

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

(Incorporated in Cayman Islands with limited liability)

Stock Code : 1930

Environmental, Social & Governance Report **2022**



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About This Report

Shinelong Automotive Lightweight Application Limited (“Shinelong”, the “Company”) together with its subsidiaries (the “Group”) is delighted to present its fourth Environmental, Social and Governance (“ESG”) Report (this “Report”) to our stakeholders, which elaborates our sustainability strategies, policies and performance in the past year.

REPORTING SCOPE AND PERIOD

The reporting period (“Reporting Period”) of this Report is from 1 January 2022 to 31 December 2022. Unless otherwise stated, the reporting scope of this Report covers the Group’s principal businesses, including the below entities:

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

Unless otherwise stated, the monetary figures in this Report are denominated in Renminbi (“RMB”).

About This Report

BASIS OF PREPARATION

During the preparation of this Report, the Group complied with Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), and referred to four key reporting principles of “materially”, “quantitative”, “balance” and “consistency”.

Principle	Definition	Our Response
Materiality	The issues covered in this Report should reflect the significant impacts of the Group on environment and society, or the scope of assessments and decisions of stakeholders being affected.	Through engagement with stakeholders as well as considering the Group’s business nature and development, material sustainability issues are being identified.
Quantitative	This Report should disclose key performance indicators in a measurable manner.	The Group discloses its key environmental and social performance indicators quantitatively where appropriate.
Balance	This Report should present the positive and negative information of the Group in an objective manner to reflect a comprehensive picture of the sustainability performance of the Group.	The Group has disclosed achievements and challenges of identified material issues to comprehensively reflect its sustainability performance.
Consistency	The Group should confirm that the preparation method of this Report is consistent with the one(s) used in previous year(s), or state the revised reporting methods, or illustrate other relevant factors that will affect meaningful comparison.	The reporting scope and the reporting methods of this Report are substantially consistent with those in last year, and relevant comparative data have also been disclosed in this Report.

CONFIRMATION AND APPROVAL

This Report has been confirmed by the management and approved by the board of directors (the “Board”) of the Company on 27 March 2023. The Board understands they are obliged to take full responsibility for the Group’s ESG strategy and disclosure.

ACCESS OF THIS REPORT

This Report is available in traditional Chinese and English for the readers. In case of any inconsistency between the two versions, the Chinese version prevails. The electronic version of this Report is available on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Group (www.shinlone.com.cn).

FEEDBACK

We will carefully listen to and adopt the opinions of our stakeholders on the Group to strive for excellence. If you have any opinions on the Group’s sustainability performance or this Report, you are welcomed to contact us via email:

Email address: sophia@shinlone.com.cn

About Us

The Company's shares have been listed on the main board of the Hong Kong Stock Exchange since 28 June 2019. The Group is a major developer and supplier of precision moulds in the People's Republic of China (the "PRC"), and we are committed to providing our customers with the excellent products and services, focusing on customised moulds for the production of automotive parts to cater to the growing trend of automotive lightweight application and electrical appliances and other parts. We are dedicated in providing our customers with comprehensive mould service and solutions, covering product analysis, mould design and development; mould manufacturing, assembly, testing and adjustment; trial production; and after-sales services.

Being a professional "intellectual manufacturer" of moulds with over 19 years of history in operation, the Group upholds the principle of innovative development by expanding its business. We have set up factories in Kunshan and Qingdao in the PRC. Equipped with strong technology and knowledge, the subsidiary of the Group, Shinelong Intellectual Manufacture, has been awarded with High and New Technology Expertise, indicating our position in the industry.

AWARDS AND HONORS



Provincial-level Specialized and Sophisticated Small and Medium-sized Enterprise in 2022



Suzhou Intelligent Workshop in 2022



Provincial-level Enterprise Technical Centre in 2022



Outstanding Contribution Enterprise for the 10th Anniversary of the Pilot Reform of Administrative Management System in Economically Developed Towns in Zhangpu Town

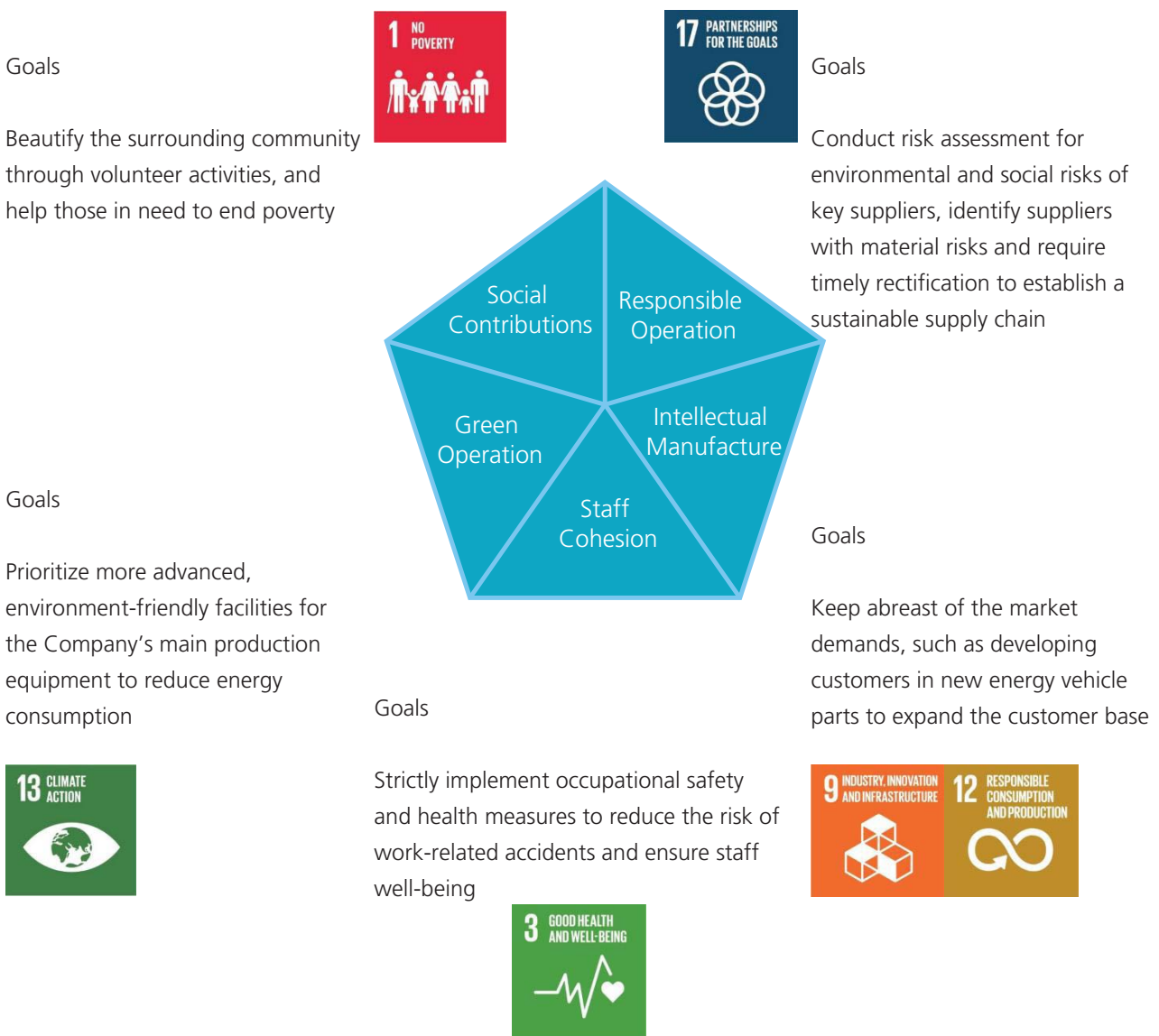


Enterprise Eligible for Corporate Profit Reinvestment Fund Support in 2022

Sustainability Management Strategy

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The Group is committed to managing environmental and social performance in a responsible manner, and working with stakeholders to achieve sustainable development. We promote sustainable development in five focus areas of “Responsible Operation”, “Intellectual Manufacturing”, “Staff Cohesion”, “Green Operation” and “Social Contribution”. At the same time, we are committed to practicing the United Nations Sustainable Development Goals (UNSDGs) to protect the planet and end poverty while ensuring that all people enjoy peace and prosperity by 2030. During the Reporting Period, we identified six Sustainable Development Goals (SDGs) that are most relevant to us, integrated them into our focus areas, and strive to achieve these SDGs by formulating feasible measures.



Sustainability Management Strategy

SUSTAINABILITY MANAGEMENT AND BOARD OVERSIGHT

As the top leadership of the Group, the Board is responsible for overseeing and managing the overall sustainable development of the Group. The Board empowers the ESG Committee to implement the Group's sustainability vision, strategy and targets, and oversee the work of ESG Executive Team and reports to the Board in due course. We hope to incorporate sustainable development strategies into our business strategy and daily operations through a comprehensive sustainability oversight to promote environmental and social sustainable development and bring long-term value to our stakeholders.

Sustainability Management Structure



SUSTAINABILITY RISK MANAGEMENT

The Group sees risks management as an inseparable part of daily operations and robust corporate governance. Risk management mechanism assists the Group to evaluate and minimize risks that may prevent or endanger the achieving of its business objectives in a dynamic business environment where economic, industry, regulatory and operating conditions continue to change. During the Reporting Period, we have conducted ESG-related risks assessment, including climate change risks and ESG risks of supply chain. We identify potential ESG risks of the Group based on ESG trends and issues, benchmark analysis, stakeholders' opinions and business nature, and prioritize the risks based on their impact to the Group and possibility. We set up response strategies and relevant control measures of material ESG risks, regularly assess and monitor the effectiveness of such measures, and assist the Board to regularly review the effectiveness of existing measures and come up with improvement plans where necessary. For the details of our risk management, please refer to the Corporate Governance Report section of 2022 annual report.

Stakeholder Engagement

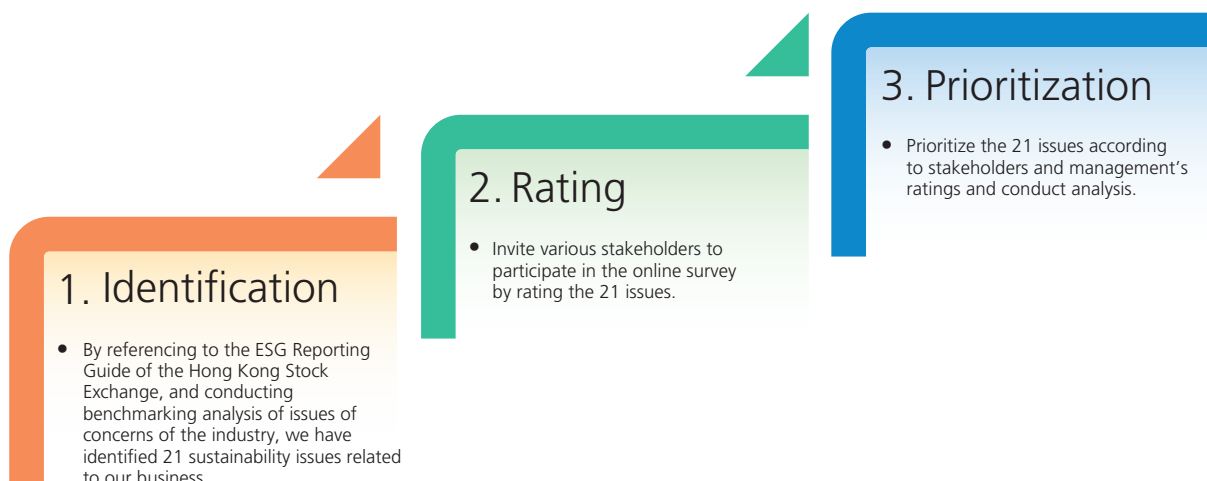
It is vital to listen to and adopt stakeholders' opinions in promoting the Group's sustainable development. We establish frequent stakeholder communication channels and maintain close links with government and regulatory agencies, shareholders and investors, customers, suppliers and business partners, employees, and the community to understand their views and expectations on the Group, and response in a timely manner, seek to work with them to promote sustainable development.

Stakeholders	Issues of Concern	Methods of Communication	Frequency
Government and Regulatory Agencies	<ul style="list-style-type: none"> o Policy impact o Compliance operation o Risk control 	<ul style="list-style-type: none"> o Policies and regulations o Interview o Report 	<ul style="list-style-type: none"> o Irregular
Shareholders and investors	<ul style="list-style-type: none"> o Compliance operation o Risk control 	<ul style="list-style-type: none"> o General meeting o Announcement 	<ul style="list-style-type: none"> o Regular
Customers	<ul style="list-style-type: none"> o Customer relationship o Customer privacy o Product and service quality 	<ul style="list-style-type: none"> o Customer feedback o Company website o Visit 	<ul style="list-style-type: none"> o Irregular and regular
Suppliers and Business Partners	<ul style="list-style-type: none"> o Supply chain management o Product quality 	<ul style="list-style-type: none"> o Purchasing information and contracts o Consultations 	<ul style="list-style-type: none"> o Irregular
Employees	<ul style="list-style-type: none"> o Employees' rights and interests o Staff training and development o Health and Safety o Remuneration and rights of employees 	<ul style="list-style-type: none"> o Professional training o Employee activities o Internal communication 	<ul style="list-style-type: none"> o Irregular and regular
Community	<ul style="list-style-type: none"> o Charity o Maintenance of community relationships 	<ul style="list-style-type: none"> o Community activities 	<ul style="list-style-type: none"> o Irregular

MATERIALITY ASSESSMENT

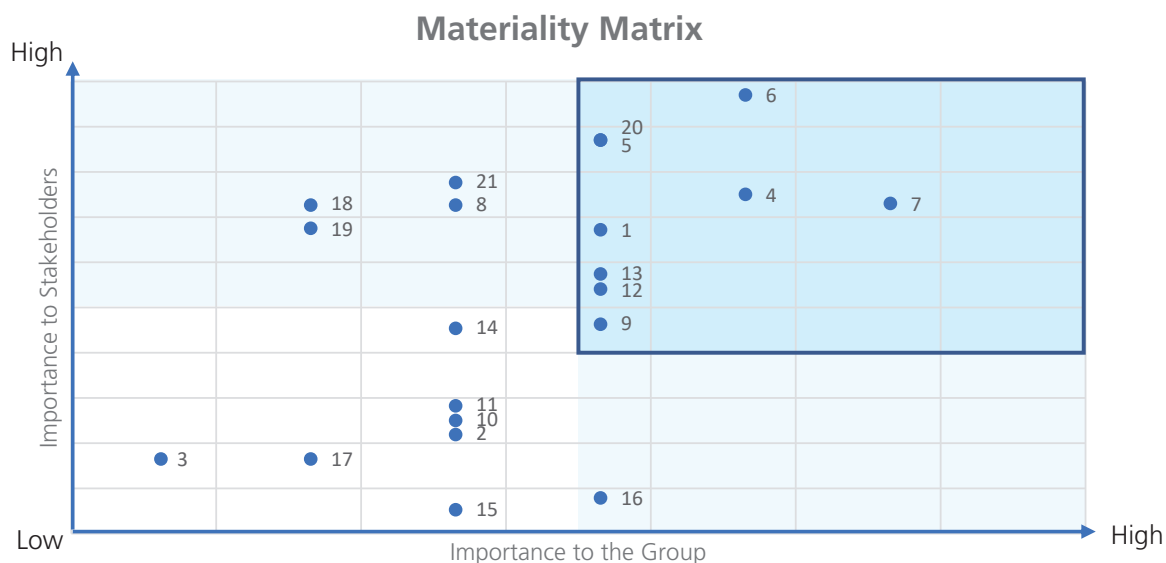
In order to better understand stakeholders' opinions on the Group's material sustainability issues, we appointed an independent third-party consultant to conduct an annual materiality assessment, and invited key stakeholders to rate the sustainability issues related to the Group, so as to help us identify issues that have a significant impact on the Group and monitor and manage them accordingly.

The steps of materiality assessment are as follows:



Stakeholder Engagement

The following materiality matrix presents the results of the materiality assessment during the Reporting Period. The 9 issues at the top right hand corner are the material issues identified this time, namely corporate governance, management of product and service quality, protection of customer privacy, protection of intellectual property, anti-corruption management, environmental and social risks of suppliers, management of pollutant emissions, waste management, and occupational health and safety. This Report will focus on the relevant management strategy and performance of these issues.



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

Responsible Operation

ANTI-CORRUPTION

The Group strictly abides by applicable laws and regulations related to anti-corruption, including but not limited to the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC, the Anti-unfair Competition Law of the PRC, and the Company Law of the PRC, in order to uphold business ethics and integrity and build a healthy and integrity corporate culture. We have set up a comprehensive management mechanism through policies and systems such as the Anti-fraud and Anti-corruption Management Regulations and Whistleblowing Policy, which requires employees to uphold the highest ethical standards at all times, and to prevent any fraud, bribery, extortion, money laundering and other illegal behaviours. The Group's senior, middle-level management and employees contacting with external business partners have already signed the Personal Integrity Commitment, and we also require suppliers to sign the Anti-bribery Commitment to ensure that commercial bribery and other corrupt practices will not be involved in the process of business dealings. Whistleblowing Policy states that employees and those who deal with the Group can report any suspected inappropriate acts to the Group through email. Our company secretary and internal audit office will promptly investigate and provide feedback within five working days to protect the interests of the Group and employees. The identities of whistle-blowers will be kept confidential.

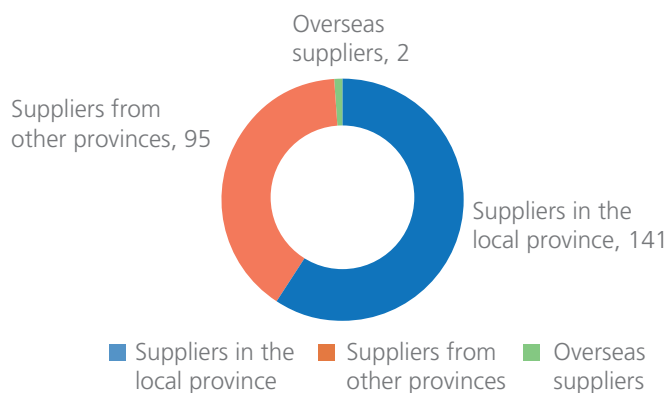
In order to enhance the knowledge and awareness of management and employees on business ethics and integrity, we arrange relevant training courses in a regular manner to explain the concepts and types of fraud and corruption, fraud behavior, regulations, the Company's regulations and whistleblowing procedures. During the Reporting Period, we arranged a total of 7 training courses.

During the Reporting Period, we did not receive any cases or reports of corruption, extortion, fraud, money laundering that violated any laws or regulations.

SUPPLY CHAIN MANAGEMENT

The Group cooperates with suppliers providing raw materials, accessories and consumable hardware parts etc. During the Reporting Period, we have cooperated with a total of 238 key suppliers. The distribution of suppliers by location is as follows:

Distribution of Suppliers by Location



Responsible Operation

We actively promote the sustainable development of the supply chain through our influence. We are committed to promoting environmental sustainability in our supply chain by the following measures:

- requiring key suppliers to provide environmental impact assessment reports to ensure that they are not involved in significant environmental risks;
- prioritizing suppliers that provide environment-friendly products to reduce the negative impact on the environment;
- prioritizing local suppliers to reduce greenhouse gas emissions generated during transportation.

We conduct risk assessment on key suppliers in a regular manner to identify their environmental and social risks. The Board and management oversee the environmental and social risks of the entire supply chain and review the effectiveness of management measures to continuously improve risk management system of suppliers. According to the results of the risk assessment, we did not identify any suppliers with high risks during the Reporting Period.

In addition to managing our suppliers' environmental and social risks, we also set up a comprehensive and rigorous supplier management procedure to safeguard the quality of their products and services. When selecting new major raw material suppliers, we will conduct qualification evaluations and onsite visits to select suppliers with good performance in quality control, management, processing and production capabilities, product development capabilities, quality assurance systems, employee training and other areas. We also conduct quarterly and annual assessment for existing suppliers to assess their performance in the areas of product and service quality, price and timeliness of delivery, and classify suppliers by A/B/C/D classes according to the assessment results. Class C suppliers will be required to conduct timely rectification. Suppliers who are classified as Class C for two consecutive times may be eliminated from the Qualified Supplier List together with Class D suppliers, and the cooperation will be terminated.

Intellectual Manufacture

As a National High and New Technology Enterprise, we are committed to providing our customers with the excellent products and services. We have developed comprehensive quality control measures to strictly control the quality of our products and continuously improve the quality of our services at the same time. We have obtained the certificate of ISO9001:2015 Quality Management System and strictly abided by applicable laws and regulations related to the health and safety of product and service, advertising, labelling and privacy.

During the Reporting Period, the Group was not aware of any material violation of laws and regulations related to the health and safety of product and service, advertising, labelling and privacy, including but not limited to the Product Quality Law of the PRC, the Patent Law of the PRC, the Copyright Law of the PRC and the Advertising Law of the PRC.

QUALITY MANAGEMENT

Our mould production business has obtained the certification of ISO9001: 2015 Quality Management System. At the same time, the stamping parts production business has obtained the certification of IATF16949:2016 Quality Management System. To ensure product quality, we have established a comprehensive Quality Manual and implemented strict standards in terms of the procedures of incoming inspection, manufacturing and delivery, including:

- “Incoming Materials Inspection Measures”: which require strictly inspect the quality of raw materials while purchasing, and if there are unqualified materials, we will follow up and handle in time;
- “In-process Inspection Guide”: which standardizes processing, manufacturing, assembly and other production procedures, and conduct inspection and testing to ensure that product structure, size and performance meet standards; and
- “Delivery Inspection Standards”: which require to inspect the dimensions, labels and appearance of the products when delivering, to ensure that the products meet the specifications before being sold to customers.

PRODUCT INNOVATION

We strictly abide by laws and regulations including the Copyright Law of the PRC, the Patent Law of the PRC, strive to protect our intellectual property rights and respect the intellectual property rights of others at the same time. In order to promote product innovation and consolidate the Group’s position in the industry, we continuously invest resources to support the R&D team to innovate, to meet the ever-changing needs of the market and customers. We will apply for patents for our research and development results. As at 31 December 2022, the Group has a total of 77 patents, including 20 invention patents, 1 design patent and 56 utility patents, and among which 3 new patents were obtained during the Reporting Period.

Intellectual Manufacture

INDUSTRY PARTICIPATION

In order to promote the development of the industry, apart from continuous research and innovation, we also actively participate in industrial associations and exchange events. In September 2022, we participated in the Sixth China Automobile Hot Stamping Technology and Process Development Forum and Supply and Demand Matching Exchange conference, the Second Green Stamping Technology Forum and the Second China International New Energy Automobile Die Casting Innovation Technology Forum, to exchange industry knowledge and the situation of market development with peers.

CUSTOMER SERVICE

Apart from adhering to product quality, we also strive to maintain high-quality service and improve customer experience through the following measures:

- If any quality or design problems have been identified after sales, customers may require repair within one year. We will repair the defective products in a timely manner and conduct investigation and follow-up;
- Conducting regular customer satisfaction survey and inviting customers of household appliance injection mould, automotive injection mould and automotive hot-stamping mould to rate in terms of product delivery, product quality, packaging quality, staff attitude, coordination and after-sales services;
- Establishing complaint handling procedure to deal with customer complaints through email, telephone and other channels in a timely and sincere manner.

During the Reporting Period, the Group did not record any products sold or shipped subject to recalls for safety and health reasons, nor did it receive significant complaints about products and services.

In order to protect the consumer rights and their right to know, we strictly comply with the relevant laws and regulations such as the Advertising Law of the PRC when we advertise our products, to ensure the authenticity and reliability of all publicity content.

Given the nature of our business, product labeling is not one of the material issues of the Group.

PRIVACY PROTECTION

We value the privacy of personal data. We require our employees to carefully deal with the customers' personal data and company confidential information through engaging the confidentiality agreement, avoiding disclosing without prior consent.

In addition, we are committed to safeguarding data security to ensure the interests of the Group and customers. Order information will be encrypted into specific numbers once obtained from customers to ensure the confidentiality of the order information. Relevant drawings and data of customers will be stored in the internal server of the Company, where unauthorised personnel could not read or obtain such information. In order to enhance data security, hierarchical management of permissions is adopted in the storage server to classify the data, and login history is enforced in our server to monitor who is logged in and what content has been accessed.

Staff Cohesion

The Group has always adhered to the people-oriented principle and strictly abides by employment-related laws and regulations, including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, to build a fair, healthy and harmonious workplace for employees, so that they can grow together with the Group. During the Reporting Period, we were not aware of any material violations in laws and regulations with respect to remuneration and dismissal, recruitment and promotion, working hours, leave, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

EMPLOYMENT OVERVIEW

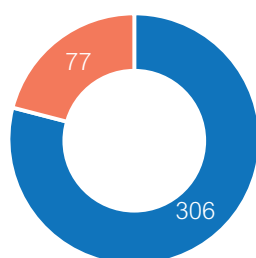
We uphold the principle of combining virtue with talent and hiring people based on their talents, and recruit suitable talents to join the Group through new media, human resources market, campus recruitment and internal referral. We advocate equal opportunity and diversity, and treat all employees equally, and do not allow any discrimination against employees based on race, nationality, religion or gender in the workplace. We offer competitive remuneration and benefits to our employees. In addition to the basic salary, social insurance and housing funds, employees may also enjoy benefits including year-end award, long service award, Woman's day gift, birthday gift, health check; Apart from statutory and public holiday, employees can also enjoy leave, sick leave, marriage leave, compassionate leave, maternity leave, miscarriage leave, nursing leave, breastfeeding leave and annual leave etc.

We adhere to the principle of protecting human rights in recruitment, remuneration system, promotion, training and other processes, and eliminate child labor and forced labor. During recruitment, we will verify the personal identity document to ensure that they are not child labors. We have stipulated in the "Employee Code of Conduct" and other human resources related policies regarding terms in relation to working hours, remuneration system, benefits, leave and resignation and other arrangement to avoid forced labor. If we identify any child or forced labour in the workplace, we will take him/her away from the workplace for further follow-up actions in accordance with the Labor Law of the PRC and other relevant laws and regulations. During the Reporting Period, the Group did not identify any child and forced labor.

Staff Cohesion

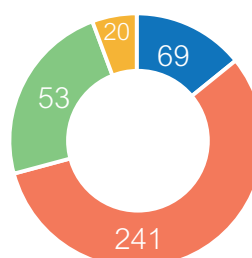
As at 31 December 2022, the Group employed a total of 383 full-time employees, all of whom are in mainland China. The chart below shows the distribution of employees by gender, function and age group as well as turnover rate:

Employees by Gender



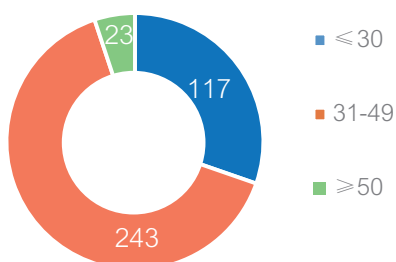
■ Male ■ Female

Employees by Function



■ Management ■ Production ■ R&D ■ Others

Employees by Age Group



■ ≤30
■ 31-49
■ ≥50

Turnover Rate	
By Gender	
Male	41%
Female	33%
By Function	
Management	35%
Production	38%
R&D	54%
Others	20%
By Age Group	
≤30	52%
31-49	35%
≥50	24%

Staff Cohesion

EMPLOYEE COMMUNICATION

In order to strengthen the mutual communication between employees and the Group, strengthen the employees' sense of belonging, and understand their opinions and expectations towards the Group, we will conduct interviews with employees from time to time, and have exit interviews with departing staff.

In addition, we also organize various activities in our spare time for our employees to relax and enhance their cohesion. During the Reporting Period, we organized activities including birthday parties, annual party, festival activities, outdoor team-building activities, marathon, badminton, basketball, yoga, night running, blood donation activities, etc.



Marathon



Outdoor team-building activities



Woman's day



Badminton activities

Staff Cohesion



Yuyang Mountain cross-country activities

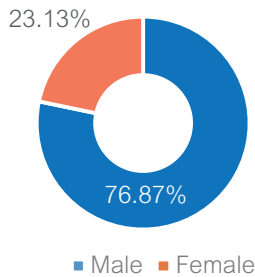
TRAINING AND DEVELOPMENT

We invest a lot of resources to cultivate talents, promote the training and development of each employee, and enable employees and the Group to grow together. Every year, we make training plans and arrange appropriate internal and external training courses according to the learning needs of employees. To encourage our employees to have continuous learning, we will also provide subsidies to employees who attend external training. Our training courses include new staff training, programming training, knowledge of hot pressing molds, quality and inspection operation guidance, business etiquette, workplace communication, equipment usage specification, marketing management skills training, etc. During the Reporting Period, the total training hours of employees were approximately 1,933 hours.

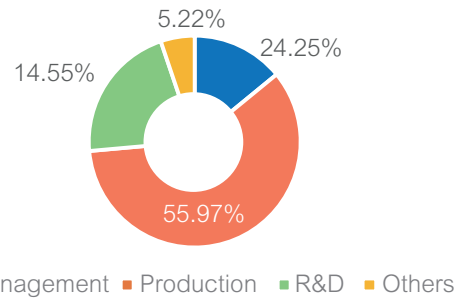
Staff Cohesion

The training ratio and average training hours by gender and function during the Reporting Period are as follows:

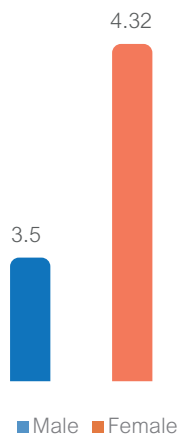
Training Ratio by Gender



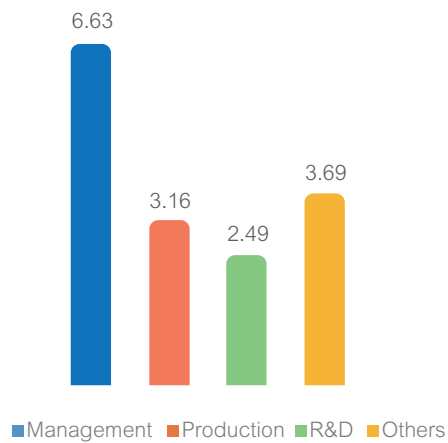
Training Ratio by Function



Average Training Hours by Gender



Average Training Hours by Function


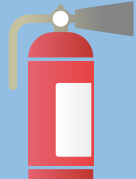


In addition, we value career development of employees. We have established the “Employee Promotion Management Measures”, and will regularly conduct performance appraisal on employees’ work attitude, team cooperation, management and supervision, work ability and other aspects. Based on the principles of both virtue and talent, we promote suitable employees to help them achieve their personal career development goals in the Group.

Staff Cohesion

HEALTH AND SAFETY

Protecting the well-being of employees is one of our top priorities. The Group abides by the relevant laws and regulations related to occupational health and safety, and we strive to minimise the possibility of exposure to occupational safety and health risk by the implementation of management system. Our occupational safety and health measures include:

 <p>Health</p>	<ul style="list-style-type: none"> • Arranging a free health check for all employees every year, and arranging special medical examination for specific employees exposed to hazardous factors such as noise and dust; • Arranging occupational health and safety accident training; • Inviting suppliers with the qualification in occupational health technical service to conduct testing on the occupational hazard factors of the Company and provide assessment report.
 <p>Safety</p>	<ul style="list-style-type: none"> • Conducting regular safety risk inspection in the workshops and workplace, and requiring the corresponding departments to provide rectification and management plans for identified hazards and issues, and implement them conscientiously; • Organizing fire safety knowledge training and fire drill for all employees to learn the operation of fire extinguishers and other fire equipment, and strengthen the awareness of fire safety and accident handling knowledge; • Placing safety warning signs in appropriate areas to remind employees to pay attention to safety; • Providing employees with personal protection equipment, including work clothes, safety hats, safety shoes, goggles and gloves etc.

During the Reporting Period, the Group was not aware of any violations of laws and regulations related to the provision of a safe working environment and the protection of employees from occupational hazards, including but not limited to the Prevention of Occupational Diseases Law of the PRC and the Safety Production Law of the PRC.





Work-related fatalities during the past three years	Work-related accidents in 2022	Working days lost due to injury in 2022
0	3	50

Green Operation

We actively manage the environmental performance of our businesses to address climate change issues. We continuously review the Group's emissions and resource consumption. So that we implement a strict "Environmental Protection Management System" to guide our employees to uphold the principles of reducing emissions and optimization resources utilization during operations and production processes.

During the Reporting Period, we were not aware of any material violations of laws and regulations related to environment, including but not limited to the Law of the PRC on Prevention and Control of Air Pollution, the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention of Water Pollution, the Water Law of the PRC, the Directory of National Hazardous Waste, the Measures for the Administration of Transfer of Hazardous Wastes and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

We have set up 4 environmental targets in 2021 covering aspects such as air and greenhouse gases, waste, energy and water, to strengthen our management of the Group's environmental performance. We actively implemented various measures on energy saving and emission reduction to achieve these targets. During the Reporting Period, the progress of each is as follows:

	Environmental Targets	Progress during the Reporting Period
 Air and Greenhouse Gas Emissions	Reduce air and greenhouse gas emissions to gradually lower the Group's carbon footprint	During the Reporting Period, we prioritized equipment that are more energy-saving in the production process to reduce emissions. We increased the use of new energy vehicles, advocated green travel and promoted a low-carbon lifestyle.
 Waste	Advocate reduction of waste at source and recycling and reuse to reduce the generation of waste	During the Reporting Period, the non-hazardous waste generated in the manufacturing process of the Group was mainly metal waste (accounting for approximately 92%), which was all recycled by the recycler. The hazardous waste generated in the manufacturing process of the Group mainly consisted of waste cutting fluid and grinding mud. We separated the oil and water from cutting fluid to improve the reuse rate.
 Energy	Enhance the Group's energy efficiency to reduce unnecessary energy consumption	The Group's energy consumption mainly comes from production and office electricity. During the Reporting Period, we continuously reviewed the production procedures and process, assessed the energy consumption demand of equipment, and prioritized energy-efficient models. We extensively used LED lighting and other intelligent lighting systems in the office to improve energy efficiency
 Water	Improve water efficiency and reduce waste of water	The water resource consumption of the Group mainly comes from domestic water. During the Reporting Period, we continued to advocate the concept of water saving to our employees, and reminded them to turn off the tap immediately after use, regularly checked the condition of water facilities, and promptly maintained them to improve water efficiency.

Green Operation

RESOURCE SAVING

Due to business nature, we consume purchased electricity to support the electricity demand at our operating locations and consume petrol and diesel for company's vehicles. In order to reduce the Group's carbon footprint, we strongly promote the concept of energy saving to reduce energy consumption and improve energy efficiency through the following measures:

- Continuously review the production procedures and process, to assess the energy consumption demand of the equipment, and seek applicable methods to optimize and reduce energy consumption;
- Prioritize energy-saving models when purchasing production equipment including CNC machines, hot stamping and debugging lines, and other office equipment to improve energy efficiency;
- Use lighting with lower power consumption as much as possible;
- Post notices in the workplace to remind employees to save electricity.

Our water is supplied by municipal water supply company. During the Reporting Period, we did not encounter any problem in water sourcing. We actively advocate the concept of water conservation and require employees to save water.

As the Group is involved in manufacturing business, we will also consume wooden case, cardboard box, film, bubble film and mirror protective film as finished products packaging materials.

The resource consumption data of the Group during the Reporting Period and 2021 are as follows:

Indicators		Unit	2022	2021
Energy consumption	Petrol	MWh	122.27	184.51
	Diesel oil	MWh	123.76	135.49
	Purchased electricity	MWh	5,985.27	5,129.09
	Total consumption	MWh	6,231.29	5,449.10
	Total consumption intensity	kWh/RMB10,000 revenue	313.85	245.22
Water consumption	Total water consumption	m ³	19,998.00	17,460.00
	Total water consumption intensity	m ³ /RMB10,000 revenue	1.01	0.79
Packaging materials	Wooden case	Tonnes	45.20	23.28
	Cardboard box	Tonnes	0.81	0.89
	Film, bubble film and mirror protective film	Tonnes	1.22	0.88
	Total packaging material consumption	Tonnes	47.23	25.05
	Total packaging material consumption intensity	Kg/RMB10,000 revenue	2.37	1.13

Green Operation

EMISSION REDUCTION

In addition to resources conserving, we also pay great attention to air, greenhouse gas and waste emissions. Our air and greenhouse gas emissions come from a small amount of emissions from cutting fluid and discharging oil, the direct greenhouse gas emissions from the gasoline and diesel consumed by our company's vehicles, and the indirect greenhouse gas emissions from the purchased electricity.

Based on business nature, we will generate a small amount of hazardous waste, including waste cutting fluid, cutting oil, waste machine oil, grinding mud. We require our employees to check the hazardous waste warehouse regularly to ensure that all hazardous waste is properly sorted, collected and transported to avoid leakage. We entrust a qualified third party to dispose of the hazardous waste. In addition, we also generate industrial waste and domestic waste. We properly collect and dispose of such waste. To reduce waste emissions and minimize impact on the environment, we have implemented the following measures:

- Separate the oil and water from cutting fluid, and reuse cutting fluid;
- Continuously review and optimize production procedure to reduce the industrial waste;
- Advocate the concept of the paperless office and use electronic channels as far as possible to reduce the consumption of paper.

Green Operation

The emission data of the Group during the Reporting Period and 2021 are as follows:

Indicators		Unit	2022	2021
Air emissions	Nitrogen oxides	Kg	81.64	85.97
	Sulphur oxides	Kg	0.40	0.52
	Particulate Matter	Kg	7.84	8.17
Greenhouse gas emissions	Direct emissions (scope 1)	Tonnes CO ₂ e	68.10	89.32
	Indirect emissions (scope 2)	Tonnes CO ₂ e	3,651.61	3,129.26
	Greenhouse gas removal (scope 1) ¹	Tonnes CO ₂ e	1.47	1.47
	Total greenhouse gas emissions	Tonnes CO ₂ e	3,718.23	3,217.11
	Total greenhouse gas emissions intensity	Tonnes CO ₂ e/RMB10,000 revenue	0.19	0.14
Non-hazardous waste	Total amount of non-hazardous waste	Tonnes	330.32	468.54
	Total amount of non-hazardous waste intensity	Kg/RMB10,000 revenue	16.64	21.09
Hazardous waste	Total amount of hazardous waste	Tonnes	10.92	13.82
	Total amount of hazardous waste intensity	Kg/RMB10,000 revenue	0.55	0.62

ENVIRONMENTAL PROTECTION

Our business does not involve significant emissions or pollution. Although we have not identified the material environmental impacts of the Group's business, we still pay attention to our environmental performance, such as greenhouse gas emission, exhaust emission, energy consumption, water usage and waste emission, and are committed to integrating the concept of environmental protection into each operation and production process, and guide our employees to abide by the "Environmental Protection Management System" and other measures formulated by the Group. If the Group plans to build a new industrial project, we will entrust a third party to carry out environmental impact assessment and the project can be put into operation only after obtaining approval and confirming that the project has not caused significant negative impact on the surrounding environment.

Green Operation

CLIMATE CHANGE

To tackle with the increasingly frequent climate events, such as typhoons, floods, forest fires, we have incorporated climate-related issues into the Group’s risk management procedures, and at the same time, we also refer to the recommended framework of the Task Force on Climate-related Financial Disclosures (“TCFD”) to identify and manage climate change risks, including physical risks and transitional risks, as well as opportunities, to accelerate the Group’s energy-saving and emission-reduction work. The risks we have identified and the response measures are as follows:

	Risk	Impact	Response measure
Physical risk	Extreme weather events	The increasing frequency and severity of extreme weather events (such as typhoon) may lead to damage of the Group’s facilities and production equipment, leading to an increase of cost for repair and maintenance and preventive measures	We have already purchased necessary insurance for our factory and equipment to reduce the negative impact brought to the Group due to increase in cost
		Disruption of the supply chain due to extreme weather events makes suppliers unable to provide products and services to the Group on time and leads to increase in operational cost of suppliers. Due to disruption of the production line, there is a drop in the production capacity, affecting the income and increasing operational cost	Suppliers of the Group are mainly located in local provinces and nearby areas, such that they can supply goods on time. We have engaged with a number of raw material suppliers, thus lowering risk
Transitional risk	Transition to low-carbon economy	The increasing concern in environmental protection and climate issue of the public leads to the increase of demand in the use of low carbon equipment and measures in the market, thus leading to increase in price of raw materials	We build long-term and stable relationship with our suppliers to ensure stable supply of raw materials. We also choose more advanced and environmentally friendly equipment to lower energy consumption. We can understand market demand in a timely manner and work with customers of new energy automotive parts to expand customer base
	Change in regulatory requirements	The introduction of more stringent national and industrial climate change related laws and regulations lead to an increase in compliance cost	We pay attention to and understand the changes of relevant regulations and maintain good corporate governance to ensure compliance of our operation

Social Contributions

The Group's success depends heavily on the community as our strong support. We are committed to giving back to society, leading our employees to participate in volunteer activities from time to time and actively participating in various public welfare projects to give play to the spirit of helping others and promote the sustainable development of the community. During the Reporting Period, we devoted resources to volunteer activities and charitable donation.

VOLUNTEER ACTIVITIES

We encourage our employees to participate in community-initiated volunteer activities in their spare time. During the Reporting Period, in view of the raging epidemic, we actively cooperated with the government's epidemic prevention policy, and organized some employees to act as nucleic acid testing volunteers to assist local community in nucleic acid testing.



In addition, our employees also participate in blood donation activities from time to time.



CHARITABLE DONATION

We have always pay attention to the charity work of social welfare institutions. During the Reporting Period, we have donated RMB140,000, including RMB10,000 donated to community to support the epidemic prevention work, RMB100,000 donated to Kunshan Charity Association and RMB30,000 donated to Jiangsu Disabled Welfare Foundation to support its disability related public welfare undertakings.

Reference for Calculation of KPIs and Emission Factors

- Unless otherwise stated, the calculation of KPIs and emission factors in the ESG Report refers to How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs published by Hong Kong Stock Exchange.
- The intensities of emissions and of use of resources are measured in RMB10,000 revenue of the year.
- Employee turnover rate is calculated by dividing the number of departed employees in the category by the average number of employees in the category (average of the number at the beginning and the number at the end of the year) during the Reporting Period.
- Employee training ratio is calculated based on the number of employees trained by the specific group divided by the total number of employees trained during the Reporting Period, for a more accurate reflection of the ratio of employees trained by gender and function.
- The average training hour is calculated based on total trained hours of the specific group divided by the number of employees and dismissed employees in that specific group, for a more accurate reflection of the training resources invested by the Group.

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Subject areas, aspects, general disclosure and key performance indicators (“KPIs”)	Section/ Declaration	Page	
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Emission Reduction	21–22
KPI A1.1	The types of emissions and respective emission data.	Emission Reduction	22
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Reduction	22
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Reduction	22
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission Reduction	22
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Operation	19
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emission Reduction	21

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Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Resource Saving	20
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).	Resource Saving	20
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resource Saving	20
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation	19
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Operation	19–20
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resource Saving	20
Aspect A3: Environmental and Natural Resources			
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	Environmental Protection	22
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	22
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	23
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	23

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B. Social			
Employment and Labour Standards			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Overview	13
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment Overview	14
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Overview	14
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	18
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety	18
KPI B2.2	Lost days due to work injury.	Health and Safety	18
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety	18

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Aspect B3: Development and Training			
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities. Note: Training means vocational training and may include internal and external courses paid for by the employer.	Training and Development	16
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development	17
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development	17
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Overview	13
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Overview	13
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Overview	13

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Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	10
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management	9
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	10
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	10
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	10

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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	Intellectual Manufacture	11
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group did not have any product recall for safety and health reasons.	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Customer Service	12
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Innovation	11
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Management	11
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy Protection	12

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Aspect B7: Anti-Corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	9
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption	9
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption	9
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	9
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.	Social Contribution	24
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Contribution	24
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Contribution	24