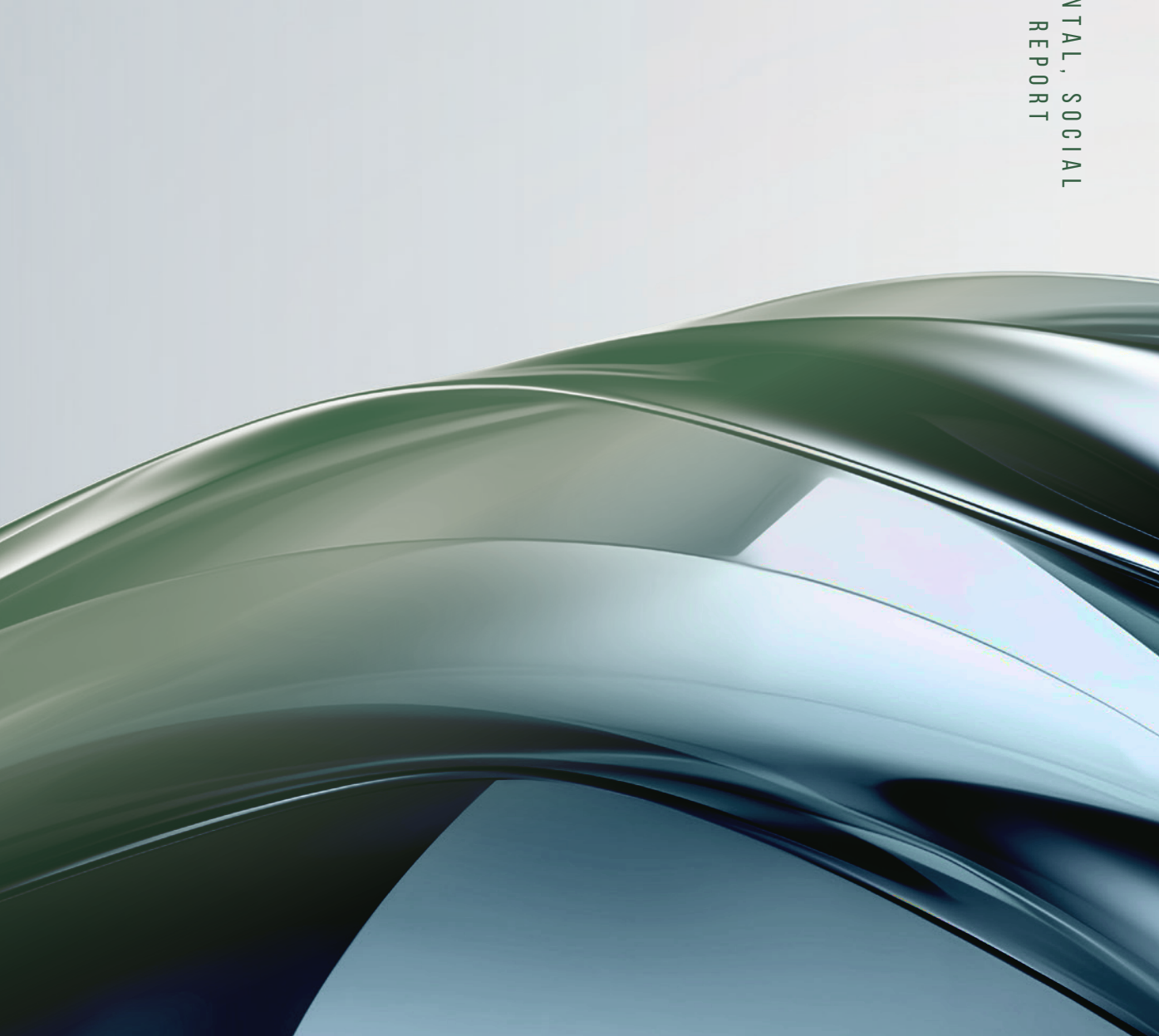


ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT
2023



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

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About this Report

This is an Environmental, Social and Governance Report (the “**Report**” or “**ESG Report**”) of PanAsialum Holdings Company Limited (together with its subsidiaries, the “**Group**” or “**we**”) for public disclosure. The purpose of this Report is to provide stakeholders and the public with a comprehensive and factual picture of the Group’s sustainability management practices and achievements in 2023.

REPORTING GUIDELINES AND PRINCIPLES

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and adheres to the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”, with reference to the 2030 Agenda for Sustainable Development and the relevant Sustainable Development Goals (“**SDGs**”) of the United Nations (the “**UN**”).

REPORTING SCOPE

This Report discloses the Group’s management approach and performance relating to material environmental and social issues from 1 January 2023 to 31 December 2023 (the “**Year**”). The Report focuses on the Group’s research and development and manufacturing of aluminium products in Nanyang, Henan, the People’s Republic of China (the “**PRC**”), which is the largest revenue-generating business segment of the Group.

ACCESS TO THE REPORT

This report can be viewed and downloaded from the Stock Exchange of Hong Kong. This Report is prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

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FEEDBACK

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

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Message from the Chairman

Over the past year, the Group continued to promote sustainable development and uphold its commitment to environmental, social, and governance (“ESG”) matters. We strived to incorporate ESG considerations in every step of our business development, thus creating a benign cycle to realise environmental, social, and economic benefits. In the face of temporary difficulties in the current economic cycle, the contribution of quality development to the circular economy and social welfare is especially valuable. As a leading aluminium product research and development and manufacturing enterprise in the PRC, we have always acted with high standards of accountability towards sustainable development and had a new vision to invest into the global green economy, for we endeavour to become a role model enterprise for sustainable development.

To promote the strategic integration of low-carbon transition and corporate development, we created a green and sustainable production model by research and applying energy-saving, low-carbon, and emission reduction technologies, and creating a green supply chain. In addition, we actively implemented the Climate Change Policy to continuously help enterprises build stronger resilience against climate change. To this end, we continued to invest in energy conservation and emission reduction projects, made great efforts to develop solar photovoltaic (PV) powers and other renewable energy sources for electricity generation, with an aim to contribute substantially to the full achievement of the national carbon peak and carbon neutrality goals.

In 2023, we achieved outstanding ESG performance. By creating better values, promoting innovative scientific research, we enhanced our standards and quality in key areas, and increased our market competitiveness. It is also worth noting that we continued to maintain the IATF16949 Vehicle Quality System Certification, which further consolidated our position as a leader in the aluminium products industry.

We continued to create a diverse and inclusive workplace culture, and made it our priority to safeguard the health and safety of our employees. We continued to optimise our safety production management system, and increased the safety skills of employees by providing safety training to all staff. As a result, our safety management system underwent significant improvement. In addition, we advocated the mutual growth of corporate values and employees, hired more local employees and nurtured more talents, and continued to attract talents to the Group.

Looking ahead into the future, we will focus on green and low-carbon development, and continue to improve our ESG KPIs. By improving our internal operations and collaborating with suppliers, contractors, and other stakeholders, we will work together to promote the sustainable development of the entire industry, strive to achieve innovative breakthroughs in quality and sustainable growth, create sustainable long-term values, and contribute wisdom and efforts to benefit human wellbeing.

Chairman and Executive Director

Pan Zhaolong

Hong Kong, 18 April 2024

About PanAsialum

As a renowned aluminium product research and development and manufacturing enterprise in the PRC, we are a large-scale, comprehensive sino-foreign joint venture with over 30 years of professional experience in researching and developing, producing, processing, and selling aluminium alloy products, and one of the large-scale enterprises renowned for the professional production of aluminium alloy profiles in the PRC. With a wealth of experience and professional skills, the Group's product lines are widely used in different fields, including electronic product accessories, photovoltaic systems, railway transportation, automobile lightweight construction, shipbuilding, outdoor equipment, medical equipment, high-end machinery, door and window curtain walling, municipal engineering and other industrial profiles. At the same time, we are committed to providing high value-added and high-precision products to the market with advanced and modernised aluminium production lines with quality control and testing equipment.



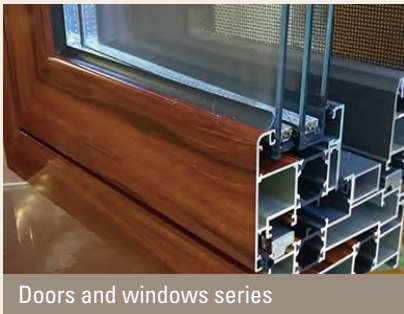
Heat sink series



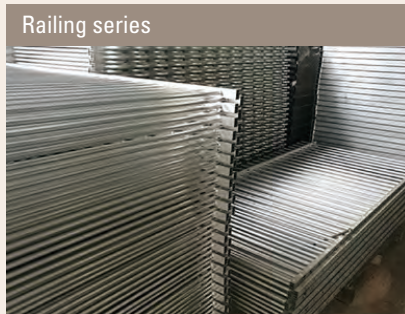
Automotive side skirts and components



Solar bezel series



Doors and windows series



Railing series



Industrial profiles

We continue to enhance the added value of our products and become a leading enterprise with steadily increasing operational efficiency and business effectiveness. We established a strategic partnership with the China Space Foundation and was officially recognised as a "strategic partner in China's aerospace industry" and a "sponsor of China's aerospace industry". We have made it our goal to produce and manufacture products with "precise, aerospace quality".

Adhering to the concept of sustainable development, the Group actively participates in the lightweight development of green construction, mechanical equipment, electrical engineering, and other areas, and made great efforts to help the "new infrastructure" industry transition into a green economy. Not only do we focus on corporate development, but we also attach great importance to social interactions, and strive to become a role model enterprise for sustainable development, provide people with more environmentally friendly and efficient aluminium products, incorporate the green concept into the DNA of our corporate development, and make active contributions to the development of a green and circular economy.

BOARD STATEMENT

As a leading researcher, developer, and manufacturer of aluminium products in the PRC, the Group has always advocated and pursued the mission of achieving technological advancements and sustainable development in a responsible manner. We firmly believe that the establishment of sound ESG governance principles and strategies is essential for the long-term development of our business. The Group established an ESG Management Committee, headed by our Chairman and Executive Director, to formulate and oversee the ESG-related strategies of the Group. ESG Management Committee members consists of the persons in charge of ESG-related functions and the persons in charge of certain key enterprises, who are responsible for continuously monitoring ESG risks, supervising the effectiveness of the management’s implementation of ESG strategies, reviewing the progress of ESG-related objectives on a regular basis, and preparing the annual ESG report. At the executive level, in order to effectively support our ESG management, the Group established a dedicated ESG management team responsible for formulating and implementing specific ESG action plans and ensuring that elements related to sustainability are embedded in every aspect of our operations.

The Board is aware of its responsibility to ensure the accuracy of this Report. To the best of its knowledge, this Report contains no false information, misleading statements, or material omissions, and provides objective disclosure of the Group’s actions and performance on material issues.

ESG STRATEGIES

The Group established an ESG governance system that focuses on green and sustainable development, to continuously enhance its ESG governance capabilities and performance, improving its ESG strategies and objectives, working mechanism, as well as risk management policies and measures related to sustainability, and further consolidate its management structure and making full use of its corporate strengths. To support the implementation of ESG management strategies, the Group established dedicated ESG management teams, namely, the Environment Working Group, the Operations Management Working Group, the Employment and Labour Working Group and the Community Investment Group, to jointly promote ESG tasks and report to the ESG Management Committee on a regular basis.

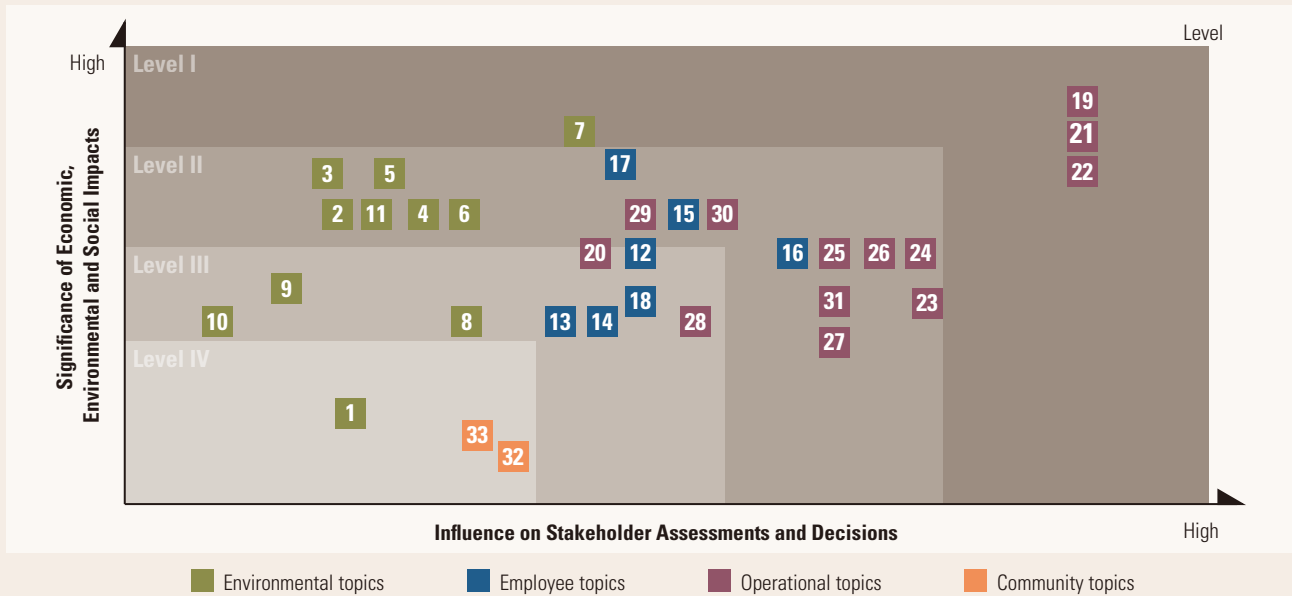
During the Year, we created a blueprint for sustainable development centering our ESG strategies and objectives, culture, values, and other factors. Focusing on the three core areas of environmental management, a people-oriented approach, and operational excellence, the blueprint helps us consolidate our ESG strategies and provides guidance on our ESG approach and implementation.

Environmental Management	People-oriented Approach	Operational Excellence
<p>Adhering to the concept of energy conservation and emission reduction and helping to achieve the dual goals of carbon peak and carbon neutrality, we will focus on reducing the adverse impacts of our daily production and operations on the environment, and strengthening our ability to resist and adapt to climate change.</p>	<p>We will create a diverse, equal, healthy, and safe working environment, attract and nurture talents, and support employees in their professional and personal development.</p>	<p>We will continue to optimize the supply chain and product management system, improve the efficiency and quality of all operational processes, and eliminate any form of corrupt behaviour.</p>
		

MATERIALITY ASSESSMENT

During the Year, we conducted a survey with stakeholders to identify material issues. Using a four-step process of identifying, ranking, determining, and reviewing issues that may potentially affect the Group’s ability to continue as an on-going concern and its long-term development, the Group considered and ranked issues based on two dimensions, namely “the importance of economic, environmental and social impacts” and “the impact on the assessment and decision-making of stakeholders”, and determined the key areas of concern regarding our ESG practices. We then formulated a sustainability strategy that meets the expectations of stakeholders, to respond to the concerns of all parties in a practical manner.

With reference to the ESG Reporting Guidelines issued by the Stock Exchange, GRI's analyses and recommendations on material issues, MSCI's ESG Ratings, and the analysis on SDGs within business value chains, we selected 33 sustainability issues that are the most important to the Company given our business characteristics. Meanwhile, after taking into consideration the nature of material issues set out in the 2022 report, we combined a number of smaller issues into four new broader issues and added four new issues to improve our governance efficiency. Such changes include combining "exhaust gas emissions" and "waste management" into "toxic emissions and waste management", revising "water resources management" to "water resources and wastewater management", revising "product quality management" to "product quality and safety", and revising "customer service and satisfaction" to "product, service and satisfaction". The four newly added issues are "chemicals safety management", "labour rights", "corporate governance", and "corporate risk management", respectively.



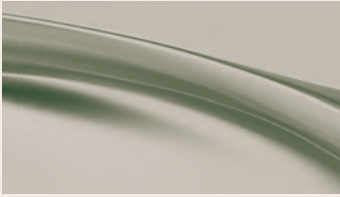
Level I	Level II	Level III	Level IV
<ul style="list-style-type: none"> 7 Water resources and wastewater management 19 Product quality and safety 21 Customer service and satisfaction 22 Data privacy and safety 	<ul style="list-style-type: none"> 2 Exhaust gas emissions 3 Toxic emissions and waste management 4 Raw material management 5 Energy management and conservation 6 Renewable energy utilisation 11 Chemicals safety management 15 Employee safety and health 16 Employee training and development 17 Prevention of child and forced labour 23 Intellectual property protection 24 Product and technology development and innovation 25 Product design and lifecycle management 26 Supply chain management 27 Sustainable procurement 29 Anti-corruption 30 Corporate governance 31 Corporate risk management 	<ul style="list-style-type: none"> 8 Use and management of packaging materials 9 Biodiversity and land use 10 Responding to climate change 12 Talent management 13 Employment diversity and equal opportunity 14 Employee communication 18 Labour rights 20 Responsible marketing and promotion 28 Business ethics 	<ul style="list-style-type: none"> 1 Greenhouse gas emissions 32 Community engagement and investment 33 Community comments

RESPONDING TO THE UN’s SDGs

The Group is committed to upholding the principle of sustainability in its business operations to achieve the UN’s SDGs. During the Year, we identified the following 6 overarching SDGs that are closely relevant to the Group through value chain analysis and comprehensive review, and defined the relevant subobjectives. Focusing on the three core aspects of environmental commitment, a people-oriented approach, and operational excellence, we set out issues relevant to the aspects, to ensure that actions taken by the Group during the Year can contribute to the realisation of the SDGs.

Core Aspect	SDGs	Relevant Issues	Actions Taken by the Group
Environmental Management	 6.3 – Reduce water pollution	<ul style="list-style-type: none"> Water resources and wastewater management Raw material management Renewable energy utilisation Toxic emissions and waste management Greenhouse gas emissions Chemicals safety management Responding to climate change 	<ul style="list-style-type: none"> Monitored emissions data on a regular basis and established goals to reduce emissions Developed solar PV electricity generation projects Set up sewage treatment plants at production sites and strengthened waste management Identified climate risks and opportunities and optimised our strategic climate governance
	 7.2 – Increase renewable energy sources		
	 12.5 – Reduce waste generation through prevention, emission reduction, recycling, and reuse		
	 13.1 – Strengthen the ability to resist and adapt to climate-related and natural disasters		
A People-oriented Approach	 8.2 – Improve economic productivity through diversification, technological upgrading, and innovation	<ul style="list-style-type: none"> Employee safety and health Employee training and development Prevention of child and forced labour 	<ul style="list-style-type: none"> Organised occupational hazard prevention and occupational health and safety trainings Nurtured talents and established succession plans Carried out labour supply chain management and adopted measures to ensure employment compliance
	8.8 – Protect labour rights and promote a safe and stable working environment		
Operational Excellence	 12.8 – Ensure that we have the relevant information and awareness for developing in a sustainable manner and living harmoniously with the nature	<ul style="list-style-type: none"> Supply chain management Sustainable procurement Product quality and safety Customer service and satisfaction Data privacy and safety Business ethics Community comments 	<ul style="list-style-type: none"> Carried out supply chain assessments and risk management Strictly adhered to the “5Rs” procurement principles Adopted a product quality assurance system Established a complete solution and process for handling customer complaints Established privacy protection and anti-corruption systems and procedures Invested into the community
	 16.5 – Reduce all forms of corruption and bribery		

Responding to Climate Change



To enhance our resilience to climate change and our ability to control climate-related risks, we regard the reduction of greenhouse gas (“GHG”) emissions as one of the Group’s key tasks.

CLIMATE OBJECTIVES AND COMMITMENT

We actively manage climate-related risks and established the Climate Change Policy to adequately identify the different types, scale, and development trends of climate risks, and adopted risk prevention and mitigation measures. In 2023, by combining our business and operational characteristics, we aimed to reduce the impact of climate change on our operations and business by formulating strategies to gradually align ourselves with the best industry practices, and strived to seize opportunities despite risks.

CLIMATE STRATEGIES

To adapt to the potential impact brought about by climate change on our operations and business, we identified climate change risks, optimised climate-related risk prevention strategies, and published climate-related financial information under the four core areas of “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets”.

Governance

Responsibilities of the Board and the ESG Committee in relation to climate-related risks and opportunities

The Board:

Supervise and make final decisions on climate change-related matters, including annual review of climate change management, identification of climate change risks and opportunities, response measures, and related disclosures and announcements.

ESG Committee:

Hold regular meetings to identify risks and opportunities related to climate change, formulate climate change management strategies, policies and systems, measures and goals for the Board to make decisions, ensure distribution and implementation of specific work, and supervise the implementation of relevant contents by subordinate departments.

Strategy

Addressing the actual and potential impacts of climate-related risks and opportunities on the Group’s business, strategies, and finances

The Group is aware that extreme weather and flooding caused by climate change may damage our factories and facilities. In the long run, long-term extreme hot weather also poses health risks to employees. We are also aware of transition risks such as policy changes, possible increase in energy costs and demand for products that meet the latest environmental protection requirements. We identified some opportunities to move towards a low-carbon economy, such as technological advancements that improve energy efficiency while reducing operational costs. At the same time, the Group established the Climate Change Policy to guide the management approach to climate-related issues.

Risk Management

Identifying, assessing, and managing climate-related risks

The Group assesses the physical and transitional risks that may be brought about by climate change to its operations and business and incorporates them into its sustainability strategy. The management considers ESG and climate-related issues and formulates and implements the corresponding policies.

Metrics and Targets

Indicators and targets for assessing and managing climate-related risks and opportunities that have a significant impact on the Group

The Group measures and discloses relevant GHG and energy indicators to monitor the impact of its operations and business on climate change, including GHG emissions (Scope 1, 2 and 3), GHG emissions intensity, energy consumption and energy consumption intensity. We also set energy saving and carbon footprint reduction targets.

RISKS AND OPPORTUNITIES

In light of our operational characteristics and our expectations for future transition, we may be materially and adversely affected by natural disasters such as storms, floods, droughts, fires, and the additional impact arising from climate change. We identified and evaluated the impact of climate-related physical risks including storms and extreme weather, and formulated several mitigation measures and various contingency plans for each type of risks.

	Type of Risk	Potential Financial Impacts	Responding Measures
Physical risks	<ul style="list-style-type: none"> Storm or flood destroys factories and offices, resulting in failure to operate normally (possibly lasting for several hours/days) Damage to operating facilities and equipment, storage areas and cargo 	<ul style="list-style-type: none"> Decrease in revenue: failure to produce and deliver on time, affecting business operations Decrease in assets: depreciation of assets and increase in insurance expenses Increase in expenditure: repair and replacement of damaged facilities and equipment 	<ul style="list-style-type: none"> Annual mock flood exercises Prepare corresponding emergency plans for rainstorms or floods Strengthen the maintenance of special facilities and equipment for flood prevention and drainage in factories and offices
	<ul style="list-style-type: none"> Transportation delays caused by extreme weather 	<ul style="list-style-type: none"> Decrease in revenue: failure to deliver on time, affecting business operations 	<ul style="list-style-type: none"> Prepare corresponding emergency plans in advance, and find alternative transportation plans
Transition risks	<ul style="list-style-type: none"> More stringent environmental protection policies implemented by the government have increased the operating costs of enterprises 	<ul style="list-style-type: none"> Increase in costs: renovation costs and emission costs will be increased 	<ul style="list-style-type: none"> Regularly compile and update regulations via various channels such as government agencies and the Internet to ensure operational compliance
	<ul style="list-style-type: none"> Stricter environmental regulations may expose enterprises to higher risks of claims and litigation 	<ul style="list-style-type: none"> Increase in costs: non-compliance leads to litigation claims 	<ul style="list-style-type: none"> Assess the environmental performance of subsidiaries and branches with reference to the environmental protection assessment measures
	<ul style="list-style-type: none"> New energy-saving facilities are widely used by industrial competitors, which increases market competition, forcing the Group to purchase new equipment to replace old ones 	<ul style="list-style-type: none"> Increase in costs: investment in research and development of green technologies will be increased and new equipment has to be purchased Decrease in assets: existing facilities will be disabled 	<ul style="list-style-type: none"> Accelerate the switch to energy-saving and automated equipment Promote the use of new and clean energy, such as electric vehicles and electrical equipment

	Type of Risk	Potential Financial Impacts	Responding Measures
Opportunities	<ul style="list-style-type: none"> Purchase new equipment to replace old ones to improve energy efficiency 	<ul style="list-style-type: none"> Decrease in costs: operating costs are reduced 	<ul style="list-style-type: none"> Accelerate the switch to energy-saving and automated equipment Promote the use of new and clean energy, such as electric vehicles and electrical equipment
	<ul style="list-style-type: none"> Investors increasingly prefer environment-friendly enterprises 	<ul style="list-style-type: none"> Decrease in costs: financing costs are lowered 	<ul style="list-style-type: none"> Promote green production and green operation Procure raw materials and green products Improve the emissions management process
	<ul style="list-style-type: none"> Consumers increasingly prefer environmentally-friendly products 	<ul style="list-style-type: none"> Increase in revenue 	<ul style="list-style-type: none"> Incorporate climate change considerations into the procurement process and actively consider low-carbon or zero carbon and energy-efficient products and materials

We identify, assess, and manage potential climate risks on a regular basis and incorporate them into the Group’s risk management system. During the Year, we identified physical and transitional risks and opportunities that may emerge in the future. Working with our Risk Management Department, we analysed potential climate risks and opportunities, assessed their impacts, and developed strategies to mitigate and adapt to them.

<p>Mitigation</p> <ul style="list-style-type: none"> Contribute to achievement of the national goals of carbon peak and carbon neutrality by reducing carbon emissions in accordance with short and medium-term goals that are based on scientific or industrial practices and are in line with its long-term commitments; Report on the progress made towards achieving the targets annually; Adopt the best industry practices to improve energy efficiency and reduce resource consumption in operations; Firmly implement and promote energy conservation and emission reduction policies and management systems, as well as energy usage measurement and management systems in all factories; Promote research on new processes, regularly upgrade and transform production workshop equipment and instruments, continue to increase investment in environmental protection equipment, minimise the use of fossil fuels in the production of aluminium products, and reduce generation of GHGs; Continue to promote solar PV electricity generation projects and reduce energy consumption of the production department and other departments. 	<p>Adaptation</p> <ul style="list-style-type: none"> Assess financial and other risks and opportunities related to climate change and the impact of climate change on its business; Ensure relevant procedures and measures are in place to prevent or reduce damage from climate change and to take advantage of opportunities that may arise; Report on climate risks and opportunities in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD); Incorporate climate change and extreme weather events into corporate risk management procedures and business continuity plans; Collaborate with various stakeholders including employees, suppliers, and customers to enhance the adaptability of all parties to climate change.
	<p>Assessment</p> <ul style="list-style-type: none"> Regularly assess climate-related risks and opportunities; Incorporate climate-related risks as part of the risk management process by adopting effective mitigation measures.

PERFORMANCE AND MEASURES

Energy Conservation and Emission Reduction Transformation

The Group strictly complies with the Energy Conservation Law of the People’s Republic of China, the Comprehensive Work Plan of the State Council on Energy Conservation and Emission Reduction, and other relevant laws and regulations related to energy conservation and carbon reduction. We also formulated and implemented an Energy Conservation and Emission Reduction Management System which clarifies the management mechanism and working procedures of energy use, to continuously improve our energy conservation and carbon reduction management system, as well as optimise our energy consumption during business operations. The Group established an Energy Conservation Working Group and assigned energy management personnel in production, management, and other relevant departments to oversee work related to energy conservation and emission reduction, such as the analysis of energy consumption statistics, target setting procedures, and the development of plans to save energy.

Main duties of the Energy Conservation Working Group

Implement national, local, and industrial policies, regulations and standards on energy conservation and emission reduction, organise, formulate, and implement energy conservation and emission reduction management rules, energy conservation and emission reduction targets and relevant management standards, systems and standards.

Examine various energy conservation and emission reduction work of the enterprise, review and approve major energy conservation and emission reduction achievements and major rewards and punishments of the enterprise.

Organise and formulate energy conservation and emission reduction publicity, education, and training plans, and develop specific implementation plans.

We also actively fulfilled our corporate responsibilities to combat climate change, gradually promoted the strategic integration of low-carbon transition and our corporate development, formulated energy conservation and carbon reduction plans that are suitable for the Group’s development, and defined clear carbon reduction objectives and solutions for upgrading our energy conservation technologies.

Energy Conservation and Carbon Reduction Objectives	
GHG reduction directional objectives	Actively implement the Group’s energy conservation measures and maintain or gradually reduce our carbon footprint pursuant to such measures
Energy-saving directional objectives	Actively implement the Group’s measures in relation to resources conservation and consumption reduction, and maintain or reduce our consumption of energy, water, and packaging materials pursuant to such measures
Paper usage directional objectives	Actively implement the Group’s measures in relation to paper conservation, and maintain or gradually reduce our paper consumption pursuant to such measures

Key Energy Conservation and Carbon Reduction Projects at Our Factory During the Year

Workshop	Project	Energy Conservation and Emission Reduction Achievements	Completion Status
Extrusion workshop	Tempering Furnace Energy Conservation Transformation Project	Saved an estimated 23.9 kWh/ton of energy	Completed ✓
Oxidation workshop	Recycling and Reusing Oxidised Cooling Water	Saved approximately 60 m ³ of water	Completed ✓
Melting and casting workshop	Exhaust Gas Treatment System Upgrading Project	Improved energy efficiency by 40% by upgrading air compressors and optimising pipes	Completed ✓
Factory	Digitalised Energy Consumption Management Platform Project	Established an online energy consumption management system to realise real-time monitoring and data visualisation of key energy consumption processes	Completed ✓

Green Office

Recycling scrap materials

We actively recycle and reuse waste materials with the help of our partners or professional companies.

Reducing paper usage in offices

We encourage employees in offices to print in duplex mode to reduce paper usage. Through this simple but effective measure, we aim to reduce the impact of wastepaper on the environment.

Waste collection and separation

We assigned dedicated personnel to recycle and sort waste, to ensure that domestic waste generated from our office are separately collected. Sorted waste is then sold to a third-party recycling company for further reuse, in order to reduce burden on landfills.

Energy efficient lighting

Energy efficient lighting is widely used in our offices and staff quarters. Highly-efficient LED lighting is used in the office areas, while smart sensors or acoustic lighting are installed in staff quarters and corridors.

Data Transparency

During the reporting period, we formulated the Energy Measurement Management System and other specific accounting guidelines, and further unified and regulated the overall standards and methods for energy measurement, according to rules and regulations such as the Metrology Law of the People's Republic of China, the Measures for the Supervision and Administration of Energy Measurement, the Auditing Rules for Energy Measurement in Key Energy Consuming Units. We also established a digitalised energy consumption data management platform to measure energy consumed in every step of the production process, to allow better comparisons of production data.

During the Year under review, we consumed 115,157.1 MWh of energy in total, representing a 26% year-on-year decrease; the proportion of energy use increased slightly, accounting for 39.7% of the total energy consumption; the consumption of natural gas and fuel used for vehicles accounted for 59.6% and 0.69% of the total energy consumption, respectively; in addition, no acetylene was consumed during the Year.

Energy Consumption

Type of Energy		Unit	2022	2023	Year-on-year change
Direct Energy	Acetylene	tonnes	8.2	0	-100%
	Natural gas	m ³	8,760,218	6,346,777	-27.6%
	Fuel used for vehicles	tonnes	139.3	66.73	-52.1%
Indirect Energy	Purchased electricity	MWh	59,091.3	45,730.3	-22.6%
Total comprehensive energy consumption		MWh	155,589.3	115,157.1	-26.0%
Total comprehensive energy consumption Intensity		MWh/m ²	1.02	0.75	-26.2%
Total comprehensive energy consumption intensity		MWh/million revenue ¹	113.16	111.08	-1.8%

The Group actively promotes the use of renewable energy sources and made great efforts to develop solar PV electricity generation projects to optimise our energy mix and reduce emissions of GHG and other pollutants. As at the end of 2023, we have laid out 150,000 m² of PV panels in staff quarters at our factory. We are also gradually developing solar-powered car parks and other PV electricity generation projects.

During the Year, the Group's total GHG emissions was 40,180.8 tCO₂e, indicating a downward trend. Emission intensity decreased to 38.76 tCO₂e/million revenue, representing a decrease of 25.3% and 0.9%, respectively.

GHG Emissions²

Type of GHG	Unit	2022	2023	Year-on-year change
GHG emissions (scope 1) ³	tCO ₂ e	20,052.3	14,073.8	-29.8%
GHG emissions (scope 2) ⁴	tCO ₂ e	33,699.8	26,080.0	-26.6%
GHG emissions (scope 3) ⁵	tCO ₂ e	18.2 ⁶	27.0	48.4% ⁷
Total GHG emissions	tCO ₂ e	53,770.3	40,180.8	-25.3%
GHG emissions Intensity	tCO ₂ e/m ²	0.35	0.26	-25.0%
GHG emissions intensity	tCO ₂ e/million revenue	39.10	38.76	-0.9%

¹ Denominated in HKD.

² The Group's GHG emissions include carbon dioxide, methane and nitrous oxide, and is reported in carbon dioxide equivalent.

³ Scope 1 includes direct GHG emissions from stationary sources and fuel consumed by vehicles. The emission factors used in the calculation of emissions are based on the European Monitoring and Evaluation Programme and the EMEP & EEA Air pollutant emission inventory guidebook 2019 issued by European Environment Agency.

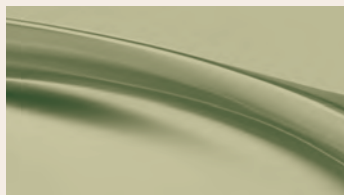
⁴ Scope 2 includes indirect GHG emissions from purchased electricity and heating. The emission factors used in the calculation of emissions are based on the circular document issued by the Ministry of Ecology and Environment of the People's Republic of China, titled "Circular on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Sector for the Period 2023-2025".

⁵ Scope 3 includes other indirect emissions from i) employees' business flights; and ii) methane arising from the disposal of wastepaper in landfills. The data is calculated based on the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator and "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

⁶ Revised 2022 Scope 3 GHG emissions.

⁷ The mileage and number of flights taken by senior management members in 2023 increased significantly as compared with 2022, representing a relatively large year-on-year change.

Environmental Management



Through responsible environmental management, we reduce the impact of our operation and production processes on the environment, to realise the co-existence of the economy and the environment.

Pursuant to the national standard titled “Management System – Requirements and Guidelines” (GB/T 24001-2016), we formulated a number of internal policies including the Management Manual, under which, a comprehensive Environmental Management System (EMS) has been established in conjunction with the ISO14001 standard, which allowed us to carry out environmental management more efficiently. The Group’s production base in Nanyang, Henan has obtained the ISO 14001 and the GB/T 24001-2016 EMS certifications.

EMISSIONS MANAGEMENT

We continue to strengthen the management and control of pollutant emissions arising from our operations by properly disposing or treating different types of pollutants generated from our production activities. With strict adherence to national laws and regulations, we ensure that our wastewater discharge and exhaust gas emissions comply with standards, and our solid waste is managed and disposed in accordance with the law. Pollutant emissions generated by the Group mainly include atmospheric pollutants such as sulphur oxides, nitrogen oxides, and particulate matters, as well as wastewater and solid waste.

Exhaust Gas Emissions

We strictly comply with the exhaust gas emission regulations and standards of the countries and regions where we operate our business. We specified and implemented institutional documents related to exhaust gas emission management, such as the Wastewater, Exhaust Gas, and Noise Emission Control Procedures, to standardise our exhaust gas emission management and emission requirements, and control our exhaust gas emissions with the highest standards.

Exhaust gas emissions generated by the Group mainly consist of nitrogen oxides (NO_x), sulphur oxides (SO_x), and particulate matters arising from our production processes and vehicles. In the future, we will continue to control the impact of exhaust gas pollutant emissions by continuously optimising our production activities and reducing exhaust gas generation at source. On the other hand, we will continue to ensure that our exhaust gas emission standards are steadily met, by striving to manage exhaust gas emissions through emission reduction measures.



Exhaust Gas Control Measures

1. Smoke and dust generated are processed using a dust removal system and discharged after meeting relevant emission standards, while oil and smoke generated in canteens are processed using an electrostatic precipitator and discharged after meeting relevant emission standards;
2. Non-hazardous exhaust gas is discharged through a ventilation system or indoor air vents to safeguard the health of employees and keep the workplace well-ventilated;
3. Exhaust facilities are inspected daily, and routine maintenance are scheduled and logged.

Exhaust Gas Emissions

Type of Exhaust Gas	Unit	2022	2023	Year-on-year change
Nitrogen oxides (NO _x)	tonnes	14.7	7.7	-47.6%
Sulphur oxides (SO _x)	tonnes	2.5	1.8	-28.0%
Particulate Matters (PM)	tonnes	3.1	2.0	-35.5%

Waste Discharge

The Group formulated and implemented waste management systems and operational procedures such as the General Solid Waste Management System, the Hazardous Waste Control Procedures, and the Emergency Disposal Plan for Hazardous Waste. We regulate the procedures for waste collection, storage, treatment, and disposal in strict accordance with pollution control requirements set out in relevant national laws and regulations. To develop a green economy and promote resources recycling and reuse, we formulated the Operating Regulations for Recycling Secondary Aluminium to strengthen secondary aluminium management and increase the efficiency of metal resources usage.

Waste generated by the Group are mainly categorised into general waste, hazardous waste, and recyclable waste. All hazardous waste is handed over to and disposed by qualified third-party waste management companies in accordance with the requirements of the ISO 14001 Environmental Management System. During the Year, we established waste reduction targets, and implemented waste recycling measures.

Type of Waste	Categorisation	Disposal Measures
General waste	Production waste, waste equipment, glass instruments, non-toxic waste liquid and kitchen waste	General waste is collected and handed over to the corresponding processing units for disposal
Hazardous waste	Waste cutting fluid, nickel-containing sludge	Hazardous waste is labelled and stored separately from general waste and recyclable waste, and then handed over to qualified third-party waste management companies for collection and disposal
Recyclable waste	Waste packaging materials, wastepaper and plastic bottles, metals, and waste aluminium scraps	Recyclable waste is collected by authorised recycling companies for sorting and recycling

Waste reduction targets

1. Actively carry out measures of the Group to reduce, reuse, and recycle resources, and gradually reduce waste generation, to increase the overall solid waste utilisation rate
2. Reduce waste generation by 5% every year

The Group attaches great importance to waste management. Thus, we have set up a steering group for the prevention of environmental pollution arising from hazardous waste, which aims to strengthen our control of environmental risks related to hazardous waste, reduce hazardous waste generation, encourage recycling, and dispose of waste in a non-hazardous manner. During the Year, we generated 90.81 tonnes of hazardous waste in total, which mainly consisted of waste cutting fluid, nickel-containing sludge, waste engine oil, and dust collected in bags in the smelting and casting workshop; we also generated 20,052.70 tonnes of non-hazardous waste in total, including metals, aluminium scraps, aluminium ash, waste cartons, and domestic waste. Of which, aluminium ash totaled 18,300 tonnes, all of which was recycled and reused. During the Year, we generated 1,855.93 tonnes of office wastepaper.

Waste Discharge⁸

Type of Waste	Unit	2022	2023	Year-on-year change	
Hazardous waste	Total amount	tonnes	108.40	90.81	-16.2%
	Density	tonnes/m ²	0.00	0.00	—
	Intensity	tonnes/million revenue	0.08	0.09	9.5%
Non-hazardous waste	Total amount	tonnes	27,022.90	20,052.70	-25.8%
	Density	tonnes/m ²	0.18	0.13	-26.2%
	Intensity	tonnes/million revenue	19.7	19.34	-1.8%

⁸ Calculated based on the Group's actual hazardous and non-hazardous waste records.

Wastewater Discharge

The Group formulated and implemented institutional documents related to wastewater discharge such as the Wastewater, Exhaust Gas, and Noise Emission Control Procedures, to regulate the requirements for wastewater treatment and discharge, and ensure that our sewage discharge adheres to standards. We also regularly review our business and production processes to ensure that our wastewater discharge follows the requirements of relevant laws and regulations. During the Year, Group was not aware of any material non-compliance with applicable environmental laws and regulations.

Wastewater generated by the Group mainly consists of domestic sewage arising from office buildings, canteens, and staff quarters, as well as industrial sewage arising from production and processing processes. Pollutants in wastewater include various heavy metals, acidic pollutants, oil pollutants, and other substances that pose risks to the environment. We established a sewage treatment plant at our production base in Nanyang, where we monitor sewage discharge internally and externally. An online automatic sewage monitoring system has been installed to monitor the concentration of different pollutants arising from discharged sewage in real time. Moreover, by optimising the production industry and promoting wastewater recycling, we improved our water recycling rate and reduced wastewater discharge.



Wastewater Control Measures

1. Wastewater arising from the cleansing of aluminium products undergoes pre-treatment to have its pH value corrected to 7-8, before entering the sewage treatment plant in the factory, to reduce the load of sewage treatment facilities
2. Domestic sewage is processed in the sewage treatment plant in the factory, and is only discharged to the municipal pipelines when standards are met
3. Waste liquid generated during the production process in the surface treatment workshop is regularly replaced to reduce the concentration of wastewater discharged

Wastewater Discharge

Type of Wastewater	Unit	2022	2023	Year-on-year change
Total Suspended Solids (TSS) Emissions	tonnes	4.56	2.85	-37.5%
Total Chemical Oxygen Demand (COD) Emissions	tonnes	6.90	6.22	-9.9%
Total Biochemical Oxygen Demand (BOD) Emissions	tonnes	3.18	2.00	-37.1%
Total Ammonia Nitrogen (NH ₃ -N) Emissions	tonnes	1.30	1.28	-1.5%
pH value	dimensionless quantity	7.54	7.42	—
Total Wastewater Emissions	tonnes	280,151.1	207,188.48	-26.0%

RESOURCES MANAGEMENT

Water Resources Management

The Group strictly complies with national laws and regulations and regional policies such as the Water Pollution Prevention and Control Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China, and actively promotes water conservation to enhance water management.

The Group adopted various water conservation measures to optimise our water consumption and recycle water resources. We control the total amount of water used by major production departments, and develop water consumption plans and establish water saving targets for every department and workshop. In addition, the Group continued to minimise and mitigate water-related risks internally and externally. During the reporting period, the Group consumed a total of 279,296 m³ of water, representing a year-on-year decrease of 40.8%, with a water consumption intensity of 269.4 tonnes/million revenue.

Water Optimisation Targets	<ol style="list-style-type: none"> 1. Actively implement measures to optimise the Group's water resources and gradually reduce water consumption, to increase water efficiency; 2. Reduce water consumption by 5% every year
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Workshop	Water Conservation Optimisation	Water Conservation Achievements
Oxidation Workshop	Recycle and reuse wastewater from the nickel removal pool and the alkaline wastewater cooling tank	Increased water recycling and reuse rates and reduced discharge of wastewater containing heavy metals
Oxidation Workshop	Optimise the efficiency of heat pumps by replacing high-power heat pumps with low-power heat pumps	Saved approximately 80 m ³ of water consumption every day
Office and domestic areas	Conserve more water in daily activities by installing sensor taps and placing water-saving reminders in our office and domestic areas	Reduced unnecessary water loss

Water Consumption

Type	Unit	2022	2023	Year-on-year change
Total Water Consumption ⁹	m ³	471,734	279,296	-40.8%
Intensity	tonnes/m ²	3.08	1.83	-40.7%
Intensity	tonnes/million revenue	343.1	269.4	-21.5%

⁹ Calculated based on records of the Group's actual water usage

Packaging Materials Management

The Group is committed to establishing a resource-saving and environmentally friendly enterprise. We actively promote the reduction of packaging materials on products, and replace them with more environmentally friendly materials. We also strive to reduce the consumption of packaging materials through innovation and the optimisation of packaging designs. During the Year, the total amount of packaging materials used was 760.25 tonnes, representing a decrease of 5.71%. In addition, there was a greater increase in the use of carton box and paperboard as a result of product restructuring.

Usage of Packaging Materials

Type	Unit	2022	2023	Year-on-year change
Pearl cotton	tonnes	138.98	22.68	-83.68%
Timber	tonnes	512	493.37	-3.64%
Styrofoam	kg	25,815	15,570	-39.69%
Carton box	kg	65,281	97,825	49.85%
Electrostatic film	kg	3,714	6,300	69.63%
Paperboard	pieces	2,700	60,779	2,151%
Sealing rubber	rolls	120,070	37,648	-68.64%
Stretch film	kg	20,185	24,550	21.62%
Density	tonnes/m ²	0.01	0.01	—
Intensity	tonnes/million revenue	0.59	0.73	24.3%
Total consumption of packaging materials ¹⁰	tonnes	806.3	760.25	-5.71%

GREEN ECONOMY

The Group attaches great importance to the development of a green and low-carbon economy, and strives to develop its aluminium recycling and secondary aluminium businesses. We formulated the Operating Regulations for Recycling Secondary Aluminium, which sets out comprehensive rules to manage and regulate the procurement, inspection, use, and monitoring of secondary aluminium, to ensure its quality and compliance with laws. In terms of procurement, we conduct stringent supplier evaluations and opt for business partners that comply with environmental standards. In addition, we ensure that our secondary aluminium meets quality requirements by strictly enforcing standards in accordance with the relevant operational regulations. We focus on minimizing the impact of our recycling operations on the environment, to achieve efficient recycling.

ECOLOGICAL PROTECTION

The Group has always upheld an environmental development concept based on green ecology. While developing our business, we also focus on protecting the ecological environment, including the air, fresh water, soil, and forests, and strive to reduce the impact of our operations and business on the environment and other natural resources, to create long-term value and promote the harmonious development between human beings and nature. During the reporting period, the Group did not cause any significant pollution or damage to the air, soil, water, and ecological environment in its vicinity. Pursuant to the Environmental Protection Management Operation Regulation, the Group carries out comprehensive environmental inspections and takes specific steps to mitigate the potential impact of its operations on the environment and natural resources.

¹⁰ Calculated based on records of the Group's actual packaging material usage

The management and growth of employees are closely related to the development of our Company. We strictly comply with laws and regulations related to employee management, and formulated a series of internal policies to create a diverse, equal, healthy, and safe working environment, to attract and nurture talents.

EMPLOYEE COMPOSITION

We believe that every employee is essential to our success. We are committed to building a comprehensive care system and welfare platform for our employees, to ensure that employees are supported and assisted in every aspect of their work and lives. As at 31 December 2023, the Group had a total of 738 full-time employees, all of whom were from Mainland China. We also employed 14 people with disabilities, and helped them realise their career growth. The distribution and percentages of our employees by category are set out below:

Number of employees (percentage of category)	2022	2023
By Gender		
Male	711 (64)	492 (67)
Female	398 (36)	246 (33)
By Age		
Under 30 years old	208 (19)	91 (12)
30 to 40 years old	454 (41)	302 (41)
41 to 50 years old	315 (28)	260 (35)
Over 50 years old	132 (12)	85 (12)
By Employment Type		
Full-time	1,109 (100)	738 (100)
Part-time	0 (0)	0 (0)
By Position Level		
Senior management	6 (0.5)	5 (1)
Middle management	30 (2)	27 (4)
General staff	1073 (97)	706 (95)
Number of employees with disability	16	14 (2)
By Region		
Mainland China	1,109 (100)	738 (100)

As at 31 December 2023, the employee turnover rates of the Group by category are set out below:

Turnover Rate	2022	2023
By Gender		
Male	22%	45%
Female	24%	53%
By Age		
Under 30 years old	15%	92%
30 to 40 years old	25%	34%
41 to 50 years old	33%	43%
Over 50 years old	3%	61%
By Position Level		
Senior management	0%	0%
Middle management	7%	22%
General staff	23%	49%

LABOUR PRACTICES

Employee Satisfaction

The Group appreciates employee suggestions and feedback, thus has actively set up diverse employee communication and complaint handling channels, and encourages employees to voice their opinions through the mailbox and WeChat channels of the Human Resources Department and the Company. These channels are set up to show our care to our employees, ensure that their feedback and expectations are well-considered, and that every one of them are given the opportunity to express themselves.

During the Year, the Group conducted an employee satisfaction survey and obtained an average score of 9.44, thus meeting our target. Pursuant to the survey result and employee feedback, the Group will further improve and enhance staff meals, the remuneration system, team-building activities, and the factory environment in the future.

Employee Satisfaction Survey Result



Employment Compliance

Adhering to the employment principle of “valuing ability and integrity equally, conducting open recruitments, providing fair competition, and selecting the best performing candidates”, the Group recruits talents through diversified channels. To ensure compliance in the employment process, we stipulated strict criteria for vetting the identity of job applicants in the Recruitment and Employment Management System, to eliminate the use of child labour, forced labour and other illegal behaviours. In addition, whether a supplier employs child labour is an important factor that we take into consideration during their annual performance review or evaluation. If any non-compliance behaviours are discovered, we will require the relevant suppliers to rectify the situation, else their contract will be terminated. During the Year, the Group was not aware of any non-compliance relating to employment of child labour or forced labour.

Child Labour Remediation



The Group is determined to eliminate any form of discrimination against age, gender, physical or mental health conditions, marital status, family status, religion, political orientation, and sexual orientation etc.. We are committed to upholding transparency during the employment process to safeguard employees’ rights. Through supervision and internal reviews, we will continue to maintain ethical employment standards. Pursuant to the Human Resources and Payroll Management System and Procedures, we ensure that employees’ payroll and related rights are managed in a fair and standardised manner throughout the employment cycle. Such system enables us to increase payroll transparency and provide clear career development paths to employees. To further strengthen the protection of labour rights, the Group engages a third-party to perform a labour risk assessment every year to comprehensively identify sources of risks and risk factors.

Supply Chain Labour Management

To strengthen our labour supply chain management, we specify safety production management matters and sign the Environmental and Occupational Health and Safety Notice for Suppliers when signing contracts with labour contracts. At the same time, responsible departments will conduct occupational health and safety endorsements and provide training and management for outsourced workers. If violations are found, we will enforce penalty with reference to the Environmental and Safety, Occupational Health Reward and Punishment System, and the Human Resources Department will deduct marks from the performance review for the relevant contractor according to the terms of contract. If any breach of contract by other parties is discovered, their compensation will be deducted by the relevant department in accordance with the terms of contract.

EMPLOYEE CARE AND BENEFITS

Remuneration and Welfare

The Group believes that a good benefit package helps us fully motivate employees to give full play to their individual strengths and enhance their sense of belonging to their jobs. We continue to optimise and improve our remuneration, subsidies, holidays, and other welfare systems, and attract, incentivise, and retain talents with competitive remuneration packages. We also continue to optimise the remuneration framework by reviewing the remuneration assessment system on a regular basis. Pursuant to the labour contract, in the month following the signing of the labour contract, the Group will set up a social insurance account for its employees and pay relevant monthly contributions in accordance with the law. To ensure employees’ social insurance rights, we will adjust the base amount of the social insurance and the proportion of employee contribution from time to time.

We stipulated our employee benefit system in detail in relevant documents such as the Employee Handbook and the Remuneration Management Measures. Various types of additional allowances are provided to employees, including but not limited to skills allowance, full attendance rewards, high-temperature subsidies, and performance-based salary, so as to retain and motivate outstanding talents. For employees with outstanding performance, all rewards are considered by the Human Resources Department as an important basis for personal salary increase and promotion. The Group has especially established a learning allowance system to provide further care for the overall wellbeing of employees. During the Year, the Group's talents skewed increasingly younger.

This award system is established with the aim of encouraging employees to constantly improve their skills and stimulating their passion towards their jobs. We are confident that such incentive measures will help us create a dynamic and passionate working environment that will drive the Group to achieve better performance and development goals.



Basic salary	Floating wages	Allowances	Bonus	Statutory welfare
<ul style="list-style-type: none"> Monthly fixed salary 	<ul style="list-style-type: none"> Performance-based salary Full attendance reward 	<ul style="list-style-type: none"> Supervisors' allowances Skills allowance High temperature allowance Learning allowance 	<ul style="list-style-type: none"> Innovation Award General Manager Fund Award Outstanding Employee Award 	<ul style="list-style-type: none"> Five insurances and housing fund Statutory holidays

Employee Care

In 2023, in order to enhance the cohesion and sense of belonging among employees and promote a healthy balance between work and life, the Group organised a series of activities including a tug-of-war competition and the celebration of the Group's anniversary, to promote communication between employees and deepen the corporate culture.



Celebration of our 10th Anniversary



The Third Tug-of-War Competition

OCCUPATIONAL HEALTH AND SAFETY

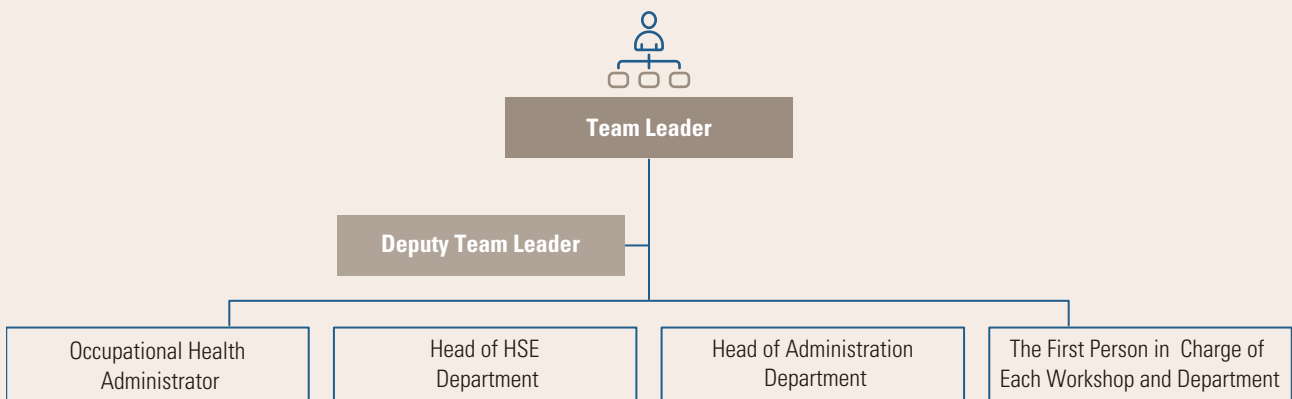
The Group attaches great importance to its health and safety performance, and is committed to minimising the related occupational health and safety risks and hazards, and creating a safe workplace. We formulated internal regulations to specify in detail the safeguards relating to occupational health and safety, and the necessary procedures for preventing and handling emergency health and safety-related matters, so as to lay a solid foundation for the occupational health management system. For example, the Employee Handbook, the Public Education and Training System for the Prevention and Control of Occupational Diseases, the Safety Education Training System, the Occupational Disease Prevention Equipment Management Policy, the Environmental and Safety, Occupational Health Reward and Punishment System, the Environmental and Safety, Occupational Health Inspection System, and other standards help us regulate occupational health-related operating procedures and processes, make quarterly summaries of our work related to occupational health and safety, and make progress summaries of the Group’s overall progress related to occupational health in terms of safety production, occupational health and environmental protection. In particular, we have developed special assessment criteria in relation to the Group’s safety management protocol, safety production planning for special operation personnel, hazard rectification, special inspections, and other areas. We also conduct detailed audits of the number of employees receiving health checks and the evaluation of the current state of occupational health. The Nanyang factory in Henan, being one of our subsidiaries, has obtained the ISO 45001 Occupational Health Management System Certification.

Safety Management and Governance

To effectively prevent occupational diseases and safeguard the health of employees, as well as facilitate the rapid and healthy growth of our business, the Group established the Occupational Health Management Leadership Team (OHMLT), which is composed of the Occupational Health and Safety Department, the Administrative Department, the first person in charge of each workshop and factory site, and the leadership team of the OHMLT. The OHMLT will implement the national laws and regulations on occupational health management and occupational disease prevention and control, and incorporate such matter in the core areas of our corporate management.

The Team will also review the Group’s milestones and specific plans to achieve the targets for occupational health and occupational disease prevention and control, and regularly monitor and inspect the implementation of the plans. It is also responsible for formulating and revising internal occupational disease prevention and management measures, implementing relevant testing plans, etc., and providing training on protection from occupational hazards for different positions, and conducting regular training and assessment on occupational health knowledge, etc..

Governance Structure of the Occupational Health Management Leadership Team (Nanyang Factory)



The Group conducts annual physical examinations of all employees (including positions exposed to hazards and positions not exposed to hazards). We arrange examination of employees for occupational disease before, during and after work. We also distribute protective equipment such as safety equipment for the office and construction sites to prevent accidents at the workplace and reduce occupational hazards. The Group set our standards for work-related injuries and accidents based on national standards, and aims to maintain the incidence rate of work-related injuries below 0.003 and the incidence rates of occupational disease and mass poisoning (pollution) to be 0 every year. We strictly abide by all applicable laws and regulations in relation to occupational health and safety, and constantly reduce occupational health and safety risks at our workplace. During the Year, the Group was not aware of any major incidents involving occupational health and safety management, and no work-related fatalities or major accidents related to safety production were recorded. The passing rate of physical examination for all employees was 100%, and all tests passed spot checks at the factory.

Occupational Safety and Health Performance	2021	2022	2023
Cases of work-related injuries	22	5	9
Employees injured at work	20	5	7
Percentage of work-related injuries	1.55%	0.45%	1%
Lost days due to work-related injuries	727	438	395
Work-related fatalities	1	0	0
Percentage of work-related fatalities	0.078%	0%	0%

Occupational health and safety targets	1. Maintain the incidence rate of work-related injuries below 0.003
	2. Rectify safety hazards that have been identified, and gradually achieve a 100% rectification rate
	3. Increase the rate of employees receiving pre-employment screening to 100%

Performance Review

To strengthen the code of conduct for all departments and all job functions, prevent and reduce incidents related to safety production, environmental pollution, and occupational health, we have formulated an internal Environmental and Safety and Occupational Health Reward and Punishment System in accordance with the Production Safety Law of the People’s Republic of China, the Regulation on Labor Security Supervision of Henan Province, and other laws and regulations. It is clearly stipulated in the system that the occupational health performance of our employees and senior management members will be scrutinised on a monthly basis.

In the event of a breach of rules and regulations, we will take various forms of action, including but not limited to verbal warnings, performance deductions, administrative actions, and even termination of labour contracts, to ensure the compliance of all employees with relevant requirements relating to safety production and occupational health. The system is established with an aim to establish a stringent management system to ensure the occupational healthiness of the workplace, and at the same time, raise the safety and risk awareness of all employees.

Prevention and Control

To enforce the standard code of conduct for personnel in all departments of the Group and its subsidiaries, and to identify and eliminate safety hazards in equipment and facilities, the operating environment, and personnel operation in a timely manner, we formulated the Environment, Safety and Occupational Health Inspection System and the 2023 Occupational Health Prevention and Implementation Plan, in which we stipulated the types of items included in safety inspection, as well as the schedule and rectification measures for potential hazards. Comprehensive, special, and regular inspections are conducted to cover all aspects of production safety in our operations. Moreover, we promote the prevention of occupational diseases in all respects by upholding the principles of “integrated management” and “compartmentalised management”.

In recent years, the Nanyang factory in Henan (one of our subsidiaries), has obtained the Level II Certification of Safety Production Standardisation, which means that the enterprise has established a long-term mechanism for production safety through self-inspection, rectification, and improvement. We strive to prevent all kinds of safety accidents and occupational safety incidents as much as possible, and establish a dual prevention mechanism that consists of safety risk categorisation and management, and hazard inspection and management.

During the Year, we continued to carry out daily safety inspections, weekly, monthly, and quarterly safety checks, as well as pre-holiday, specialised, and major accident and hazard investigations. Moreover, we collaborated with local governments to conduct cross-provincial and municipal inspections, and conducted emergency drills for three situations, namely, confined spaces, fire, and gas leakage. We also added soundproofing devices to the pressure sawing area, and upgraded the manual table saws for melting to automatic ones, to reduce the noise damage caused by the operation process.

We strictly abide by relevant measures related to occupational disease prevention, including the installation of dust extraction and soundproofing devices on our equipment and facilities, and the installation of ventilators and cooling devices in our high-temperature workshops. Meanwhile, we also organised regular occupational health checks for workers who are exposed to relevant occupational hazards, and established a comprehensive occupational health management system. This series of measures aims to ensure that our employees work in a safe and healthy environment, and at the same time, ensure that the Group continues to comply with relevant safety production standards and regulations.

During the Year, we engaged a qualified third-party organisation to perform a labour risk assessment, which assessed the current state of occupational hazards at our workplace during business operations, to further identify labour-related risks and optimise and improve relevant measures.



Conduct regular safety education training



Conduct regular safety inspections to ensure production safety

Safety Training

The Group develops safety training plans for its employees on a regular basis. Pursuant to the requirements of internal documents such as the Safety Education and Training System, the trainings cover different topics and is targeted to different job positions. New employees are required to sign documents such as the Occupational Health and Safety Notice and the Safety Management Agreement when they join the Company. Meanwhile, we conduct regular safety drills related to traffic and fire safety.

Safety Education and Training Program	<p>Training for new employees:</p> <p>New employees must undergo three levels of safety education and pass an examination before they are allowed to start working. The training program is organised by the Human Resources Department with the assistance of the HSE Department. Topics include: national laws and regulations, basic knowledge in relation to safety production and occupational health; corporate safety production regulations and systems, labour discipline; risks, preventive measures and emergency response to accidents in the workplace; and relevant accident case studies etc.</p>
	<p>Training for general practitioners:</p> <p>General practitioners must undergo a job position safety skills training before they are allowed to work independently. The duration of the training for new workers is around six months, while that for internal transferees is three months. They must pass an examination before they can work independently. Every year, the general practitioners must also attend a safety skills training and pass an exam before they can continue to work independently.</p>
	<p>Training for employees returning to work and internal transferees:</p> <p>Employees who are absent from work for more than three months due to illness, injury, or other reasons must undergo safety education training again before they are allowed to resume work.</p>

In addition, the HSE (the safety management department) is responsible for promoting the creation of a culture of safety and mental wellbeing and raising awareness of safety culture and mental health via multiple channels. The Group organised “Occupational Disease Prevention”, a one-week campaign that provided safety awareness training to all employees. We also participated in the safety experts training and the first aid skills training hosted by the municipal bureau, and organised internal trainings related to employees’ mental health. In 2023, the Group organised a total of 8856 hours of safety production training, with 738 participants, and a training coverage rate of 100%.

ENABLING GROWTH BY TALENTS

The Administrative Measures for Nurturing Talents and Building a Talent Pipeline in the Company is an internal document that defines the Group's policies for the continuous nurturing of talents and the building of a talent pipeline. The Group has in place an internal talent pool and training system. We provide a six-month comprehensive training and internship opportunity for new employees to ensure that they can fully integrate into the Company and are equipped with the necessary professional knowledge and practical experience.

The Human Resources Department is responsible for organising and managing the Group's employee training, while each business department is responsible for organising its own annual departmental trainings and external trainings, to ensure that the contents of the trainings closely align with their respective business development, and are able to enhance the professional capabilities of employees in a customised manner. Trainings consist of internal and external trainings, and cover a wide range of topics such as employee management, professional skills, occupational health and safety, and laws and regulations. To further enhance our corporate management level and ensure the professionalism of our employees, we paid particular attention to the training of our management team. Middle management members are trained regularly by the Group's management and committee members at factory-level or above, to ensure that they are equipped with the necessary skills and knowledge required by leadership positions, such as financial knowledge and project execution skills. Additional arrangements will be made based on the actual situation. Meanwhile, we also provide customised trainings according to the requirements of our middle management leaders.

To respond flexibly to the needs of corporate development, the Group established an internal job rotation mechanism and a reserve staff nurturing mechanism. Not only do these two mechanisms enable different departments within the Group to work in synergy, but also create diverse career pathways for employees. In addition, we established an internal promotion mechanism, where we encourage the rise of outstanding talents by formulating committee management measures, organising internal elections, and offering promotion opportunities. Through systematic arrangements, we believe that our employees will be able to continuously improve their overall capabilities and better adapt to career development requirements.

We strive to create a stable and sustainable pool of talents. Every year at campus recruitment events, we invite outstanding graduates from top universities across the country to join our team, in order to discover talents with high growth potential. During the Year, a total of 5 graduates joined our Management Trainee Program. After going through systematic training and a job rotation program, they will continue to contribute to the Company.

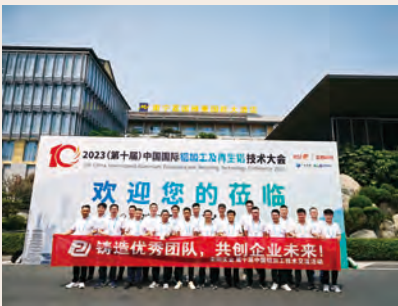
During the Year, the Group recorded a total of 118,080.00 hours of training, with an average of 160 hours of training per employee, and a training coverage rate of 100%.

Average Training Hours of Employees	2022	2023
By Gender		
Male	160	160
Female	160	160
By Position Level		
Senior management	160	160
Middle management	160	160
General staff	160	160
By Age		
Under 30 years old	160	160
30 to 40 years old	160	160
41 to 50 years old	160	160
Over 50 years old	160	160
By Employment Type		
Full-time	160	160
Part-time	—	—

Industry-Academia-Research Cooperation and Industry Conferences

We are actively engaged in industry-academic-research cooperation with universities to facilitate cross-industry exchange and technological innovation. During the Year, we collaborated with Xiangtan University in Hunan, and invited third-party experts to exchange ideas with the Group's technicians and give lectures, with an aim to solve technical problems encountered during the production process. In addition, we collaborated with Nanyang Vocational College of Agriculture to launch an internship program for students to attend professional courses at our factory, and gain practical, on the job experience. Outstanding students were given job opportunities. Through in-depth cooperation with universities, not only did we provide a platform for employees and students to learn and exchange ideas, but also promoted technological innovation and knowledge sharing.

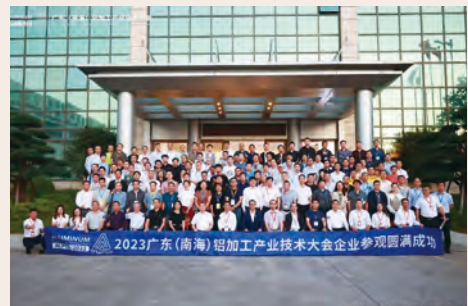
We made full use of the resources from industry conferences to communicate and discuss ideas with top talents in relevant professions. These industry conferences provided us with the latest industry trends and cutting-edge technologies, and served as platforms for us to have in-depth exchange with professionals.



The 10th Chinese and International Aluminium Processing and Secondary Aluminium Technology Conference



Chinese Aluminium Processing Industry Annual Conference 2023



Guangdong (Nanhai) Aluminium Processing Industry Technology Conference 2023

Operational Excellence



Leveraging technological advancements, the Group leads innovation in the aluminium alloy industry. We endeavour to create sustainable value for its stakeholders; with responsible supply chain management, we ensure that our products and services comply with sustainability standards at source, to create customer satisfaction.

TECHNOLOGICAL INNOVATION

As a learning, innovative enterprise, we focus on the research and development and manufacturing of high-end aluminium profiles. Using innovation, we facilitate business development with advanced CNC processing centres, and are committed to conducting the R&D and production of new energy products, as well as promoting the R&D and production of projects such as battery trays of new energy vehicles, battery terminal profiles, a series of high-strength aluminium alloy materials, secondary aluminium recycling and reuse, to actively drive the industry's transition to a green economy at a rapid pace.

The Group has a team of experienced product developers that allows us to stay committed to developing new products and processes to enhance our competitive edge, thus staying at the forefront of technological research and development. At the same time, by creating a highly efficient industry-academia-research cooperation model, we have combined the Group's internal resources with the scientific research strength of universities. We maintain close collaborations with more than 20 research institutes, tertiary education institutions and aluminium alloy extrusion enterprises to establish an innovative system where we adopt, research, and develop new products, new processes, and new technologies, to significantly enhance our technological innovation capabilities. At present, we have established the Henan Province Aluminium Alloy Extruded Materials Engineering Technology Research Centre. We teamed with Henan Polytechnic Institute and the Nanyang Vocational College of Agriculture to establish the Equipment Manufacturing Industry Institute and the Rongyang Industrial Institute, and owned more than 30 patents. In 2023, we filed 8 innovative patents and were granted 1 of them.

RESPONSIBLE SUPPLY CHAIN

Supplier Assessment Procedures

During the Year, the Group updated its Procurement Control Procedures to cover all suppliers. The new procedures now include elements regulating the selection and assessment procedures of suppliers, to ensure that the procurement process follows the "5Rs" principles (right time, right quality, right quantity, right price, and right place) and that all products and services procured meet the Group's strict requirements. In addition, we formulated and implemented the Operation Standards for Secondary Aluminium Procurement, which strengthened the requirements for supply chain sustainability, to ensure that our business partners are committed to promoting environmental protection and resource recycling practices together with us.

During the supplier admission process, we will conduct an all-round assessment on candidates, which include both on-site and written evaluation components. Multiple factors, such as business management, quality management, productivity, health and safety, environmental management, and social responsibility, will be considered. Suppliers passing the assessment must sign agreements including the Supplier Quality Assurance Agreement, the Letter of Undertaking of Non-use of Environmental Management Materials, and the Notice of Suppliers on Environmental and Occupational Health and Safety. Using the internal supplier management system, we will track the delivery and timeliness, product quality and defect rate, and other metrics of every supplier, as well as review and rate their performance on a monthly and annual basis.



We work closely with suppliers via multiple communication channels (including the signing of agreements, emails, WeChat, and telephone calls) to maintain a strong business relationship with them, and work together to achieve sustainability goals. During the Year, 33 of the Group's major suppliers were from Southern China.

Supplier Risk Assessment and Management

The Group continues to strengthen the sustainable risk management of its supply chain. To clarify our risk management principles regarding quality, the environment, and other dimensions, we formulated the Environmental Protection Management Operation Regulation and the Code of Practice for the Management of Hazardous Substances and Materials. Through supplier development, supplier tracking and improvement, supplier replacement, and other processes, we can gain a thorough understanding and evaluate the performance of suppliers in terms of environmental protection, employee rights, anti-corruption, occupational health, social responsibility, and other aspects, and encourage suppliers to work together with us to improve the supply chain system, such that it becomes more responsible and sustainable, with more room for development.

The Group formulated requirements related to the execution of agreements for different types of suppliers (such as suppliers of dangerous goods), to adopt a differentiated management approach. In addition, suppliers are required to take the initiative to report any changes in production locations, procedures, materials, or environmental management systems to the Group during the contract period, as well as submit an environmental assessment report prepared by a qualified third-party, together with other environmental and social certification documents, to ensure the sustainability and compliance of the supply chain.

Among products with the same economic costs, we will give priority to those with better environmental credentials. We continue to raise the standards of products as demanded by suppliers so that they will provide us with greener and more environmentally friendly products. To ensure the stability of the supply chain and the diversification of risks, the Group sources its raw materials and auxiliary materials from more than one supplier. At present, every raw material comes from three or more suppliers. At the same time, leveraging the risks caused by metal price fluctuations resulting from future contracts of the Shanghai Stock Exchange, we can ensure the stable operation of our business.

PRODUCT RESPONSIBILITY

Quality Management

As a leading aluminium manufacturing and processing enterprise in the PRC, the Group regards product quality as one of its core competencies. Therefore, we have actively promoted the certification of our quality management system and obtained the ISO9001 Quality Management System certification. We strictly adhere to the Product Quality Law of the People's Republic of China and other relevant laws and regulations related to quality in places where we operate business, and are committed to safeguarding product quality and safety by providing quality, safe, and responsible products and services to customers. During the reporting period, the Group did not have any major quality violations.

With our international product quality assurance system, comprehensive testing facilities, independent testing laboratories and professional testing personnel, the Group provides a fundamental guarantee for high product quality. At the same time, we formulated and implemented the Product and Process Monitoring and Measurement Control Procedures and the Unqualified Product Control Procedures. We also established a full-cycle quality management system, under which we conduct batch-by-batch inspection of the quality of four types of goods, namely, incoming materials, semi-finished products at the manufacturing stage, finished products, and outgoing products, to ensure the compliance of outgoing products with industry and national quality standards. During the reporting period, no products of the Group was recalled on account of health and safety reasons.

Product Quality Assurance System			
Incoming Quality Control	Process Quality Control	Final Quality Control	Outgoing Product Inspection
IQC Incoming materials are inspected in accordance with the Incoming Material Inspection Procedures	PQC Semi-finished products are measured and monitored at different stages of the production process	FQC Finished products are inspected in accordance with inspection specifications and blueprints	OQC Packaging methods and labels of outgoing products are inspected in accordance with product blueprints and inspection specifications

Customer Satisfaction

To ensure that customer needs are met and our service quality is up to standard, and to establish a sound service quality management system, the Group formulated and implemented the Customer Service Control Procedures, the Customer Complaint and Product Return Policy, and other relevant systems and procedures to regulate our business dealings with customers, and provide pre-sales, sales, and post-sales services to customers.

We seek to understand customer feedback related to our products and services via multiple channels, in order to communicate with customers in an effective manner, and relay their demands and feedback to production departments in charge of manufacturing, technology, quality, and other areas in a timely manner. We also develop product improvement plans based on customer needs in a timely manner and constantly improve our service quality, to improve customer satisfaction. In 2023, we continued to conduct an annual survey on customer satisfaction to gain a deeper understanding of our relationship with customers. Our customer satisfaction rate reached 93%%, with an overall “satisfactory” rating.

We also have in place a customer complaint handling solution and process, where we must communicate with the complainant within 24 hours of receiving their complaint and give a written response within 3 days. During the reporting period, the Group received a total of 39 complaints related to its products and services, all of which have been properly handled.

Customer Complaint Handling Process



We have set up an Environmental Promotion Committee to monitor and ensure that all substances under our environmental management are within standards, and our products comply with the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) requirements and meet customer-specific requirements.

INTELLECTUAL PROPERTY RIGHTS AND CUSTOMER PRIVACY PROTECTION

Intellectual Property Rights Protection

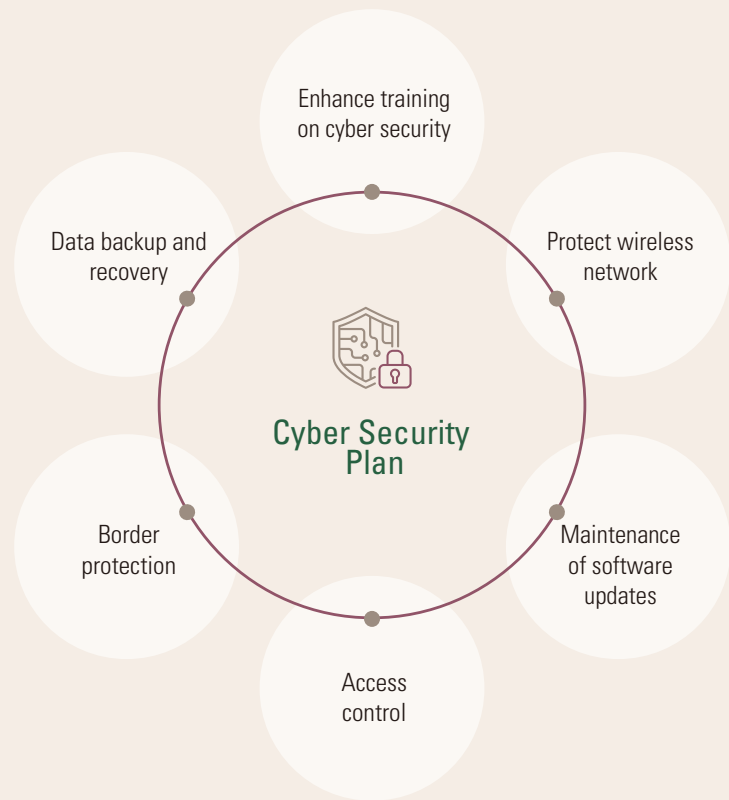
The Group attaches great importance to the protection of intellectual property rights and applies for patent protection in a timely manner for the latest inventions created by its employees. We require our employees to respect and comply with all applicable laws and regulations relating to intellectual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

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

Customer Privacy and Cyber Security

To enhance network security management and information protection and to prevent leakage of important trade secrets and customer data, the Group has established network risk vulnerability control and management objectives and a network security plan, with reference to the International Society for Information Systems Auditing and related technical control objectives. The Group continues to strengthen the management of its network security by managing the Internet use of factory workers, using internet filtering software, changing firewall service providers, and upgrading firewall systems.

To strengthen cyber security management and information protection, the Group provides cyber security training for its finance department. Confidentiality measures and regulations are in place to ensure that only key personnel are authorised to access information on our computers. To prevent the loss and leakage of important information, the Group has set up a separate database and backups all important information and customer files every day or adopts off-site backup solutions. We also defined the user roles of each department and manager, and granted different access permissions and levels to different departments. In 2023, no security incidents relating to the violation of security codes and company policies occurred in the Group.



Product Labelling and Advertising Management

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

ANTI-CORRUPTION

Establishing an Anti-corruption System

The Group strictly adheres to anti-corruption laws and regulations and have adopted a “zero-tolerance” policy to resist all acts of corruption, dishonesty, fraud, money laundering or misappropriation of company finances. When implementing the relevant requirements under the Staff Handbook, we clearly expressed our anti-corruption and zero-tolerance stance, and set out communication channels, such as staff complaint mailboxes and departmental forums, in detail. Under this system, employees are required to strictly comply with the Company’s anti-corruption policies and incorporate them into their everyday activities. We formulated the Implementation Rules for Working Style, and established relevant working groups to monitor the implementation of such rules. In addition, we also established and implemented the Workplace Gift Giving Management System which effectively regulates employees’ business behaviours to prevent the risk of corruption.

Strengthening our Internal Supervision System

We actively established an internal supervision system by formulating the Internal Supervision Whistleblowing Policy and establishing an employee whistleblowing hotline, which provided employees with a secure channel to expose any possible acts of corruption, thereby allowing us to discover and rectify potential corruption problems as early as possible. Strictly adhering to the principle of confidentiality, the Group ensures that the personal identity and information of whistleblowers are protected. Our audit committee reviews the relevant policies regularly to ensure compliance with the applicable laws and regulations and the Listing Rules.

Whistleblowing and Complaint Procedures



Employees’ Integrity Pledge

We require managers at factory and managerial level and above to sign an Integrity Pledge. This not only helps us restrict employees’ behaviours in a legal manner, but also introduces an internal responsibility system to our workplace.

Extensive Coverage and In-depth Promotion of Training for All Employees

In 2023, the Group’s management and all staff of the Purchasing Department completed anti-corruption training and participated in anti-corruption awareness sessions. Among the participants, 389 were employees and 5 were Board members. The trainings and sessions aimed to raise the ethical and anti-corruption awareness of employees to ensure the integrity and transparency of our business activities. Meanwhile, we included training programs on business ethics and anti-corruption in our induction training, to ensure that new employees have a clear understanding of our Company’s expectations and requirements. In the future, we will extend our anti-corruption and business ethics training to all employees, to assert the Group’s firm stance on anti-corruption.



The Group actively participates in different charity events and public welfare activities in Nanyang City, and cares for every member of the community, especially disadvantaged and impoverished groups in the local community. During the financial year, the Group donated a total of RMB40,000 to charity.

During the Year, the Group participated in the “2023 99 Giving Day” in Wolong District, Nanyang City and donated RMB10,000 to the Nanyang Charity Association. We also donated RMB10,000 to the Henan Heroes Foundation to honour people who acted courageously in just causes; and gifted RMB10,000 as a holiday relief to all teachers of Nanyang No. 9 Elementary School to show our support for the education sector. Moreover, we visited poor families in Yuchi Village during the Year, and provided them with some basic supplies to meet their basic needs.

By participating in these charity events, not only did we fulfill our corporate social responsibility, but also built stronger relationships with members of the local community. We will continue to work hard to promote community development, and contribution to the creation of a better future.



LAWS AND REGULATIONS

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

PERFORMANCE DATA SUMMARY

Environmental Management

	2022	2023
Resources Consumption		
Electricity (MWh)	59,091.3	45,730.3
Gasoline (tonnes)	130.8	59.2
Gasoline (tonnes)	8.5	7.5
Natural gas (m ³)	8,760,218	6,346,777
Acetylene (tonnes)	8.2	0
Water resources (tonnes)	471,734	279,296
Resources Consumption		
Greenhouse Gas Emissions		
Total GHG Emissions (CO ₂ -e)	53,770.3	40,180.8
Scope 1: Direct emissions (tonnes of CO ₂ -e)	20,052.3	14,073.8
Scope 2: Indirect emissions (tonnes of CO ₂ -e)	33,699.8	26,080.0
Scope 3: Indirect emissions (tonnes of CO ₂ -e)	18.2	27
Exhaust Gas		
Sulphur oxides (tonnes)	2.5	1.8
Nitrogen oxides (tonnes)	14.7	7.7
PM (tonnes)	3.1	2.0
Wastewater		
Wastewater discharge (tonnes)	280,151.1	207,188.48
Waste		
Hazardous waste (tonnes)	108.4	90.8
Non-hazardous waste (tonnes)	27,022.9	20,052.7
– Waste filter boards (tonnes)	3.3	26.0
– Waste wooden products (tonnes)	79.9	70.6
– Aluminium scrap (tonnes)	25,224.1	1,8300
– Waste cartons (tonnes)	13.0	11.8
Aluminium ash (tonnes)	1,563.5	1,491.3
Packaging Materials		
Total consumption of packaging materials (tonnes)	806.3	760.25
– Pearl cotton (tonnes)	138.98	22.68
– Timber (tonnes)	512	493.37
– Styrofoam (kg)	25,815	15,570
– Carton box (kg)	65,281	97,825
– Electrostatic film (kg)	3,714	6,300
– Paperboard (pcs)	2700	60,779
– Sealing rubber (rolls)	120,070	37,648
– Stretch film (kg)	20,185	24,550

Staff Management

	2022	2023
Workforce Distribution		
By Employment Type		
Total number of full-time employees	1,109	738
Total number of part-time employees	0	0
By Age		
≤29	208	91
30-40	454	302
41-50	315	260
≥51	132	85
By Gender		
Male	711	492
Female	398	246
By Position Level		
Senior management	6	5
Middle management	30	27
General staff	1,073	706
Number of employees with disability	16	14
By Region		
Mainland China	1,109	738
Employee turnover rate		
By Age		
≤29	15%	92%
30-40	25%	34%
41-50	33%	43%
≥51	3%	61%
By Gender		
Male	22%	45%
Female	24%	53%
By Region		
Mainland China	23%	48%
By Position Level		
Senior management	0%	0%
Middle management	7%	22%
General staff	23%	49%

	2022	2023
Staff training		
Total training hours of employees	177,440	118,080
	1,109	738
Average training hours of employees	160	160
By Gender		
Male	160	160
Female	160	160
By Position Level		
Senior management	160	160
Middle management	160	160
General staff	160	160
By Age		
≤29	160	160
30–40	160	160
41–50	160	160
≥51	160	160
By Employment Type		
Full-time	160	160
Part-time	0	0
Percentage of employees trained		
By Gender		
Male	100%	100%
Female	100%	100%
By Position Level		
Senior management	100%	100%
Middle management	100%	100%
General staff	100%	100%
By Age		
≤29	100%	100%
30–40	100%	100%
41–50	100%	100%
≥51	100%	100%
By Employment Type		
Full-time	100%	100%
Part-time	0	0

	2022	2023
Total hours of occupational safety and health training	13,308	8,856
Total number of people receiving occupational safety and health training	1,109	738
Health and Safety		
Occupational Safety and Health Performance		
Cases of work-related injuries	5	9
Employees injured at work	5	7
Percentage of work-related injuries	0.45%	1%
Lost days due to work-related injuries	438	395
Number of work-related fatalities	0	0
Percentage of work-related fatalities	0	0

HKEX ESG REPORTING GUIDELINES

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

General Disclosure and Key Performance Indicators	Requirements of the HKEX ESG Reporting Guidelines	Section/Remarks
REPORTING SCOPE		
Mandatory Disclosure	Explain the scope of ESG reporting and describe the process of selecting which entities or businesses to include in the ESG report. If the scope of reporting changes, issuers should explain the differences and the reasons for the changes.	ABOUT THIS REPORT – Reporting Scope
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.	ENVIRONMENTAL MANAGEMENT During the Year, the Group was not aware of any non-compliance with applicable laws and regulations that attracted fines or sanctions of a non-monetary nature.
KPI A1.1	The types of emissions and their respective emissions data.	ENVIRONMENTAL MANAGEMENT – Emissions Management – Waste Discharge KPI
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	RESPONDING TO CLIMATE CHANGE – Performance and Measures KPI
KPI A1.3	Total hazardous waste produced and intensity.	ENVIRONMENTAL MANAGEMENT – Emissions Management – Waste Discharge KPI
KPI A1.4	Total non-hazardous waste produced and intensity.	ENVIRONMENTAL MANAGEMENT – Emissions Management – Waste Discharge KPI
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Emissions Management – Exhaust Gas Emissions Waste Discharge
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Emissions Management – Waste Discharge

General Disclosure and Key Performance Indicators	Requirements of the HKEX ESG Reporting Guidelines	Section/Remarks
Aspect A2: Use of Resource		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENTAL MANAGEMENT – Resources Management Green Economy Ecological Protection
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	RESPONDING TO CLIMATE CHANGE – Performance and Measures KPI
KPI A2.2	Water consumption in total and intensity.	ENVIRONMENTAL MANAGEMENT – Resources Management – Water Resources Management KPI
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Resources Management – Water Resources Management KPI
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENTAL MANAGEMENT – Water Resources Management
KPI A2.5	Total packaging materials used for finished products, with reference to per unit produced.	ENVIRONMENTAL MANAGEMENT – Resources Management – Packaging Materials Management
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	ENVIRONMENTAL MANAGEMENT – Resources Management
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENTAL MANAGEMENT – Green Economy Ecological Protection
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.	RESPONDING TO CLIMATE CHANGE – Climate Strategies
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.	RESPONDING TO CLIMATE CHANGE – Risks and Opportunities Performance and Measures

General Disclosure and Key Performance Indicators	Requirements of the HKEX ESG Reporting Guidelines	Section/Remarks
B. SOCIAL		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	A PEOPLE-ORIENTED APPROACH – Labour Practices-Employment Compliance, Employee Care and Benefits During the Year, the Group was not subject to any significant fines or non-monetary sanctions for non-compliance with applicable laws.
KPI B1.1	Total workforce by gender, employment type (full-time or part-time etc.), age group and geographical region.	A PEOPLE-ORIENTED APPROACH – Employee Composition The key performance covers the Group’s production facilities in Nanyang, Henan Province, therefore all employees are from Mainland China.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	A PEOPLE-ORIENTED APPROACH – Employee Composition
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.	A PEOPLE-ORIENTED APPROACH – Occupational Health and Safety During the Year, the Group was not subject to any significant fines or non-monetary sanctions for non-compliance with applicable laws.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	A PEOPLE-ORIENTED APPROACH – Occupational Health and Safety KPI
KPI B2.2	Lost days due to work injuries.	A PEOPLE-ORIENTED APPROACH – Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	A PEOPLE-ORIENTED APPROACH – Occupational Health and Safety

General Disclosure and Key Performance Indicators	Requirements of the HKEX ESG Reporting Guidelines	Section/Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	A PEOPLE-ORIENTED APPROACH – Enabling Growth By Talents
KPI B3.1	The percentage of employees trained by gender and employee category (senior management, middle management etc.).	A PEOPLE-ORIENTED APPROACH – Enabling Growth By Talents KPI
KPI B3.2	The average training hours completed per employee by gender and employee category.	A PEOPLE-ORIENTED APPROACH – Enabling Growth By Talents KPI
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	A PEOPLE-ORIENTED APPROACH – Labour Practices During the Year, the Group was not subject to any significant fines or non-monetary sanctions for non-compliance with applicable laws.
KPI B4.1	Description of measures to review employment practises to avoid child and forced labour.	A PEOPLE-ORIENTED APPROACH – Labour Practices
KPI B4.2	Description of steps taken to eliminate such practises when discovered.	A PEOPLE-ORIENTED APPROACH – Labour Practices
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	OPERATIONAL EXCELLENCE – Responsible Supply Chain – Supplier Risk Assessment Procedures Supplier Risk Assessment and Management
KPI B5.1	Number of suppliers by geographical region.	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Responsible Supply Chain – Supplier Risk Assessment Procedures Supplier Risk Assessment and Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Responsible Supply Chain – Supplier Risk Assessment Procedures Supplier Risk Assessment and Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Responsible Supply Chain – Supplier Risk Assessment Procedures Supplier Risk Assessment and Management

General Disclosure and Key Performance Indicators	Requirements of the HKEX ESG Reporting Guidelines	Section/Remarks
Aspect B6: Product Responsibility		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	<p>OPERATIONAL EXCELLENCE – Product Responsibility – Quality Management Intellectual Property Rights and Customer Privacy Protection</p> <p>During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for noncompliance.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	OPERATIONAL EXCELLENCE – Product Responsibility – Quality Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	OPERATIONAL EXCELLENCE – Product Responsibility – Customer Satisfaction
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OPERATIONAL EXCELLENCE – Intellectual Property Rights and Customer Privacy Protection
KPI B6.4	Description of quality assurance process and recall procedures.	OPERATIONAL EXCELLENCE – Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Intellectual Property Rights and Customer Privacy Protection

General Disclosure and Key Performance Indicators	Requirements of the HKEX ESG Reporting Guidelines	Section/Remarks
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.	OPERATIONAL EXCELLENCE – Anti-corruption During the Year, the Group was not aware of any non-compliance with applicable laws and was not subject to any significant fines or non-monetary sanctions for non-compliance.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and outcomes of the cases.	OPERATIONAL EXCELLENCE – Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	OPERATIONAL EXCELLENCE – Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY WELFARE
KPI B8.1	Focus areas of contribution.	COMMUNITY WELFARE
KPI B8.2	Resources contributed to the focus area.	COMMUNITY WELFARE