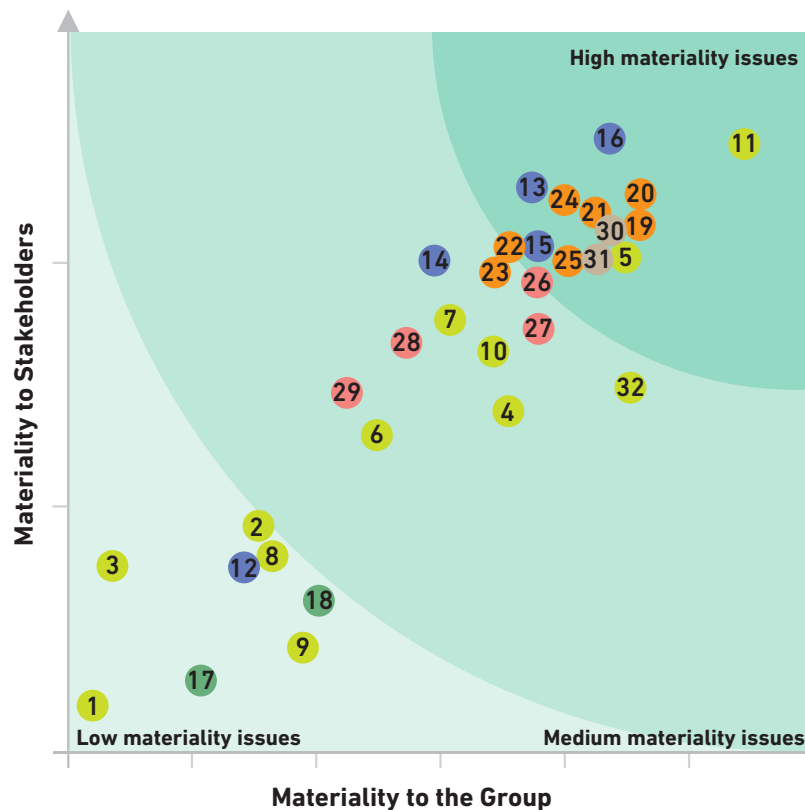
#### Step II: Ranking issues

ESG issues were ranked with based on the opinions of stakeholders collected from the questionnaires. We invited over 200 stakeholders to fill in questionnaires, upon which the Group analyzed the 31 issues based on the two dimensions — “materiality to the Group” 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 which were material to the Group.

#### Step III: Verifying results

The management of the Group verified the result with the third-party professional institution, and regularly confirm the materiality of issues with stakeholders.

The result of relevant materiality analysis is as follows:





	High Materiality Issues		Medium Materiality Issues		Low Materiality Issues	
<b>Environment</b>	5.	Sewage management	4.	Management of the use of water resource	1.	Effects on climate change
	11.	Environmental management	6.	Management of raw materials	2.	Management of the usage of energy
			7.	Management of wastes	3.	Management of greenhouse gases
			10.	Adoption of environmental protection technologies	8.	Management of recycling wastes
			32.	Prevention management of soil and groundwater pollution	9.	Environmental and natural resources
<b>Employment</b>	13.	Occupational health and safety	14.	Employee benefits	12.	Employment Conditions
	15.	Prohibition of child labour and forced labour				
	16.	Labour standards				
<b>Community investment</b>					17.	Community investments
					18.	Impact on the community
<b>Product and service responsibility</b>	19.	Product health and safety	22.	Consumers Privacy		
	20.	Product quality	23.	Complaints on product and service		
	21.	Protection of intellectual properties				
	24.	Product responsibilities				
	25.	Advertisement and marketing activities				
<b>Supplier management</b>			26.	Supplier management		
			27.	Examination of Suppliers		
			28.	ESG performance of suppliers		
			29.	Supplier training		
<b>Anti-corruption</b>	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 processes would have certain impact on the environment, such as the emission of "three wastes" (wasted water, solid wastes, exhaust gas). We strive to minimize the effects on the environment brought by the Group and comply with the applicable environmental laws and regulations. We formulate the environmental management policy 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, such as mould fabrication, injection moulding, insulating, plastic electroplating, spray painting, printing, laser engraving, and assembling, as well as the procurement, sales, transport, and after-sale services of raw material, so as to continuously and thoroughly improve our environmental management.

#### 4.1.1 *Environmental Risks and Management*

The production of Xin Point is supervised by the local environmental authority. Inadequate environmental management will bring tremendous impact to the enterprise. Therefore, we strictly comply with the "Environmental Protection Law of the People's Republic of China". Accordingly, the Group deliberately incorporate environmental management into the risk management mechanism and into the operation procedures of the Group, 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 risks identification and impact evaluation of environmental factors 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 Group have obtained the ISO14001 Environmental Management System certification.

The Group ensures that all the staff members understand the meaning and requirements of our environmental management approach 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 inadequate environment management that does not meet customers' requirement. Consistent communication with staff members can help to enhance our environmental management, and ensuring that both the staff members and management are effectively engaged in and contributing to the establish and improvement of our environmental management system.

#### 4.1.2 Environmental Regulation Compliance Management

We regularly review the compliance with environmental laws and regulations, in order to fulfill our pledge to 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 Group's management and its methods. The Group has also established the "Environmental Monitoring and Control Procedures" to monitor critical procedures and activities that might have a significant 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 manufacturing processes produce 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 fined or penalized 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 amounts of water and discharges 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 consumption of water in the electroplating process and reuse the large amount of electroplating wastewater and recycle precious metals, 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 consumption	Unit	Performance 2017	Performance 2018
Water consumption in production	cubic meter	501,235	591,016
Domestic water consumption	cubic meter	54,889	50,740
Water intensity	cubic meter/revenue(RMB'000)	0.296	0.313

The electroplating process produces industrial wastewater that carries heavy metal, 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 wastewater treatment compliance projects and technical solutions. The electroplating process produces wastewater containing heavy metals, while the spray painting process produces acidic and alkaline wastewater. If such wastewater is not properly handled, they would have a negative impact on the environment. In order to reduce the impact, the Group has required each plant to install 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 continuously process and monitor the discharge of wastewater through the industrial parks, 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 technologies and equipment, use of premium raw materials and improvement on management, we strive to reduce the emission of pollutants, and ensure that such prevention measures meet the national standards. During the reporting period, all of our emissions of wastewater meet the national requirements, whereas each pollutant emission 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 Pollutant Emission Standard DB 44/1597-2015" imposed by Guangdong Provincial Government.

### Case study

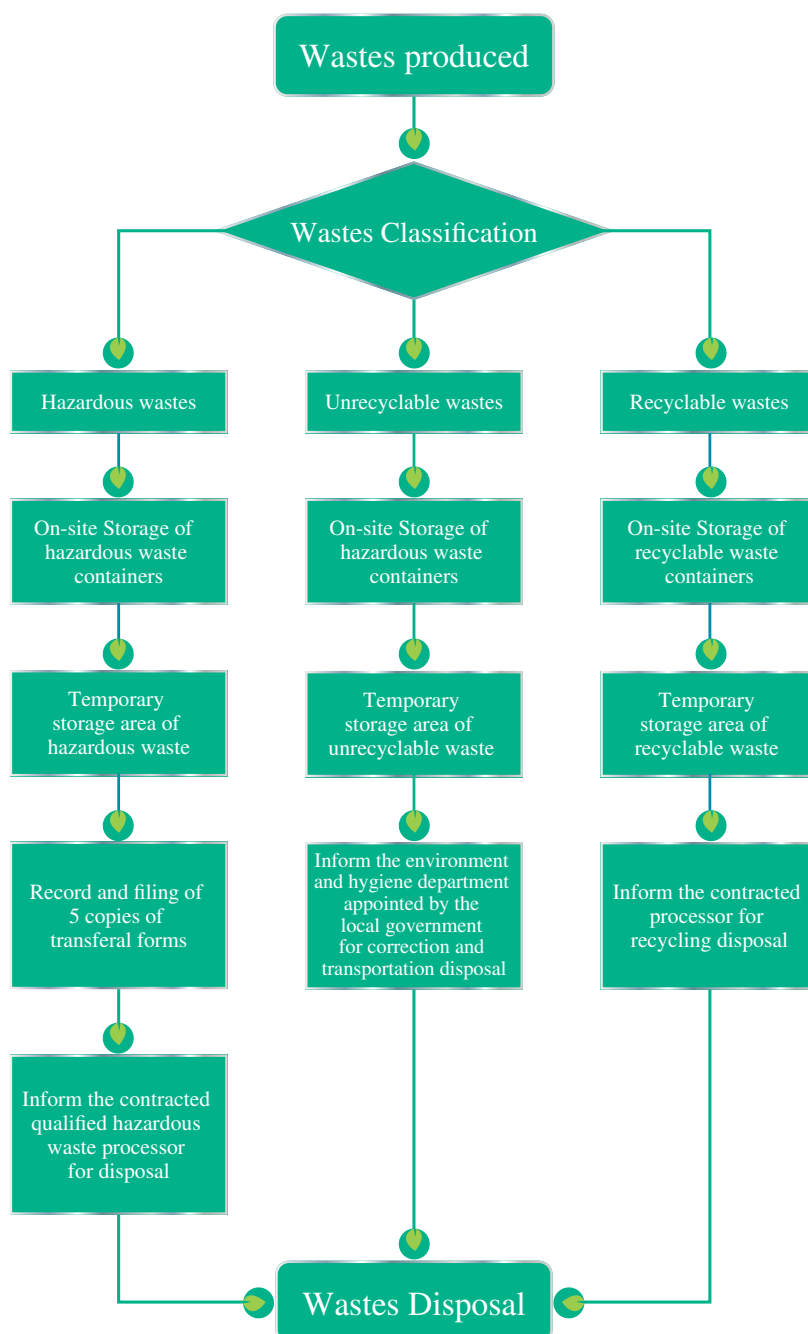
#### Copper and Nickel Recycling on Production Line and Permeated Liquid Recycling System

A metal recycling technology "microfiltration + ultrafiltration + membrane filtration" was used. The system collects the rinse water behind the metal aqueduct and then the water is pressurized by a booster pump. After passing through a cotton core filter and an ultrafiltration membrane, the rinse water is 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 figure, the cycle is stopped. Both the concentrated liquid 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 RMB1,939,356, the reduction of wastewater discharged to the environment was approximately 6,868 cubic meters, and the cost-saving of water was RMB464,130.

Wastewater quality index	Unit	Performance 2017	Performance 2018
Wastewater discharged in production	Tonnes	480,897	503,423
Wastewater discharged for domestic activities	Tonnes	53,508	41,295
Chemical Oxygen Demand(COD)	Tonnes	18	9
Ammonia nitrogen	Tonnes	1	1

### 4.3 Management of Waste

We strive to ensure that all wastes are properly and safely controlled 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”. As such, we have established the “Waste Management and Control Procedures”, to minimize the impact of wastes on the environment and realize the Group’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 ledger records, etc., and clearly specify the responsibilities of the relevant departments. With such well-established waste management system, we did not observe any non-compliance cases regarding waste disposal case during the reporting period.





We classify wastes by nature and store different categories separately to avoid contamination of valuable wastes. Then we contact the waste reusing or recycling processor, try to avoid proceeding wastes directly to the landfill/incineration, so as to increase the chances of making the best use of such resources, and reduce the burden on the environment.

As the electroplating wastewater is technically disposed, it will produce the highly harmful waste containing 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 producing units must centralize such hazardous waste to dispose, arrange special personnel responsible 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 suppliers. The service providers we engaged are all equipped with the relevant licenses and business licenses approved by the government.

Types of hazardous wastes	Unit	Performance 2017	Performance 2018
Electroplating Sludge	Tonnes	339	399
Electroplating liquid filter	Tonnes	26	89
Paint residue and paint cans	Tonnes	60	151
Intensity of hazardous wastes	Kilograms/revenue (RMB '000)	0.226	0.312

Types of non-hazardous waste	Unit	Performance 2017	Performance 2018
Plastic	Tonnes	1,887	2,031
Clean cloths	Tonnes	1	4
Household rubbish	Tonnes	128	132
Intensity of non-hazardous waste	Kilograms/revenue (RMB '000)	1.1	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 exhaust gas.



##### Hexavalent chromium atmospheric concentration recovery system

The acid mist is guided into the chromic acid recovery tower. The filter screen board blocks the chromic acid particles in the mist to make them coalesce 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 approximately 500 kilograms of chromic anhydride per month, which amounts to RMB11,000, and saves approximately RMB132,000 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 gas outlets of each plant. Each exhaust gas 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 Pollutant Emission Limit DB44/27-2001".

Types of exhaust gas	Maximum Density of Emission (mg/m <sup>3</sup> )***	Emission standard(mg/m <sup>3</sup> )	Performance 2018
Sulfuric acid mist	≤7.16	30*	Up to standard
Chromic acid mist	≤0.04	0.05*	Up to standard
Hydrogen chloride	≤6.3	30*	Up to standard
Non-Methane Hydrocarbon	≤7.54	120**	Up to standard
Methylbenzene	≤0.407	40**	Up to standard
Benzene	≤0.301	12**	Up to standard
Dimethylbenzene	≤0.849	70**	Up to standard
Particulate matter	<20	120**	Up to standard

Sources:

\* "Electroplating Pollutant Emission Standard" GB 21900-2008

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

\*\*\* The figure is taken from each gas emission outlet inspection report in 2018, and represents the maximum detected figure of the type of exhaust gas.

Types of exhaust gas	Unit	Performance 2017	Performance 2018
Methylbenzene	Tonnes	1.164	0.1026
Dimethylbenzene	Tonnes	0.295	0.1793

#### 4.5 Consumption 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 saving energy in machinery and equipment, fuel usage management, water leakage prevention, electricity for lighting and air conditioning, so as to contribute to slowing down global climate change. Our total greenhouse gas emissions in 2018 were 67,209.57 tonnes, with a emission density of 0.0327 tonnes carbon dioxide/revenue (RMB'000).

By using energy consumption monitoring, we learn that in 2018, the purchased electricity is 96,520.7 MWh, the total purchased steam is 26,327.1 tonnes, the total consumption of petrol and diesel is 80,749 liters and 162,567 liters respectively. The total direct energy consumption is 2,321.9 MWh, the total indirect energy consumption is 116,009.8 MWh, and the total consumption density is 0.0578 MWh/revenue (RMB'000). Meanwhile, for production process with higher energy consumption, we implement different energy saving and consumption reducing projects.



##### Energy Saving and Consumption Reduction of Ice Water Units

The cooling unit in the ice water units is manually deactivated in winter, and the pipelines are cooled by the combination of low temperature in the northern region and the cooling circulation pumps and cooling fans. During other seasons, when the electronic control design is used to drive the main cooling unit to cool the crafting pipelines, the cooling circulation pumps and the cooling fans are automatically switch on or off according to the cooling water temperature in the unit. The total annual saving of electricity costs is 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 forms a turbulence in the lower part of the chamber by matching 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 total annual saving of electricity costs is approximately RMB35,000.

In addition, this year we consumed other resources such as 3,137 tonnes of cartons (packaging materials) and 18 tonnes of office paper.

## 5 OPERATING PRACTICES

### 5.1 Supply Chain Management

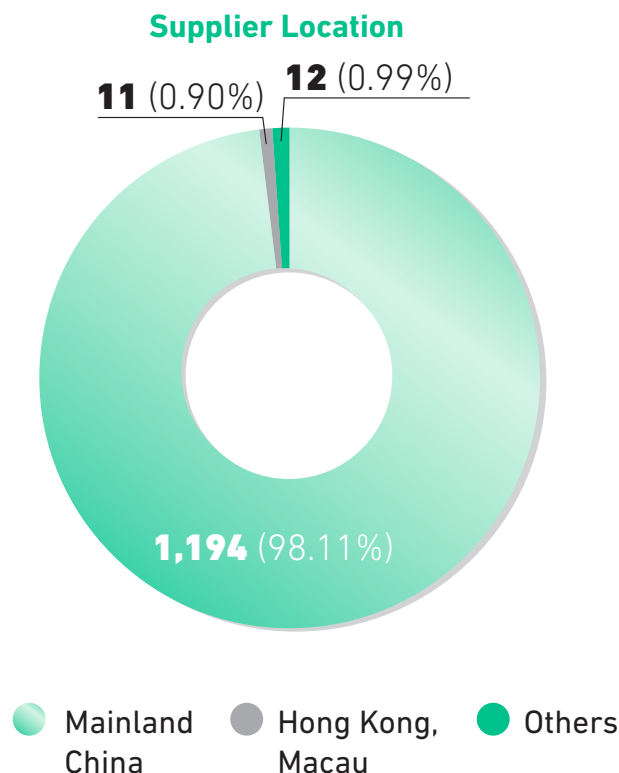
The Group is committed to provide quality electroplated automotive products. We believe that effective supply chain management is crucial to maintain the quality of products and has a material impact on the Group's business sustainability. We have established the "Supply Chain Management and Control Procedures" to regulate the selection, evaluation and review of 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 "Supplier Basic Information Survey Form" to the manufacturers for a basic background survey. After the steps of 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 include it to the list of approved green suppliers and request them to sign the "Green Procurement Agreement" formulated by the Group.

The Group's procurement department conducts annual review of the approved suppliers, including distributing the "Environment Quality Questionnaire for Suppliers", and the results will be recorded in the "Supplier Semiannual/Annual Review Form". If an supplier fails to pass the annual audit, or if there are any major quality or environmental incidents, 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 aspect 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 1,217 suppliers, which are mainly located in Mainland China.



## 5.2 Product Responsibilities

The Group aims to establish a leading scientific and technological enterprise in the plastic surface decoration industry, to pursue zero defect, 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 also follow the quality standards which industry requires and most of our plants are certified to the IATF 16949-2016 Automotive Quality Management System Standard. We promote the management approaches for quality requirements internally and ensure that employee at all levels clearly understand the content of the management approaches through various promotion channels, such as displaying management approaches on notice boards and billboards, and strictly follow and implement such approaches during production process.

In order to meet our quality requirements of 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. When encountering defective products, we will follow requirements of the "Product Marking Control Procedures" and affix return labels on defective products and combine the defective records into a summary table. At the same time, the quality management department will record the defective records in the ERP. The quality management department regularly analyzes the data of defects from the ERP system, and calculates the passing rate of each batch to obtain the final parts per million (PPM). The production department is responsible for submitting products for inspection to the quality management 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 continuously collecting customer's suggestions and handling customers' complaints carefully to improve the quality of products and services provided by us. Since 2012, the Group has filed 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 formulated the "Customer Complaints and Returns Procedures" in details for our customers, which clarifies 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 in the end of June and the end of December every year. Data under analysis is gathered through the "Customer Satisfaction Survey Form". Customers will rate us from six aspects, such as product quality, technical capability, prices, delivery capability, 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 2018 customer satisfaction survey conducted by Wuxi Jinxin Surface Decoration Co., Ltd., the customers rated an overall score of 95 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 spirit into our long-term development goals. Accordingly, we greatly promote technological innovation, encourage employee initiatives in product innovation, and provide bonuses for technological innovation. We also hold annual Summary Meeting of Xin Point Technological Progress and Innovation to praise employees for their innovation and technology. In the meeting of 2018, we honoured 328 employees for 47 innovation and technological progress projects in total. On the other hand, the Group has internal detailed records of patents which have been applied for, including the name of relevant processes, application status and type of patents, etc.

Due to increasing environmental protection requirements, the Group has also invested in the research of "Physical Vapor Deposition" (PVD) process on basic 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 on soft rubber material to further enhance the Group's competitiveness. At the same time, we applied for and were granted the invention patent for this process, namely "A Plastic Surface Coating Process". The annual sales of the PVD project has reached more than RMB10 million and is being in growing stage.

In respect of the product technology confidentiality system, the Group clearly stated the specific scope, requirements, measures and treatment method for protection of confidential information by employees, and formulated the "Confidentiality 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 with the corresponding rewards and penalties system attached. In the event of a leak of confidentiality 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 according to "Employee Handbook" or legally liable.

## 6 CARE FOR EMPLOYEES

The Group deeply understands the importance of employees to the Group, in which the development of the Group relies on the endeavour of employees. We regard employees as the cornerstones to the Group's development and caring for employees is one of our important responsibilities. We strive to create a good working environment and condition for employees, maintain good labour relations to attract and retain talents in compliance with the "Labour Law of People's Republic of China" and the "Law on Labour Contracts".

The Group adopts fair employee recruitment. During the process of recruitment, we comply with an open, fair and just principle, and candidates are treated fairly without consideration to factors such as 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 employees in order to attract and retain talents. We provide competitive remuneration and welfare as well as promotion opportunities for employees. Besides 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 remuneration of the employees is adjusted according to evaluation and recognition of work performance, and the relevant approval procedures are executed according to internal management systems.

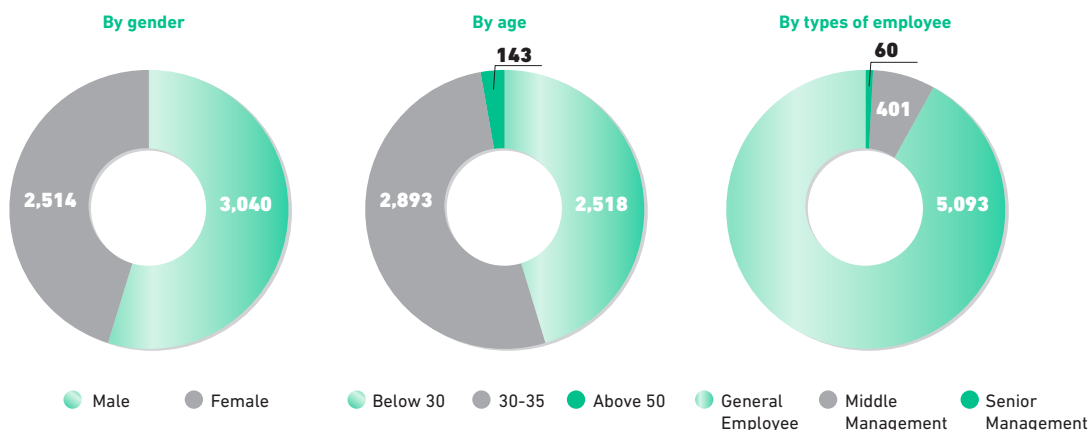
Apart from remuneration, we also provide attractive promotion opportunities. Whenever there is vacancy, we will first consider internal promotion application, in order to provide diversified opportunities of development to employees. We detailedly indicate requirements in relation to remuneration, welfare, attendance, leave, resignation in our "Employee Handbook" to make employees understand their rights and obligations clearly.

The Group values the communication with employees and set up guidelines for internal communication. If employees have different opinions 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 lodge 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 employees to put forward suggestions on the operation and development of the Group. Once such suggestions are adopted, appropriate incentives will be provided by the Group as encouragement.

The Group also requires the human resources department to conduct survey on employee satisfaction regularly. We collect data of the satisfaction level and views from employees in areas such as the Group's management, work, personal development, welfare, etc. by anonymous questionnaires. The relevant results will be analysed and then sent to the relevant departments to make improvement. Apart from a survey of employees' satisfaction, human resources department would also collect opinions from employees by means of exit interview, suggestion box and work summary to ensure opinions from the employees can be effectively reflected.

## 6.2 Number of Employee

As of 31 December 2018, the Group had 5,554 employees (2017:4,638). They are mainly responsible for work such as production, research and development, quality assurance, human resources, administration and finance, maintenance, logistics, procurement, marketing and management.



## 6.3 Safe Workplace

Apart from employees' welfare, we attach more importance to the employees' safety at work. We comply with the approach 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 the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases" and the "Regulation for Prevention of Dust Lung Disease of People's Republic of China" and establishes the "Regulation On The Management of Safe Production". Such policies regulate the Group' safety training, inspection and management, and provide guidelines about maintaining safety at work. Meanwhile, we establish safety management committee in each subsidiary, which is composed by management and employee representative to conduct regular safety inspection for production facilities and ensure employees compliance to the safety measures and the existing production procedure.

We provide appropriate 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. The safety training includes the fundamental knowledge of safety, such as hazardous chemical, firefighting, use of electricity and mechanical operation. As for department, each department has to provide safety training to employees according to training plan. The new employees 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 induction. Such requirements can ensure that employees would have adequate ability to cope with safety requirements at work.

In view of fire accidents in the Group's factory in the past, the Group has taken strict measures to prevent similar accidents from occurring. 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 applied and approved by the administration department. The details of use should be clearly stated in the application form, including the place in use, time, reason and the name of the relevant supervisor. The responsible person of safety will also inspect area where fire is used and prepare relevant documents for record purpose after approval is granted. Any personnel who use the fire in the factory without prior approval will be punished or dismissed.

We also regularly maintain the fire fighting facilities and conduct fire drill. At the same time, we closely monitor the production area storing explosive and flammable materials, and install fire detection and alarm system which would minimize the fire impact on the Group's production. Our security personnel also conduct safety patrol 24 hours a day, to prevent fire and ensure safety in the production area.

During the reporting period, there is no case of work-related fatality.

#### 6.4 Employee Development and Training

Providing training to employees enables them to have full personal development opportunities while enhancing the Groups' productivity. The human resources department of the Group learn about demand of training of every department by means of interview, questionnaire and direct feedback, etc, at the beginning of every year in order to set up an appropriate annual training plan. Apart from the annual training plan, the human resources department is responsible for developing and providing induction training course. The course covers safety at production, management approach of the company, quality and environment awareness, product quality risk, etc, to enable employees have adequate awareness of safety and environment before entering the post formally. We set up an examination after training to ensure the employees clearly understand relevant knowledge and apply relevant knowledge at work effectively.

There are 4,590 trained employees of the Group during the reporting period (2017:3,962) and each of them received training of 6.84 hours in average (2017:7 hours).

Percentage of trained employees in 2018			
By gender		By types of employee	
Gender	Percentage of trained employees	Type of employee	Percentage of trained employees
Male	86.74%	Senior Management	21.67%
Female	77.68%	Middle Management	96.26%
		General Employee	82.29%

Average training hour per employee in 2018			
By gender		By types of employee	
Gender	Average training hour per employee (hour)	Type of employee	Average training hour per employee (hour)
Male	7.00	Senior Management	1.00
Female	6.64	Middle Management	4.80
		General Employee	7.07

### 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 business. In accordance with the "Law of The People's Republic of China on Employment Contracts", the Group prohibits employment of child labour or forced labour in any positions. When recruiting, we emphasise the minimum age requirement of the candidates. During the recruitment 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 identity again to ensure correctness before signing labour contract and providing training. If any falsehood is discovered, the human resources department of the Group will not employ such individual due to fraud. If child labour is found, the Group will suspend his/her work at once and handle it properly.

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 law and regulations which states the relevant employment terms to ensure the employee's understanding of the relevant employment without any restriction or unreasonable condition. 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 case regarding child labor or forced labor.

## 7 COMMUNITY INVOLVEMENT

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 various voluntary work and devote in the welfare business.

At the same time, we use the advantages of the business to cultivate talents in the electroplating industry. In August 2018, a total of 27 students from the School of Chemical Engineering and Chemistry of Harbin Institute of Technology attended the internship at the headquarter of Xin Point Corporation Group. We provide interns with internship in specific positions, industry experience lectures, plant visits, and exchanges with alumni from previous years, to experience production processes and advanced facilities related to their studies. Through this internship, students can increase their knowledge of the electroplating industry and process, and gain knowledge outside the classroom.



## APPENDIX I: ESG REPORT CONTENT INDEX

### ENVIRONMENTAL ASPECT

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Aspect 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, Management of Exhaust Gas	
	KPI A1.1 The types of emissions and respective emissions data	Management of Water Resource, Management of Exhaust Gas	
	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 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 Wastes	
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Management of Water Resource, Management of Exhaust Gas, Use of Resources	
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Management of Wastes	

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Aspect A2: Use of resource	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management Policies, Use of Resources	
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (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 Resource	
	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 Resource	
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources	
Aspect A3: Environmental and natural resources	General disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Management Policies	The operating activities of the Group do not create significant impact on the environment and natural resources.
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		The operating activities of the Group 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
<b>Employment and Labour Practices</b>			
Aspect B1: Employment	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(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</p> <p>KPI B1.1 Total workforce by gender, employment type, age group and geographical region.</p> <p>KPI B1.2 Employee turnover rate by gender, age group and geographical region</p>	<p>Employees Relationship</p> <p>Number of Employees</p>	
Aspect B2: Health and safety	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>KPI B2.1 Number and rate of work-related fatalities.</p> <p>KPI B2.2 Lost days due to work injury.</p> <p>KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	<p>Safe Workplace</p> <p>Safe Workplace</p> <p>Safe Workplace</p>	<p>The mobility for first tier labour in the factory is huge, difficult to accurately calculate the turnover rate.</p> <p>During the reporting period, the number of lost days due to work injury of the Group is 546.</p>

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Aspect B3: Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training	
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development and Training	
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Employee Development and Training	
Aspect 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	
<b>Operating Practices</b>			
Aspect 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	

Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.		During the year there is no case 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 Responsibility	
	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 Responsibility	
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility	
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption 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	



Aspect	General disclosure and description of key performance indicator	Chapter of report	Note
<b>Community</b>			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community 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	