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力勁科技集團有限公司
L.K. Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(Stock Code 股份代號: 558)

CONTENTS

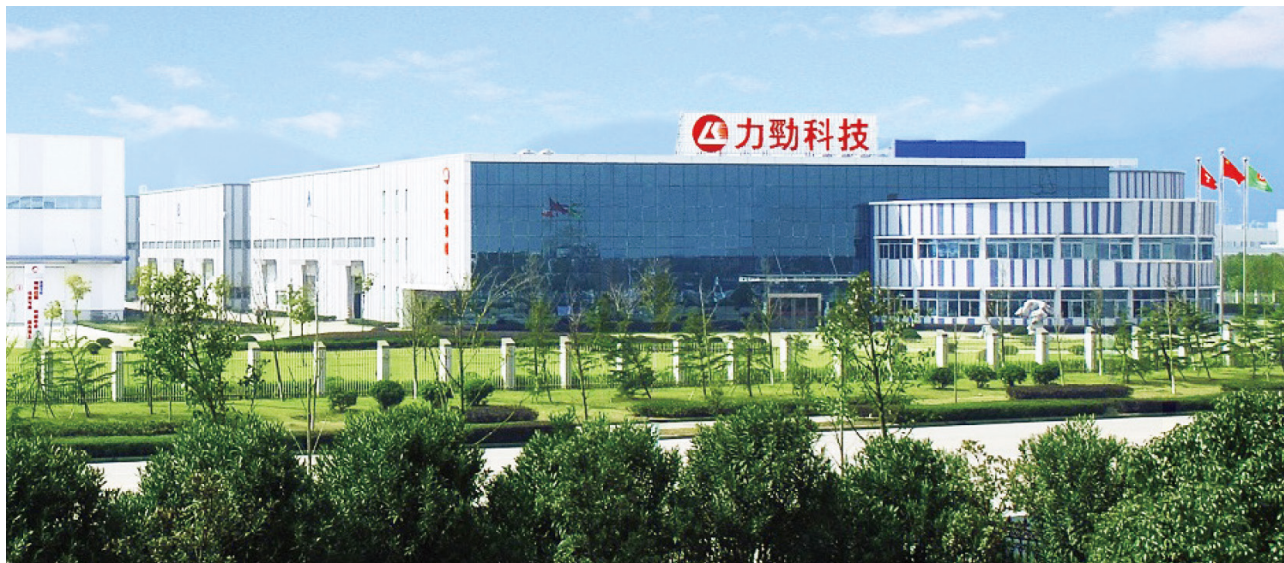
02	ABOUT THIS REPORT
04	MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE
10	ENVIRONMENTAL PROTECTION
10	1. MANAGEMENT OF EMISSIONS
19	2. MANAGEMENT OF RESOURCES UTILIZATION
26	3. THE ENVIRONMENT AND NATURAL RESOURCES
26	4. CLIMATE CHANGE
27	EMPLOYMENT AND LABOR PRACTICES
27	1. EMPLOYMENT
30	2. HEALTH AND SAFETY
34	3. DEVELOPMENT AND TRAINING
37	4. LABOR STANDARDS
38	OPERATING PRACTICES
38	1. SUPPLY CHAIN MANAGEMENT
39	2. PRODUCT RESPONSIBILITY
42	3. ANTI-CORRUPTION
43	COMMUNITY INVESTMENT
44	HONORS AND CERTIFICATIONS
46	ENVIRONMENTAL PERFORMANCE DATA SUMMARY
48	“ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED



ABOUT THIS REPORT

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



OVERVIEW

The board of directors (the “Board”) of L.K. Technology Holdings Limited (the “Company”) is pleased to present the Environmental, Social and Governance (“ESG”) Report (the “Report”) of the Company and its subsidiaries (collectively as the “Group” or “we”) for the year ended 31 March 2023 (the “Reporting Period”). The Report outlines the policies, sustainability strategies, management approach and initiatives implemented by the Group and the performance of the Group in environmental, social and governance aspects of its business.

REPORTING SCOPE

The Report covers the Group’s business in the manufacture and sale of die-casting machine, plastic injection moulding machine and computerized numerical controlled (“CNC”) machining centre and the manufacture of casting in Shenzhen, Shanghai, Chongqing, Fuxin, Ningbo, Zhongshan, Kunshan, Taiwan and Italy, which are the core business and major source of revenue of the Group. Other companies of the Group are not covered in the Report because their impact on the ESG performance is not significant. During the Reporting Period, there were no significant changes to the reporting scope.

REPORTING BASIS

The Report discloses the required information of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules, and has complied with the “comply or explain” provisions set out in Part C of Appendix 27. The relevant provisions and details are set out at the end of the Report.

REPORTING PRINCIPLES

The Group adheres to the following reporting principles as the basis for the preparation of the Report.

1. Materiality

The threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders of the Group that they should be reported, details of which are set out in the sections headed “Stakeholders’ Engagement” and “Materiality Assessment” below.

2. Quantification

The quantified environmental and social key performance indicators (“KPIs”) are disclosed in the Report to give stakeholders of the Group a comprehensive picture of the Group’s ESG performance. The information is accompanied by a narrative, explaining its purposes and impacts.

3. Balance

Every effort has been made in the Report to reflect the performance of the Group’s ESG activities impartially and avoid selection, omission or presentation format that might inappropriately influence the decision or judgment of the readers of the Report.

4. Consistency

As far as is reasonably practicable, the Group has used consistent methodologies to allow for meaningful comparisons of ESG data over time.

The Group has used consistent methodologies to allow for meaningful comparisons of ESG data over time



MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

The Board takes overall responsibility for ESG matters and their integration into the Group's management approach and strategies. It guides the management and monitoring of ESG matters that have been identified as relevant to the Group, and reviews the progress made against ESG-related goals and targets. For disclosures about the Board's supervision over ESG matters, the Board's ESG management policies and strategies, and the progress of the Board's review of ESG-related goals and targets and their relationship with the Group's business, please refer to other disclosure in this "Management of Environmental, Social and Governance" section, which form part of the Board Statement.

The Group is committed to corporate social responsibility and balancing environmental, social and economic benefits. It also aims to balance its business development with the interests of its key stakeholders and operates its business in a sustainable manner. To achieve this vision, the Group has set a sustainability framework that focuses on environmental protection, resource management, employee and community well-being and guides its sustainability efforts to ensure that sustainability elements are integrated into every business process and all business decisions. During the Reporting Period, the Group participated in the "ESG Pledge Scheme" which is organized by The Chinese Manufacturers' Association of Hong Kong and co-operated with Hong Kong Brand Development Council. It improves the ESG performance through signing the pledge and implementing the action plans, promotes corporate sustainable development and work together to build a sustainable environment in future, which shows that the Group attaches great importance to the concept and practice of sustainable development.

Global warming is a major concern of different countries worldwide. The governments of different countries have developed more stringent environmental laws and regulations. The Group takes the environmental protection policy of the government and environmental management system as the development blueprint, aligns with the strategy of safe, harmonious, green development and clean production, instill the concept of environmental management into the core of its operating activities, and invest resources to optimize the air emissions, sewage, solid waste treatment facilities, etc.. The Group at the same time pays attention to and loves nature, and makes joint efforts with employees to build an environmental-friendly and resource-saving enterprise.

Despite the global pandemic of coronavirus ("COVID-19") in the past few years, the employees of the Group show team spirit, rise to the challenge of the crisis and grab the chance, make use of corporate advantages and the accumulated rich industry experience over the years to promote high-end production technologies and further optimize its product portfolio. Despite the severity of the pandemic, the Group still pays attention to the employee remuneration and benefits, career development opportunities and provides a safe working environment, to keep the initial aim of embracing corporate social responsibility, actively participate in public welfare undertakings; invest resources continuously to optimize the treatment facilities of various types of emissions to contribute positively to the global climate change.

To achieve this vision, the Board has set a number of environmental and social KPIs and taken a top-down approach to disintegrate the KPIs into the functional departments and urged us to make changes in different areas, such as reducing greenhouse gas emissions, making good use of resources and improving the well-being of employees. ESG matters that the stakeholders of the Group rate as priorities are tracked through the stakeholders' engagement exercise (Please refer to the section headed "Stakeholders' Engagement" below for details). At the same time, the management team and all the employees actively support the Group's sustainable development strategies and objectives; and has made some achievements. The scope, progress and achievements relating to the environmental and social KPIs will be disclosed in the Report.

The Group hopes to play a strong role in changing the world and is committed to establishing a cost-effective platform to meet the needs of the global manufacturing industry; we will provide reliable and economical solutions to increase investment returns in the manufacturing industry.



GOVERNANCE STRUCTURE

The Board believes that sound ESG strategies can create investment value for the Group and deliver long-term returns to its stakeholders. The establishment of an appropriate governance framework is critical to successful implementation of the ESG sustainability strategies of the Group. Therefore, the Group sets up the ESG governance structure with clear duties and responsibilities. The Board sets long-term policies and strategies for all sustainability matters, reviews the implementation status and progress of ESG work annually and reports on its performance. The Board also identifies, reviews and evaluates the corporate responsibility, sustainability and climate change response of the Group through internal meetings. The management team reports to the Board on a regular basis to assist the Board in assessing and determining whether the Company has established an appropriate and effective internal control system to contain the ESG risks. At the operational level, functional units are responsible for ensuring the integration of sustainability strategies and practices into the Group's business operations and exploring new action plans or initiatives.

The Board has appointed an independent consultant to provide advice on the ESG matters of the Group and assist in collecting data and information for conducting various analysis and providing improvement recommendations on ESG performance. The Group has also collected the views of key stakeholders on ESG matters during daily operations and conducted a materiality assessment to identify important ESG issues for the Group, details of which are disclosed in the sections headed "Stakeholders' Engagement" and "Materiality Assessment" below. To effectively lead the ESG process of the Group, the Board monitors the work of all departments to ensure that they work closely together to achieve the sustainable development goals of operational compliance and social responsibility.

THE BOARD

Board members are responsible for:

- Developing long-term sustainable development policies and strategies
- Assessing and identifying risks and opportunities associated with ESG
- Ensuring appropriate and effective ESG risk management and internal monitoring systems
- Reviewing and approving policies, objectives and action plans or measures related to ESG
- Approving ESG reports



MANAGEMENT TEAM

The management team is responsible for:

- Developing and reviewing ESG-related policies, objectives and action plans or measures
- Monitoring and reporting to the Board on the progress and quality of implementation of the action plan or measures
- Identifying ESG risks and opportunities
- Reviewing the ESG report



FUNCTIONAL DEPARTMENT

The functional departments are responsible for:

- Identifying, assessing, defining and reporting to management on significant ESG issues
- Performing ESG risk management and internal monitoring
- Ensuring ESG policies, objectives and action plans or measures are integrated into business operations
- Reporting to management on progress and quality of action plan or measures



STAKEHOLDERS' ENGAGEMENT

While the Group is committed to maintaining the sustainable development of its business, it also actively bears the social responsibilities, hoping to achieve both economic and social benefits. It has also provided support in environmental protection to the communities in which it operates for years. The Group maintains a close tie with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc., gain a better understanding of all parties and strive to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. We assess and determine our ESG risks, and ensure that the relevant risk management measures and internal control systems are operating effectively. The following table shows the means of communication with the stakeholders and the management response to the stakeholders' expectations and concerns:

Stakeholders	Expectations and concerns	Means of communication	Management response
Government/ regulatory organizations	<ul style="list-style-type: none"> Compliance in laws and regulations Fulfill tax obligation Green operation Safety production Work together to fight against COVID-19 	<ul style="list-style-type: none"> Periodic report/ announcement Regular communication with regulators Handle official business through government affairs website or application 	<ul style="list-style-type: none"> Uphold integrity and compliance in operations Pay tax on time, and contribute to the society Establish comprehensive and effective internal control system Fully implement safety production accountability system Comply with the government's COVID-19 measures and guidelines to curb the spread of COVID-19
Shareholders/ investors	<ul style="list-style-type: none"> Return on investment Information transparency Corporate governance system Operational risk management 	<ul style="list-style-type: none"> Information disclosed on the website of Hong Kong Stock Exchange ("HKEX") Official website of the Company Annual general meeting and other shareholders' meetings Opinion mailbox/email 	<ul style="list-style-type: none"> Management possesses relevant experience and professional knowledge in business sustainability Ensure transparent and efficient communications by dispatching information at the websites of HKEX and the Company Continue to improve the internal control system and focus on risk management Continue to communicate efficiently with investors through various communication channels Adopt effective preventive and control measures and fully resume work and production as soon as possible

MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Stakeholders	Expectations and concerns	Means of communication	Management response
Employees	<ul style="list-style-type: none"> • Labor rights • Career development • Compensation and welfare • Health and occupational safety • Work together to fight against COVID-19 	<ul style="list-style-type: none"> • Staff activities • Employee performance evaluation • Induction and on the job training • Internal meetings and announcements • Contact via email, phone and communication applications • Employee rewards and punishments, and innovation and improvement proposal management system • General manager mailbox 	<ul style="list-style-type: none"> • Set up contractual obligations to protect labor rights • Encourage employees to participate in continuous education and professional trainings to enhance ability • Establish a fair, reasonable and competitive remuneration scheme • Pay attention to occupational health and safety • Regularly provide medical check to employees and conduct occupational disease hazard inspection on key positions to identify various occupational hazard source and adopt appropriate response plans as soon as possible • Establish an efficient and rewarding communication mechanism to motivate employees to actively provide opinions to the company and bring opportunities for mutual development to both parties • Provide anti-epidemic supplies
Customers	<ul style="list-style-type: none"> • High quality products and services • Timely delivery • Reasonable price 	<ul style="list-style-type: none"> • Business visit • Contact via email, phone and communication applications • Conference and exhibition • Customer service team • Customer satisfaction survey 	<ul style="list-style-type: none"> • Improve the quality of products and services continuously in order to maintain customer satisfaction • Establish an effective, efficient and green supply chain system and actively conduct developments on different type of products to meet customers' requirements • Formulate comprehensive quality assurance process • Ensure fulfillment of contractual obligations • Establish and continuously improve the pre-sales, in-sales, after-sales service and customer training systems • Adopt effective preventive

Stakeholders	Expectations and concerns	Means of communication	Management response
Suppliers	<ul style="list-style-type: none"> Stable demand Good relationship with the company Corporate reputation 	<ul style="list-style-type: none"> Business visit Contact via email, phone and communication applications Conference and exhibition 	<ul style="list-style-type: none"> Ensure fulfillment of contractual obligations Establish policy and procedures in supply chain management Establish and maintain strong and long-term relationship with suppliers Select suppliers with due care
Community	<ul style="list-style-type: none"> Environmental protection Reduce greenhouse gas emissions Reduce waste generation Effective resource utilization Community contribution Economic development and community employment Work together to fight against COVID-19 	<ul style="list-style-type: none"> Official website of the Company and information publicity website of government departments Community activities 	<ul style="list-style-type: none"> Pay attention to climate change and actively take various clean production measures Continue to invest resources in environmental protection Actively innovate environmental protection technology Strengthen energy saving and emission reduction management Instill environmental protection knowledge into employees Encourage employees to actively participate in charitable activities and voluntary services Maintain good and stable financial performance and business growth Establish an epidemic prevention and control team and formulate epidemic prevention rules and guideline to prevent further spread of the epidemic

MATERIALITY ASSESSMENT

During the Reporting Period, the Group held discussions with the management and conducted materiality assessment through various channels to identify ESG issues in which both the Group and its key stakeholders are interested and assessed the level of concern as viewed by them so as to select the relatively important ESG issues. For the materiality assessment, the Group has adopted the following three processes:

Materiality assessment helps the Group to ensure its business objectives and development direction are in line with the expectations and requirements of its stakeholders. The matters of concern of the Group and stakeholders are presented in the following materiality matrix:

IDENTIFICATION

- Through diverse channels and internal discussions
- Examines and adopts the ESG issues of concern in the past stakeholders' engagement
- Draws attention to emerging ESG issues

PRIORITIZATION

- Synthesizes, analyzes and evaluates the views of all parties to identify and prioritize potential and important issues
- Develops materiality matrix based on the importance of the issue to the Group and its key stakeholders

VALIDATION

- Interacts with the management team to validate the materiality assessment and ensure that these issues are aligned with the sustainable development direction sought by the Group
- Reports the materiality assessment to the Board and makes the required disclosures in the ESG report

MANAGEMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE

		Materiality Matrix		
		Low	Medium	High
Importance to Stakeholders	High	<ul style="list-style-type: none"> ◆ Anti-discrimination measures ◆ Labor rights protection 	<ul style="list-style-type: none"> ◆ Talent management ◆ Staff training and promotion opportunity ◆ Staff compensation and welfare 	<ul style="list-style-type: none"> ▶ Operational compliance ▶ Customers' satisfaction ▶ Product quality and safety ▶ Suppliers management ▶ Anti-epidemic ◆ Occupational health and workplace safety ◆ Anti-epidemic ● Clean production ● Anti-epidemic
	Medium	<ul style="list-style-type: none"> ▶ Community contribution 	<ul style="list-style-type: none"> ▶ Anti-corruption ▶ Intellectual property rights ▶ Greenhouse gas emissions ▶ Use of resources 	<ul style="list-style-type: none"> ▶ Customers' privacy measures and protection ● Exhaust air emission ● Sewage discharge ● Disposal of hazardous waste
	Low	<ul style="list-style-type: none"> ◆ Preventive measures for child and forced labor ▶ Product labeling and traceability 	<ul style="list-style-type: none"> ● Water resources utilization ● Disposal of non-hazardous waste 	<ul style="list-style-type: none"> ● Use of raw materials
		Low	Medium	High
		Importance to the Group		
		● Environmental	◆ Employee	▶ Operation



ENVIRONMENTAL PROTECTION

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

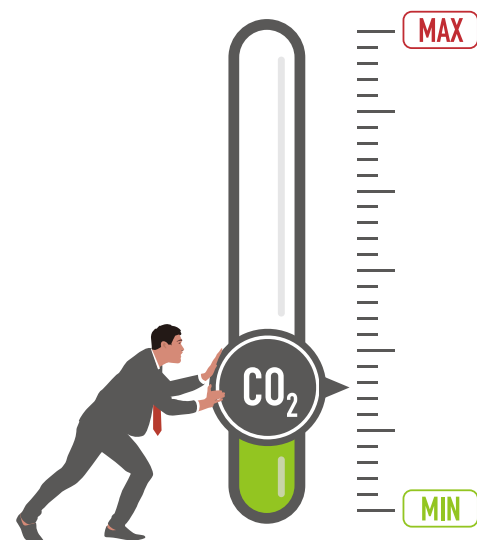
The emissions in the Group's production process are mainly generated by its production plants in Mainland China, Taiwan and Italy, and the Group strictly complies with the laws and regulations on environmental protection, including the "Law of the People's Republic of China on Environmental Protection", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution", the "Law of the People's Republic of China on Energy Conservation", the "Basic Environment Act" and other local laws and regulations. The Group based on the environmental protection laws and regulations, and the ISO 14001 environmental management system standards, and made reference to the Group's operating environment, structure, production capabilities, human resources and environmental factors to develop different emissions management measures to regulate exhaust air, wastewater, noise and different types of solid wastes generated in operation and production. The Group's production plants in Shenzhen, Ningbo and Italy have obtained ISO 14001:2015 environmental management system certification. In order to let employees understand the importance of their impact on the environment, the Group sets up various policies and measures, and takes various actions with an aim to reduce carbon footprint, thereby reducing the adverse effects on the environment from the enterprise's business activities and the employees' personal life. The details are described in the sections headed "Management of Emissions" and "Management of Resources Utilization" below.

1. MANAGEMENT OF EMISSIONS

The Group mainly manufactures and sells die-casting machines, plastic injection moulding machines and CNC machining centres. Exhaust air, wastewater, solid wastes and noise are generated during operation and we are fully aware of our activities have impact on the environment. Therefore, we have taken into account the environmental factors into our business development strategy, established the environmental safety supervision department in each plant to monitor the implementation of the environmental protection policies of the Group by various departments, continuously optimize the measures and facilities relating to environmental protection and pollution prevention, and to organize seminars regularly to collect ideas in resolving major environmental issues. The Group pays close attention to the updates in national environmental protection policy and development strategies and takes appropriate adjustment measures accordingly and has established a sound internal rules and regulations so that all levels of the Group can get a better understanding of their environmental protection work, thereby strengthening the effectiveness of the Group's environmental protection policies, reducing the generation of pollutants and avoiding resource wastages.

Management of Exhaust Air and Greenhouse Gas Emissions

The Group's CNC machining centre business only involves the process of parts assembling and steel processing, and except for the waste gas generated by the use of vehicles, the related business does not generate any waste gas from its production. The waste gas generated during the manufacture of the die casting machines and the injection moulding machines mainly includes hydrochloric acid mist and hydrogen chloride in the acid washing process; volatile organic compounds ("VOCs") in the painting and drying processes; smoke and greenhouse gas in the welding process; dust in the powder spraying, sand blasting, shot blasting and grinding processes; waste gas such as hot smoke and dust when using electric furnaces and annealing furnaces in the casting production process; the exhaust air and greenhouse gas when use of gasoline and diesel in vehicles and forklifts, and the greenhouse gas produced when using electricity, natural gas, liquefied petroleum gas and other energy resources.



In order to strictly comply with the national and each operating locations' laws, regulations and standards on the prevention and control of the atmospheric pollution, we set up waste gas treatment facilities according to different production processes, for example, use the alkaline liquid drip tower to treat hydrochloric acid mist and hydrogen chloride in the acid washing process; use water curtain cabinet, oil curtain cabinet and activated carbon adsorption device to collect and treat waste paint mist containing VOCs in the painting and drying processes; use gas collecting hood and bag filter to collect smoke and dust in the welding process; use suction fan, sand and dust separator, filter cartridge dust collector, pulse bag filter, etc. to separate, filter and collect dust generated from the dust and sand blasting production process carried out in a closed environment; using water-based paint instead of oily paint in the painting process; re-transforming the spray room to improve the exhaust air collection rate; use ring shape smoke collector and dust remover to cool down and purify the hot smoke in the casting production process. These waste gas are discharged at or above the national and local government regulated discharge height after being treated by the environmental protection facilities.

The various departments of the Group perform their duties and cooperate with each other to monitor various control points to ensure that the discharge of industrial waste gas meets the national standards. The production department strictly implemented the working guidelines of each production line, and the production supervisors urge the employees of the production department to follow the operating procedures of the environmental protection and production equipment so as to ensure that the environmental protection and production equipment are operating effectively at the same time; and the repairs and maintenance of the environmental protection and production equipment are jointly responsible by the environmental safety supervision department and production department. Whenever there is hidden hazard found, instant report to the management is required and appropriate actions must be taken to prevent waste gas leakage and cause environmental pollution incidents.



During the Reporting Period, the Group entrusted the qualified local environmental consulting companies to measure the concentration and the emission velocity of different air pollutants inside some of the plants in Mainland China and the test results met the standards.

Exhaust air treatment equipment

Management of Wastewater

In order to strictly comply with the national and the local laws, regulations and standards in prevention of water pollution of each operating locations, the Group has formulated internal working guidelines to regulate the management work related to hazardous and non-hazardous wastewater, and the details are described in the below section. The environmental safety supervision department is responsible for the treatment of industrial wastewater, monitoring the pollution discharge and the effectiveness of emission reduction measures being conducted by each of the production departments, and mastering and evaluation of the environmental situation.

Management of Hazardous Wastewater

The hazardous wastewater generated by the Group in the manufacture of die-casting machines and plastic injection moulding machines are mainly wastewater generated from production processes, waste lubricating oil, waste cutting fluid, waste emulsion and environmental treatment equipment wastewater.

In order to strictly comply with the national and each operating locations’ laws, regulations and standards on the prevention and control of the water pollution, we set up wastewater treatment stations and adopted the hazard-free treatment technology in our plants; the wastewater is discharged to the local sewage treatment plant for further processing only after the process of drug neutralization, electro-floc, coagulation, flocculation, sedimentation, sand filtration, etc.. We regularly entrust qualified companies to remove the sediments from the sewage tank and set up dedicated pipelines for wastewater; and discharge of waste oil, chemicals or any substances that may cause pipeline blockage to public sewer is strictly prohibited. We also regularly conduct repair and maintenance for the wastewater treatment facilities and pipelines to ensure that they operate properly to prevent leakage from the wastewater pipelines, so as to avoid secondary pollution to the environment. The sludge deposited in the sewage treatment station or sludge after dehydration and drying process contains hazardous substances (such as heavy metals). Since we do not have the required professional treatment capability, we entrust qualified company to recycle the hazardous sludge, waste lubricating oil, waste cutting fluid and waste emulsion and so on. Some of the plants have set up water reuse system to recycle the wastewater that has been treated harmlessly and reused at the production processes and we increase the number of repeated use of steel washing water to reduce the volume of wastewater discharge. Besides, cutting fluids and emulsions are used in metal cutting and processing processes. Therefore, we pay close attention to their quality and the adverse effects on the environment. We give priority to purchase environmental-friendly cutting fluids and emulsions during the procurement process, thereby reducing the production of waste cutting fluid and waste emulsion.

Due to the drop in the production level of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business, and one of the plants in Ningbo cancelled the descaling process when using cold-rolled steel sheets and reduced the amount of wastewater of the sewage treatment station. Therefore, their hazardous wastewater decreased by approximately 449.33 tonnes or 62.12% as compared with the previous year, with in a total of approximately 274.04 tonnes of hazardous wastewater produced.

At the beginning of the Reporting Period, the Group set targets to reduce the production intensity of hazardous wastewater by 2% as compared with the previous year. This year’s target has been achieved. Please refer to the below table and the section headed “Summary of Environmental Data and Performance” below for the relevant data.

Management of Non-hazardous Wastewater

The non-hazardous wastewater generated from our operations mainly includes wastewater generated from production, office and living, and oily wastewater from canteen. We have established a series of water-saving and emission-reduction measures to reduce the generation of domestic wastewater. Please refer to the section headed “Conservation of Water Resources Utilization” below for details of the measures. Since the wastewater produced in the canteen contains oil, the wastewater needs to pass through the oil and slag separation and biochemical procedures before they can be discharged together with the domestic wastewater to the local sewage pipe network for further treatment by the local sewage treatment plant. In order to comply with the increasingly stringent laws and regulations, we enhance our production processes, improve our production and environmental protection facilities, and regularly conduct repairs and maintenance for the equipment so as to ensure that the wastewater treatment facilities operate properly. Besides, we installed wastewater emergency pool to prevent environmental pollution caused by leakage of wastewater; in the event of pollution incident, the environmental safety management department personnel should immediately report to their superior and take appropriate actions to reduce the severity of the environmental pollution.



Some of the plants in Mainland China follow the requirements of the local Ecology and Environment Bureau to regularly entrust professional organizations to inspect wastewater at each outlet in the plants. During the Reporting Period, the test results met the national emission standards and other local discharge standards of the operation locations. Besides, the local Ecology and Environment Bureau will also occasionally perform spot inspection of the discharge situation in the plant. During the Reporting Period, we did not receive any notification of illegal treatment or excessive discharge of wastewater.

During the Reporting Period, the production level of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business dropped. However, the production level of medium and large-size machines of one of the plants in Ningbo increased as compared with the previous year; and added production equipment for materials cutting, and

racks and accessories production due to switching from entrusting third-party suppliers to self-made; the plant in Zhongshan carried out several construction projects, resulting in an increase in water consumption and non-hazardous wastewater. Based on the above reasons, their non-hazardous wastewater increased by approximately 14,185.44 tonnes or 5.99% as compared with the previous year, with a total of approximately 251,096.34 tonnes of non-hazardous wastewater produced. During the Reporting Period, the production level of manufacture of casting business increased. One of the production plants in Fuxin carried out several construction projects and increased the production volume of the electroplating line which increased the cooling water consumption. Therefore, the production of non-hazardous wastewater increased by approximately 3,848.00 tonnes or 30.56% as compared with the previous year, with a total of approximately 16,440.40 tonnes of non-hazardous wastewater produced.

The production intensity of hazardous wastewater of the Group has reduced by 2% as compared with the previous year



ENVIRONMENTAL PROTECTION

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the beginning of the Reporting Period, the Group set targets to reduce the production intensity of non-hazardous wastewater by 2% as compared with the previous year. However, due to the abovementioned reasons related to the plants in Ningbo, Zhongshan

and Fuxin, the production intensity of non-hazardous wastewater increased. Please refer to the below table and the section headed “Summary of Environmental Data and Performance” below for the relevant data.

During the Reporting Period, the Group’s data in hazardous and non-hazardous wastewater discharged are as follows:

	2022/2023 (Tonnes)	2021/2022 ⁴ (Tonnes)
Hazardous Wastewater¹		
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:		
Total	274.04	723.37
Intensity ³	0.05	0.08
Manufacture of Casting:		
Total	30.65	38.74
Intensity ³	0.26	0.39
Group’s Total Emission	304.69	762.11
Non-Hazardous Wastewater²		
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:		
Total	251,096.34	236,910.90
Intensity ³	43.23	26.22
Manufacture of Casting:		
Total	16,440.40	12,592.40
Intensity ³	139.07	128.06
Group’s Total Emission	267,536.74	249,503.30

Notes:

- 1 Our Shanghai and Chongqing plants only involve the assembly process and after-sales service of die-casting machine, and the parts used in production are mainly provided by external suppliers. Therefore, the amount of hazardous wastewater produced is insignificant. Besides, part of the assembly process is carried out at the customer location, and the hazardous wastewater generated therefrom is handled by the customer, and such data is not included in this Report.
- 2 Some of the plants do not have a flow meter installed in sewage discharge ports, the amount of non-hazardous wastewater produced is estimated based on 80%-90% of the volume of water consumed.
- 3 The emission intensity for the business of manufacturing die-casting machine, plastic injection moulding machine and CNC machining centre is calculated based on the number of production units. While the emission intensity for the manufacturing of casting business is calculated in terms of production per kilo-tonne.
- 4 Last year’s comparative figures are restated to conform with the current year’s presentation.

Management of Disposal of Solid Waste

The Group has always complied with the laws, regulations and standards related to the prevention and control of environmental pollution by solid waste of the state and each operating location. We have established our internal policy and procedures to manage and monitor the collection, storage and disposal of solid waste. The solid waste generated in daily operations mainly includes recyclable waste, non-recyclable waste and hazardous waste. We control solid waste production at source and actively adopt clean production methods, use clean energy and raw materials, apply advanced production technology and equipment, improve our operational management and increase resources utilization rate. Besides, we provide our employees with professional skills and environmental knowledge training and conduct regular assessments to ensure that employees clearly understand the methods of operating the production equipment, and also enable employees to understand the relationship between their behavior and environmental protection, thereby effectively reducing solid waste production in business operation.

Management of Hazardous Solid Waste

Harmful/hazardous solid waste refers to the items listed on the local government's hazardous waste list. Harmful or hazardous solid waste generated during the manufacture of die-casting machines and plastic injection moulding machines mainly include waste paint slag, waste paint buckets, waste oil rag, waste activated carbon, sludge (please refer to the section headed "Management of Wastewater" above for details). The CNC machining centre business only involves assembly and steel cutting processes, which results in less hazardous solid wastes (such as waste oil rag) generated. And the harmful or hazardous solid waste generated when manufacturing castings mainly include waste activated carbon, etc.. Each plant has set up temporary hazardous waste warehouse or area with anti-spread, anti-loss, anti-leakage and other pollutant prevention measures to ensure the hazardous wastes are stored in accordance with the "Standard for Pollution Control of Dangerous Wastes Storage" and other related laws, regulations and standards, and to prevent environmental pollution from improper storage. Our environmental protection officers regularly inspect the production workshops to ensure that the environmental protection facilities operate

properly and employees strictly follow the operation manual to operate each facility and equipment so as to prevent generating unnecessary hazardous waste. We have established hazardous waste management system. All kinds of hazardous waste are stored at designated locations inside the hazardous waste warehouses according to different categories and requirements. We put clear labels at every storage location. We make detailed records for all kinds of hazardous wastes and set the maximum storage limit. If it exceeds the limit, it needs to be disposed of in time.

We follow the "Management Measures for the Transfer of Hazardous Wastes" and the applicable laws and regulations of the local government and the requirements under ISO 14001 environmental management system, and set up "Hazardous Waste Transfer Plan" and has contracted with the storage and transportation company that holds the "Hazardous Waste Operation License". All hazardous wastes must be stored in the plants before transfer of the hazardous waste, to prevent random dumping and improper disposal. We obtain prior approval from the local environmental protection department before any hazardous waste can be disposed by the recycler.

Disposal of hazardous waste



During the Reporting Period, the production level of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business dropped. However, the production level of large-size machines of the plant in Shenzhen increased as compared with the previous year and increased the spray paint consumption, resulting in an increase in paint slag, waste containers and waste oil rag. In addition, the paint spraying room of one of the production plants in Ningbo was changed to a water-based paint spraying room which needs to use water spray tower to treat the exhaust gas. The phosphating sludge was produced after wastewater in the water spray tower treated by the wastewater treatment station. Based on the abovementioned reasons, the hazardous solid waste they produced increased by approximately 49.96 tonnes or 29.47% as compared with the previous year, with a total of approximately 219.48 tonnes of hazardous solid waste produced.

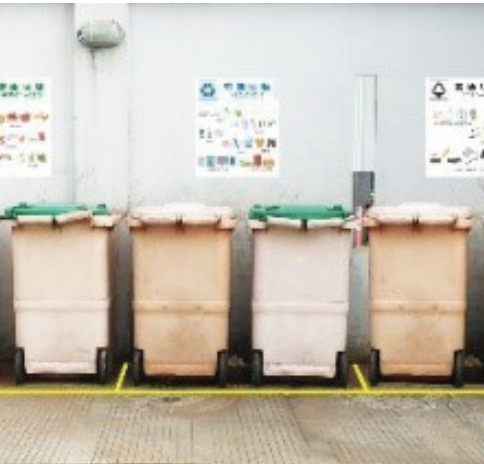
At the beginning of the Reporting Period, the Group set targets to reduce the production intensity of hazardous solid waste by 2% as compared with the previous year. The manufacture of casting business has achieved this year's target. However, due to the abovementioned reasons related to the plants in Shenzhen and Ningbo, the production intensity of hazardous solid waste of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business increased. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" below for the relevant data.

Management of Non-Hazardous Solid Waste

Non-hazardous solid waste mainly comes from metal scrap, raw material packaging, welding slag, furnace slag, waste sand, waste iron and domestic garbage generated in production, office and living. We follow the "Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Waste", "Waste Disposal Act" and the applicable local laws and regulations to categorize and store the waste at designated locations, and sign industrial and domestic waste disposal contracts with qualified companies. Recycled industrial and domestic waste is mainly disposed of by incineration or landfill. The Group advocates the waste treatment policy of "Reduction, Recycling and Hazardous-free",



we actively enhance employees' awareness of waste separation and rational use of materials and strictly require our employees to operate production equipment in accordance with operating procedures so as to reduce waste from generation. We hope to optimize the utilization of waste, for example, sale of metal scrap to recycling companies with better recycling technologies, use of waste sand as material for ground repairs, reuse large metal scraps in the production process; repair the damaged wooden pallets as far as possible or use the pallet wood to repair other facilities; collect parts and components from disposed equipment for future maintenance; encourage employees to reuse waste paper or stationery; use food waste as plant fertilizer, etc.. Any disposing of hazardous waste and non-hazardous waste together is strictly prohibited to avoid large scale of adverse effects on the environment and human health during the processes of waste collection, transportation, storage, treatment and disposal.



The plants provide storage places and warehouses for different types of waste to prevent recyclable waste from being mistaken for non-recyclable waste disposal

During the Reporting Period, the production level of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business dropped. However, the production level of large-size machines of some of the plants in Mainland China increased, therefore the non-hazardous solid waste they produced increased by approximately 577.39 tonnes or 16.27%, as compared with the previous year,

with a total of approximately 4,125.42 tonnes of non-hazardous solid waste produced. The manufacture of casting business produced approximately 13,195.88 tonnes of non-hazardous solid waste, representing an increase of approximately 4,280.27 tonnes or 48.01% as compared with the previous year. This was mainly due to the increase in the production level.



ENVIRONMENTAL PROTECTION

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the beginning of the Reporting Period, the Group set targets to decrease the production intensity of non-hazardous solid waste by 2% as compared with the previous year. However, the production intensity

of non-hazardous solid waste increased due to the abovementioned reasons. Please refer to the below table and the section headed “Summary of Environmental Data and Performance” below for the relevant data.

During the Reporting Period, the Group’s data in production of hazardous and non-hazardous solid waste is as follows:

	2022/2023 (Tonnes)	2021/2022 ³ (Tonnes)
Hazardous Solid Waste¹		
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:		
Total	219.48	169.52
Intensity ²	0.04	0.02
Manufacture of Casting:		
Total	14.81	16.14
Intensity ²	0.13	0.16
Group’s Total Production	234.29	185.66
Non-Hazardous Solid Waste¹		
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:		
Total	4,125.42	3,548.03
Intensity ²	0.71	0.39
Manufacture of Casting:		
Total	13,195.88	8,915.61
Intensity ²	111.62	90.67
Group’s Total Production	17,321.30	12,463.64

Notes:

- 1 Our Shanghai and Chongqing plants only involve the assembly process and after-sales service of die-casting machine, and the parts used in production are mainly provided by external suppliers. Therefore, the amount of hazardous solid waste produced is insignificant. Besides, part of the assembly process is carried out at the customer location, and the hazardous solid waste generated therefrom is handled by the customer, and such data is not included in the Report.
- 2 The production intensity for the business of manufacturing die-casting machine, plastic injection moulding machine and CNC machining centre is calculated based on the number of production units. While the production intensity for the manufacturing of casting business is calculated in terms of production per kilo-tonne.
- 3 Part of last year’s comparative figures are restated to conform with the current year’s presentation.

Management of Noise

The noise generated by the Group in its operations mainly comes from the production machinery and equipment. In order to strictly abide by the applicable provisions of the “Emission Standard for Industrial Enterprises Noise at Boundary”, we have formulated the “Management Regulations of Equipment Noise”, we restrict the production workshop location, the placement setting of production equipment and implement vibration and noise reduction measures to control the impact of noise on the environment, for example, put shock absorbers under the equipment; machines with enclosure guard must be shielded properly during operation; regularly conduct repair and maintenance for machinery and equipment, use lubricating oil to reduce wear and tear on the equipment and prevent unnecessary noise; and to purchase low-noise equipment as a priority. Besides, we arrange appropriate production time and plant a lot of trees inside factories to reduce the impact of noise on the surrounding community environment. At the same time, we equip our employees with earmuffs or earplugs and adjust working hours to reduce the chance of suffering from occupational diseases.

Compliance

During the Reporting Period, we did not involve in any confirmed violations that are related to emissions and have significant impact on the Group.

2. MANAGEMENT OF RESOURCES UTILIZATION

In order to comply with the “Law of the People’s Republic of China on Energy Conservation” and the local laws and regulations, and adhere with the operating direction of sustainable development, with the view of the growing climate change and the society has paid more attention to environmental protection and energy conservation, the Group has taken into account the environmental factors in mapping our sustainable development strategies and has actively responded to changes in the government’s environmental policies. The Group establishes measures

to conserve natural resources and promotes the conservation culture in environmental protection. The Group strives to improve the operating environment of the plants, encourages employees to save and make full use of resources, maximizes the benefits, and eliminates wastes. Our measures for the effective use of various resources are detailed below.

Conservation of Energy

Conservation of Gasoline, Diesel Liquefied Petroleum Gas, Towngas, Natural Gas, Coal, Welding/Cutting Gas and Refrigerant

Gasoline and diesel are mainly for vehicles, trucks, forklifts, product commissioning, cleaning parts, etc.. The vehicles, trucks and forklifts are mainly used for business promotion, picking up guests, providing customer service and transferring goods in warehouses. The Group has implemented a number of conservation measures such as recording and analyzing the fuel usage, reasonable route plan, idling prohibition, use of forklift as needed, regular repairs and inspection of vehicles and forklifts, reduction of the number of business trips, encouraging employees to use public transportation, different types of gas is provided according to need, etc. so as to reduce fuel and gas consumption, and reduce the emission of waste gas and greenhouse gas accordingly. For the fuel used for product commissioning and cleaning parts, we require employees to strictly follow the commissioning procedures of various products, and try to increase the number of repeated use of fuel for cleaning parts to reduce fuel consumption and increase its effectiveness.

During the Reporting Period, the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business consumed approximately 290.91 tonnes of gasoline and 254.75 tonnes of diesel, representing an increase of 10.74% and 6.98% respectively as compared with the previous year. This was mainly caused by the increase in the number of gasoline and diesel vehicles of the Group, the increase in the frequency of vehicle use due to the ease of the epidemic, and the high-voltage cables entering

the plant in Shenzhen broke down in September 2022, and the plant in Shenzhen used diesel to generate electricity during emergency repairs to maintain domestic electricity consumption. The manufacture of casting business consumed approximately 23.10 tonnes of gasoline and 189.41 tonnes of diesel, representing an increase of 7.79% and a decrease of 0.64% respectively as compared with the previous year. The increase in gasoline consumption was due to the increase in the number of gasoline and diesel vehicles, and the increase in the frequency of vehicle use due to the ease of the epidemic. The plant in Fuxin replaced new forklifts with lower fuel consumption and reduced the turnover distance of forklifts between each process, resulting in a decrease in diesel consumption.

Since more than 90% of the Scope 1 greenhouse gas are generated from the use of gasoline, diesel and welding/cutting gas, the Group set targets for the consumption intensity of gasoline, diesel and welding/cutting gas (please refer the targets and achievements related to the use of welding/cutting gas to the below paragraph). At the beginning of the Reporting Period, the Group set targets to decrease the consumption intensity of gasoline and diesel by 2% respectively as compared with the previous year. The manufacture of casting business has achieved this year's targets. However, due to the abovementioned reasons, the consumption intensity of gasoline and diesel of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business increased. Please refer to the below table and the section headed "Summary of Environmental Data and Performance" below for the relevant data.

The Group uses liquefied petroleum gas, town gas and natural gas mainly for cooking in canteen, operation of heating systems and some of the production line. Coal is mainly used in production lines. Gas used in welding and cutting processes mainly include carbon dioxide, acetylene, propylene and so on. Various kinds of gas are available when needed. We also strictly regulate the amount of food prepared in our canteens so as to reduce the consumption of cooking fuel due to excessive food preparation, as well as the production of food waste and greenhouse gas. We also regularly check the natural gas pipeline and cooking and heating equipment to avoid unnecessary waste caused by leakage and equipment damage. At the same time, gas leak is very dangerous and can cause serious incidents.

During the Reporting Period, the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business consumed approximately 328.85 tonnes of welding/cutting gas, representing a decrease of 99.91 tonnes or 23.30% as compared with the previous year. This was mainly affected by the decrease in production level. The manufacture of casting business consumed approximately 17.01 tonnes of welding/cutting gas, representing an increase of 5.04 tonnes or 42.11% as compared with the previous year. This was mainly affected by the increase in production level.

At the beginning of the Reporting Period, the Group set targets to decrease the consumption intensity of welding/cutting gas by 2% as compared with the previous year. However, the related consumption intensity of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business

and the manufacture of casting business increased by approximately 19% and 18% respectively. Please refer to the below table and the section headed “Summary of Environmental Data and Performance” below for the relevant data.

During the Reporting Period, the Group’s direct use of energy and Scope 1 greenhouse gas emission generated by the Group are as follows:

	2022/2023		2021/2022	
	Consumption	CO ₂ Equivalent Emissions (Tonnes)	Consumption	CO ₂ Equivalent Emissions (Tonnes)
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:				
Liquefied Petroleum Gas	0.68 Tonnes	2.05	0.68 Tonnes	2.05
Towngas	45.70 Tonnes	87.50	39.55 Tonnes	75.73
Natural Gas	86,445.87.00 m ³	158.32	96,843.00 m ³	177.36
Gasoline	290.91 Tonnes	1,068.85	262.70 Tonnes	965.20
Diesel	254.75 Tonnes	821.55	238.13 Tonnes	768.30
Welding/Cutting Gas	328.85 Tonnes	3,763.57	428.76 Tonnes	3,779.86
Refrigerant	15.00 Kilograms	21.45	1.00 Kilogram	1.81
Business Total Emission		5,923.29		5,770.31
Business Emission Intensity¹		1.02		0.64
Manufacture of Casting:				
Liquefied Petroleum Gas	48.23 Tonnes	148.23	35.54 Tonnes	107.22
Gasoline	23.10 Tonnes	78.61	21.43 Tonnes	67.31
Diesel	189.41 Tonnes	581.03	190.63 Tonnes	592.75
Welding/Cutting Gas	17.01 Tonnes	27.07	11.97 Tonnes	21.19
Coal	1,304.02 Tonnes	2.73	1,622.00 Tonnes	3.40
Business Total Emission		837.67		791.87
Business Emission Intensity¹		7.09		8.05

Note:

- 1 The emission intensity for the business of manufacturing die-casting machine, plastic injection moulding machine and CNC machining centre is calculated based on the number of production units. While the emission intensity for the manufacturing of casting business is calculated in terms of production per kilo-tonne.

Conservation of Electricity

The Group mainly controls the use of electricity and enhances its efficiency through daily management. The Group also strengthens the promotion of conservation culture, and actively takes technically feasible and economically reasonable measures to use electricity more efficiently and reasonably. The department supervisors are responsible for inspecting and control of the electricity consumption of equipment in their jurisdictions, including production equipment, workshop lighting, office equipment, air conditioners, etc.. They are also responsible for formulating and implementing targeted remediation plans in a timely manner if abnormal electricity consumption is noticed. The production department strengthens the management of production workshop facilities and equipment, for example, employees are required to follow the operating procedures in using the electrical machinery and equipment, employees are not allowed to change the electricity system circuits and set up high electric power equipment without authorization. Prior approval from the management is required for making such changes if found needed. The plants are gradually phasing out the old equipment, and replaced with those being nationally recognized or with the energy-efficient labels. We enhance and strengthen the repairs and maintenance of the electrical equipment, to record and analyze the monthly electricity consumption data and some plants set it as one of the monthly performance evaluation indicators which linked to bonuses. Since the production of castings requires the use of equipment such as electric furnaces, annealing furnaces and air compressors that consume a lot of electricity, we implement power-saving measures, such as preparation work in the early stage is completed before the furnace is switched on to reduce the idling time of electric furnaces; switching on the electric furnace and annealing furnace according to the production plan to avoid frequently booting of the electric furnace and annealing furnace and wasted energy; and install a frequency converter for the 24 hours operating air compressor, the equipment can change the operating power of the compressor so as to effectively reduce electricity consumption.

“Reduction at Source” is the Group’s energy management strategy. Therefore, we have established energy management plan in the office, for example, we use LED lamps instead of fluorescent lamps, encouraged employees to use natural light for daily operations, restricted use of air conditioners according to seasonal and temperature changes, regularly cleaned the air conditioners filter, turned off the unnecessary electrical equipment after work, used hot water instead of electricity heating and so on. In order to convey the message of “Energy Management is Everyone’s Responsibility” to our employees, we organize energy-saving training activities in the plants and offices and educate employees about the national safety regulations and policies to enhance the employee’s skill and knowledge on energy conservation. We also establish an innovation improvement proposal mechanism to encourage employees to actively provide different opinions to the company, including suggestions for process optimization and energy-saving transformation. When our employees support our energy management strategy, we hope that it can effectively reduce carbon emissions and also bring opportunities for mutual development to both parties.

During the Reporting Period, the production level of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business dropped. However, the production level of large-size machines of some of the plants in Mainland China increased, the electricity consumption of large-size machines is higher than that of small-size machines. The number of employees living in dormitories increased. New equipment needs to be tested before putting into production, thereby increasing electricity consumption. Based on the abovementioned reasons, their electricity consumption increased by approximately 946.44 megawatt hours (“MWh”) or 3.20%, with a total of 30,485.08 MWh of electricity consumed. The manufacture of casting business consumed approximately 66,123.87 of electricity, representing an increase of 7,446.48 MWh or 12.69% as compared with the previous year. This was mainly due to the increase in the production level.

At the beginning of the Reporting Period, the Group set targets to decrease the consumption intensity of electricity by 2% as compared with the previous year. The manufacture of casting business has achieved this year's target. However, due to the abovementioned reasons related to the plants in Mainland China, the consumption

intensity of electricity of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business increased. Please refer to the below table and/or the section headed "Summary of Environmental Data and Performance" below for the relevant data.

During the Reporting Period, the Group's indirect use of electricity and Scope 2 greenhouse gas emissions generated by the Group are as follows:

	2022/2023		2021/2022	
	Consumption (MWh)	CO ₂ Equivalent Emissions (Tonnes)	Consumption (MWh)	CO ₂ Equivalent Emissions (Tonnes)
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:				
Electricity	30,485.08	18,362.05	29,538.64	17,796.90
Business Total Emission		18,362.05		17,796.90
Business Emission Intensity¹		3.16		1.97
Manufacture of Casting:				
Electricity	66,123.87	40,342.17	58,677.39	35,799.08
Business Total Emission		40,342.17		35,799.08
Business Emission Intensity¹		341.25		364.06

Note:

- 1 The emission intensity for the business of manufacturing die-casting machine, plastic injection moulding machine and CNC machining centre is calculated based on the number of production units. While the emission intensity for the manufacturing of casting business is calculated in terms of production per kilo-tonne.

Conservation of Water

The Group mainly uses government-supplied water sources, but some of the plants are located in remote areas of which municipal pipelines are not covered and need to rely on groundwater as their water source. The water supplies can meet the needs of the Group's daily operations. During the Reporting Period, although we did not encounter any problems in obtaining applicable water resources, we clearly understand water resource is a precious, shared, limited resource, and its importance to our production and living needs. Therefore, in order to reduce our demand on water resources, we actively implement different water usage measures, put great effort on the development of water recycling technologies to increase the water reuse rate, to build good habits in using water among our employees, to enhance the water use method during our operations, and to reduce the amount of wastewater discharges.

We also pay attention to the daily maintenance and management of water supply facilities, regularly inspect the water supply system to avoid running, dripping, leaking and long flowing water; notify our maintenance department promptly for repair once damaged pipes and valves or water leakage is found so as to reduce unnecessary wastage. Regarding management of use of water for living, we post "Water Saving" sign at noticeable locations, educate employees and enhance their awareness in water conservation and to build better water use habits. Employees are required to turn off the water taps immediately after washing hand and dishes. Kitchen washing water is used to irrigate plants in the factories for more effective use of water resources.

Water use in production process is mainly related to cleaning the surface of steel to remove oil, oxides and rust; and to enhance the corrosion resistance of steel and adhesion to paint. In order to reduce water consumption in production and to increase the utilization rate of water resources, we increase the number of times for water

recycling, lengthen the aeration of water before use and reuse the purified wastewater into the production processes to increase the effectiveness of water uses in the process of acid washing, degreasing and phosphorus removal and increase the frequency of cleaning water reused in the production workshop, etc.. The Property Management Department monitors the monthly water consumption of each production department and need to investigate and find out the cause for abnormalities found, take appropriate action promptly so as to eliminate wastage of water resources.

During the Reporting Period, the production level of the manufacture of die-casting machine and plastic injection moulding machine and CNC machining centre business dropped. However, the production level of medium and large-size machines of one of the plants in Ningbo increased as compared with the previous year; and added production equipment for materials cutting, and racks and accessories production due to switching from entrusting third-party suppliers to self-made; the plant in Zhongshan carried out several construction projects, resulting in an increase in water consumption. Based on the abovementioned reasons, their water consumption decreased by approximately 15,390.64 tonnes or 5.75% as compared with the previous year, with a total of approximately 252,414.20 tonnes of water consumed. During the Reporting Period, the production level of the manufacture of casting business increased. One of the production plants in Fuxin carried out several construction projects and increased the production volume of the electroplating line which increased the cooling water consumption. Therefore, the water consumption increased by approximately 4,060.00 tonnes or 25.87% as compared with the previous year, with a total of approximately 19,753.00 tonnes of water consumed.

At the beginning of the Reporting Period, the Group sets targets to decrease the consumption intensity of water by 2% as compared with the previous year. However, due to the abovementioned reasons related to the plants in

Ningbo, Zhongshan and Fuxin, the consumption intensity of water increased. Please refer to the below table and the section headed “Summary of Environmental Data and Performance” below for the relevant data.

During the Reporting Period, the Group’s water consumption is as follows:

	2022/2023 (Tonnes)	2021/2022 (Tonnes)
Water Resources¹		
Manufacture of Die-Casting Machine and Plastic Injection Moulding Machine and CNC Machining Centre:		
Total	252,414.20	267,804.84
Intensity ²	43.46	29.63
Manufacture of Casting:		
Total	19,753.00	15,693.00
Intensity ²	167.09	159.59
Group’s Total Consumption	272,167.20	283,497.84

Notes:

- 1 One of the plants in Fuxin uses groundwater for production and living, but no flow meter was installed. As such, we made an estimate for the related data and included in the above table.
- 2 The consumption intensity for the business of manufacturing die-casting machine, plastic injection moulding machine and CNC machining centre is calculated based on the number of production units. While the consumption intensity for the manufacturing of casting business is calculated in terms of production per kilo-tonne.

Conservation of Paper

The Group actively promotes “Paperless Office” and advocates to make good use of our online office system and encourage employees to transmit information and documents in electronic form to reduce photocopying and printing. We encourage our employees to set the printer to double-sided printing as default, check the file format (such as kerning, margins, and pages) before photocopying or printing, use both sides of the paper whenever possible. We make full use of paper by reuse one-side used paper for printing; collect the double-side wasted papers in recycled paper collection box and recycle by qualified recyclers. We also set up Document

Control Department in some plants, they are responsible for providing guidance to the copying and printing clerks on their work relating to documents, forms and receipts copying, printing and registering and at the same time controlling the amount of paper used reasonably. The Administration and Human Resources Department is responsible for purchases and collect data for paper used. We irregularly sample check the paper consumption record of user departments, and penalize employees who violate the requirements, aiming at enhancing the environmental awareness among employees and, at the same time, to reduce the impact from daily operations on the environment.

3. THE ENVIRONMENT AND NATURAL RESOURCES

The Group has been focusing on environmental protection, apart from complying with the applicable laws and regulations, the Group also keeps close communication with its stakeholders and discusses about the issues of their concern, to set environmental objectives and policies, to periodically assess their appropriateness, and properly record and manage all environmental data; to take appropriate corrective actions once problems or irregularities are found, so as to raise the effectiveness of the environmental protection measures. The Group has a pool of dedicated and diligent employees. When formulating sustainable development strategies, the employees actively support and contribute feasible suggestions speeding up the Group's pace towards green management. Factories at different locations implemented clean production, such as allocating resources in new pollution prevention equipment and techniques; organizing training courses to enhance employees' environmental awareness, promoting better use of resources and avoiding wastage; reducing the consumption of electricity, water, gasoline, diesel, various gas and other resources from the source and adhering to the principle of "Use Less, Fully Exploit, Seek Alternatives, Fix and Reuse, Rethink". Such initiatives aim at reducing the negative impacts on the environment and natural resources from business operation. The Group continues to develop environmental-friendly products. Customers can also achieve energy conservation and emission reduction through using our products. The Group will continuously take the national environmental protection policy as its blueprint for development, and will adhere to the principles of safety, harmony, green development and clean production, instilling the thoughts about environmental protection to the core of its operations and to work with employees in order to build an environmental-friendly and resource-saving enterprise. The Group would also like to dispatch our environmental protection messages to families, friends, business partners, etc., to let them understand that global environmental issues are becoming more and more severe, so as to build a more powerful cohesion to improve and jointly create a more livable environment and to promote the sustainable development of the world.

4. CLIMATE CHANGE

Climate change is expected to worsen the frequency and severity of extreme weather events and cause catastrophic damage. Climate change is also changing seasonal and annual patterns of temperature, precipitation and other weather phenomena, increasing risk of heavy rains, rising tides and flooding that can cause serious damage to assets such as buildings, warehouses and inventories, resulting in economic losses. In the long term, climate change may lead to rise in the sea level, long-term changes in climate patterns of chronic heat waves (persistent higher temperature, etc.). The unprecedented crisis from the global spread of COVID-19 has created significant challenges worldwide while the risks of climate change are still imminent. Understanding of these trends and the relationship with its businesses can help the Group to prepare, analyze possible risks and opportunities, seize the opportunities of potential benefits and establish the response capacity of the Group in the long run.

Climate change is a major concern of governments around the world. Governments may change the related policies, laws and regulations to deal with climate change. Therefore, the Group needs to change internal policies and measures, increasing the risk of facing relevant laws and regulations, which may increase operating costs and affect product demand. Both enterprise and society focus on energy conservation and emission reduction. Therefore, the Group has invested a lot of resources to develop new technologies and new products to optimize their energy-saving performance, hoping to use energy efficiently through the use of the Group's products; so as to achieve coordinated development among the enterprise, the society and the environment. Besides, the ESG targets of the Group provide benchmarks and future directions for the annual review of progress in greenhouse gas reduction and energy transition, and motivate more efficient actions to address climate change.



EMPLOYMENT AND LABOR PRACTICES

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employees are the Group's valuable assets. The Group strives to provide a non-discrimination, equal, harmonious and safe workplace. The Group adheres to the talent management philosophy of recruiting the talented people and making the best use of their talents, and based on the long-term benefit of the Group; incorporating sustainability into strategies, in formulating appropriate human resources policies. The Group has strictly complied with the relevant laws and regulations on employment and labor of Mainland China, Hong Kong, Taiwan and Italy, including the "Constitution of the People's Republic of China", the "Labor Law of the People's Republic of China", the "Law of the People's Republic of China on Protection of Minors", the "Provisions on the Special Protection on Minor Workers", the "Provisions on the Prohibition of Using Child Labor", the "Law of the People's Republic of China on the Protection of Women's Rights and Interests", the "Insurance Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", the "Regulations on Work-Related Injury Insurances", the "Trade Union Law of the People's Republic of China", the "Employment Promotion Law of the People's Republic of China", the "Labor Dispute Mediation and Arbitration Law of the People's Republic of China", the "Law of the People's Republic of China on the Protection of Disabled Persons", the "Individual Income Tax Law of the People's Republic of China", the "Implementing Regulations of the Labor Contract Law of the People's Republic of China", the "Prevention and Treatment of Occupational Diseases Law of the People's Republic of China" and the "Production Safety Law of the People's Republic of China" of Mainland China, the "Employment Ordinance", the "Employees' Compensation Ordinance", the "Mandatory Provident Fund Schemes Ordinance", the "Minimum Wage Ordinance", the "Sex Discrimination Ordinance", the "Disability Discrimination Ordinance", the "Family Status Discrimination Ordinance", the "Race Discrimination Ordinance", the "Occupational Safety and Health Ordinance" of Hong Kong, the "Labor Standards Act", the "Anti-racial Discrimination Act", the "Labor Pension Act", the "Occupational Safety and Healthy Act" and other local government requirements and standards. Relevant information will be described in detail in the sections headed "Employment", "Health and Safety" and "Labor Standards" below.

1. EMPLOYMENT

The Group has established internal management system which specifies the requirements for recruitment, promotion, dismissal, working hours, rest periods, compensation, welfare and other benefits.

Recruitment, Promotion, Dismissal, Equal Opportunity, Diversity and Anti-discrimination

The Group has adopted human resources measures and practices to promote anti-discrimination, equal opportunity and diversity. The Group has established related policy. During the recruitment process, the department head determines the job positions' responsibilities and requirements, and the human resources department assesses and screens applicants according to the requirements. The appropriate candidates would be selected based on their morality, knowledge, abilities and job requirements, and regardless of their age, gender, race, class, marital status, language, religion, nationality or disability. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination. The Group handles dismissal and compensation in accordance with the local laws and regulations.

At the end of the Reporting Period, the gender ratio in the workforce (including the senior management of the Company) of the Group comprised 85% male and 15% female. As the Group's nature of operation requires significant technicians and manual labor, the Group believes that the gender ratio of the workforce is within a reasonable range. The Group will review the effectiveness of the measures and practices against the actual circumstances of the Group and will adopt new policies when considered necessary. In particular, the Group will continue to monitor the gender ratio and will aim at achieving a greater gender diversity in hiring all positions across the Group.

In order to enhance employees' work quality and efficiencies, inspire their motivation and establish sound communication channel, the Group conducts periodic and systematic performance appraisal, and fairly assesses the level of bonuses, grant of share option, salaries increment and/or promotion recommendations based on a number of criteria (working experience, seniority, knowledge and skills, performance, contribution, etc.).

On the basis of equality, the Group hopes to identify talents who are committed and dedicated to work; the Group has confidence and high hopes on those employees who are willing to take responsibility, keep learning, continuously improving their abilities and willing to move forward with the Group.

EMPLOYMENT AND LABOR PRACTICES

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the end of the Reporting Period, the Group had approximately 4,900 (2021/2022: 4,600) employees and the distribution is as follows:

	2022/2023	2021/2022
Gender		
Male	85%	85%
Female	15%	15%
Employment Type		
Full-time	100%	100%
Part-time	-*	-
Age Group		
18-30	34%	34%
31-45	47%	46%
46-60	19%	20%
>60	-*	-*
Geographical Region		
Mainland China	95%	95%
Hong Kong	1%	1%
Taiwan	1%	1%
Italy	3%	3%

* Data less than 0.5%

During the Reporting Period, the Group's average monthly employee turnover rate is as follows:

	2022/2023	2021/2022
Gender		
Male	3%	3%
Female	2%	3%
Age Group		
18-30	4%	5%
31-45	2%	3%
46-60	1%	2%
>60	4%	4%
Geographical Region		
Mainland China	3%	3%
Hong Kong	-*	-*
Taiwan	6%	9%
Italy	1%	1%
Others	1%	3%

* Data less than 0.5%

Compensation, Welfare and Other Benefits

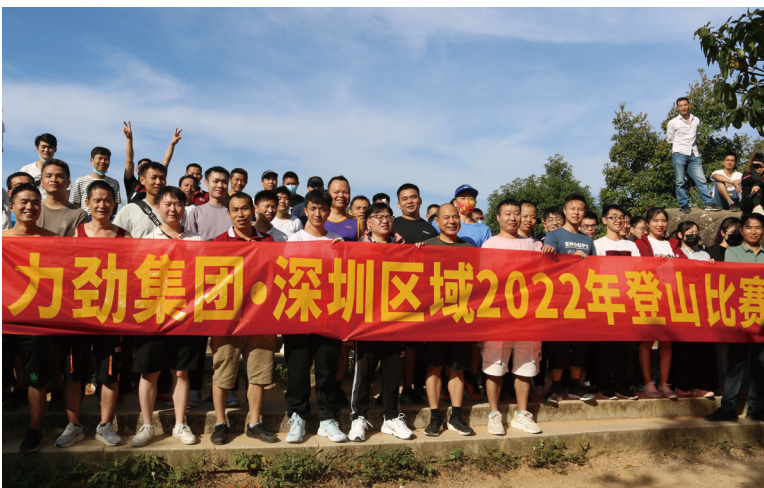
The Group attracts and retains outstanding talents with competitive remuneration packages; benchmarks up-to-date remuneration data in their industry and strives to establish a fair, reasonable and competitive remuneration scheme. Employee compensation varies among factories and offices by locations, and their salaries level are decided based on one's knowledge, skills, experiences and education background with respect to their work requirements. Some factories and offices at different locations offer remuneration package consists of basic salary and performance-based bonus. The employee remuneration package includes salary, overtime pay, subsidies, bonus and so on. Other benefits include staff dormitories, free body check-up, messing allowance, high temperature allowance, birthday gifts and/or festive gifts, social insurance/retirement benefits, etc..

Besides, we set up library and provide recreation rooms (such as billiard room, table tennis room, chess room, fitness room, etc.). Without affecting the anti-epidemic measures, we also organize a variety of leisure activities, including singing competition, sports day, hiking competition, ball games, tug-of-war competition, talent competition, dance activity, Christmas party, Spring Festival dinner, birthday party, etc. in order to enhance team cohesiveness and sense of belongings, and to reduce work.

Working Hours and Rest Periods

The Group pays attention to its employees' health and encourages everyone to maintain work-life balance. Employees' work hours and their rights of rest days and holidays are based on the local labor laws.

Festive gifts and leisure activities



2. HEALTH AND SAFETY

The Group cares about our employees' health and their working environment safety, and adheres to the policy of "Safety First, Prevention First, Comprehensive Management" in order to prevent occupational hazards and protect our valuable talent assets. We have established policies and procedures to ensure safe production and set up the production safety committee and safety management organization structure. The management and employees at all levels must clearly understand their own safety responsibilities and sign the respective safety responsibility statement; and strictly perform in accordance with the requirements as stated on the safety responsibility statement.

Safety Training

Training topics are mainly related to workplace safety and occupational health. The Group sets up annual safety training plan with reference to the needs of each department, and review its implementation status during year-end and to assess the new safety risk arisen from business or operation changes so as to provide reliable source of information for preparing the next year's planning. The Group enhances their employee's

awareness on occupational health and safety, raises their consciousness and improves their professional skills, especially those job positions with significant potential safety hazards, and enable them to perform their duties in a safe environment. New hires production staff must join a variety of practical trainings, understand the workflow and guideline, equipment operation techniques of the production department, receive safety education conducted by team and production department. The Group provides frequent trainings to instill safety values, knowledge and skills in employees. The Group also carries out role-based technical training periodically, safety assessment and team activities to ensure that its staff are prepared mentally and have adequate knowledge and skills to meet the safety standards and to fulfill their job duties. On top of the induction training for the new hires, we also organized various training programs during the Reporting Period, including "5S" management system, "6S" management system, safety production, safety case analysis, warehouse management, chemical warehouse training, safety driving knowledge, use of forklift, skills training, fire protection knowledge, fire drills, occupational disease protection, special equipment and hidden danger investigation and management, guidelines for epidemic prevention, etc..



Safety Risk Management

The Group conducts risk assessments on the likelihood of an incident, the severity of the consequences and the frequency of employees' exposure to hazards, and establishes records for hazards source and formulates various management policies. For example, one of the plants in Fuxin has established management policy for hot work, aerial work and confined space operation. It identifies relevant dangerous operations in the plant, implements an approval system for dangerous operations, and designates supervisors in charge, and uses for prevention and control in dangerous operations such as various mould warehouses and workshops. We also post job warning signs and take preventive measures to eliminate hazards source and to reduce the likelihood of an incident.

In order to handle different types of emergencies effectively and to ensure safety of our employees at the scene of incident, the Group has formulated safety incident management system and determined each department's responsibilities. After incident occurred,

the responsible department arrives at the scene and understands when it has happened, the casualties and pollution caused, and to make preliminary assessment as to its nature, estimated location, causes, and the impact on the surrounding environment, etc., so as to determine its severity level and to take appropriate measures to contain the damage. During the Reporting Period, the plants in Ningbo and Italy has obtained ISO 45001:2018 Certification in Occupational Health and Safety Management System, and the plants in Ningbo and Chongqing has obtained the honor of "Work Safety Standardization Level III Enterprise".

Safe Working Environment

In order to ensure the safety protection equipment are kept in good condition, we take various measures, for example, Equipment Department carries out periodic maintenance to all kinds of equipment (including production, fire prevention and special type of equipment, etc.); use electrical equipment that is up to national standard and well insulated, and protective measure exists for metallic shells; annual repairs and maintenance to special types of equipment performed by qualified service providers and examined by the State Bureau of Quality and Technical Supervision. We made rectifications for their recommendations. For example, one of the plants in Fuxin has improved gas detectors, emergency rescue equipment, explosion-proof communication equipment and safety warning signs, and completed the rectification of paint and gas warehouses. Besides, we require that explosion-proof electrical equipment must be used at those work places with risk of gas or dust explosion. First-aid and rescue medicine and equipment must be prepared for use in case of occupational poisoning, personal injuries and other incidents. In some plants, the fire prevention work has been strengthened, the ability of fire prevention has been enhanced, the inspection and supervision of fire-fighting equipment in the whole plants has been strengthened, and the number of fire-fighting equipment has been increased, so as to reduce the occurrence of any occupational accidents.

Safety training and drill





Employee Occupational Health

In accordance with the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”, the “Provisions on the Supervision and Administrative of Occupational Health at Work Sites”, the “Measures for the Supervision and Administration of Employers’ Occupational Health Surveillance”, and the local laws and regulations, the Group has established an occupational health management system. The Safety Committee Office is responsible for the effective identification of hazards factors at workplace, like noise, dust and chemical poison substances, etc., strictly prohibits and will not assign our minor staff to handle tasks relating to toxic, hazardous, excessive physical labor or positions involving danger. According to the characteristics and actual needs in production, we provide our staff with protective supplies such as masks, protective lens, safety shoes, hand gloves, etc. and urge them to use the supplies correctly as required. Employees are required to conduct pre-employment and on-the-job

body check, only those passed the medical examination are allowed to work. That shows our care on employees’ health and occupational safety.

Through daily inspections and regular meetings, as well as posting various warning signs and occupational hazard notification cards in the production workshops, we always remind employees of the importance of wearing labor insurance products and improve their vigilance. During the Reporting Period, the plants at Shenzhen, Ningbo, Shanghai, Zhongshan, Fuxin, Kunshan, etc. engaged third party professional organizations to inspect and assess noise level and hazardous substances in the air that may cause occupational diseases. The noise level and the hazardous substances in the air exposed to some job positions at Shenzhen, Ningbo, Shanghai, Zhongshan and Fuxin plants failed to meet standards. We have provided employees with better protective supplies and strictly required employees to wear protective supplies in order to lower the risk of occupational diseases.

Protective supplies



Impact of COVID-19

In order to cooperate with the local governments' epidemic prevention and control policies, popularize the knowledge to employees on the prevention and control of COVID-19 and enhance their awareness and ability of self-protection, the Group has set up epidemic prevention and control committee/team, formulated emergency plan, prepared the supplies for epidemic prevention, implemented effective prevention and control measures; so as to cope with the situation of possible spread of epidemic in the company, plant and dormitory. Although since December in last year, the compulsory prevention measures in various regions have been gradually relaxed or cancelled, we still remind employees to pay attention to personal hygiene to prevent another outbreak of the epidemic.

Epidemic prevention measures and supplies

EMPLOYMENT AND LABOR PRACTICES

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the number of lost days due to work injury are as follows:

	2022/2023	2021/2022
Lost days due to work injury	3,663 days	3,341 days

There was no work-related fatality occurred in each of the past three years (including the Reporting Period) within the Group.

3. DEVELOPMENT AND TRAINING

An excellent corporate team is critical to the Group's sustainable and long-term business development. Therefore, we have established a stringent and comprehensive recruitment system, standards and procedures; introduced competition mechanism, hoping to explore and cultivate professional talents, and to encourage staff to continue study and lifelong learning. The Group establishes and implements the "Employees Appraisal Management Guideline", continuously optimizes the employee performance evaluation, promotion and reward mechanism, guarantees the openness, fairness and impartiality of employees' promotion, and meets the needs of employees for career development. Apart from aligning the Group's corporate business plan, we also hope to enhance the quality,

technical skills and knowledge of employees through continuous training. These not only enable employees to specialize in their own work, but also to enhance their flexibility in more job positions. The training mainly includes basic knowledge training, management system training, enhancement training and safety knowledge training.

New hires have to participate in induction training with an aim to introduce background and business of the Group, corporate culture, industry knowledge, organizational structure, staff handbook, policies and procedures, work procedures and skills, operational safety, management system knowledge, etc.. On top of providing foundation training, we also provide skills advancement, professional and management training to ensure that staff possess professional theory and knowledge, and new knowledge for overcoming challenges in order to lay a solid foundation for long-term development of employees and the Group.

The Group has been devoted to nurturing employees and building a learning enterprise. We establish “L.K. Young Engineers Nurturing Program” in our L.K. technology, research and development centre with the aim of continuously enhance the competency and technical skills of the young talents, and grow into unique elites in the industry. Besides, plants and offices in different regions formulated training plan with reference to their human resources needs. We organized training activities. During the Reporting Period, in addition to pre-employment training to new hires, the Group also organized various training programs related to corporate management, procurement and vendor management, sales skills, human resources management, finance management, environmental management, information system management, production, safety management (please refer to the section headed “Health and Safety” above for details), quality management (please refer to the section headed “Product Responsibility” below for details), etc., such as risk analysis and control, vendor negotiation skills, vendor contracts, methods of determining procurement requirements and material supply planning, procurement personnel skills, guidelines for vendor management, matters requiring attention in the preparation of procurement contracts, new sales policies, basic qualities of salespeople for foreign trade, time management, prevention of human resources risks, recruitment skills, production cost accounting and analysis, cost control, reimbursement process, tax related knowledge, financial accounting standard, ISO 14001 basic knowledge, environmental protection knowledge and energy conservation awareness, domestic waste classification, ERP system application, informalization and production enhancement, working guidelines for computers and other office equipment, various production processes and operating skills, lean production point improvement method, etc.. The Group also designs specific training to technical staff or site management staff in accordance with local labor regulations. For example, they have to participate in electrician certification re-assessment training, electric welding certification re-assessment training, etc.. They must pass the assessment to ensure that they have the required knowledge and skills to perform their work.

Training activities



EMPLOYMENT AND LABOR PRACTICES

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the percentage of the Group's employees trained¹ is as follows:

	2022/2023	2021/2022
Gender		
Male	60%	51%
Female	60%	49%
Employee Category		
Senior Management	49%	42%
Middle Management	64%	51%
Ordinary Staff	59%	51%

During the Reporting Period, the average training hours² per the Group's employee are as follows:

	2022/2023	2021/2022
Gender		
Male	4.81	3.83
Female	4.83	3.60
Employee Category		
Senior Management	4.20	2.32
Middle Management	6.45	4.81
Ordinary Staff	4.71	3.75

Notes:

- 1 "The percentage of the Group's employees trained" refers to the number of Group's employees trained within the Reporting Period divided by the sum of Group's number of employees at the end of the Reporting Period and the number of departing employees within the Reporting Period.
- 2 "The average training hours" refers to the number of training hours provided by the Group to its employees within the Reporting Period divided by the sum of Group's number of employees at the end of the Reporting Period and the number of departing employees within the Reporting Period.

4. LABOR STANDARDS

The Group cherishes human rights and protects labor rights, and follows the applicable laws and regulations in forbidding child and forced labor. The Human Resources Department reviews the identity documents of the candidates in the hiring process to prevent employment of child labor. Besides, the Group also strictly implements various measures to prevent any form of forced labor, including prisoner, indentured servitude, bonded labor; for example, labor contract is signed by the employee on a fair and voluntary basis, ensure employees do not need to bear any onboarding costs, never deduct wages, benefits or property of employees without reason, detention of employee's identity card or other identification documents is strictly prohibited, any form of physical abuse, assault, body search or insult, or forcing an employee to work by means of violence, threat or unlawful restriction of personal freedom is all forbidden. Seeking consent from employees for overtime work is required to avoid involuntary overtime, and the employees are compensated as appropriate in accordance with the applicable labor laws and regulations. In case any possible violation is noted, the Group will immediately take countermeasures to rectify and eliminate such issues as soon as possible, so as to ensure full operational compliance.

Compliance

Except for the noise level and hazardous substances in the air of some job positions in Shenzhen, Ningbo, Shanghai, Zhongshan and Fuxin plants failed to meet the standards, the Group did not involve in any non-compliance incidents relating to employment, health and safety, and labor standards that have significant impact on the Group during the Reporting Period. We have provided employees with better protective supplies and strictly required employees to wear protective supplies in order to lower the risk of occupational diseases.



OPERATING PRACTICES

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. SUPPLY CHAIN MANAGEMENT

To adhere to its commitment on product quality to its customers, the Group has established procurement and vendor assessment management systems to closely monitor the processes of supplier evaluation, selection, procurement, goods receipt and acceptance, and quality review. This is to ensure that high-quality and environmental-friendly raw materials are used in the production process. The Procurement and the responsible departments select and evaluate vendors, and set up “approved supplier list”. Evaluation criteria include quality stability, on-time delivery, legal compliance and professional skills/quality, accreditation (such as environmental management system certification, quality management system certification, occupational health and safety management system certification) and so on. Besides, in order to ensure that the goods are supplied timely with good quality; and to protect the information security and confidentiality, suppliers are required to provide written commitments. We also sign agreement with all suppliers, avoid acts that may harm the legal interests of each party and for anti-corruption purpose. We have established stringent procedures in supply chain management and provided various reporting channels for employees, suppliers, customers and other business partners to report any violations and suspected abuse of one’s authority for own interest. The Group strictly implements the relevant practices to engage all suppliers in accordance with the internal regulations.



CLASSIFICATION OF SUPPLIERS

Categorize in order of importance.



EVALUATION OF SUPPLIERS

Evaluate suppliers according to the quality of their materials, their quality assurance ability, and whether have obtained the ISO certification.



MANAGEMENT OF EXISTING SUPPLIERS

Conduct routine management and regular assessment of suppliers, assign grade, eliminate sub-standard suppliers and optimize the whole supply chain.



MANAGEMENT OF SUB-STANDARD SUPPLIERS

Require sub-standard suppliers to make improvement and follow-up, otherwise the supplier’s qualification will be cancelled.

During the Reporting Period, the number and geographical distribution of the suppliers that have business with the Group are as follows:

	2022/2023	2021/2022
Mainland China	1,285	1,638
Hong Kong	23	34
Taiwan	184	181
Europe	44	43
Others	8	6

2. PRODUCT RESPONSIBILITY

The Group has been striving for continuous innovation and improvement, and to insist on quality control to achieve “zero-defect products”. Therefore, the Group has formulated policies and procedures to monitor the product quality and customer service processes, maintain communication with customers, understand and meet the customer needs and expectation, and make continuous improvements.

Product Quality Management

The Group establishes a sound quality assurance system, and performs annual internal audit in product quality management covering all production workflows. We follow the Six Sigma and ISO 9001 quality management systems and formulate strict inspection procedures in the entire manufacturing process starting from raw materials selection, procurement, production and finished goods quality assurance.

We believe that employees' quality has positive impact on product quality, thereby regularly providing training courses relating to product quality, including quality control, quality awareness, die-casting machine performance testing, food safety, methods to improve customer satisfaction, customer service and complaint

handling skills, customer complaint case analysis, etc. so as to ensure that the quality inspectors possess the latest skill and knowledge. We hope that employees can gain sense of satisfaction and accomplishment at work, seize every opportunity to improve the product quality with the Group together and move towards a higher quality goal.

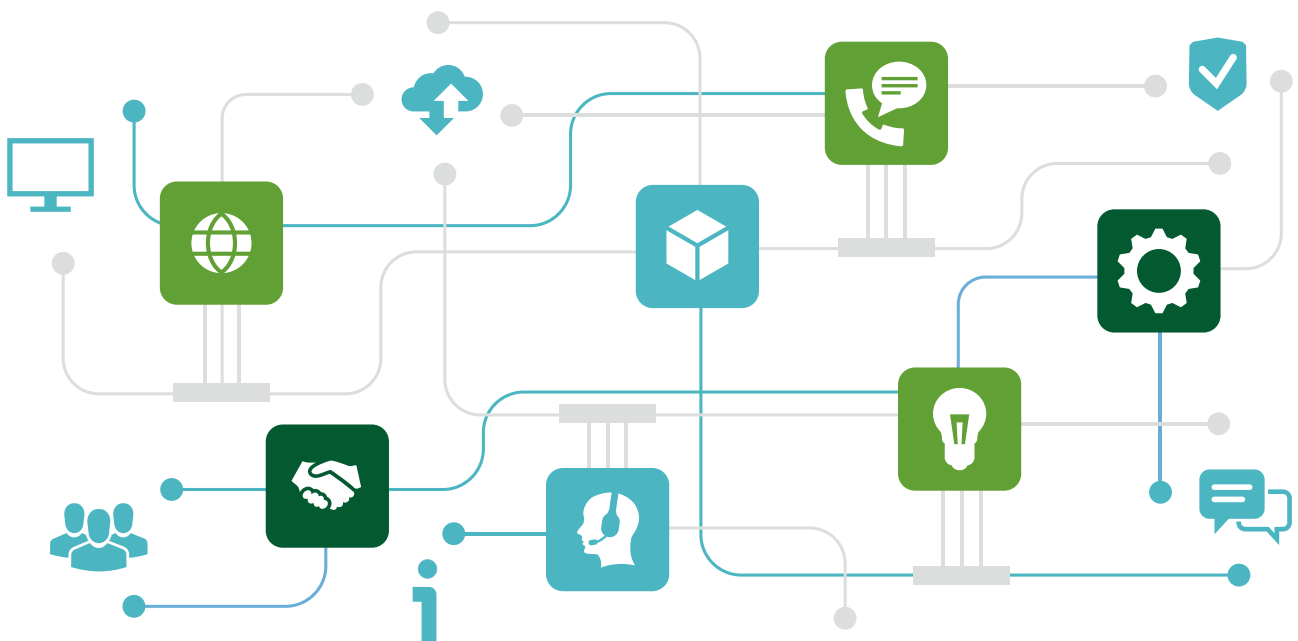
In addition to various quality inspections and product commissioning in the production process, in order to prevent confusion or misuse of a wide range of raw materials, spare parts, semi-finished products and finished products, we use traceability measures such as labels, signs, and steel seals to make different materials, semi-finished products and finished products clearly marked, and storage areas are divided, and batch and first-in-first-out management systems are implemented. These measures not only provide clear guidelines for employees, to reduce the chance of misuse of materials, they can also be used in the quality verification process in which we know whether the materials used are in line with the production plan and improve the efficiency of quality verification process. When product quality problems are found, after-sales service procedures can be quickly implemented to minimize customers' and our loss.

Customer Service Management

The satisfaction of our customers is our continuous pursuit. To this end, the Group has set up pre-sales, in-sales and after-sales service. Pre-sales service includes investment budgeting, factory planning, equipment repairs and maintenance, etc.. In-sales service includes machines foundation construction, assistance in production, installation of equipment, training, etc.. After-sales service implements the 24 hours quick response mechanism, including machine testing and maintenance, routine visit, technical support, maintenance support, etc.. In order to enhance the professional skills of the customers' operators and technicians, we also provide training to customers by sending our professional technicians to customers' trial production sites for practical equipment operation training, and provide guidance to customers for trial production. Customers can also arrange personnel to our plants to receive training according to their needs to learn more detailed and comprehensive knowledge in machine operation and maintenance. Through comprehensive and professional services, the Group provides customers with all-round technical support and service guarantee so as to maximize the benefits of customers. If the customers have issues about our products and services, they can give feedbacks or lodge complaints via our after-sales

service mechanism. Quality Control Department will make preliminary inspection and analysis on the complaints. The responsible department will analyze the reasons for the issues, formulate plan for handling the complaints, taking corrective actions, and setting target completion time. A designated staff is assigned to follow up with the customers to ensure their complaints are promptly handled.

The Group also provides customers with training on the use of products. The training includes product structure, control principles, process parameter debugging, safe operation and maintenance, etc.. After the training is provided, the effect of the training will be investigated. In addition to knowing whether the customer has understood the above content, we can also use customers' opinions for review, and make more adequate preparations for the next or next customer's training. Besides, we share the customer feedback and the result of our self-reflection during regular product quality review meetings. The departments relating to the complaints are held accountable and are responsible for proper handling of the cases; and the customer service personnel must follow up and thereby continuously improving our product and service quality.



During the Reporting Period, the number of products and service related complaints received by the Group are as follows:

	2022/2023	2021/2022
Complaints received	59	9

Recall of Products

During the Reporting Period, the Group has no product sold or shipped subject to recalls for safety and health reasons.

Advertising of Product

The Group's product promotion activities mainly include participation in exhibitions and advertising in magazines, industry websites, search engine websites, etc.. The content of product promotion mainly involves the characteristics, functionalities, parameters and other information relating to the product, which are centrally described and explained by the Group and distributed to the subsidiaries to ensure that the content complies with the requirement of the "Advertising Law of the People's Republic of China" and other applicable laws, regulations and standards.

Customer Data Protection and Privacy Policies

Confidentiality is one of the Group's core values. We handle customers' information diligently and confidentially. For any confidential information obtained through business relationships, all employees are

strictly prohibited to disclose any information to third parties without proper authority unless there is a legal or professional right or duty to do so. Besides, we also regularly check and evaluate the confidentiality risks of customer information. If abnormalities are found, we will promptly implement and continue to follow up corrective measures to reduce the chance of losing customer information.

Maintenance and Protection of Intellectual Property Rights

The Group respects intellectual property rights and employees are not allowed to own or use copyrighted material without the permission of the copyright owner.

Compliance

During the Reporting Period, there was no confirmed violation or non-compliance incident relating to product and service responsibility that had significant impact on the Group and no complaints about violations of customer privacy, loss of customer information and intellectual property rights was received.

3. ANTI-CORRUPTION

Honesty, integrity and fair is one of the Group's core values. We have adopted a zero-tolerance approach for all kinds of corruption, bribery and extortion situation. To comply with the "Criminal Law of the People's Republic of China" and the "Criminal Procedure Law of the Peoples's Republic of China" of Mainland China, the "Prevention of Bribery Ordinance" of Hong Kong, the "Criminal Code of the Republic of China" and the "Anti-Corruption Act" of Taiwan and other countries' applicable laws and regulations, we set up code of conduct and internal whistleblowing policy. Employees can report in writing and sent to designated email address or to the Company by post. The Company Secretary handles the reports and the reports will be referred to Internal Audit Department for further handling as appropriate or required. The Internal Audit Department will produce a report to the Audit Committee on an annual basis or as required. The Group provides on-the-job anti-corruption training to all employees (including directors and employees) so as to make sure that all employees can act honestly with integrity. During the Reporting Period, the Company organized ICAC anti-corruption and ethics training for directors and employees.

The Group's daily operations involve tendering and bidding. In order to prevent any violations of the "Law of the People's Republic of China on Tenders and Bids" during the process. Therefore, we have formulated internal rules and regulations, and make division of labor according to job responsibilities. One job position with multiple responsibilities is prohibited in order to maintain fairness, transparency and impartiality during the process. During the Reporting Period, there were no litigation cases involving allegations of corruption by the Group or its employees.



COMMUNITY INVESTMENT

The Group actively contributes with a will to build a sustainable and harmonious society. Therefore, we are committed to our people-oriented corporate culture and to take up social responsibility. During the Reporting Period, the Group participated in the “ESG Pledge Scheme” which is organized by The Chinese Manufacturers’ Association of Hong Kong and co-operated with Hong Kong Brand Development Council so as to promote corporate sustainable development. The Group has paid tax in accordance with applicable laws since its incorporation, and spares no effort in easing local employment pressure. We help our staff to prepare and plan for their retirement. We have maintained good manufacturing operation, environmental protection and achieve a good development order; and, to some certain extent, we have contributed to social stability and building a harmonious community.

During the Reporting Period, the company in Hong Kong donated a total of HK\$20,000 to the Vocational Training Council for excellent corporate internship scholarships and design education funds to support and encourage students to study hard and help students with design potential; and the Turkish Consulate General as earthquake fund-raising which is used to purchase supplies for disaster victims and help them rebuild their homes. The companies in Mainland China donated approximately RMB57,000 of funds and supplies to support epidemic prevention work and poor households, and assisted in nucleic acid testing, marathon and other voluntary work for a total of 156 hours. The company in Italy donated approximately 1,500 euros to various community organizations to support protection of children and young people, support ambulance services and assist patients in fighting and researching rare and serious diseases.

22
23

環境、
社會及
管治報
告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



HONORS AND CERTIFICATIONS

In 2022/2023, the Group has obtained and held the following major awards and certifications:

Aspects	Honors and Certifications	Companies
Environmental Management	GB/T 24001-2016/ISO 14001:2015 Certification in Environmental Management System	<ul style="list-style-type: none"> Shenzhen Leadwell Technology Co. Ltd.
	ISO 14001:2015 Certification in Environmental Management System	<ul style="list-style-type: none"> Ningbo L.K. Technology Co. Ltd. Idra S.r.l.
Product Responsibilities	ISO 9001:2015 Certification in Quality Management System	<ul style="list-style-type: none"> Shenzhen Leadwell Technology Co. Ltd. L.K. Machinery (Shenzhen) Co. Ltd. LK Injection Molding Machine Co., Ltd. Shanghai Atech Machinery Co. Ltd. Ningbo L.K. Technology Co. Ltd. Ningbo L.K. Injection Molding Machine Co. Ltd. L.K. Machinery Corp. Idra S.r.l.
	GB/T 19001-2016/ISO 9001:2015 Certification in Quality Management System	<ul style="list-style-type: none"> Fuxin L.K. Northern Machinery Co. Ltd. Fuxin Lida Steel Casting Co. Ltd. Chongqing L.K. Machinery Co. Ltd.
	RB/T048-2020; GB/T 19001-2016/ISO 9001:2015 Upgrade Certification in Quality Management System	<ul style="list-style-type: none"> Fuxin Lida Steel Casting Co. Ltd.
	IATF16949/2016 Certification in Automotive Quality Management System	<ul style="list-style-type: none"> Chongqing L.K. Machinery Co. Ltd.
	GB/T 29490-2013 Certification in Intellectual Property Management System	<ul style="list-style-type: none"> Chongqing L.K. Machinery Co. Ltd.
	Honor of “Intellectual Property Excellent Enterprise”	<ul style="list-style-type: none"> Chongqing L.K. Machinery Co. Ltd.
	GBT23001/2017 Certification in Informatization and Industrialization Management System	<ul style="list-style-type: none"> Chongqing L.K. Machinery Co. Ltd.
	Honor of “High-tech Enterprise”	<ul style="list-style-type: none"> LK Injection Molding Machine Co., Ltd. Shanghai Atech Machinery Co. Ltd. Ningbo L.K. Technology Co. Ltd. Ningbo L.K. Injection Molding Machine Co. Ltd. Fuxin L.K. Northern Machinery Co. Ltd. Chongqing L.K. Machinery Co. Ltd.
	Honor of “Corporate Technology Centre”	<ul style="list-style-type: none"> Shanghai Atech Machinery Co. Ltd. Chongqing L.K. Machinery Co. Ltd.
	Certification in “Hong Kong Top Brand Mark (Top Mark)”	<ul style="list-style-type: none"> L.K. Machinery International Ltd.
	Honor of “The Fourth Leading Enterprise of the China Foundry Industry”	<ul style="list-style-type: none"> L.K. Machinery International Ltd.

HONORS AND CERTIFICATIONS

Aspects	Honors and Certifications	Companies
	<p>Honor of “The Fourth Leading Enterprise of the Machine Tool Casting Sub-industry of China Foundry Industry”</p> <p>Dreampress 9000T ultra-large intelligent die-casting unit was selected in the 2022 “Top Ten Leading Projects of Advanced Manufacturing Industry”</p> <p>Certification in “Champion of Individual Product of Manufacturing Industry”</p> <p>Honor of “Shenzhen Industrial Award”</p> <p>DCC9000 ultra-large die-casting machine was awarded the honor of “The Twenty-First Shenzhen Enterprise Innovation Record”</p> <p>Honor of “Quality Casting Gold Award”</p> <p>Various products were awarded “CE certification”</p> <p>Various products were awarded certification in “Guangdong High Technology Products”</p>	<ul style="list-style-type: none"> · Fuxin Lida Steel Casting Co. Ltd. · Shenzhen Leadwell Technology Co. Ltd. · Shenzhen Leadwell Technology Co. Ltd. · Shenzhen Leadwell Technology Co. Ltd. · Shenzhen Leadwell Technology Co. Ltd. · Fuxin Lida Steel Casting Co. Ltd. · LK Injection Molding Machine Co., Ltd. · LK Injection Molding Machine Co., Ltd.
Health and Safety	<p>ISO 45001:1018 Certification in Occupational Health and Safety Management System</p> <p>Honor of “Work Safety Standardization Level III Enterprise”</p>	<ul style="list-style-type: none"> · Ningbo L.K. Technology Co. Ltd. · Idra S.r.l. · Ningbo L.K. Technology Co. Ltd. · Chongqing L.K. Machinery Co. Ltd.



ENVIRONMENTAL PERFORMANCE DATA SUMMARY

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

		Plastic Injection									
		Die-casting Machines		Moulding Machines		CNC Machining Centre		Manufacture of Casting		Total	
Unit		2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022 ⁵	2022/2023	2021/2022 ⁵
Greenhouse Gas ("GHG") Emission											
Scope 1^{1,3}:											
Total	Tonnes	5,186.65	4,956.68	640.20	705.69	96.44	107.94	837.67	791.87	6,760.96	6,562.18
Intensity ⁴	Tonnes	3.46	1.80	0.18	0.12	0.11	0.17	7.09	8.05	N/A	N/A
Scope 2^{2,3}:											
Total	Tonnes	11,926.39	11,323.24	5,491.14	5,531.87	944.52	941.79	40,342.17	35,799.08	58,704.22	53,595.98
Intensity ⁴	Tonnes	7.97	4.11	1.58	0.98	1.13	1.53	341.26	364.06	N/A	N/A
Air Emission											
Nitrogen Oxides	Kilograms	2,958.97	3,030.48	1,056.65	1,595.32	202.75	162.79	5,799.10	5,953.43	10,017.47	10,742.02
Sulfur Oxides	Kilograms	7.13	6.58	2.99	2.66	0.48	0.55	4.03	4.04	14.63	13.83
Particulate Matters	Kilograms	222.01	219.41	66.68	95.18	13.92	11.45	376.16	386.01	678.77	712.05
Hazardous Waste											
Wastewater Discharged⁵:											
Total	Tonnes	131.66	163.51	139.24	556.65	3.14	3.21	30.65	38.74	304.69	762.11
Intensity ⁴	Tonnes	0.09	0.06	0.04	0.10	-	0.01	0.26	0.39	N/A	N/A
Solid Waste Generated:											
Total	Tonnes	157.60	126.52	61.88	43.00	-	-	14.81	16.14	234.29	185.66
Intensity ⁴	Tonnes	0.11	0.05	0.02	0.01	-	-	0.13	0.16	N/A	N/A
Non-hazardous Waste											
Wastewater Discharged⁵:											
Total	Tonnes	144,060.54	157,530.10	98,639.00	72,066.40	8,396.80	7,314.40	16,440.40	12,592.40	267,536.74	249,503.30
Intensity ⁴	Tonnes	96.23	57.16	28.41	12.72	10.01	11.85	139.07	128.06	N/A	N/A
Solid Waste Generated:											
Total	Tonnes	2,676.46	2,496.85	1,376.22	1,022.50	72.74	28.68	13,195.88	8,915.61	17,321.30	12,463.64
Intensity ⁴	Tonnes	1.79	0.91	0.40	0.18	0.09	0.05	111.62	90.67	N/A	N/A
Packaging Materials Used for Finished Products											
Total	Tonnes	49.58	56.60	36.01	20.58	174.59	154.68	269.85	209.64	530.03	441.50
Intensity ⁴	Tonnes	0.03	0.02	0.01	-	0.21	0.25	2.28	2.13	N/A	N/A
Energy and Water Consumption											
Liquefied Petroleum Gas:											
Total	Tonnes	0.68	0.68	-	-	-	-	48.23	35.54	48.91	36.22
Intensity ⁴	Tonnes	-	-	-	-	-	-	0.41	0.36	N/A	N/A
Towngas:											
Total	Tonnes	45.70	39.55	-	-	-	-	-	-	45.70	39.55
Intensity ⁴	Tonnes	0.03	0.01	-	-	-	-	-	-	N/A	N/A
Natural Gas:											
Total	m ³	23,092.87	19,990.00	58,323.00	72,615.00	5,030.00	4,238.00	-	-	86,445.87	96,843.00
Intensity ⁴	m ³	15.43	7.25	16.80	12.82	6.00	6.87	-	-	N/A	N/A

ENVIRONMENTAL PERFORMANCE DATA SUMMARY

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Unit	Plastic Injection									
		Die-casting Machines		Moulding Machines		CNC Machining Centre		Manufacture of Casting		Total	
		2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022 ⁵	2022/2023	2021/2022 ⁵
Gasoline:											
Total	Tonnes	181.81	168.40	89.63	71.87	19.47	22.43	23.10	21.43	314.01	284.13
Intensity ⁴	Tonnes	0.12	0.06	0.03	0.01	0.02	0.04	0.20	0.22	N/A	N/A
Diesel:											
Total	Tonnes	187.25	168.75	62.50	63.86	5.00	5.52	189.41	190.63	444.16	428.76
Intensity ⁴	Tonnes	0.13	0.06	0.02	0.01	0.01	0.01	1.60	1.94	N/A	N/A
Welding and Cutting Gas:											
Total	Tonnes	328.85	350.79	-	77.97	-	-	17.01	11.97	345.86	440.73
Intensity ⁴	Tonnes	0.22	0.13	-	0.01	-	-	0.14	0.12	N/A	N/A
Refrigerant:											
Total	Kilograms	15.00	1.00	-	-	-	-	-	-	15.00	1.00
Intensity ⁴	Kilograms	0.01	-	-	-	-	-	-	-	N/A	N/A
Coal:											
Total	Tonnes	-	-	-	-	-	-	1,304.02	1,622.00	1,304.02	1,622.00
Intensity ⁴	Tonnes	-	-	-	-	-	-	11.03	16.49	N/A	N/A
Electricity:											
Total	MWh	19,816.65	18,809.60	9,000.39	9,067.15	1,668.04	1,661.89	66,123.87	58,677.39	96,608.95	88,216.03
Intensity ⁴	MWh	13.24	6.82	2.59	1.60	1.99	2.69	559.34	596.72	N/A	N/A
Water Resources:											
Total	Tonnes	145,164.20	181,870.84	96,754.00	76,791.00	10,496.00	9,143.00	19,753.00	15,693.00	272,167.20	283,497.84
Intensity ⁴	Tonnes	96.97	65.99	27.87	13.56	12.51	14.82	167.09	159.59	N/A	N/A

Notes:

- Scope 1 refers to the Group's business direct GHG emissions, including the use of liquefied petroleum gas, towngas, natural gas, gasoline, diesel, welding and cutting gas, coal and refrigerant.
- Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.
- The abovementioned carbon emissions are calculated with reference to the emission factors in "China Regional Grid Baseline Emission Factors" issued by the Climate Change Department of the Ministry of Ecology and Environment of the PRC and the "Reporting Guidance on Environmental Key Performance Indicators" issued by The Stock Exchange of Hong Kong Limited.
- The emission/production/consumption intensity of the business of manufacturing die-casting machine, plastic injection moulding machine and CNC machining centre are calculated based on the number of production units. The emission/production/consumption intensity of the manufacturing of casting business are calculated in terms of production per kilo-tonne.
- Part of last year's comparative figures are restated to conform with the current year's presentation.



“ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosure/KPIs	Reporting Guideline	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.	10-19
KPI A1.1	The types of emissions and respective emissions data.	14, 18, 46
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).	21, 23, 46
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	14, 18, 46
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	14, 18, 46
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	10-11, 19-23
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.	11-17
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	19-25
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	21, 23, 46-47
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	25, 47
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	19-23
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.	24-25
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	46

“ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”
BY THE STOCK EXCHANGE OF HONG KONG LIMITED

General Disclosure/KPIs	Reporting Guideline	Page
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	26
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	26
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.	26
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.	26
B. Social		
Aspect B1	Employment and Labor Practices	
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.	27-29
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	28
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	28
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.	27, 30-34
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	34
KPI B2.2	Lost days due to work injury.	34
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	30-33

“ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”
BY THE STOCK EXCHANGE OF HONG KONG LIMITED

22
23

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

General Disclosure/KPIs	Reporting Guideline	Page
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	34-36
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	36
KPI B3.2	The average training hours completed per employee by gender and employee category.	36
Aspect B4	Labor 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 labor.	27, 37
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	37
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	37
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	38-39
KPI B5.1	Number of suppliers by geographical region.	39
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.	38
KPI B5.3	Description of practices used to identify environmental and social risks.	38
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	38
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.	39-41
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	41
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	40-41
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	41
KPI B6.4	Description of quality assurance process and recall procedures.	39, 41
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	41

“ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”
BY THE STOCK EXCHANGE OF HONG KONG LIMITED

General Disclosure/KPIs	Reporting Guideline	Page
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.	42
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.	42
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	42
KPI B7.3	Description of anti-corruption training provided to directors and staff.	42
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.	43
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	43
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	43



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