



Xin Point Holdings Limited 信邦控股有限公司

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



Environmental, Social
and Governance Report

2022

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ABOUT THIS REPORT

REPORTING YEAR

Xin Point Holdings Limited (the “Company” or “Xin Point”) is pleased to announce the sixth Environmental, Social and Governance (“ESG”) Report (this “Report”) prepared by the Company and its subsidiaries (together as the “Group” or “we”) with a view to disclose the Group’s performance in respect of environmental protection, social responsibilities and corporate governance every year.

This Report describes in detail the Group’s measures and performance in respect of the above issues for the year ended 31 December 2022 (the “Reporting Period” or the “FY 2022”).

REPORTING GUIDE

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) set out in Appendix 27 to the Main Board Listing Rules of The Stock Exchange of Hong Kong (“HKEX”). This Report covers the Group’s corporate social responsibility activities during the Reporting Period, including our performance in important aspects that the Group is focusing on, including environment, employment, supply chain and community investment.

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

- **Materiality:** During the Reporting Period, the Group has engaged an independent consultant to conduct stakeholder engagement and materiality assessment, so as to understand the material environmental and social issues of our operations and adopt these issues as the focus for the preparation of this Report. The priorities of different material issues have been reviewed and confirmed by the board of directors (the “Board”) and senior management of the Company. For further details, please refer to the sections on “Stakeholder Engagement” and “Materiality Analysis”.
- **Quantitative:** This Report discloses quantitative environmental and social performance data and, where appropriate, provides comparable data. Where appropriate, the Group sets out, in explanatory notes, the standards, methodologies, assumptions and sources of key conversion factors used in the calculation of relevant data.
- **Balance:** This Report discloses the ESG performance of the Group during the Reporting Period, and also mentions relevant areas of improvement to present an impartial performance profile.
- **Consistency:** The preparation approach of this Report is substantially consistent with that of the previous reporting year. If there is any change in the scope of this Report or the calculation methods that affects the actual comparison effect, it will be specially noted in this Report to provide meaningful comparisons.

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

REPORTING SCOPE

The scope of this Report is determined by the management of the Group. Taking the Group's operating income as the benchmark, it includes the businesses with a relatively large financial proportion and significant ESG impacts. Based on these principles, this Report covers our major production business of automotive plastic electroplated components in Mainland China and Mexico. The scope of of this Report is consistent with the reporting scope of the Group's annual report and with the reporting scope of the environmental, social and governance report for the year ending 31 December 2021 ("FY 2021"), including the headquarter of the Group and the following plants:

- Huizhou production base: Huizhou Xin Point Precision Components Co., Ltd. (惠州信邦精密部件有限公司), Huizhou Keen Point Precision Plastic Co., Ltd. (惠州建邦精密塑膠有限公司), Huizhou Xin Point Surface Decoration Co., Ltd. (惠州信邦表面處理有限公司), Huizhou Keen Point Surface Decoration Co., Ltd. (惠州建邦表面處理有限公司) and Huizhou Xinsheng Technology Co., Ltd. (惠州信升科技有限公司)
- Wuxi production base: Wuxi Keen Point Automobile Precision Molding Co., Ltd (無錫建邦汽車精密模具有限公司)
- Tianjin production base: Tianjin Jinxin Precision Plastic Components Co., Ltd. (天津金信精密塑膠部件有限公司)
- Changzhou production base: Changzhou Xinsheng Automobile Components Co., Ltd. (常州信升汽車部件有限公司)
- Mexico production base: Xin Point Mexico Co., Ltd. (信邦墨西哥有限公司)

CONTACT US

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

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

BOARD APPROVAL

This Report was approved by the Board on 12 April 2023.

SUSTAINABLE DEVELOPMENT-RELATED MANAGEMENT CERTIFICATION

Name of subsidiaries	Certificates obtained
Huizhou Xin Point Surface Decoration Co., Ltd.	ISO14001 Certificate, IATF16949 Certificate
Huizhou Keen Point Precision Plastic Co., Ltd.	ISO14001 Certificate, ISO27001 Certificate, ISO 45001 Certificate, IATF16949 Certificate
Huizhou Keen Point Surface Decoration Co., Ltd.	ISO14001 Certificate, IATF16949 Certificate
Huizhou Xin Point Precision Components Co., Ltd.	IATF16949 Certificate
Wuxi Keen Point Automobile Precision Molding Co., Ltd	ISO9001 Certificate, IATF16949 Certificate
Changzhou Xinsheng Automobile Components Co., Ltd.	ISO14001 Certificate, ISO9001 Certificate, IATF16949 Certificate
Xin Point Mexico Co., Ltd.	ISO14001 Certificate

BRIEF INTRODUCTION TO THE HISTORY OF THE GROUP

Established in 2002, the Group is a leading automotive plastic electroplated components supplier in China. The Group mainly sold and manufactured electronic and chemical products at its early business stage. Subsequently, the Group transformed its business, expanded its business scope to plastic products, moulding production and electro-plating, and established production bases in Wuxi City and Tianjin City in China.

In 2006, the Group successfully expanded its international business, began selling our products to customers in North America and became the second largest automotive plastic electroplated component supplier in China in terms of sales revenue in that year. We then extended our presence to European markets, such as Germany, in 2008. In line with our business expansion over the years, we have established production bases in Mainland China and around the world to expand the Group's production capacity. During the Reporting Period, the Group's plants in Lagos de Moreno, Mexico and Changzhou, China have commenced mass production.

In the first half of 2020, the Group formed a new joint venture company with Wanka Online Inc. ("Wanka", HKEX stock code: 1762), and commenced the internet of vehicle business in Shenzhen in mid-2020. However, the joint venture company is not included in the reporting scope for this Report due to its insignificant joint venture proportion.

We aim to establish a leading technology enterprise in the automotive interior and exterior industry. We adhere to the principle of "People-oriented, Prevention-focused", implement the commitment of "Safety first, Recycling preferred, Quality-centered", focus on teamwork and data management, pursue zero defects and strive for continuous improvement so as to satisfy the requirements of applicable laws and regulations, customers' needs and other relevant requirements through continuously providing competitive products and services.

BUSINESS SCOPE

The principal activities of the Group are the production and sale of various electroplated automotive interior components, such as door trims, door handles, shifter bezels, steering wheel components, console parts and instrument panels. As a plastic electroplated components supplier, we continue to develop various professional electroplating technologies, such as ABS resin, PC/ABS resin and other plastic resins to enrich the Group's business solutions. In addition, we provide various surface treatment specifications, such as bright, metal drawing, black and titanium metal finishes, to meet the different needs of our customers.

We place great emphasis on one-stop production process management, including quality control in various production processes such as mould production, plastic injection moulding and electroplating. Effective production management has not only enabled the Group to increase its production capacity, but has also established a good brand reputation for the Group, enabling the Group to provide excellent products for various world-renowned luxury automotive brands. In the FY 2022, the Group's overall production yield rate reached 88.5%, which is broadly in line with the 89.0% for the FY 2021.

In response to the COVID-19 pandemic ("COVID-19 pandemic"), the Group implemented various pandemic management measures during the Reporting Period, striving to reduce the impact on operation and production and secure the safety of staff members and the community. For details, please refer to the section headed "Safe Working Environment and Preventive Measures". The Group will continue to actively respond to the challenges brought by the COVID-19 pandemic and strive to improve our operational efficiency.

SUSTAINABLE DEVELOPMENT APPROACH

SUSTAINABLE DEVELOPMENT FRAMEWORK

The Group's corporate vision is to become a leading technology company in the plastic surface treatment industry. To this end, we adhere to our corporate principle of "People-oriented, Prevention-focused" and implement our commitment to "Safety first, Recycling preferred, Quality-centered" in our operation process. In addition to complying with the laws and regulations of the places where we operate, we also strive to improve the quality of our products and services to satisfy the requirements of customers and other stakeholders.

During the reporting period, the Group further improved its sustainable development governance structure by establishing an ESG Working Group (the "Working Group") under the Board, chaired by the Group's chief financial officer, with the heads of the Group's ESG departments as key members, with a view to better integrating sustainable development considerations into the Company's decision-making process. Within the governance structure, the Board collectively assumes full responsibility for ESG matters of the Group and is required to discuss ESG-related matters collectively at least once a year, provide direction to the Group's sustainable development strategy, ensure the effectiveness of risk management and internal control systems, approve ESG reports, and monitor the progress of sustainable development efforts. Members of the Board have the appropriate skills, experience, knowledge and perspectives required to oversee ESG matters for the Group. In daily operations, the Working Group assists the Board in ESG matters and is responsible for making decisions and overseeing the corporate sustainable development management model, while each department is responsible for planning and implementing the relevant measures. The Working Group reports to the Board at least once a year and makes recommendations as necessary. The Board will discuss important ESG issues as well as the Group's management strategy and approach with a view to continuously improving the Group's sustainable development performance.

In addition, in response to China's "carbon neutrality" target and in line with stakeholders' expectations of the Group in the materiality assessment, the Group has set relevant targets at the subsidiary level in four areas, namely gas emissions, waste emissions, energy efficiency and water efficiency, starting in the FY 2021. Performance against the relevant targets is presented annually by the Working Group to the Board, which, with the assistance of the Working Group, reviews progress against the targets at least once a year and ensures that the Group has sufficient resources to meet those targets.

The Group believes that through a good sustainable development governance structure, target setting and implementation of relevant measures, the Group will continue to raise the ESG awareness of its employees, promote behavioural change and gradually integrate the concept of sustainable development into the Group's business development.

ADVOCATING PROBITY AND PERFECTING GOVERNANCE

The Group rigorously complies with China's national laws and regulations relating to business ethics such as bribery, extortion, fraud and money laundering, including but not limited to the "Criminal Law of the People's Republic of China", the "Anti- Money Laundering Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's Republic of China", the Mexican Federal Penal Code and the Hong Kong Prevention of Bribery Ordinance. To regulate the behavior of our staff members, suppliers, contractors and subcontractors as well as customers, the Group has established an internal control system and formulated the "Integrity Convention and Code of Business Ethics". We explicitly require our staff members to comply with relevant laws and regulations, and work with the highest standards of integrity and business ethics.

In order to prevent corrupted business practices, the Group has implemented a series of measures in its operations. For example, we strictly forbid our staff members from participating in any activities involving conflict of interest, including participating in the business of our suppliers or contractors in their personal capacity and misusing the information and facilities of the Group. Also, staff members are prohibited from participating in transactions that are in direct commercial competition with Xin Point, possessing any asset that is impacted by the Group's actions or acquired based on the Group's information, holding or transferring any business opportunities of the Group, and obtaining any interests or positions at our competing corporations, so as to eliminate any behavior that staff members may use their powers for personal gains. To reduce the risks of committing fraudulence, staff members must submit all the present received in business activities to the CEO office of the Group for centralized handling. To ensure that our staff members comply with the above measures, the audit department of the Group conducts annual review on conflict of interests for personnel in sensitive positions, including senior management, procurement, marketing and finance personnel.

In addition, the Group adheres to a "zero tolerance" stance on corruption issues, establishes channels for reporting and complaints, and encourages employees to report misconduct. We have established an "Anti-Fraud Whistleblowing System" and an internal control system to assist the Board in performing internal supervision over the management. According to the management structure of the "Anti-Fraud Whistleblowing System", employees and external third parties can make named or anonymous reports via our whistleblowing hotline and email. Meanwhile, the system also states that the Group must ensure the rights and interests of the investigating personnel and whistleblowers are protected, and discrimination, revenge and hostility against them are prohibited. In case of violation, the offenders will be punished or dismissed accordingly. Those who violate the criminal laws will be sent to the judicial authorities for action in accordance with the legal requirements. At the same time, the Group will take remedial measures in a timely manner to assess and improve the internal controls of the affected business units. We will regularly review the effectiveness of anti-corruption related policies and practices.

In order to further strengthen the Group's overall awareness of advocating probity and perfecting governance, the Group provides anti-corruption related training or learning materials to its directors and employees every year. During the Reporting Period, the Group's directors and 166 employees received online training courses on anti-corruption. Through relevant training, directors and employees at various levels have understood their corresponding roles and responsibilities in anti-corruption and business ethics, as well as the precautions for compliant operation more clearly.

During the Reporting Period, the Group was not aware of any corruption proceeding brought against the Group or its employees and was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud, and money laundering, including but not limited to those mentioned above, that would have a significant impact on the Group.

STAKEHOLDER ENGAGEMENT

The Group actively communicated with the stakeholders to understand their opinions and expectation regarding the sustainable development of the Group, and thereby identifies the material environmental and social issues in the Group's operation, to continuously improve the relevant performance.

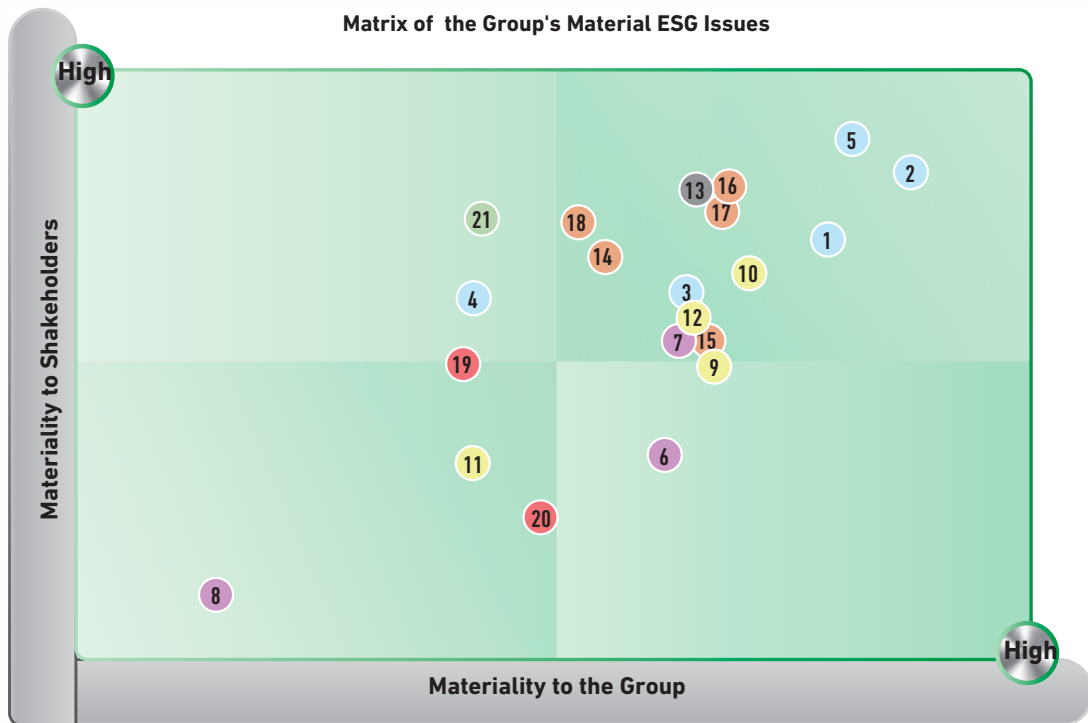
The stakeholders of the Group include staff members, shareholders and investors, customers, partners (contractors and suppliers), governmental and regulatory institutions, industry associations, media and members of the community. The main channels of communication between the Group and stakeholders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

Type of Stakeholders	Communication Channels
Employees	<ul style="list-style-type: none"> • Intranet • Staff meetings • Staff training • Staff interviews • Satisfactory survey of staff
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meetings • Annual and interim financial reports • "Investor Relations" web page on the Group's website • Press release
Customers	<ul style="list-style-type: none"> • Telephone communication • Opinion poll
Cooperation partners (contractors and suppliers)	<ul style="list-style-type: none"> • Interviews • Audit and assessments • Telephone communications
Governmental and regulatory institutions	<ul style="list-style-type: none"> • Interviews • Telephone communications
Industry associations	<ul style="list-style-type: none"> • Participation in industry forums, exhibitions and other professional association events • Participation in technical or research groups • Exchange visits
Media	<ul style="list-style-type: none"> • Press release • Press conference • "Press & Events" web page on the Group's website
Communities	<ul style="list-style-type: none"> • The Group's website • Media interviews • Social media platforms • Community welfare programs

MATERIALITY ANALYSIS

During the reporting period, the Group had commissioned a third-party professional institution to conduct a materiality analysis to identify the material ESG issues in the industry with reference to the Sustainability Accounting Standards Board's Materiality Map and the comparison and analysis of industry peers, and to collect stakeholders' views through an online questionnaire. Stakeholders thoroughly assessed the materiality of each issue in terms of its materiality to stakeholders and its materiality to the Group. The results of the questionnaire analysis were used to develop the disclosure priorities for the ESG report and the Group's ESG strategy in order to effectively enhance the Group's sustainable development management.

The result of relevant materiality analysis is as follows:



	High materiality issues		Materiality issues		Low materiality issues	
Environment	1	Management of wastes	3	Management of the use of water resource	4	Management of the usage of energy
	2	Regulations on environmental protection				
	5	Management of hazardous emissions				
Product and service responsibility	13	Product health and safety	14	Protection of intellectual properties	15	Customer service management
	16	Customers privacy				
	17	Product quality control				
Employment	10	Labor protection	9	Staff treatment and development	11	Diversity and equal relations
			12	Occupational safety and health		
Economic issues			7	Sustainable development strategies	6	Economic performance
					8	Risks of climate change
Supplier management			18	Supply chain management	19	ESG performance of supply chain

CARE FOR THE ENVIRONMENT

CONTINUOUS MONITORING OF ENVIRONMENTAL PERFORMANCE

The major business of the Group is the manufacturing of automotive electroplated components. Inevitably, wastewater and exhaust gas would be emitted and solid wastes would be produced in the process of production. In order to strengthen environmental protection, we strictly abide by the laws and regulations of the places where we operate, including but not limited to the “Environmental Protection Law of the People’s Republic of China”, the “Measures for the Disclosure of Environmental Information of Enterprises and Public Institutions of the People’s Republic of China”, the “Environmental Impact Assessment Law of the People’s Republic of China”, the “Mexican Environmental Standards for Air Pollution (NMX-AA-023-1986)” and the “Hong Kong Air Pollution Control Ordinance”, to ensure that the environmental performance in the process of plant establishment and production meets the local standards. During the Reporting Period, the Group was not aware of any material breach of laws and regulations relating to emissions of exhaust and greenhouse gases, discharges to water and land, and generation of hazardous and non-hazardous waste, including but not limited to the relevant laws and regulations mentioned above, that would have a material impact on the Group.

We regularly convene work meetings to examine the latest requirements of national and local laws and regulations on environmental protection and review the implementation and compliance of the Group’s existing management measures. At the same time, we invited the management to prepare the “Environmental Performance Monitoring Plan” and arrange third-party monitoring to ensure that the Group has an effective management mechanism for environmental affairs.

We have incorporated management standards into our operations and developed a “Management Manual” in accordance with the strategies of the ISO14001:2015 Environmental Management System to regulate the daily operations of each production process, including the product manufacturing procedures, such as mould fabrication, injection moulding, insulating, plastic electroplating, spray painting, printing, laser engraving, and assembling, as well as the procurement, sales, transport, and after-sale services of raw material. In addition, a total of five subsidiaries of us have obtained ISO14001 Environmental Management System certification, establishing a level of environmental management that meets international standards.

We have formulated the “Environmental Factors Identification and Assessment Management Procedures” and the “Risk Management and Control Procedures” to help us conduct internal monitoring and risk control in our production process and analyze potential environmental hazards and accident risks. In addition, the Group has established the “Control Procedures for Corrective Measures and Preventive Measures”, which requires employees to analyze the causes and prepare reports for non-compliant environmental performance to suggest improvements for the relevant departments.

To monitor environmental performance more effectively, we have formulated the “Environmental Monitoring and Control Procedures”. The relevant documents clearly require employees to monitor the generation of waste water, exhaust gases, noise and solid waste, as well as the consumption of energy resources during production processes, using the implementation of technical, management and improvement targets as indicators. Meanwhile, we regularly engage external qualified monitoring agencies to conduct measurement to further examine our environmental performance.

GAS EMISSIONS AND ENERGY MANAGEMENT

In the process of electroplating, the major source of exhaust gas emissions of our plants comes from the component surface treatment process. To mitigate air pollution, we strictly comply with the requirements of the "Law of the People's Republic of China on Prevention and Control of Atmosphere Pollution" by installing air purifiers and circulation facilities to collect air pollutants from the production workshops and improve the quality of gases emitted.

The Group complies with the exhaust gas emission laws and standards of the places where it operates, including the China's "Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution", the national standard "Emission Standard of Pollutants for Electroplating", the local provincial standard "Air Pollutant Emission Limit", as well as the Mexican government's "Standards for Control of Emissions for Air Pollution - Flue Gas Desulfurization and Acid Condensation Plants - Sulfur Compounds (NOM-137-SEMARNAT-2003)", "Emission Measurement Standards for Particulate Matters from Solid Wastes (NMX-AA-010-SCFI-2001)" and "Environmental Protection Standards for Air Pollution (NMX-AA-023-1986)". During the Reporting Period, we have not been prosecuted or penalized for violating the relevant laws and regulations relating to exhaust gas emissions.

To ensure compliant emissions, during the Reporting Period, we engaged independent third-party testing companies to inspect the exhaust gas emission concentration at the exhaust gas outlets of each plant. The results of the inspections are as follows:

Types of exhaust gas	Maximum intensity of emission ¹ (mg/m ³)	Emission standard (mg/m ³)	Performance for FY 2022
Sulfuric acid mist	<11	30 ²	Requirements met
Chromic acid mist	<0.025	0.05 ²	Requirements met
Hydrogen chloride	<3.3	30 ²	Requirements met
Non-Methane Hydrocarbon	<0.93	120 ³	Requirements met
Methylbenzene	<0.06	40 ³	Requirements met
Benzene	<0.01	12 ³	Requirements met
Dimethylbenzene	<0.05	70 ³	Requirements met
Particulate matter	<20	120 ³	Requirements met

Notes:

- 1 The figure is taken from each gas emission outlet inspection report in FY 2022, and represents the maximum detected figure of the type of exhaust gas.
- 2 Sources from "Electroplating Pollutant Emission Standard" GB 21900-2008.
- 3 Sources from "Air Pollutant Emission Limit" DB44/27-2001.

The Group's exhaust gas emission performance is set out below:

Types of exhaust gas	Unit	Performance for FY 2022	Performance for FY 2021
Volatile organic compound ("VOCs")	Tonnes	4.20	4.00
Sulfur dioxide	Tonnes	45.92	64.91
Nitrogen dioxide	Tonnes	9.04	12.77
Particulate matter	Tonnes	3.38	3.73
Benzene	Tonnes	0.001	0.003
Methylbenzene	Tonnes	0.21	0.21
Dimethylbenzene	Tonnes	0.46	0.44
Non-Methane Hydrocarbon	Tonnes	0.60	5.08

As set out in the table below, during the Reporting Period, five out of the six subsidiaries of the Group that had set emission intensity reduction targets for sulphur dioxide, nitrogen dioxide and particulate matter in the FY 2021 achieved the targets, and eight subsidiaries (with the addition of Changzhou Xinsheng Automobile Components Co., Ltd. and Xin Point Mexico Co., Ltd.) have set new emission reduction targets in this regard, based on the emission intensity (tonne/million RMB production value) in the FY 2022, each of the eight subsidiaries plans to reduce its exhaust gas emission intensity for the year ending 31 December 2023 (the "FY 2023"):

Name of subsidiaries	Sulfur dioxide, nitrogen dioxide and particulate matter			
	Baseline intensity in FY 2021	Targeted reduction rate in FY 2022	Baseline intensity in FY 2022 (target status)	Targeted reduction rate in FY 2023
Huizhou Keen Point Precision Plastic Co., Ltd.	0.0402	2.0%	0.0404 (target not achieved) ¹	2.0%
Huizhou Keen Point Surface Decoration Co., Ltd.	0.0074	2.0%	0.0028 (target achieved)	0.5%
Huizhou Xin Point Surface Decoration Co., Ltd.	0.0335	2%	0.0299 (target achieved)	1.0%
Huizhou Xin Point Precision Components Co., Ltd.	0.0428	2.0%	0.0216 (target achieved)	32.0%
Wuxi Jinxin Surface Decoration Co., Ltd.	0.0840	1.0%	0.0348 (target achieved)	1.0%
Tianjin Jinxin Precision Plastic Components Co., Ltd.	0.1368	0.12%	0.0070 (target achieved)	3.0%
Changzhou Xinsheng Automobile Components Co., Ltd.	N/A	N/A	0.0151	1.0%
Xin Point Mexico Co., Ltd.	N/A	N/A	0.0704	1.0%

Note:

1. The subsidiary is involved in outsourced processing operations in addition to the processing production of its own plants. The targets set by the subsidiary are limited to the resources used and emissions generated by the owned plant. The targets were not achieved mainly due to the relatively large decrease in the production value of the owned plant in the FY 2022.

As set out in the table below, during the Reporting Period, one of the three subsidiaries of the Group that had set emission intensity reduction targets for VOCs, benzene, methylbenzene, dimethylbenzene and non-methane in the FY 2021 achieved the targets, while the other one would not generate the relevant exhaust gas due to the shutdown of its production line. Two subsidiaries have also set new emission reduction targets in this regard. Based on the emission intensity (tonne/million RMB production value) in the FY 2022, each subsidiary plans to reduce its exhaust gas emission intensity for the FY 2023:

Name of subsidiaries	VOCs, benzene, methylbenzene, dimethylbenzene and non-methane			
	Baseline intensity in FY 2021	Targeted reduction rate in FY 2022	Baseline intensity in FY 2022 (target status)	Targeted reduction rate in FY 2023
Huizhou Keen Point Precision Plastic Co., Ltd.	0.0142	5.0%	N/A ¹	N/A ¹
Huizhou Xinsheng Technology Co., Ltd.	0.0082	3.0%	0.0351 (target not achieved) ²	2.0%
Huizhou Xin Point Precision Components Co., Ltd.	0.0118	2.0%	0.0082 (target achieved)	2.0%

Note:

1. The spraying process of the subsidiary had been discontinued and therefore no further exhaust gas would be generated.
2. The target was not achieved mainly because the exhaust gas emissions were extrapolated from the test reports, which only represent the emission intensity at the time of testing and do not accurately reflect the annual emissions.

In order to achieve these targets, each subsidiary has formulated corresponding measures according to its own actual situation, including but not limited to:

Reducing emissions of sulfur dioxide, nitrogen dioxide and particulate matter

- Encouraging carpooling and requiring employees to travel to and from the warehouse by hitching a ride in the Company's trucks or public transportation;
- Using of electric vehicles as shuttles to and from work for employees;
- Maintaining exhaust gas treatment facilities in strict accordance with regulations; and
- Reducing the number of trips and controlling the mileage of vehicles by trying to arrange trips in the same direction at the same time to reduce the mileage.

Reducing emissions of VOCs, benzene, methylbenzene, dimethylbenzene and non-methane hydrocarbon

- Shutting down and obsoleting outdated and inefficient treatment facilities;
- Upgrading RCO catalytic combustion exhaust gas treatment equipment;
- Adopting RTO technology in exhaust gas treatment facilities of new production lines;
- Shutting down the production line with aging or outdated spray painting;
- Communicating with clients to use water-based paint instead of oil-based paint for surface spraying of products during the early stage of project development;
- Using of raw materials with low volatile substances as far as possible.
- Keeping containers of all volatile raw materials tightly closed during transportation;
- Maintenance and daily spot checks for production lines in strict accordance with the prescribed cycle (replacing filter cotton/activated carbon/UV lamp, etc.); and
- The dosing process of the water spray absorption system of the exhaust gas treatment tower is changed from manual treatment to automatic dosing, and the related control equipment is linked with the spray gun to make the dosage of drugs more accurate and the absorption more effective.

The Group understands that greenhouse gases are closely related to global climate change, and therefore is committed to reducing greenhouse gas emissions and achieving energy conservation. To strengthen energy management, we have formulated and followed the "Water and Electricity Management System" for energy conservation in plants to ensure that all production equipment is switched off once the production is suspended, and regular maintenance is implemented to maintain a smooth operation of machinery and equipment, increasing power consumption efficiency. In addition, the system also sets up energy-saving operating practices for all workplaces and offices, including regularly cleaning the air-conditioning filters to increase the efficiency of air-conditioners, requiring staff members to turn off the lights and air-conditioners after work, with an aim to actively reduce electricity consumption to slow down global climate change.

During the reporting period, the Group's greenhouse gas emissions intensity per thousand RMB revenue decreased by approximately 17% from approximately 0.0318 tonnes of CO₂ equivalent in FY 2021 to approximately 0.0264 tonnes of CO₂ equivalent in FY 2022. The Group's greenhouse gas emissions performance is set out below:

Greenhouse gas emissions	Unit	Performance for FY 2022	Performance for FY 2021
Scope 1 ¹	Tonnes of CO ₂ equivalent	1,114.4	1,564.9
Scope 2 ²	Tonnes of CO ₂ equivalent	74,787.2	71,848.5
Scope 3 ³	Tonnes of CO ₂ equivalent	69.7	45.2
Total greenhouse gas emissions	Tonnes of CO ₂ equivalent	75,971.3	73,458.6
Emission intensity	Tonnes of CO ₂ equivalent/revenue (RMB'000) ⁴	0.0264	0.0318

Notes:

- 1 The emission factors used to calculate direct greenhouse gas emissions (Scope 1) refer to "Appendix 2: Reporting Guide on Environmental Key Performance Indicators of How to Prepare an ESG Report" issued by HKEX, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Bank Institute and the World Business Council for Sustainable Development, and the "Global Warming Potential Values" from "The Fifth Assessment Report" of the United Nations Intergovernmental Panel on Climate Change.
- 2 The emission factors used to calculate energy indirect greenhouse gas emissions (Scope 2) refer to the "2011 and 2012 Regional Power Grid Average Carbon Dioxide Emission Factors in China" and Guidelines for Accounting Measures and Reporting of Greenhouse Gas Emissions by Enterprises in Other Sectors of Industry (for Trial Implementation) published by China's National Development and Reform Commission, and the "Emission Factor of the National Electricity System 2021" published by Secretary of Environment and Natural Resources of Mexico.
- 3 The calculation scope of other indirect greenhouse gas emissions (Scope 3) only includes greenhouse gas generated from business trips by employees.
- 4 In the FY 2022, the Group's revenue was RMB2,882,866,000 to calculate the intensity of all environmental data (in the FY 2021, the Group's revenue was RMB2,312,468,000).

During the Reporting Period, the Group's energy consumption intensity per thousand RMB revenue decreased by approximately 14% from approximately 0.0596 MWh in the FY 2021 to approximately 0.0510 MWh in the FY 2022. The Group's energy consumption performance is set out below:

Resources consumption	Unit	Performance for FY 2022	Performance for FY 2021
Petroleum	Liters	138,284.7	147,875.6
Diesel	Liters	181,424.4	440,566.0
Liquefied petroleum gas	Liters	24,433.8	3,430.6
Natural gas	m ³	105,545.0	—
Total direct energy consumption ^{1,3}	MWh	4,563.4	6,173.5
Purchased electricity	MWh	130,371.5	122,717.7
Purchased steam	GJ	43,670.8	32,332.9
Total indirect energy consumption ^{2,3}	MWh	142,502.3	131,699.0
Total energy consumption	MWh	147,065.7	137,872.5
Total consumption intensity	MWh/revenue (RMB'000)	0.0510	0.0596

Notes:

- 1 Total direct energy consumption is calculated based on the petroleum, diesel, liquefied petroleum gas and natural gas consumed.
- 2 Total indirect energy consumption is calculated based on the purchased electricity and steam consumed.
- 3 The unit conversion method of energy consumption data is formulated based on the Energy Statistics Manual published by the International Energy Agency and the Guidelines for Accounting Measures and Reporting of Greenhouse Gas Emissions by Enterprises in Other Sectors of Industry (for Trial Implementation) published by China's National Development and Reform Commission.

As set out in the table below, during the Reporting Period, six of the Group's seven subsidiaries that had set targets to reduce electricity consumption intensity in the FY 2021 achieved their targets and nine subsidiaries (the addition of Changzhou Xinsheng Automobile Components Co., Ltd. and Xin Point Mexico Co., Ltd.) have set new targets in terms of electricity consumption. Based on the electricity consumption intensity (kWh/million RMB production value) in the FY 2022, each of the nine subsidiaries plans to reduce the electricity consumption intensity in the FY 2023:

Name of subsidiaries	Electricity consumption			
	Baseline intensity in FY 2021	Targeted reduction rate in FY 2022	Baseline intensity in FY 2022 (target status)	Targeted reduction rate in FY 2023
Huizhou Keen Point Precision Plastic Co., Ltd.	58,824.55	2.0%	67,068.13 (target not achieved) ¹	1.0%
Huizhou Keen Point Surface Decoration Co., Ltd.	57,927.61	2.0%	54,703.90 (target achieved)	0.5%
Huizhou Xinsheng Technology Co., Ltd.	124,171.33	1.8%	116,957.54 (target achieved)	5.0%
Huizhou Xin Point Surface Decoration Co., Ltd.	52,177.50	2.0%	46,038.58 (target achieved)	1.0%
Huizhou Xin Point Precision Components Co., Ltd.	74,805.12	3.0%	63,949.55 (target achieved)	1.0%
Wuxi Jinxin Surface Decoration Co., Ltd.	76,433.45	1.0%	73,288.88 (target achieved)	1.0%
Tianjin Jinxin Precision Plastic Components Co., Ltd.	119,223.23	2.0%	82,200.33 (target achieved)	5.0%
Changzhou Xinsheng Automobile Components Co., Ltd.	N/A	N/A	76,448.78	1.0%
Xin Point Mexico Co., Ltd.	N/A	N/A	72,714.99	1.0%

Note:

1. The subsidiary is involved in outsourced processing operations in addition to the processing production of its own plants. The targets set by the subsidiary are limited to the resources used and emissions generated by the owned plant. The targets were not achieved mainly due to the relatively large decrease in the production value of the owned plant in the FY 2022.

In order to achieve these targets, each subsidiary has formulated corresponding measures according to its own actual situation, including but not limited to:

- Shutting down the production line with aging or outdated spray painting;
- Strengthening the maintenance and upkeep of electrical equipment, carry out energy-saving renovations on equipment that consumes a lot of electricity, shutting down and eliminate age-old high-energy-consuming facilities, and quote more environmentally friendly and energy-saving equipment to reduce power losses.
- Where feasible, centralized production, centralized shutdowns, shutting down unused equipment after shutdown, eliminating equipment idling and saving electricity.
- Strengthening the publicity of slogans on saving electricity and raising the awareness of employees regarding electricity saving;
- Strictly controlling the use of air conditioners and forming a systematic policy. When the ambient temperature is appropriate, turn off the air conditioners or adjust the set temperature in some areas to reduce the energy consumption of air conditioners;
- Doing a good job of statistical analysis of energy consumption, analyzing and reporting any abnormalities in energy consumption in a timely manner; and
- Requiring production lines to turn on the production equipment and set the equipment parameters (such as fan speed, temperature and humidity parameters) according to production needs. The equipment can be used flexibly when the production requirements of products are met. For example, the constant temperature and humidity equipment can be turned off to save energy when the temperature and humidity requirements of some products are not strict and the ambient temperature is appropriate.

Case study: Photovoltaic Power Generation

The Group actively adopts renewable energy and has launched 500 kilowatt-peak (kWp) and 491.59 kWp distributed photovoltaic power generation projects in FY 2020 and FY 2021 respectively. A user-side grid-connected power generation system was built at the top of two buildings within Huizhou Keen Point Precision Plastic Co., Ltd in Xikeng Market, Huihuan Town, Huicheng District, Huizhou City, Guangdong Province, to directly convert solar energy into electricity. These two projects are expected to generate approximately 515.5 MWh and approximately 505.3 MWh of electricity per year on average, annually reducing approximately 21.53 tonnes of carbon dioxide emissions and approximately 545.19 tonnes of carbon dioxide emissions, respectively, and gradually realizing the vision of low-carbon development.

MANAGEMENT OF WATER RESOURCE

As water is a precious natural resource, it is the corporate responsibility to properly manage the use of water resources. The Group strictly abides by the laws and regulations of the regions where it operates, including the “Water Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Water Pollution” and the “Law of the People’s Republic of China on the Prevention and Control of Radioactive Pollution”. At the same time, we ensure that the discharged water quality meets the relevant standards set by China and the Mexican governments, such as the “Maximum Permitted Limits of Pollutants in National Water Discharge Wastewater (NOM-001-SEMARNAT-1996)” in Mexico.

As the automotive plastic electroplating process requires extensive use of water resources, the Group has implemented various measures to reduce water consumption and wastewater discharge during the production process. As the recycling process of precious metal generates electroplating wastewater, we recycle such water and reuse it in different production steps to make full use of water resources. In addition, to prevent the water resources wastage caused by water pipe leakage, we have formulated the “Water and Electricity Management System”, which states that employees must carry out regular maintenance work and take treatment steps when a water leakage incident is discovered. Our administration and human resources department also regularly reminds employees to turn off water taps after daily use, to promote water-saving office practices.

During the Reporting Period, the Group was not aware of any non-compliance cases in relation to laws and regulations on water bodies.

During the Reporting Period, the Group’s water consumption per thousand RMB revenue decreased by approximately 28% from approximately 0.324 cubic metres in the FY 2021 to approximately 0.235 cubic metres in the FY 2022. The Group’s water consumption performance is set out below:

Types of water consumption	Unit	Performance for FY 2022	Performance for FY 2021
Water consumption in production	Cubic meter	598,198.3	663,334.0
Domestic water consumption	Cubic meter	78,816.4	85,315.7
Total water consumption	Cubic meter	677,014.7	748,649.7
Water intensity	Cubic meter/revenue (RMB'000)	0.235	0.324

As set out in the table below, during the Reporting Period, six of the seven subsidiaries of the Group that had set water intensity reduction targets for the FY 2021 achieved their targets, and nine subsidiaries (the addition of Changzhou Xinsheng Automobile Components Co., Ltd. and Xin Point Mexico Co., Ltd.) set new targets in terms of water consumption. Based on the water intensity (cubic meter/million RMB production value) for the FY 2022, the nine subsidiaries plan to reduce their water intensity in the FY 2023:

Name of subsidiaries	Water consumption			
	Baseline intensity in FY 2021	Targeted reduction rate in FY 2022	Baseline intensity in FY 2022 (target status)	Targeted reduction rate in FY 2023
Huizhou Keen Point Precision Plastic Co., Ltd.	206.78	2.0%	197.03 (target achieved)	2.0%
Huizhou Keen Point Surface Decoration Co., Ltd.	405.23	2.5%	383.06 (target achieved)	0.5%
Huizhou Xinsheng Technology Co., Ltd.	218.72	1.0%	209.78 (target achieved)	1.0%
Huizhou Xin Point Surface Decoration Co., Ltd.	551.16	2.0%	495.14 (target achieved)	1.0%
Huizhou Xin Point Precision Components Co., Ltd.	211.54	1.0%	115.47 (target achieved)	2.0%
Wuxi Jinxin Surface Decoration Co., Ltd.	128.78	1.0%	141.10 (target not achieved) ¹	1.0%
Tianjin Jinxin Precision Plastic Components Co., Ltd.	1,199.85	2.0%	596.25 (target achieved)	5.0%
Changzhou Xinsheng Automobile Components Co., Ltd.	N/A	N/A	604.93	1.0%
Xin Point Mexico Co., Ltd.	N/A	N/A	435.98	1.0%

Note:

1. The target was not met mainly due to increased water consumption for cooling of equipment and personnel due to the high temperatures lasting three to four months in the FY 2022.

In order to achieve these targets, each subsidiary has formulated corresponding measures according to its own actual situation, including but not limited to:

- Shutting down the production line with aging or outdated spray painting;
- Educating and informing staff, strengthening their operational training and increasing awareness of water conservation so that it becomes a conscious act for everyone;
- Refined management and maintenance, optimization and repair of water-using equipment to prevent leaks;
- Controlling and regulating the water level of each water tank to prevent the water from being wasted when the water level is too high and parts of the water on the water surface being drawn into the air duct by the wind;
- Turning on the humidifier for production according to production needs, which shall be turned off when the ambient humidity is suitable and the product does not have strict requirements on humidity so as to reduce unnecessary waste; and
- Increasing the use of recycled water, and recycling the rinsing water of the finished product to reduce the consumption of tap water.

The Group strictly complies with the wastewater treatment requirements set by the state, including the “Emission Standard of Pollutants for Electroplating (GB 21900-2008)” or the local government’s requirements on water pollutant emission control standards, such as the “Electroplating Water Pollutant Emission Standard DB 44/1597-2015” imposed by the Guangdong Provincial Government. In addition, our plants have referred to the national standard “Technical Specification for Electroplating Industry Wastewater Treatment (HJ2002-2010)” and adopted the wastewater treatment compliance projects and technical solutions to properly treat industrial wastewater containing heavy metals, acidic and alkaline wastewater discharged from the electroplating and painting processes.

To strengthen internal management, the Group has formulated the “Wastewater Treatment Control Procedures”, which clearly sets out the wastewater treatment processes and operations, water sampling requirements and discharge requirements, emergency response methods, reports and records, etc. The procedures also instruct all plants to install appropriate wastewater treatment facilities to ensure that wastewater is properly filtered and treated before its discharge. We have installed surveillance cameras and wastewater recycling equipment in the industrial park to further monitor the wastewater treatment process to ensure that the level of pollutant discharge reaches the national emission standards. As technology advances, we will continue to explore design improvements, adopt advanced process technologies and equipment, use quality raw materials, and improve management to enhance our prevention and control efforts.

The Group’s water is supplied by the municipal water supply company and did not encounter any issues in sourcing water that was fit for purpose. During the Reporting Period, our wastewater discharge met the requirements of the national and local governments, and there was no incident of non-compliance.

Case study: Copper and Nickel Recycling on Production Line and Permeated Liquid Recycling System

In the process of metal recycling and treatment, we adopt the combination process of “microfiltration + ultrafiltration + membrane filtration”. The system collects the rinse water used in the metal aqueduct first, and then uses a booster pump to pressurize the water. The pressurized water is then sent to the cotton core filter and an ultrafiltration membrane for filtration. The filtered rinse water will be temporarily stored in a circulating concentration tank, transforming into transparent liquid through a third-level nanofiltration.

After several cycles of filtration, the transparent liquid will gradually be concentrated. When the concentrated liquid reaches the conductivity set point, the concentrated liquid and the separated recovered water can be returned to the production line for reuse. After deducting relevant costs, the total cost reduction of copper and nickel materials during the year was approximately RMB3,622,586, the reduction of wastewater discharged to the environment was approximately 4,784 cubic meters, saving a water bill of approximately RMB462,996.

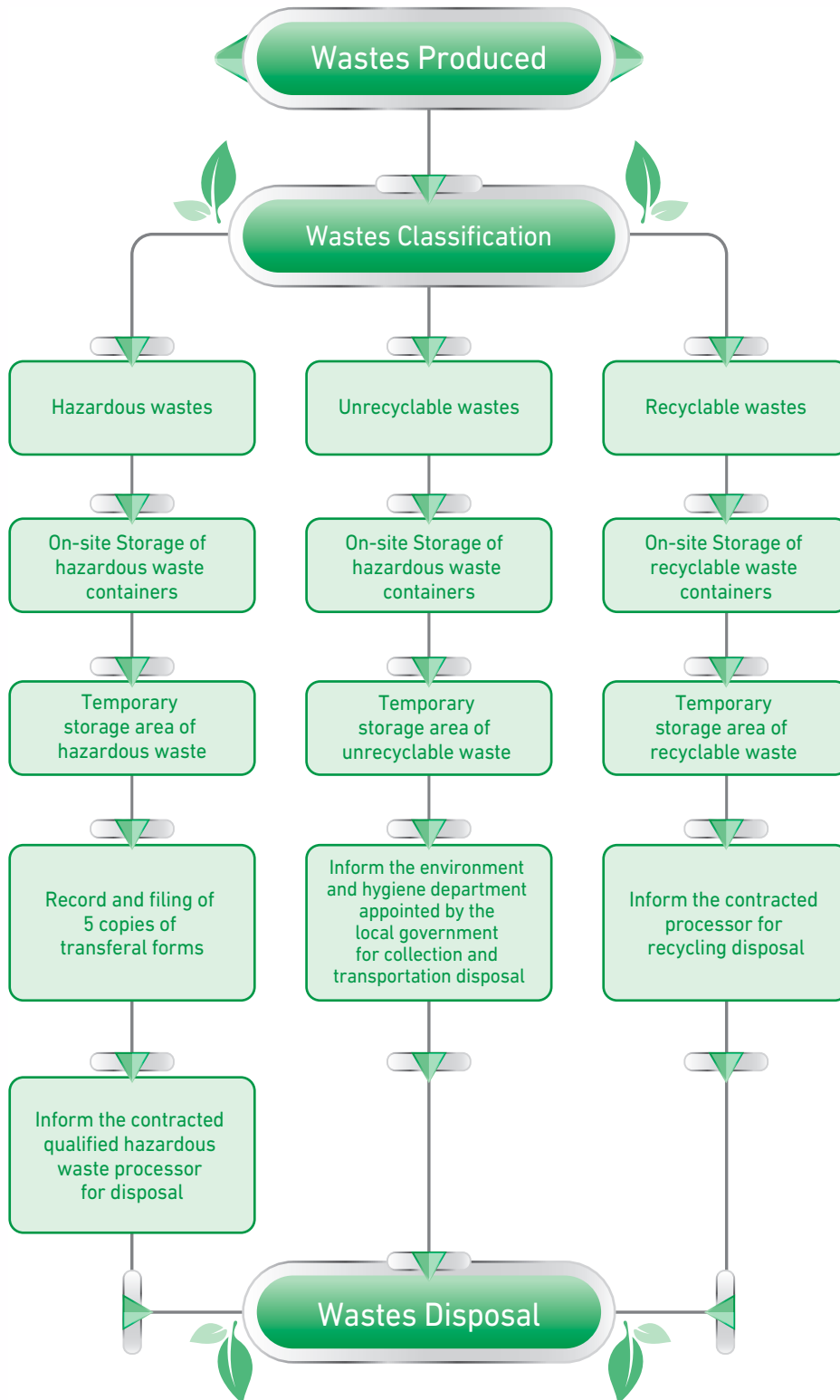
Wastewater quality index	Unit	Performance for FY 2022	Performance for FY 2021
Wastewater discharged in production	Tonnes	539,869.09	572,964.00
Chemical oxygen demand (COD)	Tonnes	18.56	13.25
Ammonia nitrogen	Tonnes	3.11	0.86
Heavy metals	Tonnes	0.34	0.13

MANAGEMENT OF WASTES

We aim to reduce environmental impacts and properly manage various types of waste in the production process. We ensure that the processes of all waste generated, temporarily stored and finally disposed of are in compliance with the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” and other local regulatory requirements, including the “Unified Classification, Labelling and Connectivity System of Hazardous Chemicals (NMX-AA-047-1977)” of the Mexican government.

Our “Waste Management and Control Procedures” clearly sets out the responsibilities of the relevant departments, such as the administrative department, warehouse management department and production department. Each department is required to classify wastes into three categories, namely recyclable, unrecyclable and hazardous wastes, and sets out the corresponding treatment procedures according to the types of wastes, including classified collection and temporary storage, temporary storage area management, transfer of hazardous wastes, etc., to avoid contamination of wastes. The procedures require waste processors to obtain the recognition of environmental protection authorities and sign waste disposal contracts before being included in the “List of Waste Disposal Processors” to ensure that hazardous wastes are not handled by non-licensed processors. To further reduce the burden on the environment and landfills, the procedures also require the CEO office’s IT team to collect valuable waste such as electronic waste and end-of-life products and transfer it to a processor that can reuse the item.

The waste disposal procedures described in the “Waste Management and Control Procedures” are as follows:



As electroplating is a key business of the Group, we pay special attention to how to treat electroplating sludge – i.e. hazardous wastes containing heavy metals produced after technical processing of electroplating wastewater. In order to safely dispose of hazardous wastes, our “Hazardous Waste Disposal Record Form” sets out the precautions for managing hazardous solid wastes (including electroplating sludge), as well as the procedures for delivery activities. Due to the dangerous nature of hazardous solid wastes, hazardous waste producing units are required to centralize the treatment of hazardous solid wastes, set up special containers for storage, and arrange qualified professional environmental service providers for collection, transportation and treatment. The external service providers we engaged are all equipped with the relevant licenses and business licenses granted by the government.

During the Reporting Period, the Group did not receive any non-compliance cases in relation to the laws and regulations on waste management.

During the reporting period, the Group’s hazardous waste generation per thousand RMB revenue decreased by approximately 26% from approximately 0.77 kilograms in the FY 2021 to approximately 0.57 kilograms in the FY 2022. The performance of hazardous wastes generated by the Group by type is set out below:

Types of hazardous wastes	Unit	Performance for FY 2022	Performance for FY 2021
Electroplating sludge	Tonnes	1,083.10	1,192.92
Electroplating liquid filter	Tonnes	37.05	41.99
Paint residue and paint cans	Tonnes	521.51	551.99
Total hazardous wastes	Tonnes	1,641.66	1,786.90
Intensity of hazardous wastes	Kilograms/revenue (RMB'000)	0.57	0.77

During the reporting period, the Group’s non-hazardous waste generation per thousand RMB revenue decreased from approximately 1.12 kilograms in the FY 2021 to approximately 0.80 kilograms in the FY 2022, representing a decrease of approximately 29%. The performance of non-hazardous wastes generated by the Group by type is set out below:

Types of non-hazardous wastes	Unit	Performance for FY 2022	Performance for FY 2021
Plastic	Tonnes	1,716.88	2,006.89
Cleaning cloths	Tonnes	2.16	3.64
Domestic wastes	Tonnes	215.17	148.83
General industrial wastes	Tonnes	382.70	440.19
Total non-hazardous wastes	Tonnes	2,316.91	2,599.55
Intensity of non-hazardous wastes	Kilograms/revenue (RMB'000)	0.80	1.12

As set out in the table below, during the Reporting Period, three of the Group's seven subsidiaries that had set targets to reduce hazardous waste generation intensity in the FY 2021 achieved their targets, and seven subsidiaries (the addition of Changzhou Xinsheng Automobile Components Co., Ltd. and in Point Mexico Co., Ltd.) set targets for hazardous waste reduction, and based on the hazardous waste generation intensity in the FY 2022 (tonne/million RMB production value), the seven subsidiaries plan to reduce hazardous waste generation intensity in the FY 2023 as follows:

Name of subsidiaries	Hazardous wastes			
	Baseline intensity in FY 2021	Targeted reduction rate in FY 2022	Baseline intensity in FY 2022 (target status)	Targeted reduction rate in FY 2023
Huizhou Keen Point Precision Plastic Co., Ltd.	0.6756	5.0%	N/A ¹	N/A ¹
Huizhou Keen Point Surface Decoration Co., Ltd.	0.0022	2.0%	0.0024 (target not achieved) ²	0.5%
Huizhou Xinsheng Technology Co., Ltd.	1.6402	5.0%	1.5540 (target achieved)	1.0%
Huizhou Xin Point Surface Decoration Co., Ltd.	0.0115	2.0%	0.0160 (target not achieved) ³	1.0%
Huizhou Xin Point Precision Components Co., Ltd.	0.7713	11.0%	0.5972 (target achieved)	2.0%
Wuxi Jinxin Surface Decoration Co., Ltd.	0.0443	1.0%	0.0494 (target not achieved) ⁴	2.0%
Tianjin Jinxin Precision Plastic Components Co., Ltd.	5.9037	9.0%	3.1087 (target achieved)	不適用 ⁵
Changzhou Xinsheng Automobile Components Co., Ltd.	N/A	N/A	3.9263	1.0%
Xin Point Mexico Co., Ltd.	N/A	N/A	2.4331	1.0%

Notes:

1. The subsidiary's painting and electroplating processes were shut down, so the amount of hazardous waste generated was negligible.
2. The target was not achieved mainly due to the addition of a new production line in the FY 2022, which is in a ramp-up period and the control of various indicators is not yet mature.
3. The target was not met mainly due to the expansion of the scope of data in the FY 2022, which increased the types of hazardous waste collected.
4. The target was not achieved mainly due to an increase in the generation of some hazardous waste as a result of the extensive restructuring of the production plant in the FY 2022.
5. The subsidiary's electroplating process was discontinued and no further hazardous waste was generated.

As set out in the table below, during the Reporting Period, three of the Group's six subsidiaries that had set targets to reduce office paper intensity in the FY 2021 achieved their targets, and nine subsidiaries (the addition of Huizhou Xinsheng Technology Co., Ltd., Changzhou Xinsheng Automobile Components Co., Ltd. and Xin Point Mexico Co., Ltd.) set targets to reduce office paper intensity. Based on the office paper intensity (tonne/million RMB production value) for the FY 2022, the nine subsidiaries plan to reduce the office paper intensity in the FY 2023:

Name of subsidiaries	Office paper			
	Baseline intensity in FY 2021	Targeted reduction rate in FY 2022	Baseline intensity in FY 2022 (target status)	Targeted reduction rate in FY 2023
Huizhou Keen Point Precision Plastic Co., Ltd.	0.0154	3.0%	0.0166 (target not achieved) ¹	2.0%
Huizhou Keen Point Surface Decoration Co., Ltd.	0.0039	9.0%	0.0040 (target not achieved) ²	1.0%
Huizhou Xinsheng Technology Co., Ltd.	N/A	N/A	0.0270	2.0%
Huizhou Xin Point Surface Decoration Co., Ltd.	0.0038	2.0%	0.0049 (target not achieved) ³	1.0%
Huizhou Xin Point Precision Components Co., Ltd.	0.0067	5.0%	0.0043 (target achieved)	1.0%
Wuxi Jinxin Surface Decoration Co., Ltd.	0.0159	1.0%	0.0089 (target achieved)	2.0%
Tianjin Jinxin Precision Plastic Components Co., Ltd.	0.005094	0.02%	0.005084 (target achieved)	5.0%
Changzhou Xinsheng Automobile Components Co., Ltd.	N/A	N/A	0.0147	0.5%
Xin Point Mexico Co., Ltd.	N/A	N/A	0.0421	1.0%

Notes:

1. The subsidiary is involved in outsourced processing operations in addition to the processing production of its own plants. The targets set by the subsidiary are limited to the resources used and emissions generated by the owned plant. The targets were not achieved mainly due to the relatively large decrease in the production value of the owned plant in the FY 2022.
2. The target was not achieved mainly due to the addition of a new production line in the FY 2022, which is in a ramp-up period and the control of various indicators is not yet mature.
3. The target was not achieved mainly due to an increase in paper consumption as a result of the addition of a document control department in the FY 2022.

In order to achieve these targets, each plant has formulated corresponding measures according to its own actual situation, including but not limited to:

Reducing hazardous waste disposal

- Shutting down and obsoleting aging and inefficient treatment facilities;
- Shutting down the production line with aging or outdated spray painting;
- Increasing metal recycling rate and reducing pollutant emissions;
- Reducing oil penetration in moulds, equipment, etc. and reducing use of gloves and rags;
- Upgrading and introducing solid waste dehydration and flattening emission reduction processes;
- Labeling each filter bucket to show the time when the paint residue is put into the bucket to reduce the weight of outsourced paint residue disposal with two days of water filtration before it can be stored in the warehouse;
- Contacting the manufacturer of residue treatment equipment to customize suitable filter press equipment to fully filter the water in the paint residue, thereby reducing the weight of outsourced paint residue disposal;
- Implementing strict maintenance of the exhaust gas treatment system to reduce the number of times of replacing the paint-resistant cotton;
- Purchasing activated carbon with high iodine value and evaluating the frequency of activated carbon replacement based on operating conditions to reduce the number of times of replacing the activated carbon; and
- Regulating the operation procedures of tank cleaning in the production workshop to avoid waste generation and effectively reduce the generation of sludge.

Reducing office paper consumption

- Reasonably promoting paperless offices and using electronic filing to convey information as far as possible; and
- Reusing single-sided paper that has exceeded its shelf life, printing documents on both sides and using recycled paper reasonably.

MANAGEMENT OF PACKAGING MATERIALS

As a manufacturer of automotive electroplated components, the Group's packaging model and materials for each series of products must be designed in accordance with national and industry standards, and customers' requirements. The daily used packaging materials meet the requirements of the national environmental protection department and the procurements are regularly centralized on a demand basis so as to reduce waste. Subject to compliance with laws and regulations and without affecting product quality, the Group's product packaging adopts a simple, environmentally-friendly packaging design to save materials. The performance of the Group's packaging materials consumption is as follows:

Resources consumption	Unit	Performance for FY 2022	Performance for FY 2021
Packaging boxes	Tonnes	3,693	2,759
Packaging materials intensity	Tonnes/revenue (RMB'000)	0.0013	0.0012

Case study: New Cardboard Boxes

There are several shortcomings in the use of traditional paper boxes in transportation, such as deformation due to moisture, compression and deformation caused by the storage of heavy items, rapid deterioration and consumption, low reuse frequency, etc. For the above issues, we fully replace the traditional paper boxes with new cardboard boxes, together with a new packaging design which can reduce the use of packing tapes in sealing boxes. This reduces the use of plastic paper and simplifies the sealing process.

The new cardboard box can be used 20 times on average, which is obviously more durable as compared to that of the old paper boxes by 6.95 times. In addition to reducing the consumption of paper boxes and packing tapes, it saves a total of approximately RMB240,000 in annual procurement costs.

CLIMATE CHANGE

Climate change has an increasingly significant impact on the global ecology and various industries, and is one of the major challenges faced by the world today. The Group has included climate-related risks in its risk assessment, and invited professionals in risk management and sustainable development to join the meetings for relevant discussions, whereby comprehensively identifying climate change-related risks and opportunities that have potential impacts on the Group's business. Based on the risk assessment, the Group has identified the following climate-related risks:

Physical risks

First of all, climate change can bring more frequent and more intense extreme weather events, such as typhoons, floods, torrential rains, etc. Under extreme weather, the stability of the Group's production operations and supply chain may be affected, which could reduce our production capacity and cause a delay in delivery of raw materials and products of the Group. Furthermore, severe extreme weather events can threaten the health and even personal safety of employees. Any such events may not only affect the management of the workforce, but also have a negative impact on the reputation of the Group if it results in the injury or death of the employees. In terms of long-term risks, rising sea level could lead to more frequent flooding, causing damage to infrastructure and facilities, and increasing the cost of repairing damaged facilities.

In response to such physical risks, the Group has carried out risk identification work and formulated the “Environmental Emergency Plans”, set up an emergency response team and clarified its responsibilities to ensure the business continuity and personnel safety of the Group in the event of environmental emergencies. The Group classifies various environmental emergencies and takes corresponding emergency measures according to the severity of the situation. In addition, the Group will issue early warnings based on information provided by the local government to notify employees in a timely manner, and adopt special arrangements when necessary to protect the health and safety of employees. At the same time, in order to eliminate potential safety hazards caused by long-term physical risks, we regularly inspect, repair and maintain the plant structure, and provide comprehensive insurance for the Group’s assets to reduce potential financial losses.

Transition risks

In addition to the above-mentioned physical risks, the Group also faces transition risks arising from the transition to a low-carbon economy. With the strengthening of the government’s environmental supervision and the implementation of national policies such as carbon neutrality, the Group faces more stringent regulatory requirements in terms of energy consumption, emissions, and disposal of pollutants during production, which may increase its compliance costs as well as the risks of litigation and claims. Besides, the demand for low-carbon production has also prompted continuous breakthroughs in scientific technology and production process. In order to apply and upgrade to relevant new scientific technology and production process, the original equipment may need to be replaced, which may result in the risk of asset impairment during the process. During the transition to a low carbon economy, the cost of goods and services subject to environmental protection requirements may increase in the short and medium term, which may result in an increase in the cost of raw materials and production costs of the Group, and may force the customers to switch to cheaper alternative production process from other competitors. In addition, there may be requests from customers related to carbon emission reduction and improvement of energy management systems, which, if not met, will result in a reduction in orders and thus affect the Group’s revenue.

In order to cope with above risks, the senior management of the Group will regularly review existing and emerging climate-related trends, policies, laws and regulations, adjust the Group’s overall response strategies, relevant system guidelines and production models when appropriate, and instruct relevant executive departments to respond, so as to reduce the risk of penalties. At the same time, the marketing department, technical department and other relevant departments will regularly review the market prices or development of relevant raw materials, equipment process and energy, and make timely replacement and adjustment in accordance with the best standards in the industry. While climate change will expose the Group to the above-mentioned risks, it also creates opportunities. Climate change can push us to improve resource efficiency. For example, the Group vigorously builds energy-saving and water-saving systems to reduce water consumption, and has passed third-party certifications, such as ISO14001 certification for environmental management system. The Group has set targets for reducing environmental impact. The Group evaluates its performance annually based on these targets, and adjusts its measures in a timely manner. We strive to consolidate the production value chain as early as possible by improving resource efficiency and reducing operating costs. At the same time, climate change can stimulate us to further explore the energy sector and actively increase the proportion of low-carbon energy in energy consumption. For example, the Group has increased the proportion of low-carbon energy purchased from outside sources and installed photovoltaic panels in production bases to reduce operating costs by using low-carbon energy, which is conducive to the Group’s transition to a low-carbon economy.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group believes that supply chain management is essential to product quality and contributes to sustainable business development. To this end, we have formulated the “Supply Chain Management and Control Procedures” which sets out the details on the selection, evaluation and review of suppliers to regulate supplier management. In order to ensure the quality of raw materials for our products, the procurement department of the Group has formulated the “Supplier Basic Information Survey Form” and “Supplier Social Responsibility Survey Form” to conduct background investigation on each potential manufacturer. Suppliers passing the above review will be included in our list of approved suppliers for selection by the procurement department. In the selection of suppliers, in addition to evaluating the product quality and prices of suppliers, we also require suppliers to at least obtain ISO9001:2000 certification and aim to meet the requirements of IATF16949:2016 automotive industry supplier quality system in the long run, so as to ensure that the products meet international standards.

The Group incorporates relevant considerations on suppliers’ environmental and social performance in the evaluation process. On the environmental front, we evaluate our suppliers’ environmental management system on how they ensure the effectiveness of their system on a continuing basis, whether they monitor the greenhouse gas emissions of their own and improve their energy consumption efficiency and whether they set sustainable development requirements for their suppliers and monitor the fulfillment of such requirements. Suppliers are required to confirm their compliance with laws related to environmental protection, provide relevant qualifications and certificates and analyze the hazardous substances used in the product ingredients. In addition, we request suppliers to sign the “Green Procurement Agreement” formulated by the Group, and suppliers must meet our environmental material management requirements before being included in the list of approved green suppliers. These requirements include the compliance of raw materials with national and local laws and regulations, active measures to deal with excessive pollutants emitted during the production process, and to ensure the materials purchased from third parties also comply with the stipulated requirements.

The “Supplier’s Code of Conduct” sets out our standards on various issues, such as social, corporate governance, anti-corruption and basic human rights of labor, to ensure that our suppliers follow and comply with our corporate ethical standards. We require suppliers to sign the “Letter of Notification for Relevant Parties” and “Sunshine Commitment Letter” to commit to business integrity. In addition, we require our suppliers to provide past records of safety incidents and consider their performance on occupational health and safety. After the selection of suppliers, we will provide training on corporate social responsibility and the environment to help them understand the importance of sustainable corporate operation by analyzing various cases and theories.

In addition to the strict review of suppliers’ backgrounds, the Group continuously evaluates the annual performance of suppliers. The procurement department distributes the “Environment Quality Questionnaire for Suppliers” to suppliers to fill in, understands the environmental performance of the suppliers in respect of the implementation of ISO14001/GP Environmental Quality Management System, the use of hazardous substances, waste disposal and the environmental impacts of chemicals and records the relevant results in the “Supplier Semiannual/Annual Review Form”. If suppliers fail to pass the audit requirements or there is any material quality, social or environmental incident, we will consider abolishing their qualifications. At the same time, we conduct on-site audits at suppliers’ plants from time to time and evaluate suppliers’ performance according to the environmental requirements in the “Supplier Supervision List”.

The Group actively participates in industry-related initiatives to ensure the Group's effective implementation of responsible procurement practices. We require our suppliers to sign the "Confirmation Letter on the Non-use of Conflict Minerals" to undertake that the components and materials supplied are not metal products derived from conflict minerals. In addition, we use the conflict minerals reporting template (CMRT) published by the Responsible Minerals Initiative to trace the Group's supply chain to the country of origin as well as to smelters and refineries to enhance the transparency of our supply chain.

During the Reporting Period, the Group had a total of 1,231 major suppliers (FY 2021: 1,352). All major suppliers have passed the above-mentioned review during the Reporting Period. The Group was not aware of any issues relating to any major suppliers that may have material negative impact in terms of business ethics, environmental protection, human rights and labor practices during the Reporting Period.

Supplier locations	FY 2022		FY 2021	
	Number	Percentage	Number	Percentage
Mainland China	1,017	82.62%	1,134	83.87%
Hong Kong and Macau, China	10	0.81%	9	0.67%
Others	204	16.57%	209	15.46%

MANAGEMENT OF PRODUCT QUALITY

We believe that product quality acts as a cornerstone for an enterprise. To become a leading technology-based enterprise in the plastic surface decoration industry, the Group is committed to continuous improvement and management of our products and services with the goal of "zero defect". Two of our plants have been certified by the ISO9001:2015 Quality Management System Standard, and six of our plants have been certified by IATF16949-2016 Automotive Quality Management System Standard, meeting the industry's quality standards. In addition, we ensure that the Group's products strictly follow the product specifications of the sales regions and the relevant customers' requirements.

To safeguard the Group's product quality, we have formulated different internal management procedures to conduct quality inspection and improvement work at each step of product design and production to ensure that the Group's products meet the requirements in different aspects, such as quality and safety. During the design stage, we have established the "Product Quality Initial Planning and Control Procedures" and conducted multi-party evaluations on the design plan to improve the quality of product designs.

At the production stage, we have formulated the "Quality/Environmental Record Control Procedures", which requires each department to collect and keep quality and environmental data records to facilitate internal tracking and management. We have also formulated the "Final Inspection and Control Procedures" that guides the staff of the production department to inspect the quality of finished products. Once defective products are identified, our staff will follow the "Product Marking Control Procedures" to extract and affix return labels the concerned products. The frequencies and causes of returns are recorded in our dedicated system for analysis on a regular basis, and calculate the passing rate of each batch to obtain the final failure rate.

The staff of our production department will then provide defective products that fail to pass the inspection to the quality control department for their handling, follow-up and the formulation of improvement measures to enhance product quality. In addition, the Group also raises employees' requirements on product quality through various channels such as publicity and training. We also illustrate the quality requirements and the Group's management approach to employees through promotion channels such as display boards and billboards. During the Reporting Period, we have provided employees with various training on quality enhancement, covering quality awareness, control on unqualified products and software operation, etc. Upon completion of the training, instructors will assess the staff to ensure that they have firmly grasped the knowledge taught in the courses.

During the Reporting Period, no products produced and sold by the Group were recalled for safety and health reasons. At the same time, the Group is not aware of any material breach of laws and regulations relating to health and safety and privacy matters of products and services, including but not limited to the "Certain Provisions on the Security Protection of Calculator Information Systems of the People's Republic of China", the "Regulations on Trade Secrets of the People's Republic of China", the "Advertising Law of the People's Republic of China", the "Law on the Protection of Consumer Rights and Interests of the People's Republic of China", the "Federal Law of Mexico on the Protection of Privately Held Personal Data", the "Trademark Law of Mexico" and the "Personal Data (Privacy) Ordinance of Hong Kong", which would have a material impact on the Group.

MANAGEMENT OF CUSTOMER SERVICES

The Group attaches great importance to the opinions and feedback from customers that promote the further development of the Group. To continuously monitor the performance of the Group, the marketing department distributes the "Customer Satisfaction Survey Form" to customers every half year to collect and analyze their satisfaction data. In the Survey Form, customers will rate us in six aspects, namely product quality, technical capability, price, delivery capability, service attitude and environmental protection capability. In the customer satisfaction survey of FY 2022, the overall score of our products was 95 points, which was at the same level as the score in FY 2021, indicating that the Group's product and service quality was of high standard and was highly recognized by customers.

In order to gather and follow up on customer opinions more efficiently, the Group has formulated the "Customer Complaints and Goods Return Procedures", which sets out the responsibilities of each department in response to customer complaints and return requests. Since 2012, every plant under the Group has started to record each complaint case and its outcome. By analyzing the causes of complaints, we continue to improve the quality of the Group's services and products.

During the Reporting Period, the Group received a total of 317 complaints (FY 2021: 532 complaints) related to products and services. All customer complaints have been properly followed up or dealt with and no complaint incidents with significant impact on the Group have been identified.

The Group also attaches great importance to the security and confidentiality of information, especially the data related to customers, and strictly abides by the relevant laws and regulations of the place where it operates, including but not limited to the “Regulations of the People’s Republic of China for Safety Protection of Computer Information Systems”, the “Regulations of the People’s Republic of China for Protection of Commercial Secrets”, the “Federal Law of Mexico on the Protection of Privately Held Personal Data” and the “Personal Data (Privacy) Ordinance of Hong Kong”. We have formulated the “Confidentiality System”, which clearly defines business information and technical information, and specifies the confidentiality requirements for different information. All employees who have access to the Group’s confidential information or items are not allowed to disseminate or disclose the relevant content. In the event of a leak of confidentiality that causes damages to the Group, the leakers will be fully liable and will be punished according to “Employee Handbook”. All employees who have access to confidential documents, materials and other items are required to sign a confidentiality agreement.

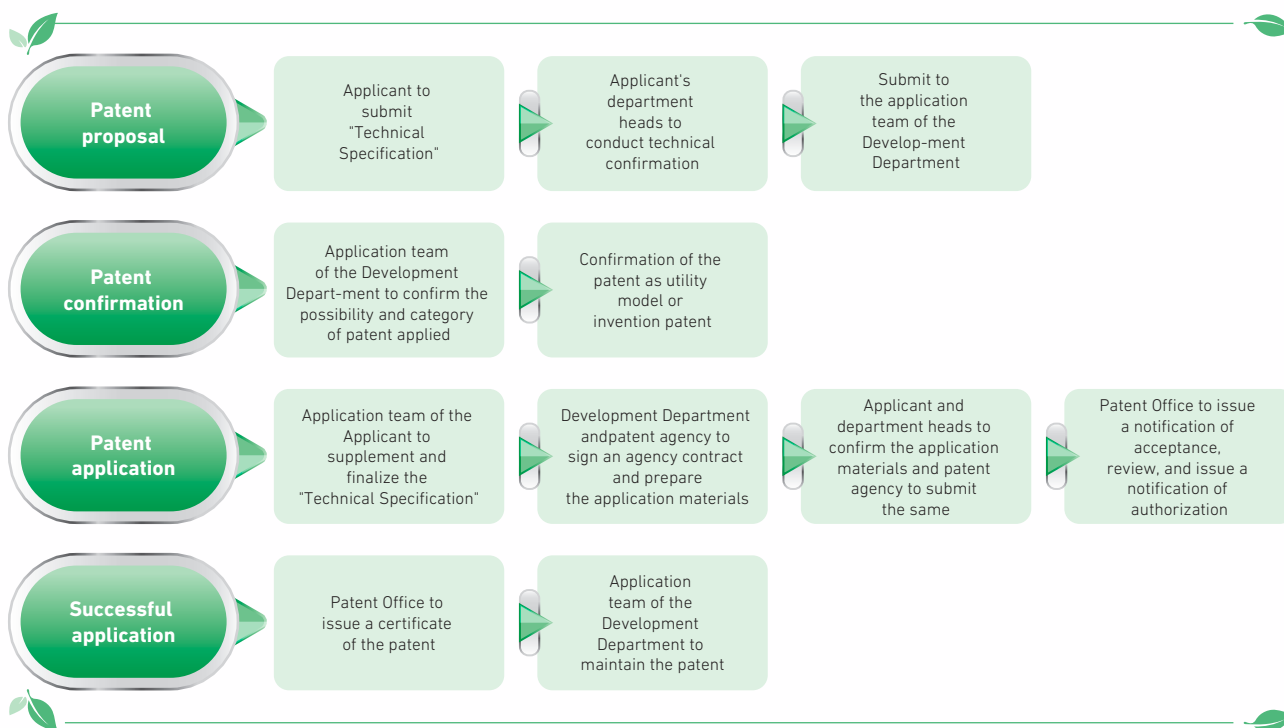
In order to ensure the safe and stable operation of the Group’s information system, the Group has also set up the information security management committee, which adopts appropriate strategies and security measures to coordinate the management and maintenance of information security while implementing the “Information Asset Management Procedures”, the “Communications Security Management Procedures”, the “Information Security Incident Management Procedures”, the “Physical and Environmental Security Management Procedures”, the “Information Security Management Procedures for Supplier Relationships” and other relevant policies. The information security management committee also maintains proper communication with relevant government departments, specific interest groups and other security forums and professional associations.

In addition, the Group’s products and services comply with the laws and regulations relating to advertising and labelling, such as the “Advertising Law of the People’s Republic of China”, the “Law of the People’s Republic of China on Protection of Consumer Rights and Interests” and the “Trademark Law” of Mexico. External release of publicity materials and information about products and services are not allowed before being reviewed by designated personnel to ensure that the Group’s customers will not be misled. During the Reporting Period, to the best knowledge of the Group, there were no violations of relevant laws and regulations concerning advertising and labelling of the Group’s products and services that had a material impact on the Group.

CONTINUOUS INNOVATION

Technological innovation is essential to our future development, therefore, the Group considers innovation as our long-term development goal. To encourage employees to actively innovate, technological innovation incentives have been established and regular summary meetings on technological progress and innovation are held to recognize employees' achievements in research and development of innovative technologies.

The Group has established the "Confidentiality System" that requires employees to observe and respect the Group's corporate intellectual property rights. We have also implemented a series of measures to protect intellectual property rights, including trademark registrations, patent applications, confidential technical solutions, etc. The Group has established a set of procedures for applying for patents (the specific procedures as set out below), and appointed a dedicated personnel responsible for the management of intellectual property rights, listing details and establishing files. The Group endeavors to make comprehensive use of intellectual property rights to protect the interests of the Group, and apply for intellectual property rights that may have a significant impact on the Group as early as possible, so as to maximize the protection of the Group's interests. In the process of cooperating with other units or individuals, the ownership, scope of use, term, and distribution of subsequent research and development results of the intellectual property rights involved will be stipulated in detail, and relevant legal documents will be signed. We have obtained 21 patents in China, the scope of which covers various aspects, including product design, production equipment standards and process technologies, etc.



CARE FOR EMPLOYEES

The Group regards employees as important assets, and therefore believes that caring for employees and creating an ideal working environment are the top priorities in building a solid corporate foundation. The Group strictly abides by the relevant laws and regulations of the places where it operates, including but not limited to the “Labour Law of the People’s Republic of China”, the “Mexican Labour Law”, the “Mexican Social Security Law (Ley Del Seguro Social)” and the “Hong Kong Employment Ordinance”, to establish and maintain good labor relations, facilitating the attraction and retention of talents.

The Group adheres to the principles of openness, fairness and impartiality in the recruitment process to ensure that the candidates’ treatment are not affected by factors such as gender, race, religious belief, age, disability status, sexual orientation, nationality, political views, social status, and clan background, etc.

During the Reporting Period, the Group was involved in three labour dispute cases. One of the cases was settled by the Group after negotiation with the employee, while the other two cases are still awaiting the outcome of the court judgement.

LABOR STANDARD

The Group respects basic labor rights and interests and understands their importance. We strictly follow the relevant laws and regulations on the prevention of child labour and forced labour, including but not limited to the “Labour Contract Law of the People’s Republic of China”, the “Labour Law of the Federal Government of Mexico” and the “Hong Kong Employment Ordinance”. We have formulated the “Standard Employment Management Procedures” to prohibit the employment of child labor or forced labor in any positions. In the recruitment advertisements, we emphasize the requirement on candidates’ minimum age. To further ensure that our recruitment complies with the labor standards, recruiters are required to strictly check the age of candidates. Before commencing the subsequent recruitment process, candidates’ original identity cards are checked and their photos are verified to confirm that the applicants have not concealed, forged or used any counterfeit identity and personal profile. When going through the onboarding process, our staff also need to confirm the identity of the employee before arranging the signing of any contract. In cases of child labor being identified, the Group will take immediate corrective measures to rectify the situation, terminate the contract and the work of the employee concerned, and report to the relevant authorities if necessary.

The Group requires employees to be employed voluntarily and prohibits any form of forced labor, including prison labor, indentured labor, debt labor, etc. In accordance with relevant labor laws and regulations, the Group clearly states in the employment contracts the terms of employment without any restrictive or unreasonable conditions. In cases of business needs, the Group adheres to the principle of working overtime voluntarily. If employees choose not to work overtime, they shall notify their department supervisors in advance to facilitate work arrangement. In the event of any suspected cases of forced labour violations, the Group will investigate. If a forced labour violation is confirmed, the Group may take disciplinary action against any employee who is responsible for the cause of the incident.

During the Reporting Period, the Group was not involved in any cases regarding child labor or forced labor. During the reporting period, the Group is not aware of any violations of the prevention of child labour and forced labour, including but not limited to the relevant laws and regulations mentioned above, that would have a material impact on the Group.

EMPLOYEE BENEFITS

The Group believes that maintaining good relationship with employees is the key to talent attraction and retention. Our “Employee Handbook” sets out the requirements for employees’ remuneration, welfare, attendance, leave and resignation to protect employees and enable their understanding of their rights and obligations. The Group provides competitive remuneration packages and benefits, with allowances, incentives and performance bonuses, in addition to basic salaries. The remuneration of employees is adjusted based on departmental evaluation to ensure that their efforts are rewarded. We have established the “Reward and Punishment System”, and set up monthly, quarterly and annual bonuses that are linked to the Company’s operating performance and departmental performance, to reward commendable employees with bonuses. The Group will also prioritise internal recruitment when there are job vacancies, so as to provide employees with good promotion and diversified development opportunities.

In addition to providing good working benefits, the Group also values the personal lives of employees. We hope to build up team spirit among employees through a series of activities and enrich their physical and mental health. During the Reporting Period, the Group’s human resources department provided cultural activities with the theme of “Reading Salon” to create a positive learning environment for employees to read, think and communicate. In addition, we also organized various movie watching and outing activities to help employees release their work pressures and enrich life after work, so as to improve their spiritual literacy and increase cohesiveness of the team. At the same time, the Group continues to organize orientation activities for fresh graduates who are about to work in order to deepen employees’ understanding of the Company and accelerate their adaptation to the new working environment through plant visits, induction training, tours and other activities.

As of 31 December 2022, the Group had a total of 6,059 employees (as of 31 December 2021: 5,851) who are all full-time employees. They are mainly responsible for duties such as production, research and development, quality assurance, human resources, administration and finance, maintenance, logistics, procurement, marketing and management.

The breakdown of employees by gender, age and region is set out below:

	31 December 2022	31 December 2021
Total number of employee	6,059	5,851
By gender		
Male	3,130	2,986
Female	2,929	2,865
By age		
Below 30	2,057	2,362
30 - 50	3,780	3,277
Above 50	222	212
By employee category		
Senior management	69	67
Middle management	394	445
General employee	5,596	5,339
By geographical region		
South China	3,915	4,016
East China	464	547
North China	77	113
Central China	—	1
Northeast China	—	9
Northwest China	—	3
Southwest China	—	1
Hong Kong and Macau, China	6	6
Overseas	1,597	1,155

The turnover rate¹ of employees was as follows:

	FY 2022	FY 2021
Total turnover rate	43.68%	46.65%
By gender		
Male	43.91%	48.58%
Female	43.43%	44.49%
By age		
Below 30	59.16%	57.96%
30 - 50	30.63%	36.00%
Above 50	18.38%	7.83%
By geographical region		
South China	41.49%	43.69%
East China	32.46%	20.61%
North China	39.84%	75.75%
Central China	100.00%	—
Northeast China	100.00%	—
Northwest China	100.00%	—
Southwest China	100.00%	—
Hong Kong and Macau, China	—	—
Overseas	50.59%	56.53%

Note:

$$1 \quad \text{The turnover rate of the Group is calculated by the following formula:} \quad \frac{\text{total number of employees of the category who left during the financial year}}{\text{total number of employees of the category newly recruited during the financial year} + \text{total number of employees of the category as of the last day in the previous financial year}} \times 100\%$$

COMMUNICATION WITH EMPLOYEES

The Group actively communicates with its employees and has set up guidelines for internal communication to receive their feedback. Employees who have different opinions concerning or disputes arising from the operation and management of the Group may lodge complaints with their department heads, the human resources department or the administrative department. In case of any dispute between employees and the Group in relation to the enforcement of labor laws and regulations, employees may lodge a complaint with the labor union. To protect employees' privacy, complaints and grievances are handled in strict confidence. We have also established an employees' labor union to exercise such obligations as employee representatives to safeguard the rights and interests of our employees. In the face of labor disputes, the Group will adhere to its people-oriented concept under the premise of compliance with laws and regulations, properly handling the disputes, and striving to protect the rights and interests of both parties.

The Group encourages employees to make reasonable and feasible suggestions on the operation and development of the Group and provides appropriate incentives to the employee whose proposal is adopted. The human resources department conducts annual surveys on employee satisfaction, to collect employees' feedback on the Group's management, work, training, welfare and other aspects, and then calculates, summarizes and analyzes the survey results. The human resources department also collects employees' opinions and expectations through seminars, interviews and questionnaires. The results of the surveys and analysis will help us take follow-up improvement measures.

EMPLOYEE DEVELOPMENT AND TRAINING

The Group provides diversified training to its staff, thereby enabling them to have sufficient development opportunities to enhance their productivity. At the beginning of every year, the human resources department grasps the training needs of each department by means of interview, questionnaire and direct feedback, etc., and takes into account a series of factors, including the Group's development plan, industry development needs, knowledge and skills that customers are concerned about and insufficient knowledge and skills that may bring higher operational risks, to prepare an appropriate annual training plan. The human resources department also calculates the training achievement of each department and includes it in the monthly performance appraisal of each department. In order to continuously optimize the training plan, the human resources department conducts a summary and analysis of the annual training plan every year.

In addition, the Group provides pre-employment and on-the-job training in accordance with its "Group Training Management System" and "Staff Training Management Procedures". The human resources department is responsible for arranging induction training courses, covering topics such as safety at production, the Group's policy, quality and environmental awareness, product quality risk, etc., to ensure that employees have adequate safety and environmental awareness and lay a solid foundation for work after posting. There will be assessments for induction training to ensure that employees are equipped with relevant knowledge and practical application. The Group also provides various types of on-the-job training, including post (re-) training courses, with an aim to continuously improve job skills to meet customers' requirements and meet employees' career development needs. Employees in special positions are required to obtain internal qualifications, and upon assessment of their ability, the quality management department will issue job-related certificates.

There are 5,248 trained employees of the Group during the Reporting Period, with an average training time of 8.2 hours per employee. Details of the percentage of the Group's trained employees are set out below:

	Percentage of trained employees ¹				
	FY 2022	FY 2021		FY 2022	FY 2021
Total number of trained employees	5,248	5,302	By types of employee		
By gender			Senior management	0.42%	0.68%
Male	53.13%	52.96%	Middle management	5.72%	9.47%
Female	46.87%	47.04%	General employee	93.86%	89.85%

Note:

- 1 The percentages of the Group's employees trained are all calculated using the following formula:
- $$\frac{\text{Number of employees trained in this category in the financial year}}{\text{Total number of employees of the Group trained in the financial year}} \times 100\%$$

Detail of average training hour per employee of the Group is set out below:

	Average training hour per employee ¹				
	FY 2022	FY 2021		FY 2022	FY 2021
Average training hour per employee	8.2	9.3	By types of employee		
By gender			Senior management	4.3	6.6
Male	7.9	8.8	Middle management	5.6	6.8
Female	8.6	9.9	General employee	8.4	9.6

Note:

- 1 The average training hour per employee of the Group is calculated using the following formula:

$$\frac{\text{Total number of training hours of employees in this category in the financial year}}{\text{Total number of employees of the Group trained in the financial year}}$$

SAFE WORKING ENVIRONMENT AND PREVENTIVE MEASURES

During the COVID-19 pandemic, the health and safety of our employees are particularly important. In response to the actual situation, the Group has established an emergency rescue leading group to ensure timely and reliable information transmission in relation to the prevention and control of COVID-19. All staff and visitors are required to wear masks and have their body temperature checked before entering workplaces, dormitories, canteens and other areas where many people gather. The Group also carries out daily disinfection of the above places on a routine basis. We require employees from high-risk areas to be quarantined for 14 days before they resume work, and those who have contact with the infected people and those who have symptoms need to obtain approval from the human resources department before they can resume work. We also offer flexible work arrangements in response to the COVID-19 pandemic, such as allowing employees in need to work from home.

The Group is committed to creating a safe working environment. The Group thoroughly adheres to the management approach of "Safety First, Prevention Foremost and Comprehensive Management", and continuously strengthens the awareness of occupational health and safety and the capability of safety production of employees to reduce the chances of injuries and fatality. We comply with the relevant laws and regulations, and have formulated our internal "Regulations on the Management of Safe Production" in accordance with the "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", the "Regulations for Prevention of Dust Lung Disease of the People's Republic of China", the "Mexican Labour Law" and the "Hong Kong Occupational Safety and Health Ordinance" to regulate the Group's training on safety, regular inspection and safety management. Each of the Group's subsidiaries has established a safety management committee, comprising management and employee representatives, to conduct regular safety inspections for production facilities and ensure employees' compliance with safety measures and implementation of the relevant production procedures.

In response to various emergencies, the Group has formulated the "Medical First Aid Management System" to detail the emergency treatment measures for accidents such as chemical burns, fractures and poisoning. First aid medical boxes are set up in dormitories and workplaces, and designated personnel are responsible for purchasing and recording supplies to ensure that there are sufficient drugs in the medical boxes. According to the "Management Regulations on Outfits and Safety Protection", the Group has formulated safety protection requirements for all kinds of personnel during operation based on potential safety threats in each position, to reduce the risk of injury and fatality of employees.

To enhance employees' awareness of occupational safety, the Group provides various safety training. The human resources department provides safety training for new employees according to the annual training plan, covering basic safety knowledge, including hazardous chemicals, firefighting, use of electricity and mechanical operation. Each department also arranges suitable safety training according to the training plan. Newly recruited and internally transferred employees are required to attend specific safety training courses, receive training on operation of equipment and occupational safety tools, and pass the assessment to ensure that employees can meet the safety requirements at work. For special positions, the Group requires special operation employees to go through professional technical training and obtain operation certificates before taking up their posts.

The Group is aware of the connection between fire accidents and production, and has formulated internal management procedures and adopted strict measures to prevent the occurrence of such accidents. The “Fire Safety Management Procedures” regulates the management of firefighting equipment and rescues and stipulates that an annual drill plan shall be formulated annually to enhance employees’ fire safety awareness and maintain firefighting facilities on a regular basis. We also closely monitor the production areas with explosive and flammable items, install fire detection and alarm systems, and arrange safety personnel to conduct 24-hour patrol in the plants to ensure fire safety in the production areas.

In the past three years covering the Reporting Period, the Group had no record of any work-related fatalities of employees. During the Reporting Period, the Group recorded 14 work-related injuries and 157 workdays loss due to work-related injuries. All work-related accidents have been properly handled. During the reporting period, the Group was also not aware of any material breaches of health and safety related laws and regulations, including but not limited to the relevant laws and regulations mentioned above, which would have a material impact on the Group.

	FY 2022	FY 2021
Number of work-related fatalities	—	—
Number of work-related injuries	14	12
Number of workday loss due to work-related injuries	157	169

COMMUNITY INVESTMENT

The Group is committed to caring for the community, helping disadvantaged groups, and contributing to the promotion of community development and the creation of community welfare. The Group has established the “Community Investment Policy” to understand the social needs of the region where we operate, formulated the direction of community investment in the region, and encouraged our employees to participate in various volunteer activities and devote themselves to public welfare undertakings. During the Reporting Period, affected by the COVID-19 pandemic, the Group focused on its own business development and did not participate in social services or public welfare activities. When the COVID-19 pandemic is over and the economic and social environment becomes stable, we will continue to make every effort to realize our social value through various means, thereby improving social wellness and promoting sustainable social development.

APPENDIX I: ESG REPORTING GUIDE CONTENT INDEX

Mandatory disclosure requirements	Chapter of report
Governance structure	Sustainable Development Framework
Reporting principles	Reporting Guide
Reporting scope	Reporting Scope

ENVIRONMENTAL ASPECT

Aspect	General disclosure and description of key performance indicator	Chapter of report
Aspect A1: Emission	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Continuous Monitoring of Environmental Performance, Gas Emissions and Energy Management, Management of Wastes
	KPI A1.1 The types of emissions and respective emissions data.	Gas Emissions and Energy Management
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and intensity (e.g. per unit of production volume, per facility).	Gas Emissions and Energy Management
	KPI A1.3 Total hazardous waste produced (in tonnes) and intensity (e.g. per unit of production volume, per facility).	Management of Wastes
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and intensity (e.g. per unit of production volume, per facility).	Management of Wastes
	KPI A1.5 Description of the emission targets set and the steps taken to achieve these targets.	Gas Emissions and Energy Management
	KPI A1.6 Description of the methods used to deal with hazardous and non-hazardous waste and description of the waste reduction targets set and the steps taken to achieve these targets.	Management of Wastes

Aspect	General disclosure and description of key performance indicator	Chapter of report
Aspect A2: Use of resource	General disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Gas Emissions and Energy Management, Management of Water Resource
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Gas Emissions and Energy Management
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Management of Water Resource
	KPI A2.3 Description of the energy use efficiency targets set and the steps taken to achieve these targets.	Gas Emissions and Energy Management
	KPI A2.4 Description of any problems in accessing suitable water sources and the water use efficiency targets set and the steps taken to achieve these targets.	Management of Water Resource
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Management of Packaging Materials
Aspect A3: Environmental and natural resources	General disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Continuous Monitoring of Environmental Performance
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Continuous Monitoring of Environmental Performance
Aspect A4: Climate change	General disclosure Policies for identifying and responding to material climate-related issues that have and may have an impact on the issuer.	Climate Change
	KPI A4.1 Description of material climate-related issues that have and may have an impact on the issuer and the actions taken to address them.	Climate Change

SOCIAL ASPECT

Aspect	General disclosure and description of key performance indicator	Chapter of report
Employment and Labor Practices		
Aspect B1: Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Employee Benefits, Communication with Employees
	<p>KPI B1.1</p> <p>Total number of employees by gender, type of employment (e.g. full time or part time), age group and geographical region.</p>	Employee Benefits
	<p>KPI B1.2</p> <p>Employee turnover rate by gender, age group and geographical region.</p>	Employee Benefits
Aspect B2: Health and safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Safe Working Environment and Preventive Measures
	<p>KPI B2.1</p> <p>Number and rate of work-related fatalities in the past three years (including the reporting year).</p>	Safe Working Environment and Preventive Measures
	<p>KPI B2.2</p> <p>Number of working days lost due to work injury.</p>	Safe Working Environment and Preventive Measures
	<p>KPI B2.3</p> <p>Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	Safe Working Environment and Preventive Measures

Aspect	General disclosure and description of key performance indicator	Chapter of report
Aspect B3: Development and training	General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
	KPI B3.1 Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development and Training
	KPI B3.2 Average training hours completed per employee by gender and employee category.	Employee Development and Training
Aspect B4: Labor standard	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Labor Standard
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labor.	Labor Standard
	KPI B4.2 Description of steps taken to eliminate such non-compliance when discovered.	Labor Standard

Aspect	General disclosure and description of key performance indicator	Chapter of report
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure	Supply Chain
	Policies on managing environmental and social risks of the supply chain.	Management
	KPI B5.1 Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
	KPI B5.3 Description of practices for identifying environmental and social risks at each stage of the supply chain, and related implementation and monitoring methods.	Supply Chain Management
KPI B5.4 Description of practices to promote the use of environmentally friendly products and services in the selection of suppliers, and related implementation and monitoring methods	Supply Chain Management	

Aspect	General disclosure and description of key performance indicator	Chapter of report
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Management of Product Quality, Management of Customer Services
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Management of Product Quality
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Management of Customer Services
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Continuous Innovation
	KPI B6.4 Description of quality assurance process and recall procedures.	Management of Product Quality
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Management of Customer Services

Aspect	General disclosure and description of key performance indicator	Chapter of report
Aspect B7: Anti- corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Advocating Probity and Perfecting Governance
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Advocating Probity and Perfecting Governance
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Advocating Probity and Perfecting Governance
	KPI B7.3 Description of the anti-corruption training provided to directors and employees.	Advocating Probity and Perfecting Governance
Community		
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment