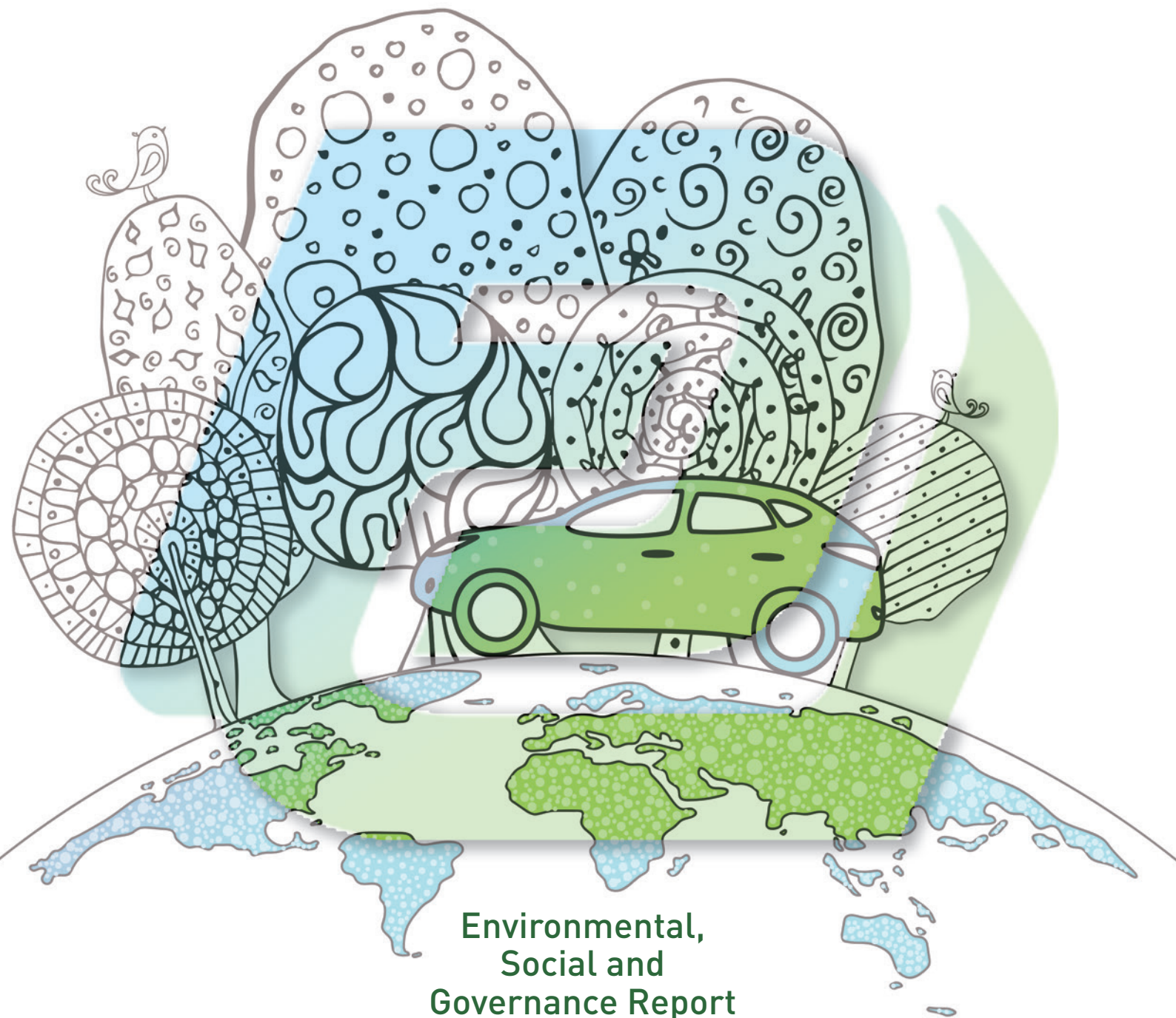




榮陽實業集團有限公司  
PanAsialum Holdings Company Limited

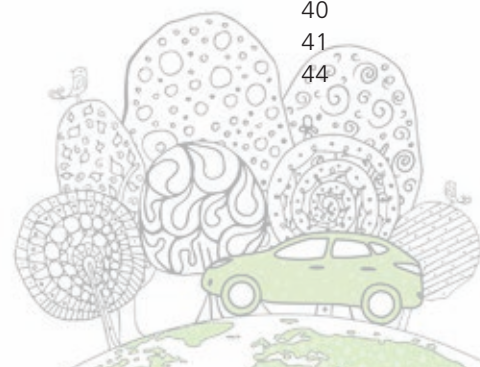
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 2078



Environmental,  
Social and  
Governance Report  
**2022**

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## ABOUT THIS REPORT

This is the seventh Environmental, Social and Governance Report (“**the Report**”) of PanAsialum Holdings Company Limited (together with its subsidiaries, “**the Group**” or “**we**”). The purpose of this report is to deepen stakeholders’ understanding of the Group’s sustainable development.

### Reporting Guidelines and Principles

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and is adhered to the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”. For their implementation, please refer to the Appendix. The Report also aligns with the Sustainable Development Goals (“**SDGs**”) as appropriate to allow stakeholders to understand how the Group has set and is achieving the relevant environmental goals.

### Reporting Scope

This report discloses the Group’s management approach and performance on material environmental and social issues from 1 January 2022 to 31 December 2022 (the “**Year**”). The Report focuses on the Group’s business in the People’s Republic of China (the “**PRC**”), and the Performance Data Summary covers the Group’s equipment production in Nanyang, Henan. This business is selected for disclosure because it generates the largest revenue for the Group.

### Feedback

If you have any comments or suggestions regarding this report, you are welcome to contact the Group through any of the following channels:

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## ABOUT THE GROUP

As a renowned Sino-foreign equity joint aluminium venture and producer of aluminium alloy profiles, the Group offers a comprehensive range of services, including aluminium producing, processing, and selling aluminium alloy.

With more than 30 years of professional experience in the field of aluminium alloys, the Group offers a complete range of solutions from research and development, design, manufacturing, deep processing, packaging to distribution. The product range covers electronic product accessories, photovoltaic systems, railway transportation, automobile lightweight construction, shipbuilding, outdoor equipment, medical equipment, high-end machinery, door and window curtain wall, municipal engineering and other general industrial profiles. The Group also owns several advanced modern aluminium production lines with quality control and testing equipment, for manufacture of diversified high-quality aluminium extrusion products, and is committed to providing high value-added and high precision products to the market.

The Group is based in China, catering for both domestic and overseas customers. Vertical integration has enabled the Group to benefit from lower production costs. It has facilities for investment casting, mould design and manufacture, extrusion profiles, surface treatment, aluminium chip recycling, CNC deep processing and automotive lightweight processing. By creating value through the production chain, the Group continues to deepen lightweight development for green construction, mechanical equipment and electrical engineering, and vigorously promotes green transformation of the "new infrastructure" industry.



Heat sink series



Solar bezel series



Automotive side skirts and components



Electronics accessories series



Doors and windows series



Railing series





## LETTER TO STAKEHOLDERS

2022 was the third year of the global COVID-19 pandemic. Despite the challenging external environment, the Group is confident that there are opportunities in the crisis. In line with our corporate mission, we are actively investing resources to promote integration of our operations and the value of sustainable development. During the Year, we linked material issues to the United Nations Sustainable Development Goals and benchmarked against 9 of the 17 Sustainable Development Goals relevant to our business to demonstrate our contribution to sustainable development and to respond more intuitively to stakeholder concerns. This Environmental, Social and Governance (“ESG”) Report informs our stakeholders on the Group’s progress in sustainable development over the past year.

In the face of increasingly severe climate change threats, we have formulated a Climate Change Policy this year which articulates actions required to manage climate change-related risks and opportunities with reference to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This helps us enhance our resilience to climate change and gradually achieve strategies that are in line with industry best practices.

In response to the national “Dual-Carbon” goal, the Group continues to promote solar photovoltaic power generation projects and actively fulfills its carbon reduction responsibilities to minimise the carbon footprint arising from its daily operations and production processes. We have formulated a series of detailed internal procedures to improve the environmental management system and optimise the monitoring and implementation of various measures. In order to improve resource usage efficiency and create a positive environmental impact, the Group has invested a large amount of resources to focus on promoting waste management, energy conservation and emission reduction plans, and has fully implemented the relevant work.

With a view to providing customers with excellent products and quality service and building a sustainable supply chain, the Group has set up procedures such as procurement quotation platform and internal supplier management section during the Year, and has maintained close communication and cooperation with suppliers through various communication channels. At the same time, we focus more on the management of production safety, employee safety, environmental protection, social responsibility, production process and standard agreements with suppliers to ensure supervision of supply chain risks.

We are committed to maintaining a diverse, equitable, healthy and safe working environment. In terms of talent development, we provide employees with opportunities for self-improvement and career development, and support them to participate in diverse training courses to further their professional and personal development. In respect of occupational health and safety, we have established a safety management governance structure which, together with certification of safety production standards and other relevant regulatory systems, provides a strong guarantee of employee safety.

Adhering to the concept of “Life First, People-oriented”, during the epidemic, the Group formulated an emergency plan for epidemic prevention and control, and set up response mechanisms at all levels to manage possible dangerous conditions. In addition, we reserved sufficient epidemic prevention supplies and equipment for employees to maximise their protection.

Looking ahead, we will endeavour to be one of the leading carbon-neutral companies in China and lead innovation in the aluminium alloy industry through technological advancement. And we will further manage the risks that may arise in our operations, and maintain a high level of corporate governance. We are committed to striving for sustainable long-term development and create greater value in terms of environmental, social and governance aspects.

*Chairman and Executive Director*

**Pan Zhaolong**

Hong Kong, 21 April 2023



# SUSTAINABLE DEVELOPMENT MANAGEMENT

## Board Statement

As a leading manufacturer of aluminium products in the PRC, the Group is committed to advancement of technology as a guiding principle, and is constantly refining the concept of sustainable development in its daily management and operations. We believe that the establishment of sound ESG governance principles, strategies and practices is particularly important for the long-term development of our business. The Board attaches great importance to sustainable development and has established an ESG Committee, headed by the Chairman and Executive Director, to formulate, review and deliberate on ESG strategies, policies, systems and performance, as well as to oversee the implementation of action plans and supervise the implementation of ESG-related management systems by various functional departments. In addition, the Board meets regularly to review ESG performance and the progress of related objectives. The Board is aware of its responsibility to ensure the accuracy of this report. To the best of its knowledge, this report provides objective disclosure of the Group's actions and performance on material ESG issues.

## ESG Governance

The Group believes that sound ESG governance principles, strategies and practices are crucial to long-term development of its business. To ensure that appropriate and effective ESG risk management policies and measures are established, the Group's Environment Working Group, Operations Practices Working Group, Employment and Labour Working Group and Community Investment Group work together to manage sustainability issues. The Taskforce reports directly to the Group's ESG Committee on a regular basis.



## Stakeholder Communication and Materiality Identification

In order to fully understand the concerns and expectations of stakeholders, during the Year, the Group invited different groups of stakeholders to participate in the materiality assessment<sup>1</sup> through online questionnaires. This helped us identify material issues that have a significant impact on our business and that concern stakeholders the most, and also aided decision-making and management of sustainable development practices, initiatives, and disclosures.

Stakeholder Group	Communication Channels	Issues of Priority
Management	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Internal communication</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual property protection</li> <li>Anti-corruption</li> <li>Employee safety and health</li> <li>Product design and lifecycle management</li> <li>Supply chain management</li> <li>Business ethics</li> <li>Responding to climate change</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee communication meetings</li> <li>Company internal publications and internal network</li> <li>Training and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Talent management</li> <li>Employee safety and health</li> <li>Employee training and development</li> <li>Employee diversity and equal opportunities</li> <li>Employee communication</li> <li>Prevention of child and forced labour</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Satisfaction survey</li> <li>Customer service centre and hotline</li> <li>Customer communication meetings</li> <li>Social media</li> <li>Complaint handling mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Product quality management</li> <li>Customer service satisfaction</li> <li>Data privacy and security</li> </ul>
Shareholders/Investors	<ul style="list-style-type: none"> <li>Company announcements</li> <li>Annual Report</li> <li>Email, telephone communication and company website</li> <li>General meeting</li> <li>Special reports</li> <li>Site visits</li> <li>Investor meetings</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Anti-corruption</li> </ul>
Suppliers/Contractors	<ul style="list-style-type: none"> <li>Supplier Assessment</li> <li>Procurement platform</li> <li>Materials trading platform</li> <li>Supplier meetings</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Sustainable procurement</li> </ul>
Community	<ul style="list-style-type: none"> <li>Volunteering activities</li> <li>Donation</li> <li>Company website and company announcements</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and investment</li> <li>Community comments</li> </ul>

1: The materiality assessment takes reference from MSCI's ESG Industry Materiality Map and the Sustainability Accounting Standards Board's (SASB) Materiality Map.

### Material Topics

Based on the results of the materiality assessment for the Year, the Group ranked the identified issues according to two dimensions, namely “the importance of economic, environmental and social impacts” and “the impact on the assessment and decision-making of stakeholders”, and determined the following matrix.



Level I	Level II	Level III	Level IV
<ul style="list-style-type: none"> <li>4 Raw material management</li> <li>7 Water resources management</li> <li>14 Employee safety and health</li> <li>16 Prevention of child and forced labour</li> <li>23 Product design and lifecycle management</li> <li>24 Supply chain management</li> <li>25 Sustainable procurement</li> </ul>	<ul style="list-style-type: none"> <li>2 Emissions management</li> <li>5 Energy management</li> <li>8 Use and management of packaging materials</li> <li>12 Employment diversity and equal opportunity</li> <li>13 Employee communication</li> <li>17 Product quality management</li> <li>18 Responsible marketing and promotion</li> <li>19 Customer service satisfaction</li> <li>20 Data privacy and safety</li> <li>21 Intellectual property protection</li> <li>22 Product and technology development and innovation</li> <li>27 Anti-corruption</li> <li>26 Business ethics</li> <li>29 Community comments</li> </ul>	<ul style="list-style-type: none"> <li>1 Greenhouse gas management</li> <li>6 Renewable energy utilisation</li> <li>11 Talent management</li> <li>15 Employee training and development</li> <li>28 Community engagement and investment</li> </ul>	<ul style="list-style-type: none"> <li>3 Waste management</li> <li>9 Biodiversity and land use</li> <li>10 Responding to climate change</li> </ul>





## Promote the Achievement of the United Nations Sustainable Development Goals

The Group actively strives to contribute to the United Nations Sustainable Development Goals and integrates the concept of sustainable development into its daily operations. To further fulfill its environmental and social commitments, during the Year, the Group selected nine targets with relatively significant impact on operations and incorporated them into its sustainable development approach, benchmarking them against relevant sustainable development issues and addressing stakeholders' concerns.

Sustainable Development Goals	Sustainable Development Approach	Relevant Sustainable Development Issues
	<p><b>Environmental Protection</b></p> <p>To reduce the negative impact of business production and operations on the environment, strengthen the ability to resist and adapt to climate change, and aim to reduce energy consumption and emissions and help fulfilling national “dual carbon” strategies</p>	<ul style="list-style-type: none"> <li>• Waste management</li> <li>• Raw materials management</li> <li>• Water resources management</li> <li>• Emissions management</li> <li>• Energy management</li> <li>• Greenhouse gas management</li> <li>• Responding to climate change</li> <li>• Use and management of packaging materials</li> <li>• Renewable energy utilisation</li> <li>• Biodiversity and land use</li> </ul>
	<p><b>Employee Protection</b></p> <p>To create a diverse, equal, healthy and safe working environment to attract and nurture talents</p>	<ul style="list-style-type: none"> <li>• Talent management</li> <li>• Employee diversity and equal opportunities</li> <li>• Employee communication</li> <li>• Employee safety and health</li> <li>• Employee training and development</li> <li>• Prevention of child and forced labour</li> </ul>
	<p><b>Operational Excellence</b></p> <p>To improve supply chain and product management system, improve procurement and service processes, and reduce all forms of corruption</p>	<ul style="list-style-type: none"> <li>• Product quality management</li> <li>• Customer service satisfaction</li> <li>• Data privacy and security</li> <li>• Intellectual property protection</li> <li>• Product and technology development and innovation</li> <li>• Business ethics</li> <li>• Product design and lifecycle management</li> <li>• Responsible marketing and promotion</li> <li>• Supply chain management</li> <li>• Sustainable procurement</li> <li>• Anti-corruption</li> </ul>
	<p><b>Community Engagement</b></p> <p>To promote development of the communities where we operate, and optimise the business environment</p>	<ul style="list-style-type: none"> <li>• Community engagement and investment</li> <li>• Community comments</li> </ul>



# ENVIRONMENTAL PROTECTION

The Group is committed to reducing the environmental impact in its daily operations and production processes in order to achieve green development. We have formulated a number of policies, including the newly revised Management Manual, to establish an environmental management system based on the national standard Environmental Management System - Requirements and Guidelines for Use (GB/T 24001-2016), which specifies operational guidelines on environmental protection and environmental management with the objectives of conserving natural resources and energy, and protecting the ecology. The objectives are to conserve natural resources and energy and to protect the ecological environment. The Group's production facilities in Nanyang, Henan Province have obtained ISO 14001 and GB/T 24001-2016 environmental management system certifications.

## Emissions Control

In the process of R&D and production of aluminium products, we strictly abide by national laws and regulations, control emissions, and deeply implement relevant national policies and requirements. The emissions generated by the Group include sulphur oxides, nitrogen oxides, particulate matter, wastewater and solid waste.

## Air Emissions

The Group acknowledges that its operation will invariably generate exhaust gas, so to mitigate pollution issues, we strictly complies with all applicable laws and regulations on exhaust gas emissions and pollution, such as Atmospheric Pollution Prevention and Control Law of the People's Republic of China. The Group has formulated and implemented the Wastewater, Waste Gas and Noise Control Procedures, adopted different emission standards for different types of waste gases, and developed a series of control measures:

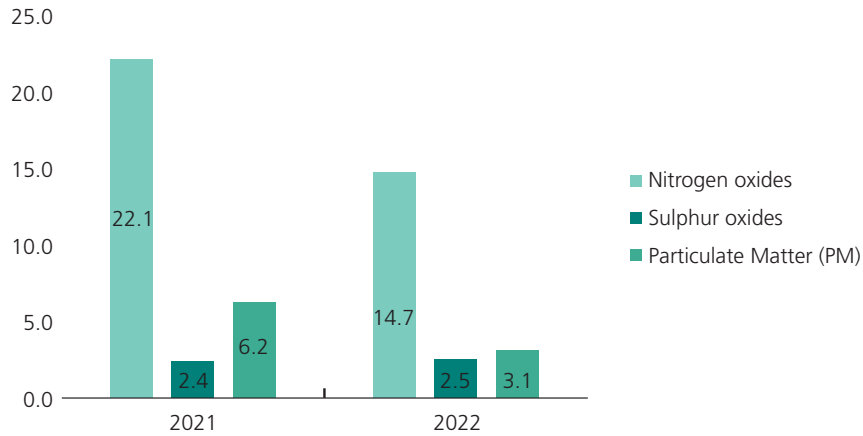
### Control Measures

- 1 The smoke and dust generated are discharged after meeting the emission standards by a dust removal system, and the canteen oil smoke is discharged after reaching the standard through the electrostatic oil smoke purifier;
- 2 Employees wear masks to protect their health and conduct compliant operations to reduce dust generation;
- 3 Fugitive exhaust gas needs to be discharged through the ventilation system or indoor vents;
- 4 Workers regularly inspect the exhaust facilities on a daily basis and any problems are reported and followed up with maintenance and repairs, which is documented;



The Group's air emissions mainly come from the production and operations processes and plying of vehicles, including the following three types of emissions:

### Total air pollutant emissions (tonnes)



Air Emissions (Unit: tonnes)	2021	2022	YoY Changes <sup>2</sup>
Nitrogen oxides (NO <sub>x</sub> )	22.1	14.7	-33.4%
Sulphur oxides (SO <sub>x</sub> )	2.4	2.5	2.3%
Particulate matter (PM)	6.2	3.1	-49.8%

<sup>2</sup> Exact values are used for the yearly change calculations.



## Waste Discharge

The Group strictly complies with laws and regulations relating to waste management and classifies waste into three categories: general waste, hazardous waste and recyclable waste. The Group adheres to management policies such as General Solid Waste Management System, Hazardous Waste Control Procedures and Waste Yard Management System, and strictly controls the procedures for classification, transfer and disposal of waste. In respect of treatment and recycling of secondary aluminium, we have formulated and implemented Operating Regulations for Recycling of Secondary Aluminium during the Year to strengthen the control of secondary aluminium and improve the quality of aluminium and save resources.

Type of Waste	Classification	Treatment Measures
General waste	<ul style="list-style-type: none"> <li>Production waste, waste equipment, glass instruments, non-toxic waste liquid and kitchen waste</li> </ul>	<ul style="list-style-type: none"> <li>General wastes are collected and handed over to the corresponding processing units for disposal</li> </ul>
Hazardous Waste	<ul style="list-style-type: none"> <li>Waste cutting fluid, nickel sludge</li> </ul>	<ul style="list-style-type: none"> <li>Hazardous wastes are stored separately, labelled with general and recyclable wastes for collection and treated by qualified waste management companies</li> </ul>
Recyclable waste	<ul style="list-style-type: none"> <li>Waste packaging materials, waste paper and plastic bottles, metal and waste aluminium scraps</li> </ul>	<ul style="list-style-type: none"> <li>Recyclable wastes are collected by authorised recycling companies for sorting and recycling</li> </ul>

The Group has set up a steering group for prevention of environmental pollution (hazardous waste), aiming to strengthen risk control and reduce generation of hazardous waste, encouraging recycling and making hazardous waste as harmless as feasible. The hazardous wastes generated by the Group include waste cutting fluid, nickel-containing sludge, waste engine oil, dust collected in bags in the smelting and casting workshop, and waste ink cartridges and computers. Non-hazardous waste includes metals, aluminium dust, waste cartons, waste wooden boards, kitchen waste, cartons and waste paper from general office.

Waste <sup>3</sup> (Unit: tonnes)	2021	2022	YoY Changes
Total hazardous waste produced	59.2	108.4	83.1% <sup>4</sup>
Intensity (tonnes/m <sup>2</sup> )	0.00	0.00	–
Intensity (tonnes/million RMB revenue)	0.09	0.08	–12.4%
Total non-hazardous waste produced	30,613.1	27,022.9	–11.7%
Intensity (tonnes/m <sup>2</sup> )	0.20	0.18	–10.0%
Intensity (tonnes/million RMB revenue)	44.51	19.7	–55.8%

### Waste

#### Directional objectives:

Actively implement measures for reducing, reusing and recycling, and thereby maintain or gradually reduce waste generation

The Group has formulated a number of policies such as Energy Conservation and Emission Reduction Policy, Environmental Protection Management Operation Regulations, and Hazardous Waste Control Procedures.

<sup>3</sup> The calculation is based on the Group's actual hazardous and non-hazardous waste records.

<sup>4</sup> The annual change was mainly due to the addition of the "bag dust collection in the casting workshop" project and the concentrated disposal of waste cutting fluid during the year.

## Wastewater Discharge

The Group's operation involves domestic sewage (such as office buildings, canteens, etc.) and industrial sewage. The Group strictly complies with all laws and regulations relating to wastewater treatment, including but not limited to Water Pollution Prevention and Control Law of the People's Republic of China. In 2022, the Group discharged a total of 280,151.09 tonnes of sewage, representing a decrease of 19.6% as compared to 2021.

Types of pollutants in wastewater (Unit: tonnes)	2021	2022	YoY Changes
Total suspended solids (TSS)	5.18	4.56	-11.9%
Chemical oxygen demand (COD)	9.92	6.90	-30.5%
Biochemical oxygen demand (BOD)	4.71	3.18	-32.5%
Ammonia nitrogen	1.58	1.30	-17.5%
pH value	-	7.54	-

We have issued Waste Water, Waste Gas and Noise Emission Control Procedures that stipulates the specific treatment methods to be used before discharge of waste water. The solution from the surface treatment plant is reused and replaced on a regular basis; wastewater from cleaning of aluminium products is filtered through pre-treatment to adjust the pH to 7-8 before entering the integrated wastewater treatment plant; domestic wastewater enters the wastewater treatment plant.

The Group strictly complies with environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, and regularly reviews its business and production processes to ensure compliance with relevant laws and regulations. During the Year, the Group was not aware of any material non-compliance with applicable environmental laws and regulations.

## Responding to Climate Change

Climate change is not only a serious environmental issue, but also a substantial issue that may directly affect the Group's business operations. Therefore, the Group regularly reviews updates on laws and regulations, and keeps up with technological developments and market trends to identify potential risks and opportunities arising because of climate change since they may have financial impact on the Group's business. In 2022, the Group formulated the Climate Change Policy, aiming to identify and manage climate change risks and opportunities, to mitigate the impact of climate change on its business. We are gradually achieving strategies that are in line with industry best practices.





Approach	Actions Taken
<b>Mitigation</b>	<ul style="list-style-type: none"> <li>• Contribute to achievement of the country’s dual-carbon goals by reducing carbon emissions in line with recent and medium-term goals that are scientific or in line with industry practices and long-term commitment;</li> <li>• Report the progress of the target achievement annually;</li> <li>• Adopt industry best practices to improve energy efficiency and reduce resource consumption in operations;</li> <li>• Firmly implement and promote energy conservation and emission reduction policies and management systems, energy usage measurement and management systems, covering all factories;</li> <li>• Promote new process research, regularly update and transform production workshop equipment and instruments, continue to increase investment in environmental protection equipment, minimise the use of fossil energy in production of aluminium products, and reduce generation of greenhouse gases; and</li> <li>• Continue to promote solar photovoltaic power generation projects and reduce energy consumption of production and other departments.</li> </ul>
<b>Adaptation</b>	<ul style="list-style-type: none"> <li>• Assess financial and other risks and opportunities related to climate change and the impact of climate change on business;</li> <li>• Ensure relevant procedures and measures are in place to prevent or reduce damage from climate change and to take advantage of opportunities that may arise;</li> <li>• Report on climate risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD);</li> <li>• Incorporate climate change and extreme weather events into corporate risk management procedures and business continuity plans; and</li> <li>• Collaborate with various stakeholders including employees, suppliers and customers to enhance the adaptability of all parties to climate change.</li> </ul>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>• Regularly assess climate-related risks and opportunities; and</li> <li>• Incorporate climate-related risks as part of the risk management process by adopting effective mitigation measures.</li> </ul>

To enhance the ability of tackling climate change, the Group has carried out climate change risk identification in four areas, namely “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets” in accordance with recommendations of TCFD (Task Force on Climate Related Financial Disclosure, Climate-related Financial Disclosure) to improve its climate risk prevention strategy.



Areas	Actions Taken
<b>Governance</b>	<p><b>The Board:</b> Supervise and make final decisions on climate change-related matters, including annual review of climate change management, identification of climate change risks and opportunities, response measures, and related disclosures and announcements.</p> <hr/> <p><b>ESG Committee:</b> Regular meetings are held to identify risks and opportunities of climate change, formulate climate change management strategies, policies and systems, measures and goals for the Board to make decisions, ensure distribution and implementation of specific work, and supervise the implementation of relevant contents by subordinate departments.</p>
<b>Strategy</b>	<p><b>Climate Related Risks and Opportunities:</b> The Group is aware of the risks of extreme weather and flooding caused by climate change, which may damage our factories and facilities. In the long run, long-term extreme hot weather also poses health risks to employees. We are also aware of transition risks such as policy changes, possible increase in energy costs and demand for products that meet the latest environmental protection requirements. We have identified some opportunities to move towards a low-carbon economy, such as technological advances that improve energy efficiency.</p> <p>The Group has established Climate Change Policy to guide the management approach to climate-related issues.</p>
<b>Risk Management</b>	<p><b>Risk Assessment and Policy Improvement:</b> The Group assesses the physical and transitional risks that climate change may bring to its operations and incorporates them into its sustainability strategy. The management considers ESG and climate-related issues and formulates and implements the corresponding policies.</p>
<b>Metrics and Targets</b>	<p><b>Carbon Emission and Reduction Targets:</b> The Group measures and discloses relevant indicators of greenhouse gases and energy to monitor the impact of its operations on climate change, including GHG emissions (Scope 1, 2 and 3), GHG emissions intensity, energy consumption and energy consumption intensity.</p> <p>We have also set targets on energy saving and carbon footprint reduction.</p>

The Group has formulated various emergency plans to cope with extreme weather events such as floods and sudden accidents such as chemical leakage, and has established a management system to clearly define the corresponding responsibilities and tasks from general manager to front-line operators. In addition, the Group has also prepared sufficient resources for mitigation and resolution of relevant emergency incidents and has the ability to execute recovery plans and take actions as needed.



We have identified climate risks and opportunities related to our business operations and the actions taken are as follows:

Description	Potential Financial Impacts	Responding Measures
<b>Physical risks</b>		
<ul style="list-style-type: none"> <li>Storm or flood destroys factories and offices, resulting in failure to operate normally (possibly lasting for several hours/days)</li> <li>Damage to operating facilities and equipment, storage areas and cargo</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in revenue: failure to produce and deliver on time, affecting business operations</li> <li>Decrease in assets: depreciation of assets and increase in insurance expenses</li> <li>Increase in expenditure: repair and replacement of damaged facilities and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Annual flood control drills</li> <li>Prepare corresponding emergency plans for rainstorm or flood</li> <li>Strengthen the maintenance of special facilities and equipment for flood prevention and drainage in factories and offices</li> </ul>
<ul style="list-style-type: none"> <li>Transportation delays caused by extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in revenue: failure to deliver on time, affecting business operations</li> </ul>	<ul style="list-style-type: none"> <li>Prepare corresponding emergency plans in advance and find alternative transportation plans</li> </ul>
<b>Transitional risk</b>		
<ul style="list-style-type: none"> <li>More stringent environmental protection policies implemented by the government have increased the operating costs of enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs: increase renovation costs and increase emission costs</li> </ul>	<ul style="list-style-type: none"> <li>Regularly collect and update regulations through various channels such as government agencies and the Internet to ensure operational compliance</li> </ul>
<ul style="list-style-type: none"> <li>Stricter environmental regulations may expose enterprises to higher risks of claims and litigation</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs: Legal cases of non-compliance claims</li> </ul>	<ul style="list-style-type: none"> <li>Conduct environmental assessment on subsidiaries and branches with reference to the environmental protection assessment measures</li> </ul>
<ul style="list-style-type: none"> <li>Competitors in the same industry widely use new energy-saving facilities to enhance their competitiveness and that makes the Group to purchase new equipment to replace old equipment</li> </ul>	<ul style="list-style-type: none"> <li>Increase in costs: increase investment in research and development of green technologies and purchase of new equipment</li> <li>Decrease in assets: decommissioning of original equipment</li> </ul>	<ul style="list-style-type: none"> <li>Accelerating the energy-saving transformation and automation transformation of equipment</li> <li>Promote the use of new energy and clean energy, such as the use of electric vehicles and electric equipment</li> </ul>



Description	Potential Financial Impacts	Responding Measures
<b>Opportunities</b>		
<ul style="list-style-type: none"> <li>Purchase new equipment to replace old equipment to improve energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in cost: reducing operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate the energy-saving transformation and automation transformation of equipment</li> <li>Promote the use of new energy and clean energy, such as the use of electric vehicles and electric equipment</li> </ul>
<ul style="list-style-type: none"> <li>Change in Investors' Preference and Preference for Environment-friendly Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Decrease in cost: lower financing cost</li> </ul>	<ul style="list-style-type: none"> <li>Promote green production and green operation</li> <li>Establish procurement of raw materials and green products</li> <li>Improve the emission management process</li> </ul>
<ul style="list-style-type: none"> <li>Change in consumer preference and preference for more environmentally friendly products</li> </ul>	<ul style="list-style-type: none"> <li>Increase in revenue</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate climate change considerations into the procurement process and actively consider low-carbon or zero-carbon and energy-efficient products and materials</li> </ul>

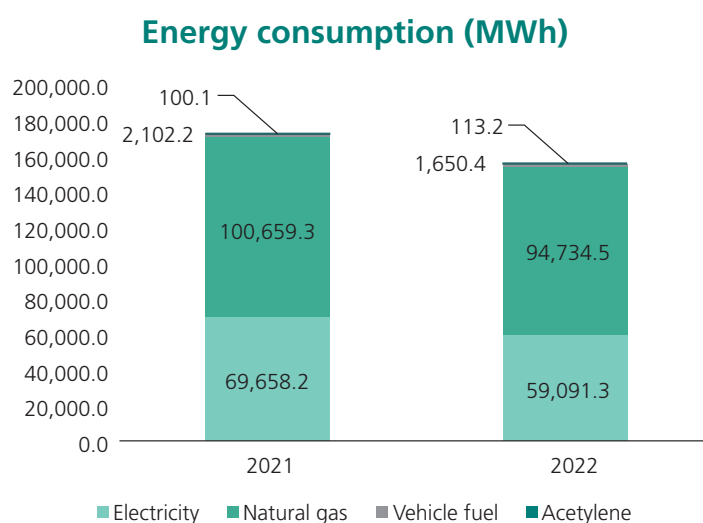
## Energy Management

The Group actively aligns its operations with national and local resource management policies, continuously improves the internal resource management system, and implements a number of energy and water conservation measures, striving to reduce resource consumption and improve resource utilisation efficiency.



## Energy Consumption

In order to standardise the energy measurement management, improve the level of energy consumption management, and promote energy conservation and consumption reduction work, the Group has formulated the Energy Measurement Management System to guide energy measurement management in accordance with the Metrology Law of the People's Republic of China, the Measures for the Supervision and Administration of Energy Measurement, the Rules for the Examination of the Energy Measuring in Key Organization of Energy Using (JJF1356-2012) and other laws and regulations.



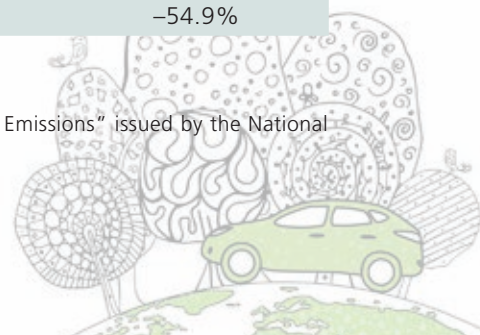
During the Year under review, we consumed a total of approximately 155,589.4 MWh of energy, among which the consumption of electricity, natural gas, vehicle fuel and acetylene accounted for approximately 38.0%, 60.9%, 1.1% and 0.1% of the total energy consumption, respectively.

The Group's solar photovoltaic power generation project was connected to the grid at the beginning of this year, with a total annual power generation of 10,000,000 kWh. In addition, the Group has laid 150,000 square metres of photovoltaic panels covering the factory area and staff dormitories. The Group has plans to implement and develop solar parking lots in the future.

Energy Consumption (Unit: MWh)	2021	2022	YoY Changes
Total energy consumption	172,519.8	155,589.3	-9.8%
<i>Direct consumption<sup>5</sup></i>	102,861.5	96,498.0	-6.2%
Fuel used for stationary combustion			
Acetylene	100.1	113.2	13.1%
Natural gas	100,659.3	94,734.5	-5.9%
Fuel used for vehicles	2,102.2	1,650.4	-21.5%
<i>Indirect consumption</i>	69,658.2	59,091.3	-15.2%
Purchased electricity <sup>6</sup>	69,658.2	59,091.3	-15.2%
Intensity (MWh/m <sup>2</sup> )	1.15	1.02	-11.6%
Intensity (MWh/million RMB revenue)	250.82	113.16	-54.9%

<sup>5</sup> The calculation is based on the "Guidelines for Accounting and Reporting Greenhouse Gas Emissions" issued by the National Development and Reform Commission of the PRC.

<sup>6</sup> The calculation is based on the actual electricity consumption record of the Group.

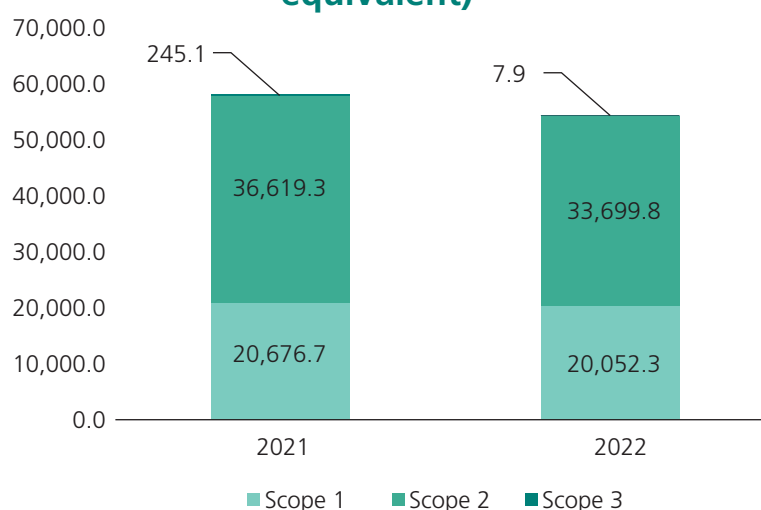




## Greenhouse Gas Emissions

The Group's major greenhouse gas emissions are generated at its production facilities, which are classified into three categories: Scope 1: direct emissions from the combustion of fuel in stationary sources and vehicles; Scope 2: indirect emissions from purchased electricity and heat; and Scope 3: other indirect emissions from (i) electricity used for processing fresh water and sewage by government departments; (ii) travel by employees for business; and (iii) methane gas generation at landfill due to disposal of paper waste.

### Greenhouse gas emissions (tonnes of CO<sub>2</sub> equivalent)



During the Year, the Group's total GHG emissions amounted to 53,760.0 tonnes of CO<sub>2</sub>e, with an emission intensity of 39.10 tonnes of CO<sub>2</sub>e per million RMB revenue, which was 0.35 tonnes of CO<sub>2</sub>e per square metre.

Greenhouse gas <sup>7</sup> (Unit: tonnes of carbon dioxide equivalent)	2021	2022	YoY Changes
Total GHG emissions	57,541.2	53,760.0	-6.6%
Scope 1 – Direct emissions <sup>8</sup>	20,676.7	20,052.3	-3.0%
Scope 2 – Indirect emissions <sup>9</sup>	36,619.3	33,699.8	-8.0%
Scope 3 – Other indirect emissions <sup>10</sup>	245.1	7.9	-96.8% <sup>11</sup>
Intensity (tonnes of carbon dioxide equivalent/m <sup>2</sup> )	0.38	0.35	-7.6%
Intensity (tonnes of carbon dioxide equivalent/million RMB revenue)	83.66	39.10	-53.2%

<sup>7</sup> The Group's GHG emissions include carbon dioxide, methane and nitrous oxide and is reported in carbon dioxide equivalent.

<sup>8</sup> Scope 1 direct emissions refer to GHG emissions from fuel consumption by vehicles. The emission factors used in the calculation of emissions are based on the European Monitoring and Evaluation Programme and 2019 EMEP&EEA air pollutant emission inventory guidebook) issued by European Environment Agency.

<sup>9</sup> Scope 2 Indirect emissions from energy sources refer to greenhouse gas emissions from purchased electricity. The emission factors used in the calculation of emissions are based on the circular document of the Ministry of Ecology and Environment of the People's Republic of China: "Circular on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Sector for the Period 2023-2025".

<sup>10</sup> Scope 3 other indirect emissions represent GHG emissions from disposal of paper waste and business travel. The data is calculated based on the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator and "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

<sup>11</sup> The mileage and number of senior management flights in 2022 decreased significantly as compared with 2021.

<p><b>Directional goal of greenhouse gas emissions:</b> Actively implement the Group's energy saving measures and accordingly maintain or gradually reduce the carbon footprint</p>	<p><b>We have formulated a number of policies such as Energy Conservation and Emission Reduction Policy and Air Emission Control Procedures.</b></p>
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**Energy Saving Measures**

The Group complies with the Energy Conservation Law of the People's Republic of China and the Comprehensive Work Act of the State Council on Energy Conservation and Emission Reduction, and has formulated its Energy Conservation Working Group to clearly document regulations on the management of the Group and its subsidiaries. While measuring the use of energy, we also review the progress of emission reduction targets, and strive to improve the energy conservation and emission reduction management system to improve energy efficiency. The Group has established a taskforce for handling work related to energy conservation and emission reduction which leads and implements the essential tasks of energy management of the Group, and coordinates, integrates, and manages various energy conservation and emission reduction works of the Group.

<p><b>Main duties of Energy Conservation Working Group</b></p>	<p>Implement national, local and industry-leading departments' policies, regulations and standards on energy conservation and emission reduction, organise the formulation and implementation of energy conservation and emission reduction management rules, energy conservation and emission reduction targets and various relevant management standards and systems</p> <hr/> <p>Examine various energy conservation and emission reduction work of the enterprise, review and approve major energy conservation and emission reduction achievements and major rewards and punishments of the enterprise</p> <hr/> <p>Organise the formulation and implementation of energy conservation and emission reduction publicity, education and training plans</p>
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*Key Energy Conservation and Emission Reduction Projects of the Factories*

The Group compiles monthly statistics on water, gas and electricity consumption. The aluminum extrusion line is equipped with the CHRONOS monitoring system, so that if unreliable equipment is found, measures such as improving the maintenance of the equipment are taken immediately to improve the overall utilisation rate of the equipment. Monthly statistics on machine uptime are compiled. The following chart shows the key energy conservation and emission reduction projects during the Year.



Workshop Name	Project Name	Effects of Energy Conservation and Emission Reduction	Status of Completion
Extrusion workshop	Replace the mould furnace with the light wave furnace	It can save 30% of electricity and has introduced 1 set in 14# machines.	Completed
Melting and casting workshop	6# furnace combustion system energy saving transformation	After transformation, gas consumption per tonne of aluminium was reduced from 108m <sup>3</sup> to 73m <sup>3</sup> , saving 30% of energy.	Completed
Surface treatment workshop	Heat pump equipment integration	After the integration, heating was reduced by 35% per day in summer.	Completed
Surface treatment workshop	Silicon oxide electromechanical source line improvement	It reduces load of line heat generation. electricity consumption for oxidation decreased from an average of 993 kWh per tonne of material in 2021 to 752 kWh per tonne of material after renovation in April 2022, saving 24% of electricity.	Completed
Surface treatment workshop	Wastewater utilisation of oxidation line	Recycled 80 tonnes of water per day.	Completed

**Energy-saving directional objectives:**

Actively implement the Group's measures on resource conservation and consumption reduction, and accordingly maintain or gradually reduce the consumption of energy, water and packaging materials

**We have formulated a number of policies such as the Energy Conservation and Emission Reduction Policy and the Energy Measurement Management System**

*Green Office*

For non-production departments, the Group still has relevant energy conservation and emission reduction measures:

*Measures for energy conservation and emission reduction of non-production departments*

1. Recycle scrap materials
2. Double-sided printing and copying of office paper
3. Dedicated personnel to recycle and classify waste before selling to third-party companies
4. Installation of energy-saving devices such as energy-saving lamps and sound-controlled lamps in offices and staff dormitories



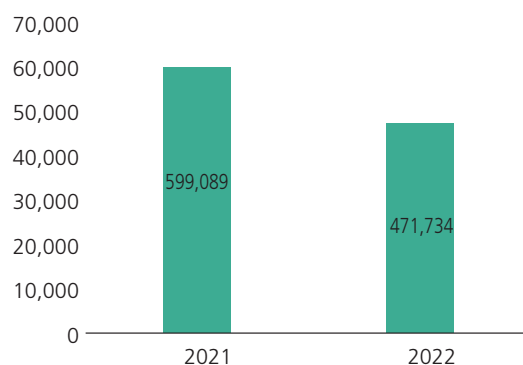
<p><b>Directional objectives:</b> Actively implement the Group’s measures on paper saving and accordingly maintain or gradually reduce paper consumption</p>	<p><b>Encourage employees to use double-sided printing and reduce unnecessary printing in daily operations.</b></p>
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**Water Resources Management**

In 2022, the Group consumed a total of 471,734 tonnes of water, with a water consumption intensity of 343.1 tonnes per million revenue, representing a decrease of 60.6% compared with that of 2021. The Group attaches great importance to the use and management of water resources, and has therefore formulated a series of water-saving measures, for example, in order to avoid unnecessary loss of water resources, the office uses sensor faucets in toilets and places water-saving signs in toilets; the Group regularly analyses water meter readings to check hidden water leakage. There is no issue in sourcing water that is fit for the purpose.

In addition, the Group invested RMB30,000,000 in the construction of wastewater treatment plants and conducted internal and external wastewater discharge supervision. The internal supervision personnel are required to undergo professional technical training before being put into service. We engage relevant qualified environmental monitoring companies to regularly monitor the wastewater discharge. All monitoring data is properly recorded, and if any non-compliance is found, we immediately stop the discharge and implement improvement measures. We have set up an online monitoring room connected to a data logger where the government’s environmental department can obtain the discharge and concentration of chemical oxygen demand and ammonia nitrogen in the wastewater in real time. During the Year, online monitoring of the acidity and alkalinity of the effluent was added.

**Water consumption (tonnes)**

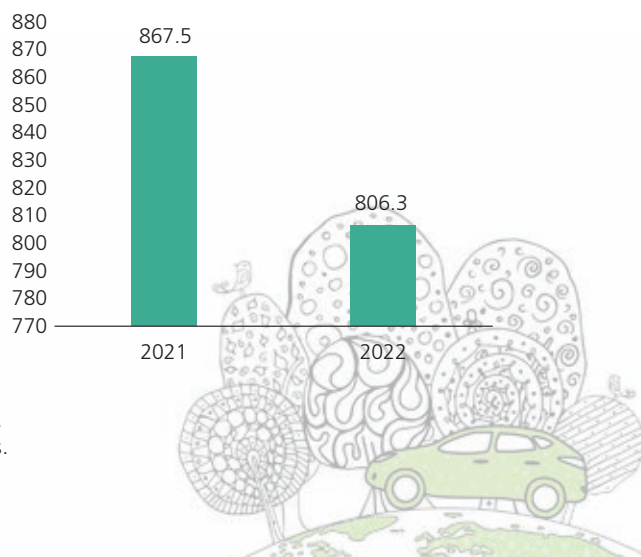


Use of Water Resources	2021	2022	YoY Changes
Total water consumption (m <sup>3</sup> ) <sup>12</sup>	599,089.0	471,734	-21.3%
Intensity (tonnes/m <sup>2</sup> )	3.99	3.08	-22.8%
Intensity (tonnes/million RMB revenue)	871.0	343.1	-60.6%

**Packaging Materials Management**

The amount of packaging materials used by the Group fluctuates due to factors such as product sales volume and customer demand. We are committed to reducing the consumption of packaging materials by continuing to optimise the packaging design and look for more environmentally friendly packaging materials. During the Year, the total consumption of packaging materials was 806.3 tonnes.<sup>13</sup>

**Packaging materials consumption (tonnes)**



<sup>12</sup> The calculation is based on the Group’s actual water consumption record.

<sup>13</sup> The calculation is based on the Group’s actual packaging material records.

Packaging materials consumption	Unit	2021	2022	YoY Changes
Pearl cotton	tonnes	166.16	138.98	-16.4%
Timber	tonnes	570	512	-10.2%
Styrofoam	kg	34,905	25,815	-26.0%
Carton boxes	kg	61,154	65,281	6.8%
Electrostatic film	kg	3,500	3,714	6.1%
Paperboard	piece	2,230	2,700	21.1%
Sealing Rubber	roll	113,820	120,070	5.5%
Stretch film	kg	21,200	20,185	-4.8%
Intensity (tonnes/m <sup>2</sup> )	-	0.01	0.01	-
Intensity (tonnes/million RMB revenue)	-	1.26	0.59	-53.5%

### Ecological Protection

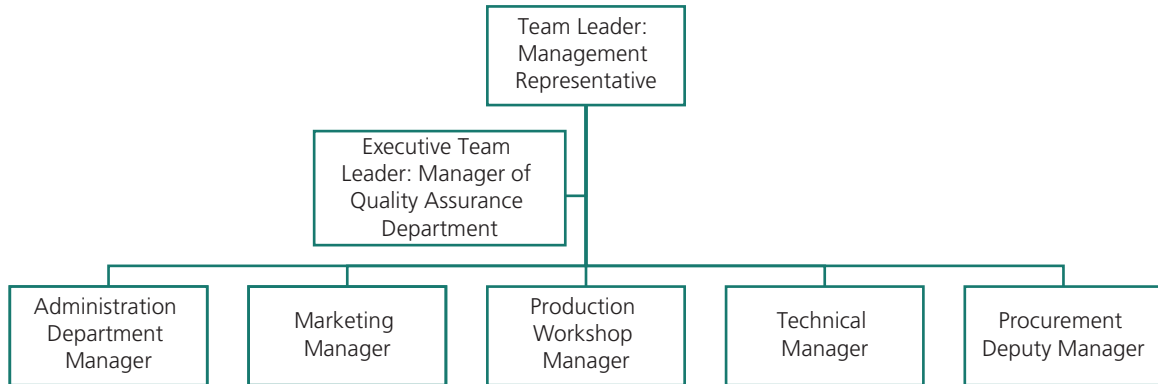
The Group is committed to reducing the negative impact of its business on the environment and other natural resources. During the Year, there was no significant pollution and damage to the nearby air, land, water and ecological environment.

In accordance with the Environmental Protection Management Operation Regulation, the Group carries out comprehensive environmental inspections and takes specific steps to mitigate the potential impact of its operations on the environment and natural resources. Subsequently, the Group has set up a team of Environmental Promotion Committee to manage and control all environmentally-friendly substances to meet RoHS requirements and customer-specific requirements for products. The Group also improves the environmental protection system, prevents and controls pollution, continues to reduce waste, achieves clean production and pragmatically operates a green enterprise. It also undertakes the five-principal environmental protection commitments of "no design, no procurement, no acceptance, no manufacturing, and no outflow of products that fail to meet the environmental protection requirements".





The Group has set up an Environmental Implementation Committee to ensure that all substances used are within the standard range and achieve product compliance with RoHS requirements as well as customer-specific requirements.



Environmental Implementation Committee



## EMPLOYEE PROTECTION

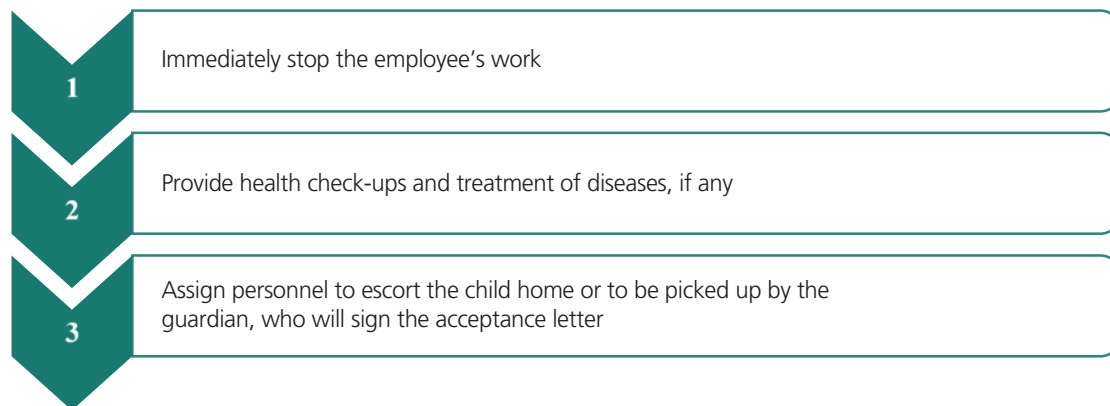
Employees are important contributors to the Group's long-term success. We strictly abide by national and local laws and regulations on employment and labour management, and have formulated internal systems and policies such as Recruitment and Employment Management System and Human Resources and Salary Management System and Process to continuously improve the human resources management process and create a diversified, equal and healthy working environment.

### Labour Management

The Group adheres to the principle of "valuing ability and integrity equally, open recruitment, fair competition and selecting the best performing candidate". It recruits talents through diversified channels and has formulated a series of internal systems to ensure compliance and fairness in the recruitment process and improve the rationality and operability of talent recruitment. In addition, the Group invites third parties to conduct labour risk assessment every year to identify any possible hazards.

### Protecting Employees' Rights

The Group is committed to creating a diverse and inclusive working environment and resolutely eliminates any form of discrimination based on age, gender, physical or mental health status, marital status, family status, religion, political stance, sexual orientation, etc. All employees are entitled to statutory holidays, annual leave, sick leave, marriage leave, maternity leave, etc., and equal pay for equal work. The Group strictly prohibits employment of child labour and eliminates such situations through the Recruitment and Employment Management System. The Human Resources Department verifies identity documents of applicants during the recruitment process, and ascertains veracity of the age and other information before employment. If any child labour is found to have been employed, the Group immediately settles all his/her salary and takes remedial measures.



#### Child Labour Remedial Procedures

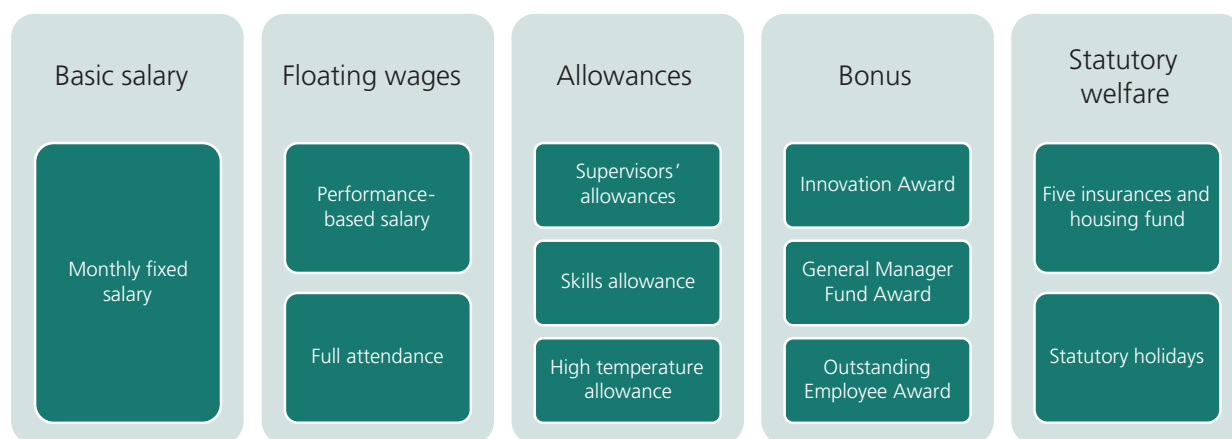
During the Year, the Group was not aware of any non-compliance relating to employment of child labour or forced labour.



## Remuneration and Benefits

The Group's Employee Handbook and Remuneration Management Measures set out clearly the welfare system for employees. In the month following the signing of the labour contract, the Group handles social insurance accounts for employees and pays relevant fees on a monthly basis in accordance with the law. We adjust the social insurance payment base and individual contribution ratio from time to time, and inform all employees by the letter issued by the National Social Security Bureau.

We provide additional remuneration to employees, including but not limited to skills allowance, full attendance rewards, high-temperature subsidies and performance-based salary, so as to retain and motivate outstanding talents. For employees with outstanding performance, all rewards are considered by the Human Resources Department as an important basis for personal salary increase and promotion.



## Employee Composition

As of 31 December 2022, the Group had a total of 1,109 full-time employees. The distribution and percentage of employees in each category are as follows:

Number of employees (percentage of category)	2021	2022
<b>By gender</b>		
Male	820 (64)	711 (64)
Female	467 (36)	398 (36)
<b>By age</b>		
Under 30 years old	216 (17)	208 (19)
30 to 40 years old	548 (43)	454 (41)
41 to 50 years old	410 (31)	315 (28)
Over 50 years old	113 (9)	132 (12)
<b>By employee category</b>		
Full-time	1,223 (95)	1,109 (100)
Part-time	64 (5)	0 (0)
<b>By Region</b>		
Mainland China	1,287 (100)	1,109 (100)

As of 31 December 2022, the Group's employee turnover rate by category is as follows:

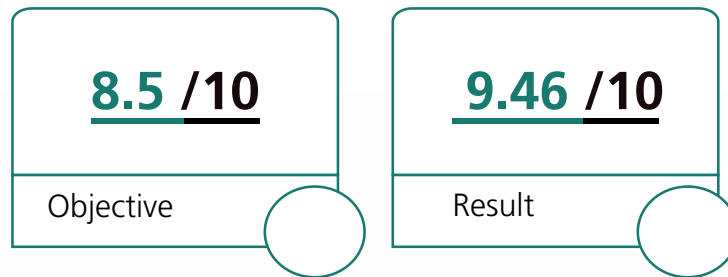
Turnover rate	2021	2022 <sup>14</sup>
<b>By gender</b>		
Male	8%	22%
Female	6%	24%
<b>By age</b>		
Under 30 years old	11%	15%
30 to 40 years old	4%	25%
41 to 50 years old	8%	33%
Over 50 years old	11%	3%
<b>By Function</b>		
Senior management	0%	0%
Middle management	19%	7%
General staff	7%	23%
<b>By Region</b>		
Mainland China	7%	23%

## Employee Care

In order to enhance the cohesion and sense of belonging among employees and promote a healthy balance between work and life, the Group regularly organises a series of activities such as badminton matches and employee birthday parties to promote communication between employees and deepen the corporate culture.

The Group pays close attention to the work and living conditions of employees, timely visits and provides assistance to employees in difficulties. During the year, the Group made a donation of RMB18,256 to staff in need.

During the Year, the Group conducted an employee satisfaction survey and got a total score of 9.46, which was higher than the target set. Based on the feedback from employees, we plan to improve canteen meals, remuneration system, group activities, plant environment and other aspects. In addition, the Group has also set up employee communication and complaint channels, including suggestion boxes, to facilitate direct communication with management through corporate WeChat, etc., to understand employees' feedback and expectations.



Employee satisfaction survey results

<sup>14</sup>

Due to the increase in production capacity and streamlining of staff in the factory area, the employee turnover rate changed significantly during the Year.

## Health and Safety

The Group attaches great importance to its occupational health and safety performance, and is committed to minimising the related risks and hazards, and creating a safe workplace and safety culture. We strictly comply with all occupational health and safety laws and regulations, including but not limited to national and local laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and continuously reduce safety risks in the workplace. In recent years, the Group's Nanyang factory in Henan has obtained ISO 45001 Occupational Health Management System Certification.

We have formulated internal regulations to specify in detail the safeguards relating to occupational health and safety, and the necessary procedures for prevention and handling of emergency health and safety-related matters, so as to soundly safeguard the foundation of the occupational health management system. For example, Employee Handbook, Occupational Disease Prevention Equipment Management Policy, Employee Safety Education Training System, Environment and Safety, Occupational Health Reward and Punishment System, Environmental and Safety, Occupational Health Inspection System, and Public Education and Training System for the Prevention and Control of Occupational Diseases regulate occupational health-related operating procedures and processes:

Adhere to the management principle of "the person in charge takes the responsibility", regularly supervises and inspects the safety of employees at different levels, and the use of safety equipment for different production tasks;
Train employees on knowledge of safety in transportation and use of production machinery;
Stop any production process that violates safety rules and regulations, and propose improvement when necessary; and
Educate employees on necessary first-aid knowledge and strengthen emergency response capabilities.

The Group conducts annual physical examinations of all employees (including positions exposed to hazards and positions not exposed to hazards). We arrange examination of employees for occupational disease before, during and after work. We also distribute protective equipment such as safe office, construction and epidemic prevention to prevent accidents and reduce occupational hazards. The Group follows the national standard to address work-related injuries and accidents, and aims to maintain the injury rate below 3% and zero occupational disease rate per year. During the Year, the passing rate of physical examination for all employees was 100%, and all tests passed spot checks at the factory.

During the Year, the Group was not aware of any major incidents involving occupational health and safety management, and no work-related fatalities or major accidents were recorded.

Occupational Safety and Health Performance	2020	2021	2022
Number of work-related injuries	22	22	5
Number of work-related injuries (persons)	23	20	5
Percentage of work-related injuries (%)	1.65%	1.55%	0.45%
Lost days due to work injury	735	727	438
Number of work-related fatalities	1	1	–
Proportion of work-related fatalities (%)	0.072%	0.078%	–

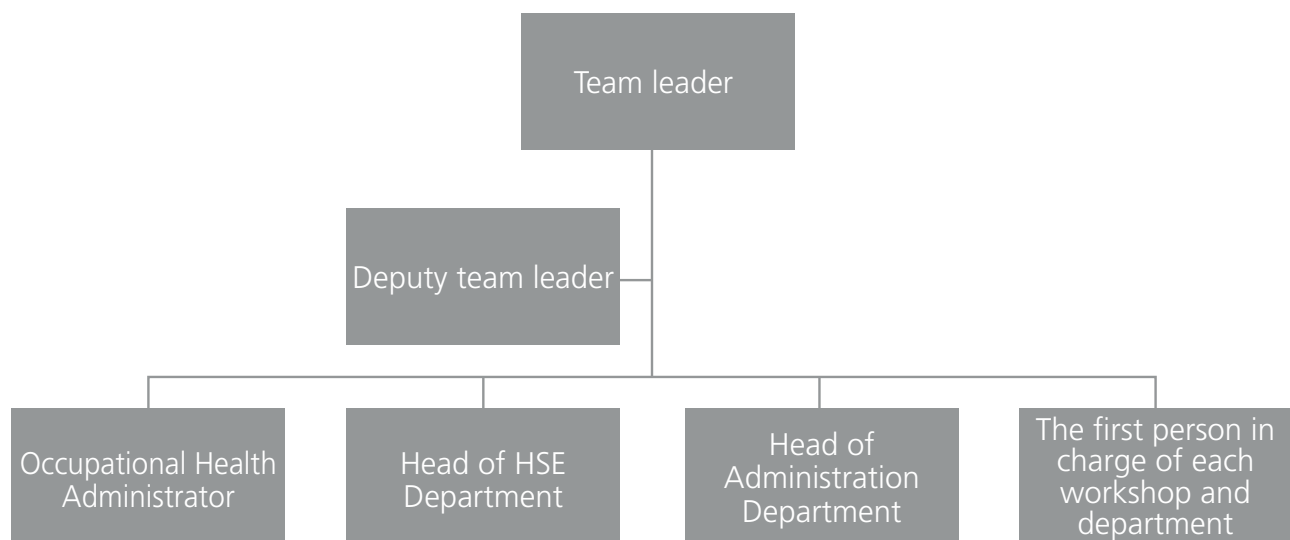




### Safety Management Governance Structure

In order to effectively prevent the occurrence of occupational diseases, protect the health of employees and promote healthy and rapid development of the enterprise economy, the Group has established an Occupational Health Management Leadership Team, which is composed of the occupational health and safety department, the administration department, the first person in charge of each workshop and site and the leadership of the group. The Occupational Health Leadership Team will implement the national laws and regulations on occupational health management and occupational disease prevention and control, and include this work in the core of corporate management. The Team will also review the Group's milestones and specific plans to achieve the targets for occupational health and occupational disease prevention and control, and regularly monitor and inspect the implementation of the plans.

The core tasks of the Team include formulating and revising internal occupational disease prevention and management measures, formulating and implementing relevant testing plans, etc., and providing training on protection from occupational hazards for different positions, and regular occupational health knowledge training and assessment, etc.



Occupational Health Management Leadership Team in Nanyang

To strengthen the conduct of all departments and personnel of the Group and to prevent and reduce environmental pollution and occupational health issues and accidents, we have formulated an internal Environmental and Safety and Occupational Health Reward and Punishment System in accordance with the Work Safety Law of the People's Republic of China, the Regulation on Labour Security Supervision, the Regulations of Henan Province on Labour and Social Security Supervision and other laws and regulations. It is clearly stipulated that the OHS performance of the Group and its senior management will be scrutinised on a monthly basis. In the event of a breach of rules and regulations, the system will take the form of warnings, performance deductions, administrative actions, termination of labour contracts, and other penalties such as monthly performance deductions.



## Safety Production

To enforce the standard code of conduct for personnel in all departments of the Group and its subsidiaries, and to identify and eliminate safety hazards in equipment and facilities, operating environment, personnel operation and fire-fighting facilities in a timely manner, we have formulated the Environment, Safety and Occupational Health Inspection System. This system stipulates the types of items included in safety inspection, the time and rectification of potential hazards. Comprehensive, special and regular inspections are conducted to cover all aspects of production safety in our operations. At the same time, winter safety inspections, fire-fighting inspections and workshop equipment inspections were carried out during the Year, focusing on the water weighing station, pipe valves, air compressors, air lines and wiring equipment. We requested a deadline to rectify the situation where the water pipes were not insulated or where the insulating jacket was damaged. In addition to special inspections, we also carried out production safety checks on a daily basis, which include proper wearing of staff uniforms and safety gear, operations equipment, fire-fighting equipment, and proper usage and operation of water and electricity.

The Nanyang Plant of the Group has obtained the Certificate of Safety Production Standardisation Level II Enterprise, which means that the enterprise has established a long-term mechanism for safety in production through self-inspection, rectification and improvement to establish safety performance and continuously improve it. In addition, the Nanyang Plant conducted a labour risk assessment by a third-party organisation during the Year, which analysed that dust, high temperature and noise are the major factors affecting safety in the plant area. Based on the above inspection report, we have formulated detailed occupational disease prevention measures. On equipment and facilities, we have installed vacuum cleaning devices and sound insulation covers, and high-temperature workshops have installed ventilation and cooling equipment, and organised regular occupational health examinations for workers exposed to relevant occupational disease hazards, and established a sound occupational health management system.

## Safety Training

The Group regularly formulates training plans for employees, and carries out different types of special training and safety training programmes for different types of work in accordance with internal regulations and systems such as the Safety Education and Training System. Different types of training materials are provided and the training progress is monitored in a timely manner to ensure implementation of various safety training plans. Meanwhile, regular drills are conducted for traffic safety and fire drills.



Mental well-being training seminar

In 2022, we launched a mental well-being training seminar in Nanyang factory to promote mental health and related education among employees.

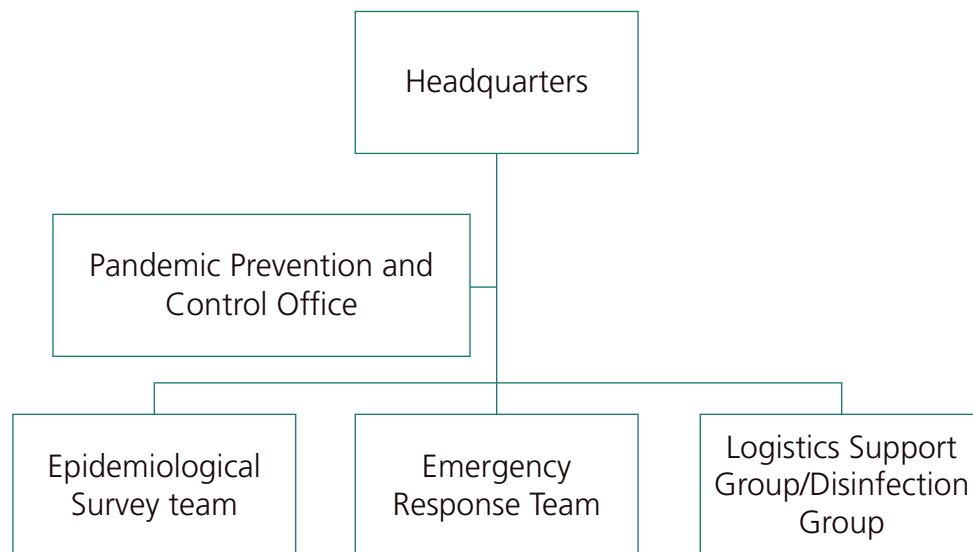
In addition, HSE promotes the building up of a safety culture, conducts safety culture education through multiple channels, and publishes monthly safety culture related knowledge articles on WeChat official account. The Group's internal platform also launches safety training courseware and training videos from time to time. During the Year, Nanyang Plant organised two visits to excellent enterprises for safety education and learning to promote the construction of corporate safety culture and vigorous promotion of education popularisation.

In 2022, the Group completed a total of 13,308 hours of safe production training, with 1,109 participants and a training coverage rate of 100%.



### Employees Fighting Against the Pandemic

During the Year, the Nanyang Plant established a special working group for epidemic prevention and control in accordance with the Emergency Plan for Epidemic Prevention and Control. In case of suspected or confirmed cases, the first-level response will be activated, and the second-level response will be activated when the administrative District is classified as a medium-and high-risk area. The third-level response will be triggered when the domestic epidemic prevention and control is not lifted.

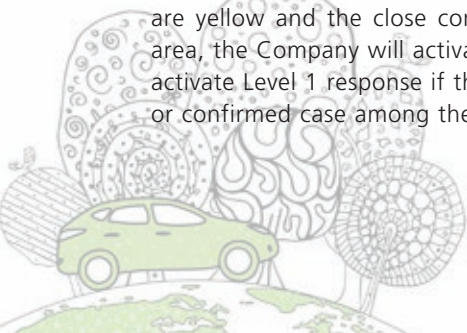


Epidemic Prevention and Control Working Group

We have formulated emergency plans for epidemic prevention and control, and clarified the responsibilities and authorities of the working group. The epidemiological survey team is responsible for checking the travel history of personnel, releasing epidemic prevention and control information and connecting with government departments. The emergency team is responsible for emergency plan management, emergency on-duty, order maintenance and connecting with medical institutions. The logistics support team is responsible for quarantining logistics support work and recording accommodation files of the secondary contact persons.

We adhere to the value of “Life First, People-oriented”. In the event of any confirmed cases, suspected cases or confirmed cases of COVID-19 in the Group, we will take decisive measures such as suspension of work and closure of factories to prohibit the movement of employees.

The Group takes early warning signs seriously. The Emergency Response Office is responsible for monitoring the risk of the pandemic and liaising with local government departments to obtain relevant information. If a suspected case is detected in the Group, an early warning notice will be issued, followed by a proactive response from all departments to prevent the epidemic from spreading. The three-tier response system helps strengthen staff health surveillance, enhance monitoring of suspected symptoms, strengthen environmental disinfection in crowded areas, enhance health awareness, provides for employees to wear masks at work, establish a system for recording staff sick leave and actively promote vaccination. When the trip code and health code of the Company’s employees or foreign workers are yellow and the close contact check is abnormal, and when Wolong District is classified as a medium-high risk area, the Company will activate the Level 2 response. In case of close contact with confirmed staff, the Company will activate Level 1 response if the travel code and health code of the staff or outsiders are red, or if there is a suspected or confirmed case among the staff.



We believe we have done a good job in providing emergency protection to employees by stocking sufficient emergency protection supplies and equipment, such as protective gloves, masks, disinfectants and infrared thermometers. During the Year, the Nanyang plant implemented epidemic preparedness work with a total of 33 plant-wide nucleic acid tests conducted, five plant-wide hygiene disinfections carried out and 376,000 masks for epidemic prevention distributed.

### Labour Supply Chain Management

We require all units of the Group to specify safety management matters when signing contracts with relevant parties such as labour contractors, and to sign the Environmental and Occupational Health and Safety Notice for Suppliers. The responsible department conducts occupational health and safety endorsements for suppliers and provide training and management for outsourced workers. When it is clear that a violation has occurred, the supplier is penalised with reference to the Environmental and Safety, Occupational Health Reward and Punishment System. It is stated in this system that the compensation of the labour contractor will be deducted by the Human Resources Department in accordance with the terms of the contract, and that any breach of contract by other parties, their compensation will be deducted by the relevant department in accordance with the terms of contract.

### Development and Training

The Group is committed to improving employees' knowledge, skills and work methods, and provides diversified training to meet their different needs. The training involves internal training and external training, covering employee management, vocational skills, occupational health and safety, laws and regulations, etc. Staff training is coordinated by the Group's Human Resources Department. Each business department formulates its own annual training and development plans and the Human Resources Department assists each department in training and tracks the implementation of training plans of each department.



#### Industry-Academia-Research cooperation

In 2022, we cooperated with Xiangtan University in Hunan and invited external experts to exchange ideas with and gave lectures to the Group's technical personnel to help solve technical problems encountered in the actual production process.

We encourage employees to actively participate in vocational skills training, relevant vocational skills examinations and obtain relevant certificates, so that their professional knowledge and technical capabilities can meet the requirements of higher-level positions to meet the needs of future positions. During the Year, the Group recorded a total of 177,440 hours of training, with an average of 160 hours per employee and a training coverage rate of 100%.



Average Training Hours of Employees	2021	2022
<b>By gender</b>		
Male	160	160
Female	160	160
<b>By employee category</b>		
Senior management	160	160
Middle management	160	160
General staff	160	160
<b>By age</b>		
Under 30 years old	160	160
30-40 years old	160	160
41-50 years old	160	160
Over 50 years old	160	160
<b>By type</b>		
Full-time	160	160
Part-time	160	–

The Group recognises employees with competitive remuneration packages, implements key performance index assessment scheme (with appropriate incentives) and provides employees with career advancement opportunities. The Group has standardised measures for hiring and retaining talent and constructing the required echelon and adheres to the principle of “focusing on internal training and supplemented by external introduction” to cultivate “expert” technical talents and “comprehensive” management talents, so as to help stimulate the enthusiasm and initiative of employees at all levels, and achieve personal growth of employees and the development of the Group.

In addition, the Group has launched a number of employees welfare activities, such as employee badminton competition and employee birthday celebrations. We hope that these activities will bring our employees closer to each other and enhance team cohesion.





## OPERATIONAL EXCELLENCE

### Supply Chain Management

The Group is committed to providing customers with excellent products and quality service. Therefore, we prefer to work closely with suppliers that are willing to adhere to the Group's values and meet its environmental and social requirements to ensure that the entire supply chain has sustainable and stable quality assurance capabilities and meets the requirements of high-quality sustainable development.

### Supplier Assessment Process

The Procurement Control Procedure formulated by the Group is an important basis for the supply chain management system, covering all suppliers of the Group. It aims to provide clear guidelines to those responsible for procurement and supply chain management, to standardise the supplier selection and evaluation process, and to ensure that the procurement process follows the "5Rs" principles (right time, right quality, right quantity, right price and right place) and that the products and services procured meet the Group's requirements.

Prior to the commencement of cooperation, the Group conducts on-site assessment and written assessment of the candidate suppliers, the assessment factors of which include but are not limited to operation management, quality management, production capacity, health and safety performance, environmental management and social responsibility. The selected suppliers must sign the Supplier Quality Assurance Agreement, and the Group conducts monthly and annual review and rating. Through the Group's internal supplier management system, indicators such as timely delivery rate, product yield rate and defective rate of each supplier are scored monthly and form a basis for decision-making after quarterly and annual evaluation; whether to continue cooperation with suppliers.

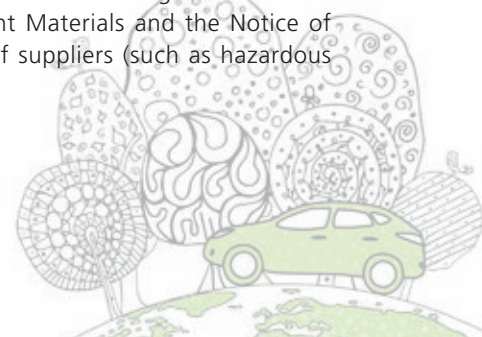
In addition, the Group maintains close interaction with suppliers through various communication channels (agreement signing, mail, WeChat and telephone, etc.) to ensure that the quality of products and services provided by them can continuously and steadily meet the Group's expectations.

During the Year, the Group had 54 major suppliers, all from the PRC.

### Supplier Risk Assessment and Management

The Group continues to pay attention to performance of suppliers in terms of production process, employee occupational safety, environmental protection and social responsibility, and identifies relevant risks of suppliers in a timely manner to avoid or mitigate potential negative impacts. The Group has formulated the Environmental Protection Management Operation Regulation and the Code of Practice for the Management of Hazardous Substances and Materials, aiming to clarify the Group's risk management principles in terms of quality and environment to suppliers and internal stakeholders.

The Group is committed to developing suppliers that meet the requirements of environmental protection and gives priority to products with environment-friendly protection labels. In the supplier assessment process, the Group incorporates environmental and social assessment indicators, and the quality control department, technology department and procurement department of the Group jointly conduct evaluation. The selected qualified suppliers are required to sign agreements on environmental and social aspects such as the Letter of Undertaking of Non-use of Conflict Minerals, the Letter of Undertaking of Non-use of Environmental Management Materials and the Notice of Suppliers on Environmental and Occupational Health and Safety, and different types of suppliers (such as hazardous materials suppliers) are required to sign different agreements for control.





During the cooperation period, suppliers are required to declare any changes to the production site, process flow, materials or environmental management system to the Group, and regularly submit qualified third-party environmental assessment reports and other environmental and social certifications. In order to ensure stable operation of the supply chain, the Group also requires at least two suppliers to supply raw materials, auxiliary materials and equipment maintenance accessories.

During the Year, in response to the identified supply chain risks, the Group adopted the corresponding optimisation measures and achieved good results. Through introduction of more suppliers on the quotation platform, we have increased the number of preferred suppliers. Currently, the Group maintains at least three suppliers for each type of raw materials, so as to mitigate the significant risks and losses that may be caused by a single source failing to supply in time. The Group also enters into futures contracts traded on the Shanghai Futures Exchange to mitigate the risk of aluminium price fluctuation.

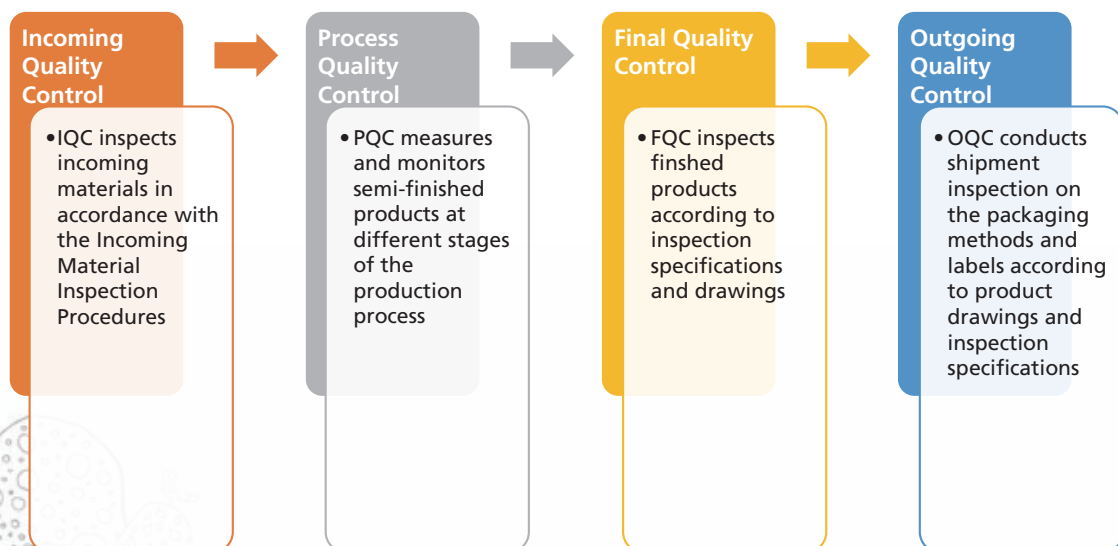
## Product Responsibility

While pursuing excellence in product and service quality, the Group is committed to providing products and services according to customers' needs and expectations and strictly abides by the laws and regulations, including but not limited to the Product Quality Law of the People's Republic of China.

## Product Quality

As a manufacturing company, we are aware of the importance of product quality as one of our core competencies. The Group has obtained ISO9001 quality management system certification and is committed to ensuring compliance with product quality laws and regulations, including but not limited to the Product Quality Law of the People's Republic of China.

Our international product quality assurance system, comprehensive testing facilities, independent testing laboratories and professional testing personnel provide a fundamental guarantee of high product quality. At the same time, our product manufacturing process ensures compliance with the Product and Process Monitoring and Measurement Control Procedures. Business units related to product quality are involved in product quality control and they verify that product requirements are met, and monitor and measure product compliance with relevant legal and regulatory requirements, industry standards and national standards.



Product Quality Assurance System

For unqualified products or defective items, relevant measures are taken in accordance with the Defective Output Control Procedure. During the Year, the Group sold and delivered 50,907 metric tonnes of products without any product recalls on account of safety and health reasons.

### Customer Satisfaction

It has been the Group's long-standing pursuit to continuously improve customer satisfaction. It is our responsibility to actively communicate with our customers, to understand their needs and to provide products that satisfy them. To ensure the quality of our services and to regulate our business dealings with customers, the Group has established a Customer Service Policy and Customer Complaint and Product Return Policy. We provide pre-sales, in-sales and after-sales services to our customers. Where necessary, we provide technical advice on our products and handle additional customer requirements such as repair services and product recalls.

In order to eliminate and handle customer complaints in a timely manner, ensure the quality of products and services, and to win customer satisfaction, the Group has a comprehensive customer complaint handling plan. When a customer complaint arises, the relevant sales personnel are responsible for completing the Customer Complaint Handling Form and activating the customer complaint and return handling control procedures. The Group requires telephone communication with the customer within 24 hours and a written reply within 3 working days. When a customer complaint is established, the Marketing and Quality Departments are responsible for communicating and negotiating with the customer and taking a reasonable approach to the matter. When both parties agree to take return measures, the customer fills out a return form and the Group is responsible for pulling back the returned goods and handling the returned materials. Once a customer complaint has been resolved, the Group reviews, analyses and summarises the complaint and formulates relevant measures to resolve it. During the Year, the Group received 38 product and service related complaints, all of which were handled appropriately.

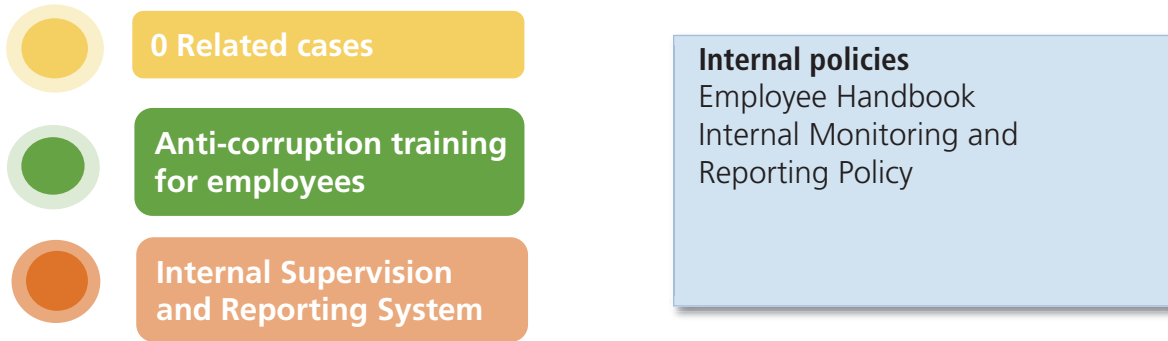


Customer Satisfaction Handling Process

To further understand our customers' level of satisfaction, the Sales Department organises annual customer satisfaction surveys in December each year, covering the satisfaction with our sales staff, overall service, product quality and delivery. During the Year, we conducted a customer satisfaction survey for our long-standing customers, and the customer satisfaction rate reached 94.2%, with customers expressing satisfaction with our sales staff, overall service and product quality.



### Anti-Corruption



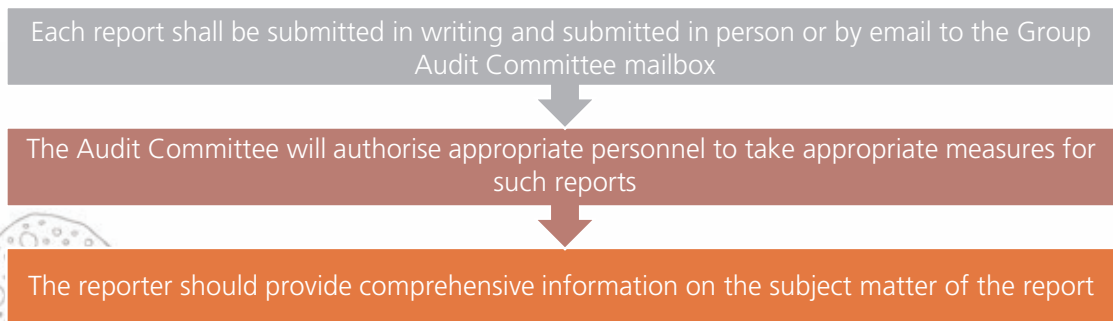
The Group is committed to promoting a culture of integrity and building an anti-corruption regime in strict compliance with anti-corruption laws and regulations. We have adopted a “zero-tolerance” policy to resist all acts of corruption, dishonesty, fraud, money laundering or misappropriation of company finances. The Group has set up an audit department and requires managers at plant and managerial level and above to sign an integrity pledge to comply with relevant laws and regulations.

The Group’s staff handbook sets out communication channels, such as staff complaint boxes and departmental forums. We value the views and suggestions of our employees and have assigned a dedicated department to handle the feedback received. During the year, the Group’s management and all staff of the Purchasing Department completed anti-corruption training. At the same time, the Group conducted anti-corruption awareness sessions and all staff members above the officer level completed the relevant training. Looking ahead, the Group will strive to provide anti-corruption training to its directors and all staff to promote a culture of corporate integrity and raise staff awareness of anti-corruption.

During the Year, the Group was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, nor was it involved in any corruption cases.

### Whistle-blowing Mechanism

In order to provide reporting channels for employees to actively report relevant cases and protect those reporting, the Group has implemented the Internal Monitoring and Reporting System since 2021, under which the Human Resources and Administration Department is responsible for handling relevant matters. At the same time, the Group encourages the management to share this policy with related parties based on actual business needs to regulate their behaviours.



Whistle-blowing and Complaint Procedures



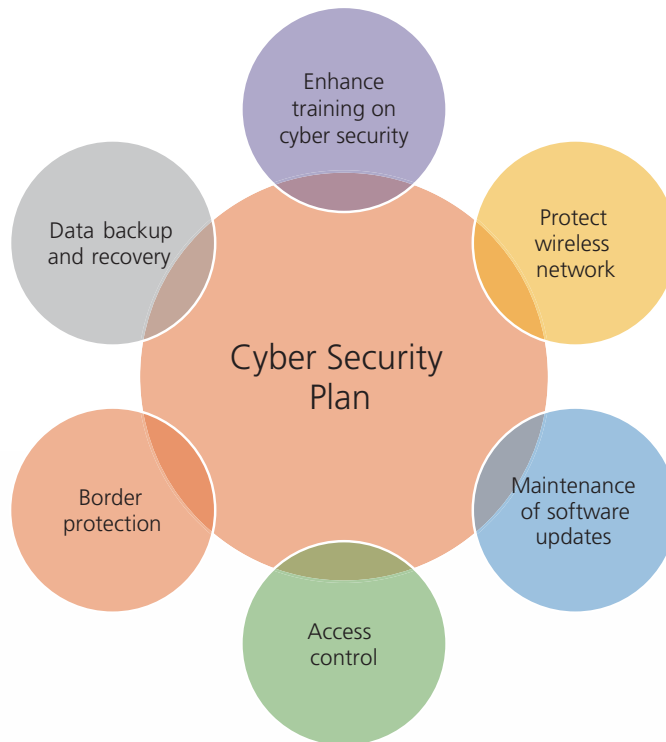
The Group adheres to the principle of confidentiality and strictly protects the personal identity and information of those reporting instances of misconduct to protect the safety and interests of the whistleblower. Our audit committee reviews the relevant policies regularly to ensure compliance with the applicable laws and regulations and the Listing Rules.

### Intellectual Property Rights and Customer Privacy Protection

The Group attaches great importance to the protection of intellectual property rights and applies for patent protection in a timely manner for the latest inventions created by its employees. At the same time, we require our employees to respect and comply with all applicable laws and regulations relating to intellectual property rights of others, including but not limited to the Patent Law of the People’s Republic of China and the Copyright Law of the People’s Republic of China.

The Group also attaches great importance to customer privacy and data security. The Group’s employees are expected to comply with the confidentiality guidelines in the Employee Handbook and never use or disclose to a third party under any circumstances information relating to the Group’s business, including but not limited to product design, process procedures, drawings, technical parameters and customer privacy. Employees are required to sign a Corporate Secrecy Agreement. If an employee is found to have compromised confidentiality, the Group will dismiss him/her and reserves the right to pursue financial and legal responsibility. Documents, data or other items of a confidential nature may only be borrowed, copied, passed on or carried out under authorised and designated working conditions.

To enhance network security management and information protection and to prevent leakage of important trade secrets and customers’ privacy data, the Group has established network risk vulnerability control management objectives and network security plan, with reference to the International Society for Information Systems Auditing and related technical control objectives.



Cyber Security Plan



### Product Labelling and Advertising Management

The Group's product labelling management follows the Labelling and Traceability Control Procedures, using labels to distinguish between product labels and status labels and to provide the necessary basis for traceability. The product label must specify the name, specification and code of the product and the status label must specify the current status of the product, e.g. pending, qualified, unqualified, etc. The Group undertakes not to use false advertising information and to provide consumers with truthful and accurate advertising information.

In 2022, the Group is not aware of any non-compliance with laws and regulations in relation to health and safety, advertising, labelling and privacy matters and remedies for the products and services provided.

### Innovation and Research & Development

We understand the importance of technological innovation. We have a team of experienced product developers who are always at the forefront of technological research and development as they develop new products and processes to enhance the competitive edge of our products. At the same time, the Group has established an innovative system by creating a highly efficient industry-academia-research cooperation model and maintaining close and long-term collaboration with more than 20 research institutes, tertiary education institutions and aluminium alloy extrusion enterprises in PRC. We have combined the Group's internal equipment, technology and human resources with the scientific research strength of universities to carry out research and development of new products, processes and technologies, and vigorously enhance the Group's technological innovation capability. At present, the Group has established the Henan Province Aluminium Alloy Extruded Materials Engineering Technology Research Centre. We teamed with Henan Polytechnic Institute to establish Equipment Manufacturing Industry Institute, and collaborated with Nanyang Vocational College of Agriculture to form Rongyang Industrial Institute.

The Group is driven by innovation and is market-oriented, vigorously developing new energy series products. The Group has also promoted research and development and production of new energy vehicle battery trays and battery end plate profiles, a series of high-strength aluminium alloy materials and recycled aluminium alloy recycling projects. With its strong technical strength it leads the industry standard, accelerating the pace of green transformation of the industry.



## COMMUNITY ENGAGEMENT

The Group places great importance on community contribution and its development, as because community has always been an important element of the Group.

The Group has donated a total of RMB 554,000 to various charitable foundations or public welfare in Nanyang city. Of which, RMB10,000 was donated to the Nanyang Volunteer Foundation, RMB10,000 was donated to community education, RMB15,000 was donated to the Nanyang Charity Association; and RMB519,000 was invested in the employment of disabled persons.





## APPENDIX

### Laws and Regulations

Aspects	Applicable Laws and Regulations
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Environmental Protection Law of the People's Republic of China</li> <li>• Water Pollution Prevention and Control Law of the People's Republic of China</li> <li>• Atmospheric Pollution Prevention and Control Law of the People's Republic of China</li> <li>• Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</li> <li>• Energy Conservation Law of the People's Republic of China</li> <li>• Comprehensive Work Plan for Energy Conservation and Emission Reduction of the State Council</li> <li>• Law of the People's Republic of China on Environmental Impact Assessment</li> <li>• Soil Pollution Prevention and Control Law of the People's Republic of China</li> <li>• Metrology Law of the People's Republic of China</li> <li>• Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise</li> <li>• Cleaner Production Promotion Law of the People's Republic of China</li> </ul>
<b>Employment</b>	<ul style="list-style-type: none"> <li>• Labour Law of the People's Republic of China</li> <li>• Labour Contract Law of the People's Republic of China</li> <li>• Law of the People's Republic of China on the Protection of Disabled Persons</li> <li>• Law of the People's Republic of China on the Protection of Women's Rights and Interests</li> <li>• Special Rules on the Labour Protection of Female Employees</li> <li>• Provisions on the Prohibition of Using Child Labour</li> <li>• Law of the People's Republic of China on the Protection of Minors</li> </ul>
<b>Safety</b>	<ul style="list-style-type: none"> <li>• Work Safety Law of the People's Republic of China</li> <li>• Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</li> <li>• The Fire Protection Regulation of The People's Republic of China</li> <li>• Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases</li> <li>• Regulation on Labour Security Supervision</li> <li>• Regulations of Henan Province on Labour and Social Security Supervision</li> </ul>
<b>Product Responsibility</b>	<ul style="list-style-type: none"> <li>• Product Quality Law of the People's Republic of China</li> <li>• Intellectual Property Law of the People's Republic of China</li> <li>• Patent Law of the People's Republic of China</li> <li>• Copyright Law of the People's Republic of China</li> </ul>
<b>Anti-Corruption</b>	<ul style="list-style-type: none"> <li>• Criminal Law of the People's Republic of China</li> <li>• Anti-Unfair Competition Law of the People's Republic of China</li> </ul>



## Performance Data Summary

### Environmental Management

	2022	2021
<b>Resources Consumption</b>		
Electricity (MWh)	59,091.3	69,658.2
Diesel (tonnes)	130.8	156.1
Gasoline (tonnes)	8.5	9.5
Natural gas (m <sup>3</sup> )	8,760,218	9,308,095.7
Acetylene (tonnes)	8.2	7.5
Water resources (tonnes)	471,734	599,089
<b>Resources Consumption</b>		
<b>Greenhouse Gas Emissions</b>		
Total GHG Emissions (CO <sub>2</sub> -e)	53,760.0	57,541.2
Scope 1: Direct emissions (tonnes of CO <sub>2</sub> -e)	20,052.3	20,676.7
Scope 2: Indirect emissions (tonnes of CO <sub>2</sub> -e)	33,699.8	36,619.3
Scope 3: Indirect emissions (tonnes of CO <sub>2</sub> -e)	7.9	245.1
<b>Exhaust Gas</b>		
Sulphur oxides (tonnes)	2.5	2.4
Nitrogen oxides (tonnes)	14.7	22.1
PM (tonnes)	3.1	6.2
<b>Waste water</b>		
Waste water discharge (tonnes)	280,151.1	348,446.6
<b>Waste</b>		
Hazardous waste (tonnes)	108.4	59.2
Non-hazardous waste (tonnes)	27,022.9	30,613.1
– Waste philtre board (tonnes)	3.3	59.3
– Waste wooden products (tonnes)	79.9	2.5
– Aluminium ash (tonnes)	1,563.5	2,576.7
– Aluminium scrap (tonnes)	25,224.1	28,679.4
– Waste cartons (tonnes)	13.0	1.3



## Staff Management

	2022	2021
<b>Workforce Distribution</b>		
<b>Employment type distribution</b>		
Total number of full-time employees	1,109	1,223
Total number of part-time employees	0	64
<b>Age Distribution</b>		
≤ 29	208	216
30-40	454	548
41-50	315	410
≥ 51	132	113
<b>Gender Distribution</b>		
Male	711	820
Female	398	467
<b>By Region</b>		
Mainland China	1,109	1,287
<b>Employee turnover rate</b>		
<b>Age Distribution</b>		
≤ 29	15%	11%
30-40	25%	4%
41-50	33%	8%
≥ 51	3%	11%
<b>Gender Distribution</b>		
Male	22%	8%
Female	24%	6%
<b>By Region</b>		
Mainland China	23%	7%
<b>Distribution by Position Level</b>		
Senior management	0%	0%
Middle management	7%	19%
General staff	23%	7%



	2022	2021
<b>Staff training</b>		
<b>Total training hours of employees</b>	177,440	205,920
<b>Average training hours of employees</b>	160	160
<b>By gender</b>		
Male	160	160
Female	160	160
<b>By Position Level</b>		
Senior management	160	160
Middle management	160	160
General staff	160	160
<b>By age</b>		
≤ 29	160	160
30-40	160	160
41-50	160	160
≥ 51	160	160
<b>Type</b>		
Full-time	160	160
Part-time	–	160
<b>Percentage of employees trained (%)</b>		
<b>By gender</b>		
Male	100%	100%
Female	100%	100%
<b>By Position Level</b>		
Senior management	100%	100%
Middle management	100%	100%
General staff	100%	100%
<b>By age</b>		
≤ 29	100%	100%
30-40	100%	100%
41-50	100%	100%
≥ 51	100%	100%
<b>Type</b>		
Full-time	100%	100%
Part-time	–	100%



	2022	2021
<b>Total hours of occupational safety and health training</b>	13,308	15,444
<b>Total person-times of occupational safety and health training</b>	1,109	1,287
<b>Health and Safety</b>		
<b>Occupational Safety and Health Performance</b>		
Number of work-related injuries	5	22
Number of work-related injuries	5	20
Percentage of work-related injuries (%)	0.45%	2%
Lost days due to work-related injury	438	727
Number of work-related fatalities	–	1
Proportion of work-related fatalities (%)	–	0.078%

## HKEX Content Index

General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Governance Structure</b>		
General Disclosure	<p>A statement issued by the Board containing the following:</p> <ul style="list-style-type: none"> <li>(i) disclosure of the Board's oversight of environmental, social and governance matters.</li> <li>(ii) the Board's approach and strategy for environmental, social and governance management, including the process for assessing, prioritising and managing significant environmental, social and governance related issues, including risks to the issuer's business; and</li> <li>(iii) how the Board reviews progress against ESG-related objectives and explains how they relate to the issuer's business.</li> </ul>	<p>SUSTAINABLE MANAGEMENT — — Board Statement</p>

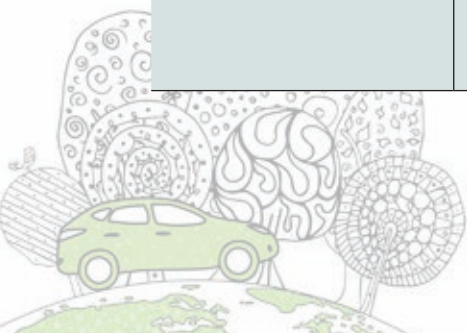


General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Reporting Principles</b>		
General Disclosure	<p>Describe or explain how the following reporting principles have been applied in the preparation of environmental, social and governance reports:</p> <p>(a) Materiality: the ESG report should disclose</p> <ul style="list-style-type: none"> <li>(i) the process for identifying significant ESG factors and the criteria for their selection;</li> <li>(ii) where the issuer has undertaken stakeholder engagement, a description of the significant stakeholders identified and the process and results of the issuer’s stakeholder engagement;</li> </ul> <p>(b) Quantification: Information on the standards, methods, assumptions and/or calculation tools used for reporting emissions/energy consumption (where applicable) and the source of conversion factors used should be disclosed; and</p> <p>(c) Consistency: Issuers should disclose in ESG reporting changes in statistical methods or KPIs (if any) or any other relevant factors that affect meaningful comparisons.</p>	<p><b>Materiality:</b> We identify sustainability-related issues that are material to the Group through an online questionnaire survey. We have ensured that the concerns of our stakeholders are addressed in this report.</p> <p><b>Quantitative:</b> The data in this report are checked and analysed to reflect changes year-on-year, and are presented in a way that allows comparison with past performance. For the criteria used to calculate environmental performance indicators, please refer to the Performance Data Summary of this report.</p> <p><b>Balance:</b> This report is prepared in an open and transparent manner and describes the Group’s performance in all aspects of sustainable development.</p> <p><b>Consistency:</b> Unless otherwise stated, we will maintain the comparability of the information. The data and statistical information in this report are presented in a consistent manner for meaningful comparison in the future.</p>





General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>REPORTING SCOPE</b>		
General Disclosure	Explain the scope of ESG reporting and describe the process of selecting which entities or businesses to include in the ESG report. If the scope of reporting changes, issuers should explain the differences and the reasons for the changes.	ABOUT THIS REPORT — — Reporting Guidelines
<b>A. ENVIRONMENTAL</b>		
<b>Aspect A1: Emissions</b>		
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 PROTECTION  During the Year, the Group was not aware of any non-compliance with applicable laws that attracted fines or sanctions of a non-monetary nature.
KPI A1.1	The types of emissions and their respective emissions data.	ENVIRONMENTAL PROTECTION — — Emission Control Performance Data Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	ENVIRONMENTAL PROTECTION — — Energy Management — Greenhouse Gas Emissions Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	ENVIRONMENTAL PROTECTION — — Emission Control — Waste discharge Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	ENVIRONMENTAL PROTECTION — — Emission Control — Waste Discharge Performance Data Summary
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION — — Emission Control — Waste Discharge



General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Aspect A2: Use of Resource</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL PROTECTION — — Energy Management
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	ENVIRONMENTAL PROTECTION — — Energy management — Energy Consumption Performance Data Summary
KPI A2.2	Water consumption in total and intensity.	ENVIRONMENTAL PROTECTION — — Energy management — Water resources management Performance Data Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION — — Energy management —
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL PROTECTION — — Energy management — Water resources management
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ENVIRONMENTAL PROTECTION — — Energy management — Packaging Materials Management
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	ENVIRONMENTAL PROTECTION Environmental protection — — Energy management — Ecological Environmental Protection
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL PROTECTION — — Energy management — Ecological Environmental Protection



General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	ENVIRONMENTAL PROTECTION — — Responding to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	ENVIRONMENTAL PROTECTION — — Responding to Climate Change
<b>B. SOCIAL</b>		
<b>Aspect B1: Employment</b>		
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.	EMPLOYEE PROTECTION — — During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for non-compliance
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	EMPLOYEE PROTECTION — — Employee Composition Performance Data Summary The key performance covers the Group's production facilities in Nanyang, Henan Province, therefore all employees are from Mainland China.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	EMPLOYEE PROTECTION — — Employee Composition
<b>Aspect B2: Health and Safety</b>		
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.	EMPLOYEE PROTECTION — — Health and Safety  During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for non-compliance
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	EMPLOYEE PROTECTION — — Health and Safety Performance Data Summary

General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B2.2	Lost days due to work injuries.	EMPLOYEE PROTECTION — — Health and Safety Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	EMPLOYEE PROTECTION — — Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYEE PROTECTION — — Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	EMPLOYEE PROTECTION — — Development and Training Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	EMPLOYEE PROTECTION — — Development and Training Performance Data Summary
<b>Aspect B4: Labour Standards</b>		
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 or forced labour.	EMPLOYEE PROTECTION — — Labour Management — Protecting Employees' Rights  During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for non-compliance
KPI B4.1	Description of measures to review employment practises to avoid child and forced labour.	EMPLOYEE PROTECTION — — Labour Management
KPI B4.2	Description of steps taken to eliminate such practises when discovered.	EMPLOYEE PROTECTION — — Labour Management — Protecting Employees' Rights
<b>B. SOCIAL</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATIONAL EXCELLENCE — — Supply Chain Management



General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B5.1	Number of suppliers by geographical region.	OPERATIONAL EXCELLENCE — — Supply Chain Management — Supplier Assessment Process
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE — — Supply Chain Management — Supplier Assessment Process
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE — — Supply Chain Management — Supplier Risk Assessment and Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE — — Supply Chain Management — Supplier Risk Assessment and Management
<b>Aspect B6: Product Responsibility</b>		
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.	OPERATIONAL EXCELLENCE — — Product Responsibility — — Intellectual Property Rights and Customer Privacy Protection  During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for non-compliance
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	OPERATIONAL EXCELLENCE — — Product Responsibility Product quality
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	OPERATIONAL EXCELLENCE — — Product Responsibility Customer Satisfaction



General Disclosure and Key Performance Indicators	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATIONAL EXCELLENCE — — Intellectual Property Rights and Customer Privacy Protection
KPI B6.4	Description of quality assurance process and recall procedures.	OPERATIONAL EXCELLENCE — — Product Responsibility Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATIONAL EXCELLENCE — — Intellectual Property Rights and Customer Privacy Protection
<b>Aspect B7: Anti-corruption</b>		
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.	OPERATIONAL EXCELLENCE — — Anti-Corruption  During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for non-compliance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and outcomes of the cases.	OPERATIONAL EXCELLENCE — — Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	OPERATIONAL EXCELLENCE — — Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	OPERATIONAL EXCELLENCE — — Anti-Corruption
<b>Aspect B8: Community Investment</b>		
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 ENGAGEMENT
KPI B8.1	Focus areas of contribution.	COMMUNITY ENGAGEMENT
KPI B8.2	Resources contributed to the focus area.	COMMUNITY ENGAGEMENT

