

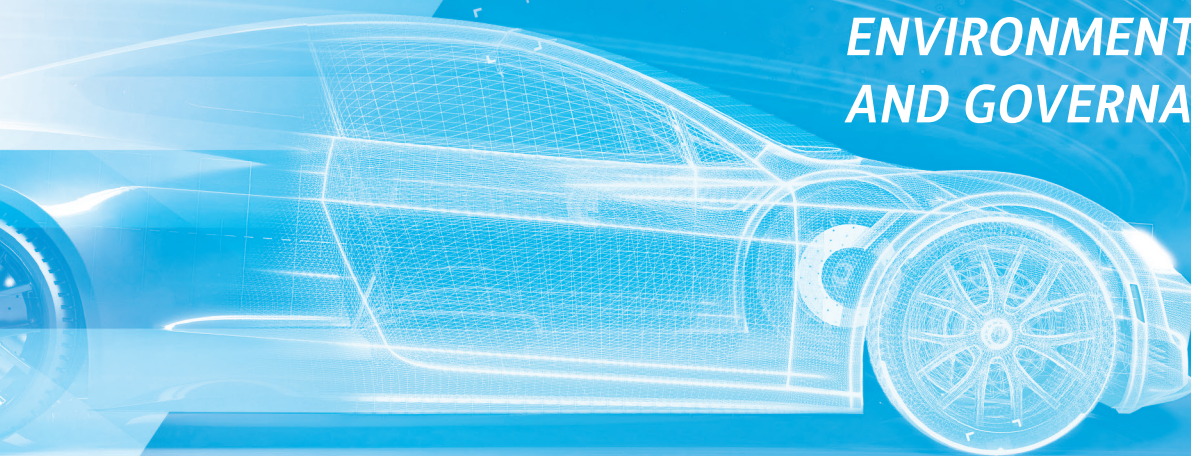
# Shinelong Automotive Lightweight Application Limited 勳龍汽車輕量化應用有限公司

(Incorporated in Cayman Islands with limited liability)

Stock Code : 1930

# 2020

*ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT*



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# About This Report

## OVERVIEW

This report is the second Environmental, Social and Governance Report (hereinafter referred to as the “ESG” Report) issued by Shinelong Automotive Lightweight Application Limited, which focuses on the disclosure of information on the social and environmental performance of the Company for the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”), and some information is retroactive to 2019 and before.

## BASIS OF PREPARATION

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

## EXPLANATION FOR REFERENCE

For the convenience of wording and reading, the “Company” or “Shinelong” refers to “Shinelong Automotive Lightweight Application Limited”, and the “Group” refers to Shinelong Automotive Lightweight Application Limited and its subsidiaries. Unless otherwise specified, the monetary figures in this report are denominated in Renminbi (RMB).

## REPORTING SCOPE AND BOUNDARY

The policies, statements, information and data in this report covered all principal business of the Group. The key performance indicators (“KPIs”) in this report were mainly from the following operating entities:

- Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited (“Shinelong Intellectual Manufacture”)
- Qingdao Xunzhan Molding Technology Company Limited
- Xunhou Laser Technology (Suzhou) Company Limited
- Kunshan Longjun Management Consulting Company Limited

## CONFIRMATION AND APPROVAL

This report was considered and approved by the Board on 26 March 2021 upon confirmation by the management. The Board of Directors understands they are obliged to take full responsibility for the Group’s ESG strategy and reporting.

## AVAILABILITY OF AND FEEDBACK TO THIS REPORT

This report is available in both Chinese and English versions for readers’ reference. The electronic version of the report is available on the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) and the website of the Group (<http://www.shinlone.com.cn>).

The Group values the opinions of the stakeholders and welcomes readers to contact us through the following contact details. Your opinions will help us further improve our overall ESG performance.

Email: [sophia@shinlone.com.cn](mailto:sophia@shinlone.com.cn)

# Responsible Operation

## ABOUT US

The Group is a developer and major supplier of customised moulds in the People's Republic of China, with a focus on moulds for the production of automotive parts which cater for the growing trend of automotive lightweight application, electrical appliance and other parts. The Company's shares have been successfully listed on the Main Board of the Hong Kong Stock Exchange on 28 June 2019.

Being a professional "intellectual manufacturer" of moulds for more than 19 years of operation history, the Group adheres to the concept of innovation and development, vigorously expands its business, and successively sets up production plants in Kunshan and Qingdao, China. By virtue of a strong reserve of technical knowledge, Shinelong Intellectual Manufacture, a subsidiary of the Group, was awarded the certificates of High Technology Expertise and China's Key Enterprise of injection Die & Mould Manufacturing Certificated by China Die & Mould Industry Association (CDMIA), laying further foundation for the Group's position in the industry.

## COMPLIANCE OPERATION

The Group firmly believes that integrity is the foundation of an enterprise and advocates the corporate culture of integrity. In order to create a transparent, fair and honest operation environment, the Group strictly abides by relevant laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China and the Company Law of the People's Republic of China, on basis of which it formulates and implements the Anti-corruption Management Regulations and the Whistle-blowing Policy to define the scope of management, misconducts and frauds, and to standardise the confidentiality and investigation procedures.

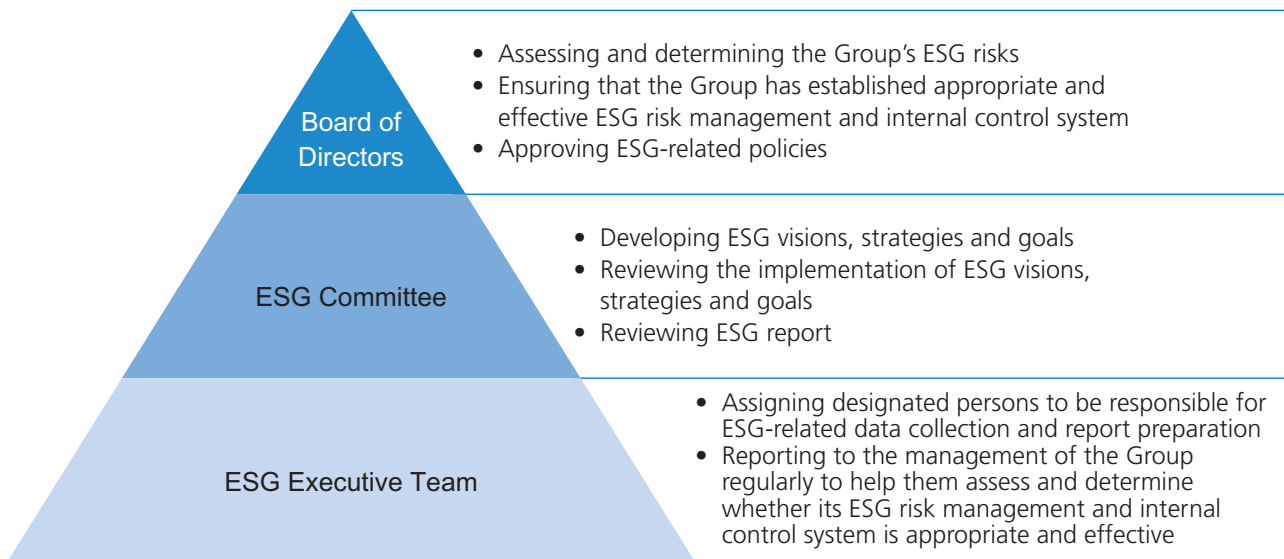
The Group encourages stakeholders to report any suspected misconduct or fraud within the Group, ensuring the reports and feedbacks of stakeholders are handled properly and providing protection and support for them in accordance with the Whistle-blowing Policy. The Group receives, retains and deals with the whistle-blowing from stakeholders through the Company Secretary and Internal Audit Office, and promises to give feedback on the whistleblowing within five working days. The Group prohibits any act of discrimination or retaliation, and any obstruction, intervention or hostile measures against the persons involved in the investigation. The Group will take demerit recording, dismissal, termination of labour contract and other sanctions against the person who divulges the whistleblower's information in violation of regulations or takes retaliatory actions against the informant. For those who violate the law, the Group will transfer them to relevant government departments or judicial organs according to law.

The Group encourages suppliers to report improper business behaviors to the Senior Management or Internal Audit Office by executing a letter of commitment against commercial bribery with its major suppliers. In addition, the Group incorporates the punishment rules for fraud into the Code of Conduct, and organises training on anti-fraud management regulations to improve the awareness on business ethics of its employees. During the Reporting Period, there was no corruption incident within the Group.

# Responsible Operation

## ESG GOVERNANCE

The Group integrates ESG governance into enterprise operation management to effectively implement ESG governance. The Group has formed a top-down ESG management framework consisting of three levels, namely the Board of Directors, ESG Committee and ESG Executive Team. All levels are given with clear duties to support the ESG management of the Group.



**ESG Governance Structure**



# Stakeholder Engagement

The Group believes that good communication with stakeholders will help to fully evaluate its ESG performance. In 2020, the Group identified the groups of stakeholders that are influential to the Group and set up various communication channels to enhance understanding on the demands of stakeholders. The topics that different stakeholder groups concerned and the methods of communication and response of the Group in the Reporting Period are listed as follows:

Stakeholders	Issues of Concern	Methods of Communication	Frequency
<b>Government and Regulatory Agencies</b>	<ul style="list-style-type: none"> <li>o Policy impact</li> <li>o Compliance Operation</li> <li>o Risk control</li> </ul>	<ul style="list-style-type: none"> <li>o Policies and regulations</li> <li>o Interview</li> <li>o Report</li> </ul>	To be conducted on an irregular basis
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>o Risk control</li> <li>o Compliance Operation</li> </ul>	<ul style="list-style-type: none"> <li>o General meeting</li> <li>o Announcement</li> </ul>	To be conducted on a regular basis
<b>Customers</b>	<ul style="list-style-type: none"> <li>o Customer relationship</li> <li>o Customer privacy</li> <li>o Product and service quality</li> </ul>	<ul style="list-style-type: none"> <li>o Customer feedback</li> <li>o Company website</li> <li>o Visit</li> </ul>	To be conducted on an irregular and regular basis
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>o Supply chain management</li> <li>o Product quality</li> </ul>	<ul style="list-style-type: none"> <li>o Purchasing information and contracts</li> <li>o Consultations</li> </ul>	To be conducted on an irregular basis
<b>Employees</b>	<ul style="list-style-type: none"> <li>o Employees' rights and interests</li> <li>o Staff training and development</li> <li>o Health and safety</li> <li>o Remuneration and rights of employees</li> </ul>	<ul style="list-style-type: none"> <li>o Professional training</li> <li>o Employee activities</li> <li>o Internal communication</li> </ul>	To be conducted on an irregular and regular basis
<b>Community</b>	<ul style="list-style-type: none"> <li>o Charity</li> <li>o Maintenance of community relationships</li> </ul>	<ul style="list-style-type: none"> <li>o Community activities</li> </ul>	To be conducted on an irregular basis

The scope of this ESG report is determined by identifying key stakeholders and communicating with them on an ongoing basis to identify and rank the ESG-related issues that they consider material. We collected relevant materials and data and compiled the report based on the information, and analysed the information in the report and prepared the content in accordance with the principles of materiality, quantitative, balance and consistency.

During the Reporting Period, the Group conducted communication with stakeholders through ESG questionnaire survey, so as to clarify the focus and expectation of each stakeholder on the Group's ESG governance. Based on the feedback from stakeholders, the Group obtained the matrix of material ESG issues in 2020 based on peer benchmarking.

# Stakeholder Engagement



No.	Issue
<b>Operational issues</b>	
1	Corporate governance
2	Community contribution and charity
3	Community communication
4	<b>Management of product and service quality</b>
5	<b>Protection of customer privacy</b>
6	<b>Protection of intellectual property</b>
7	<b>Anti-corruption management</b>
8	Supplier management
<b>Environmental issues</b>	
9	Energy consumption
10	Management of water resources
11	<b>Management of pollutant emissions</b>
12	Waste management
13	<b>Reduction in the impact of production and operation on the environment</b>
14	Management of greenhouse gas emissions
15	Management of packaging materials
<b>Employment issues</b>	
16	Fair employment
17	Compensation and benefits
18	<b>Occupational health and safety</b>
19	<b>Development and training of employees</b>

Through assessment and analysis procedures, we have concluded eight ESG issues that are material, namely management of product and service quality, protection of customer privacy, protection of intellectual property, anti-corruption management, management of pollutant emissions, reduction in the impact of production and operation on the environment, occupational health and safety, and development and training of employees. This report will introduce the management measures for the above ESG-related issues and report the practical ESG performance to all sectors.

# Intellectual Manufacture

The Group is well aware of the importance of mould stability and reliability in mass production to downstream product quality. Therefore, the Group is committed to bringing the best quality of Shinelong “intellectual manufacture” to customers by strictly controlling product quality and focusing on product innovation.

## QUALITY MANUFACTURE

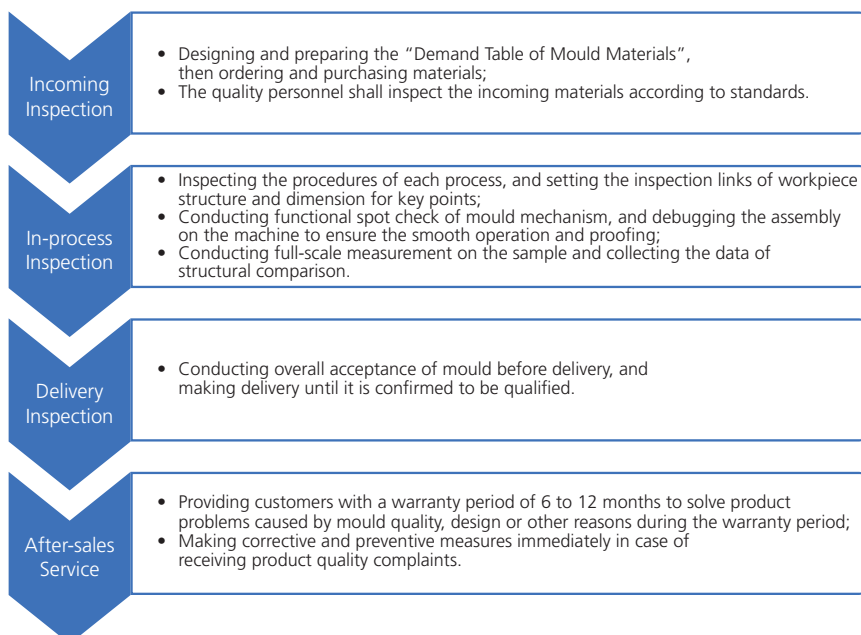
At present, Shinelong Intellectual Manufacture, a subsidiary of the Group, has attained the certification of ISO 9001 quality management system and IATF16949 Certificate. The Group strives to ensure the control of the whole process from raw materials to finished products through the quality control covering multiple processes such as incoming inspection, in-process inspection, delivery inspection and after-sales service, so as to continuously improve product quality and customer satisfaction as well as market competitiveness. In order to constantly improve quality management, the Group has developed and implemented a series of procedural documentations, such as the Quality Manual, Management Measures for Incoming Inspection, Operation Instruction for Incoming Inspection, Operation Instruction for In-process Inspection and Standards for Delivery Inspection.



Certificate of ISO 9001 Quality Management System



IATF16949 Certificate





# Intellectual Manufacture

## PRODUCT INNOVATION

Research and Development (“R&D”) and innovation are the core competitiveness of an enterprise. The Group has always adhered to the R&D concept of “Daring to innovate, continuing to surpass (勇於創新, 持續超越)”, constantly explored innovative technologies in the fields of automobile lightweight technology as well as mould R&D and design, and upgraded the mould manufacturing process and procedures. In 2018, Shinelong Intellectual Manufacture, a subsidiary of the Group, won the certificate of “High Technology Enterprise” jointly issued by Jiangsu Provincial Department of Science and Technology, Department of Finance and Tax Bureau, and won the title of “China’s Key Enterprise of injection Die & Mould Manufacturing” certificated by CDMIA. During the Reporting Period, the Group invested RMB8.06 million in R&D.



Certificate of “High Technology Enterprise”



Certificate of “China’s Key Enterprise of injection Die & Mould Manufacturing”

# Intellectual Manufacture

The Group attaches great importance to the protection of intellectual property, strictly abides by relevant national laws and regulations on intellectual property, and formulates a sound management system for intellectual property. As of 31 December 2020, the Group had 73 authorised patents, including 19 invention patents, 53 utility model patents (with an addition of 6 new patents) and 1 design patent.

## CUSTOMER SERVICE

The Group continuously optimises customer service and communication mechanism to improve service quality. In the middle of each year, the Group conducts satisfaction survey on customers in different fields, such as automobile mould and electrical appliances moulds, and obtains customers' opinions and feedback on various aspects including product delivery date, product quality, packaging quality, attitude of business personnel, coordination and cooperation, aftersales service and overall impression of the Group.

Attaching great importance to customers' opinions and suggestions, the Group constantly improves complaints and feedback channels and relevant management systems to ensure that customers' feedback and complaints are handled properly in a timely manner.



### Customer Complaint Handling Procedures

The Group's products are intended for enterprises and not the general public. For this reason, the Group's business does not involve advertising, labelling and product recalls, nor does it have access to the personal information of the general public. If there is any problem in product processing or design, the Group will assist the customer in correcting it in a timely manner.

The Group treats customers' confidential business information in strict confidence and executes confidentiality agreements with customers. In addition, the Group executes confidentiality agreements with all employees when they are employed to prevent the disclosure of confidential documents and information of the Company and to safeguard the interests of the Group and its customers. The Group provides institutional and technical guarantee for important information of customers by continuously strengthening information storage and management.

# Intellectual Manufacture

## Information storage

- Order information will be encrypted into specific numbers once obtained from customers to ensure the confidentiality of the important information
- Relevant drawings and data of customers are stored in the internal server of the Company, where unauthorised personnel could not read or obtain such information

## Information management

- Hierarchical management of permissions is adopted in the storage server to classify the data, unauthorised personnel could not access to such information
- Login history is enforced in our server to monitor who is logged in and what content has been accessed
- All important personnel concerned shall sign a non-competition agreement

# Business Partnership

The Group continues to give full play to its technical and experience advantages, and promotes the upstream and downstream supply chain cooperation as well as the healthy development of the industry by helping suppliers improve their management performance and promote responsible procurement.

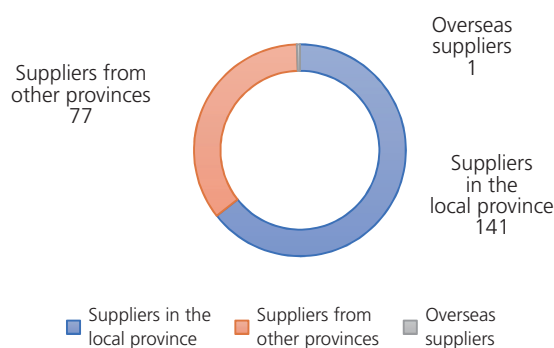
## SUPPLIER MANAGEMENT

The stable quality of suppliers is the basic guarantee of the Group's product quality. In order to ensure the quality of suppliers' products, the Group has formulated audit documents such as the Procurement Control Procedures and the Supplier Investigation and Evaluation Form, which are used to investigate and evaluate the quality control ability, management ability, processing and production ability, product development ability, quality assurance system and employee training of suppliers.



### Supplier Selection Procedures

In order to better control the risk of the supply chain, the Group conducts quarterly and annual audits by classifying suppliers into four levels (A/B/C/D) with three review dimensions by delivery date, service and quality. Among them, D suppliers will be eliminated; C suppliers shall make rectifications as required, and the cooperation will be continuing only after they are qualified in the re-evaluation. At the same time, the Group attaches great importance to the communication and interaction with suppliers. We maintain efficient and timely multi-channel communication with suppliers in all processes of quotation, ordering and delivery, and negotiate and communicate in person with suppliers in case of important issues. During the Reporting Period, the Group had 219 suppliers in total. We are supportive of promoting the local economy, and therefore there is a large number of suppliers in the local province. The distribution of suppliers is shown as follows:



# Business Partnership

## INDUSTRY PARTICIPATION

While focusing on the development of itself, the upstream and downstream of the supply chain, the Group has studied and overcome the technical difficulties of the industry, and brought benefits to automobile lightweight through R&D innovation such as composite process technology.

The Group attaches great importance to industry cooperation and collaborative development, actively participates in industry activities at home and abroad, and conducts in-depth exchanges with peers on industry development and innovation technology. In 2020, the Group was invited to participate in the Industry Supply and Demand Coordination Meeting for Auto Parts in Kunshan (昆山市汽車零部件行業供需對接會) in June, and was invited to participate in the 5th International Conference on Advanced High Strength Steel and Press Hardening (第五屆高強鋼暨熱衝壓成形國際會議) held in Shanghai in November, which was a major academic conference on the material, process, equipment R&D and market services of high performance metal. In December, the Group also participated in various exhibitions including the 5th Development Trend Exhibition of Advanced Electronics Industry in China (第五屆中國先進電子產業發展趨勢展覽會), at which our participants learnt and observed the advanced products and technologies in the industry, and conducted product and technology exchanges with our peers.



## Staff Cohesion

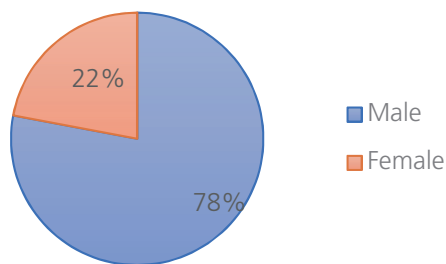
Employees are not only the cornerstone for the development of the Group, but also the greatest wealth. The Group adheres to “people-oriented” principle, respects the rights and interests of employees, and attaches importance to personnel training. The Group strives to create a fair, just and open working and development environment for our employees.

### EMPLOYMENT OVERVIEW

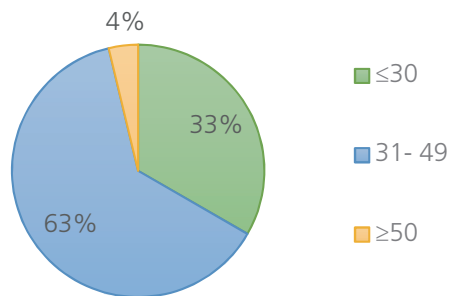
Strictly abiding by the Labour Law of the People’s Republic of China, the Labour Contract Law of the People’s Republic of China and other laws and regulations, the Group has formulated and implemented the Human Resource Management Regulations and Code of Conduct to standardise the employee management. The Group puts an end to discrimination on race, nationality, religion and gender, and prohibits child labour and forced labour. In the recruitment process, the Group carefully reviews the information of job seekers to avoid the recruitment of underage candidates. The Group will deal with it in strict accordance with legal procedures once there is any child labour or forced labour. During the Reporting Period, there was no child labour or forced labour within the Group.

The Group strives to select the right personnel to make the best use of their talents for the role, and to achieve the matching of “people” and “role”. The Group recruits talents according to business needs, and constantly expands the talent team through new media, human resources market, campus recruitment and internal recommendation. As of 31 December 2020, the Group had 345 employees, all employees are full-time with China as their work location. The employee distributions by gender, age and function are shown as follows:

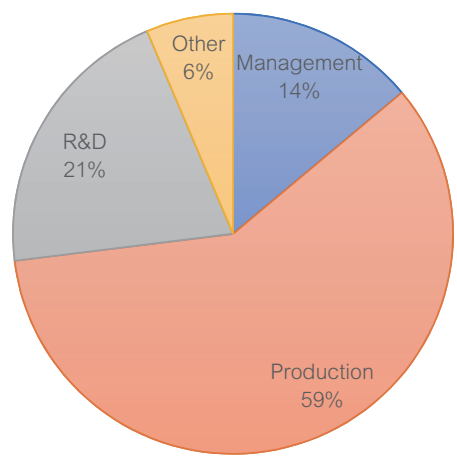
Employee distribution  
by gender (%)



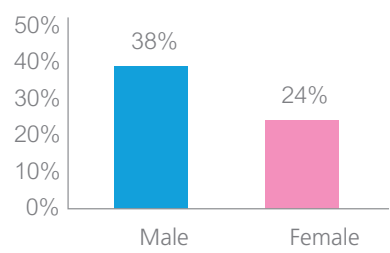
Employee distribution  
by age (%)



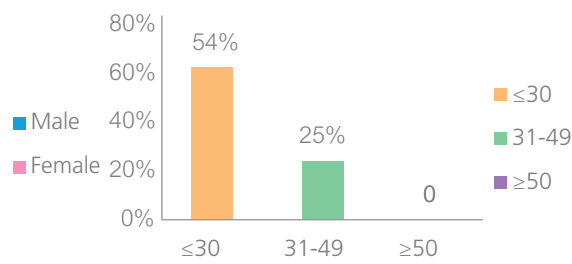
Employee distribution by function (%)



Employee Turnover Rate by gender (%)



Employee Turnover Rate by age (%)



# Staff Cohesion

## TRAINING AND DEVELOPMENT

In order to satisfy the long-term development of the Group and its employees, the Group provides pre-service training, in-service training, job-transferring training and professional technology updates to employees to help them understand the Company's rules and regulations, safety education, ISO 9001 quality management system, and master the professional skills of the post. Each department shall fill in the Demand Form of Education and Training every year as required. For internal training, the leading unit or department shall prepare teaching materials. External training is organised by the administrative management centre to select appropriate training institutions.

In order to ensure that the employees have the ability required by the post, the Group assesses the attitude, quality, skills and learning ability of new employees through probation. The employees with excellent performance are allowed to apply for formal employment in advance, and for those with poor probation results, the probation time will be extended as the case may be or transferred to other departments for probation or being terminated. In order to facilitate the continuous learning and promotion of employees, the Group conducts annual assessments on officially employed employees with respect to their work efficiency, attitude, knowledge and ability.

The Group supports the development of its employees with a clear career ladder. Apart from traditional grade-by-grade promotion opportunities, we have also established a promotion mechanism for those who have made outstanding contributions to the Company or have special talents to be promoted by multiple grades. We also encourage our employees to find the most suitable path for development. While employees can be promoted along the established paths, they can also adjust their career path in a cross-promotional way with the directions they wish to develop.

# Staff Cohesion

## The Book Club

As the saying goes, “reading enriches the mind”. We strongly promote a reading culture and hold two book club meetings every month, and the middle and senior management are invited to join and share their reading experience and explore suggestions and solutions for internal improvement. The Book Club encourages the core cadres of all departments with each person spending 5-10 minutes to summarise and share their learning experience in management, sales, history, philosophy, economic and professional technology, and thus improving their learning enthusiasm and expression ability, as well as improving work efficiency.



**The Book Club**

In addition, the Group also provides employees with featured training on classic studies of Chinese ancient civilisation, workplace communication and other aspects, to help employees expand their horizons.

# Staff Cohesion

## Featured Training on How to Become a Valuable Employee

On 22 August 2020, the middle and senior staffs of each department attended an external featured training, “How to Become a Valuable Employee”. The course allowed participants to think about the definition of value from the Company’s perspective, how to discover their own value and that of their subordinates, how to increase and utilise their own value, and how to align their own value with that of the Company to add value to themselves as well as the Company. Most of the participants benefited from the course and held sharing sessions in their respective departments to share key points and experience from the course.



**Sharing session within a department on “How to Become a Valuable Employee”**

The percentage of staff training and the average number of hours trained during the year are as follows:

Indicator		2020	
		Percentage	Average number of hours
Trained employees by gender	Male	93.8%	11.3 hours
	Female	98.0%	10.5 hours
Trained employees by function	Management	91.8%	13.8 hours
	Production	93.4%	12.5 hours
	R&D	99.2%	6.7 hours
	Other	100%	7.2 hours



# Staff Cohesion

## COMMUNICATION AND CARE

The Group knows well that employees are the core force for the development of an enterprise, and values their efforts in work. We regularly review our employee compensation packages, which are determined by taking into account market information and individual performance, in order to provide our employees with the results they deserve. The Group also provides employees with all kinds of benefits, such as annual health examination, birthday greetings and gifts on Women's Day. The Group attaches great importance to the health and life quality of its employees, strives to provide full support for employees, and regularly organises a series of activities with the theme of "work-life balance", such as annual dinner and gathering activities, so as to help employees reduce pressure, maintain work enthusiasm, and let them feel the warmth of home in busy work.

### 2020 Annual Dinner of Shinelong Intellectual Manufacture

The Group holds an annual dinner before each lunar new year, including dinner party, performance, lottery, game and other activities. It is aimed to summarise the past and look forward to the future, and take this opportunity to thank all employees, cooperative factories and suppliers for their hard work throughout the year, as well as customers' trust in and recognition of the Group. At the same time, the Group awards "Touching Shinelong (感動勳龍)" trophies and gifts to employees who have served in the Group for 10 years and 15 years in return for their continuous efforts.



2020 Annual Dinner of Shinelong Intellectual Manufacture

## Staff Cohesion

The Group values the opinions and suggestions of employees, and tries to understand employees' views on the current management situation of the Group and suggestions for future development through irregular employee interviews. For the resigned employees, the Group also tries to understand the reasons for their resignation through interviews, so that to create a "home-like" working environment for its employees by understanding their inner thoughts. As a way to thank employees for their hard work and dedication, the Group awarded additional rewards to employees who have worked for 10 years and 15 years, and seniority also became one of the assessment items in the year-end bonus. We sincerely hope our employees would like to grow and develop together with us.

### HEALTH AND SAFETY

A strong and healthy body is essential to achieve the best work efficiency. The Group encourages its employees to exercise and be more physically active, therefore the "Running culture" is also one of the key corporate cultures of the Group. The Group has set up "Shinelong Running Team" to take part in various running activities during holidays and encourage employees to maintain good physical and mental health. Since 2014, the Group has started to hold or participate in two marathons every year to promote all members to experience the spirit of sports and enhance their vitality and cohesion. In 2020, there were more than 200 employees participated in the spring marathon, while the marathon held in autumn had approximately 70 participants due to the impact of the pandemic.

## Staff Cohesion

### 2020 Sports Games

The Group organises a variety of sports competitions every year to encourage our employees to maintain a good exercise habit. Apart from running, we also organised events such as badminton and basketball competitions, and table tennis and yoga classes.





# Staff Cohesion

## HEALTH AND SAFETY

The Group strictly abides by the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, the Production Safety Law of the People's Republic of China and other laws, as well as various safety and health rules and regulations in the place where the Group operates, and establishes the standardised system and responsibility system of work safety. In addition, the Group formulates the Safe Operation Specification to assess the wearing of labour protection appliances and the safety and sanitary conditions of the workplace and ensure the standard operation with the management personnel at all levels earnestly fulfilling their safe production responsibilities.

The Group provides employees with a healthy and safe working environment by providing occupational health examination for employees being exposed to potential occupational hazards, inviting the third party to carry out detection and evaluation of occupational hazards, posting notifications in the workplace with potential occupational hazards, and providing corresponding labour protection wear for employees, with an aim to provide healthy and safe work environment. The Group earnestly supervises and checks the implementation of safe production. During the Reporting Period, there was no work-related fatality in the Group.

The Group actively carries out safety drills, and safety training is arranged for new employees when they commence employment. All employees are required to review safety knowledge annually, and we also arrange department-specific safety training from time to time. The Group also popularises safety knowledge and emergency response ability required in the workplace to employees through safety training and training on fire fighting knowledge.



### Safety and fire fighting training

There were 4 minor work-related accidents during the year, injuries were mainly caused by crashes, collisions and sprains, and the number of injured employees is 4. There were no fatalities and the total number of lost workdays was approximately 101.25 days (810 hours).

## Green Operation

The Group strictly abides by the Environmental Protection Law of the People's Republic of China and other laws and regulations, and formulates the Management Regulations on Environmental Protection to strictly control the pollutant discharge and resource use in production and manufacturing. The Group implements the concept of green office in its daily business operation, and calls on all employees to jointly save energy and reduce emissions together, so as to contribute to building a harmonious and beautiful ecological environment.

### ENERGY SAVING

In terms of product design, the Group carries out design in a rigorous and scientific manner and claims to reduce unnecessary waste of resources. In production and manufacturing, it continuously improves energy-saving management by improving production technology, process and equipment. In daily operation, it advocates simplicity, moderation, green and low-carbon concept, and improves the energy-saving awareness of its employees by posting environmental protection notices. The products of the Group are mostly customised, so some packaging materials are also customised by the shape and size of such products. The Group's packaging materials mainly include wooden cases, films and bubble films.

The administrative management centre of the Group regularly organised environmental protection training to promote the concept of clean production, energy conservation and water conservation to employees. During the Reporting Period, the resource usage of the Group is shown as follows:

Indicator		Unit	Total volume in 2020	Total volume in 2019
Energy consumption	Gasoline	10,000 kWh	16.75	19.69*
	Diesel	10,000 kWh	9.95	12.19*
	Purchased electricity	10,000 kWh	458.84	446.93
	Total energy consumption	10,000 kWh	485.54	478.81*
	Intensity of energy consumption	kWh/RMB10,000 revenue	238.66	207.97*
Water consumption	Total water consumption	m <sup>3</sup>	16,446	20,577
	Intensity of water consumption	m <sup>3</sup> /RMB10,000 revenue	0.81	0.89
Packaging material	Wooden case	tonne	26.31	Note
	Cardboard box	tonne	2.86	
	Film, bubble film and mirror protective film	tonne	1.10	

Note: The Group's use of packaging materials was not disclosed in last year's report as it was not an issue of high concern to our stakeholders. In order to enhance the disclosure to monitor the relevant resource consumption indicators, the Group will start disclosing the use of packaging materials from this year.

\* To comply with the disclosure requirement, the unit for energy consumption has been changed to 10,000 kWh, and some of the values in 2019 have been adjusted.



# Green Operation

## Emission Reduction

The Group actively explores effective measures for stable compliance discharges, and strictly abides by the red line of environmental protection and controls pollutant discharges in accordance with the requirements of relevant laws, regulations and standards such as the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.

The main production facilities (including CNC machines, discharging machines, grinding machines, milling machines, hot stamping lines) of the Group are all electrically-driven, and do not generate direct emissions. We also give priority to the models that are more energy-efficient to reduce unnecessary power wastage and indirect emissions. The Group uses cutting fluid and discharging oil on discharging machines, which generates a small amount of emission, and these emissions are treated by oil mist purifiers before discharging. A small amount of emissions are also generated from vehicles used in the Group's operations.

The industrial wastes generated in the production process are stored and disposed of. The hazardous wastes, such as waste cutting fluid, cutting oil, waste machine oil and grinding mud, are collected by each workshop and stored in the Company's "warehouse for hazardous wastes" and recorded for regular disposal management. The cutting fluid is separated and recycled to reduce its replacement frequency and generation of waste cutting fluid. The Group entrusts qualified companies to dispose of hazardous wastes, and reduces the amount of wastes through process transformation and optimisation of management. During the Reporting Period, the Group's pollutant discharges are shown as follows:

Indicator		Unit	Total in 2020	Total in 2019
Gas emission	Nitrogen oxides	kg	31.95	Note
	Sulphur oxides	kg	0.28	
	Suspended particles	kg	2.90	

Note: The Group has no significant emissions during its manufacturing process. However, to enhance the disclosure to monitor the relevant emission targets, the Group will disclose the emission data of nitrogen oxides, sulphur oxides and suspended particles starting from this year.

## Green Operation

Indicator		Unit	Total in 2020	Total in 2019
Greenhouse gas emissions	Greenhouse gas emission (scope 1) <sup>1</sup>	tonne of carbon dioxide equivalence	71.18	73.77
	Greenhouse gas emission (scope 2) <sup>2</sup>	tonne of carbon dioxide equivalence	3,743.18	3,204.95
	Total greenhouse gas emissions	tonne of carbon dioxide equivalence	3,814.36	3,278.72
	Emission intensity of greenhouse gas	tonne of carbon dioxide equivalence/ RMB10,000 revenue	0.19	0.14
Non-hazardous waste <sup>3</sup>	Total non-hazardous waste	tonne	311.14	Note
	Intensity of non-hazardous waste	kg/RMB10,000 revenue	15.29	
Hazardous waste <sup>4</sup>	Total hazardous waste	tonne	18.12	16.80
	Intensity of hazardous waste	kg/RMB10,000 revenue	0.89	0.73

Note: The non-hazardous waste generated during the manufacturing process of the Group is mainly metal waste (approximately 90%), which is completely recycled by the recycler, and the rest is food waste and general household waste. However, to enhance the disclosure to monitor the relevant emission indicators, the Group will disclose the data generated by non-hazardous waste starting from this year.

### ENERGY CONSERVATION AND EMISSION REDUCTION

At this time when renewable energy is not entirely widespread, electricity waste not only consumes valuable resources, but also generates greenhouse gas emissions and affects the global climate. Therefore, the Group endeavours to reduce energy consumption by using energy-saving LED lights and upgrading to energy-saving facilities.

<sup>1</sup> Scope 1 covers greenhouse gas emissions directly generated by operations owned or controlled by the Group.

<sup>2</sup> Scope 2 covers "indirect energy" greenhouse gas emissions resulting from the Group's internal consumption of energy such as electricity and heat (purchased or acquired).

<sup>3</sup> Since the general household waste is recorded from June to reflect the annual value, the non-hazardous waste is included in the estimated data. Besides, the amount of food waste (estimated annual generation is around 20 tonnes) is not disclosed for the current year as relevant statistics are not available. We will disclose such information from next year onwards.

<sup>4</sup> Hazardous waste is defined as hazardous waste according to the National List of Hazardous Waste released by the Ministry of Environmental Protection of the People's Republic of China.

## Social Contributions

While vigorously developing its own business, the Group actively supports the community and returns to society. In addition, the Group is committed to becoming a responsible corporate citizen by actively performing corporate social responsibilities in various fields, such as environmental protection, youth education and targeted poverty alleviation. This year, we donated RMB3,000 to the Zhangpu branch of Kunshan Association of Taiwanese Investors, as a form of support to the front-line staff in the pandemic prevention work in Zhangpu.

### Shinelong Intellectual Manufacture Litter Picking and Jogging Event

Exercise and health is an important part of our corporate culture. We hold 2 marathons annually to improve the physical fitness of each employee, in order for them to meet daily challenges in good health. On the other hand, it is also our civic duty to protect the environment, so we combine our corporate culture with our civic duty and organise Litter Picking and Jogging. This year, the duration of our Litter Picking and Jogging Events was 47.5 hours.



**Participants can pick up litter for the city while developing the habit of not littering. Running while picking up litter makes running more meaningful.**

# Applicable Laws and Regulations

## **Laws and Regulations:**

Anti-Money Laundering Law of the People's Republic of China  
The Anti-unfair Competition Law of the People's Republic of China  
Company Law of the People's Republic of China  
Labour Law of the People's Republic of China  
Labour Contract Law of the People's Republic of China  
Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases  
Production Safety Law of the People's Republic of China  
Environmental Protection Law of the People's Republic of China  
Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution

## **Internal policies:**

Anti-corruption Management Regulations  
Whistle-blowing Policy  
Quality Manual  
Management Measures for Incoming Inspection  
Operation Instruction for In-process Inspection  
Standards Delivery Inspection  
Procurement Control Procedures  
Human Resource Management Regulations  
Code of Conduct  
Safety Operation Specification  
Management Regulations on Environmental Protection

## Reference for Calculation of KPIs and Emission Factors

- Unless otherwise stated, the calculation of KPIs and emission factors in the ESG Report refers to How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs published by Hong Kong Stock Exchange.
- The intensities of emissions and of use of resources are measured in RMB10,000 revenue of the year.
- Employee turnover rate is calculated by dividing the number of departed employees in the category by the average number of employees in the category (average of the number at the beginning and the number at the end of the year) during the Reporting Period.
- The percentage of trained employees is calculated by dividing the number of trained employees in the category by the average number of employees in the category (average of the number at the beginning and the number at the end of the year) during the Reporting Period.
- The average number of hours trained is calculated by dividing the number of hours trained in the category by the number of trained employees in the category during the Reporting Period.



# HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
<b>A. Environmental</b>		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation
KPI A1.1	The types of emissions and respective emissions data.	Emission Reduction
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Emission Reduction
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity.	Emission Reduction
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Emission Reduction
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Emission Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emission Reduction

# HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Energy Saving
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Energy Saving
KPI A2.2	Water consumption in total and intensity.	Energy Saving
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Saving
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	The water resource consumption of the Group is mainly domestic water from municipal network, so there is no issue in sourcing water.
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Energy Saving
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Energy Saving
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Group's business does not involve any link that has a significant impact on the environment or natural resources.

# HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
<b>B. Social</b>		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Staff Cohesion
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment Overview
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Overview
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category.	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development

# HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Overview
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Overview
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Overview
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Business Partnership
KPI B5.1	Number of suppliers by geographical region.	Business Partnership
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.	Business Partnership

# HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
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.	Intellectual Manufacture
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's business does not involve any product recall. If there is any problem in product processing or design, the Group will assist the customer in correcting it in a timely manner.
KPI B6.2	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	/
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	Intellectual Manufacture
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Service



# HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
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.	Compliance Operation
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.	Compliance Operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Compliance Operation
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.	Social Contributions
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Contributions
KPI B8.2	Resources contributed to the focus areas.	Social Contributions