

Green Factory Establishment Project Periodic Report



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Reporting scope: same as that of 2021 sustainability report of the Company



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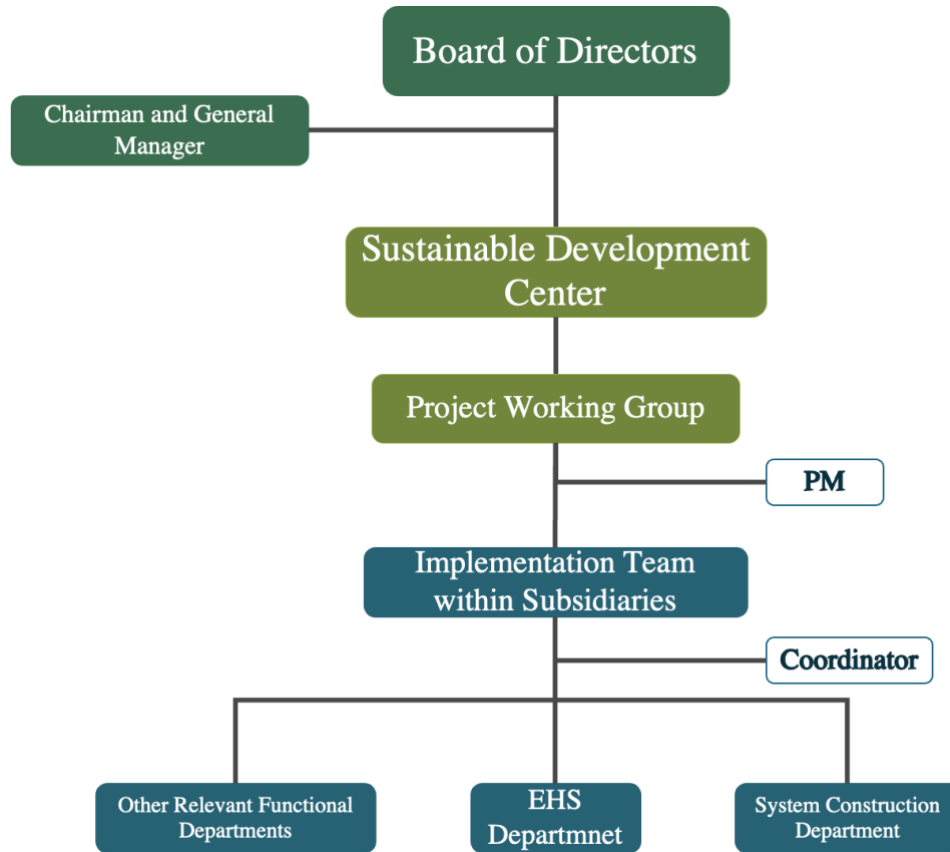
Establish Green factories and Practice Green Manufacturing

Green manufacturing is an important tool for manufacturing enterprises to solve environmental issues such as resources shortage and carbon emissions, and an effective way to achieve green development of the industry. Factories are the main body of green manufacturing, and the establishment of green factories means that enterprises should optimize the energy consumption structure, upgrade cleaner production technology and end treatment equipment, establish a resource recycling mechanism, and promote green design and green procurement.

Luxshare Precision is an environmentally and socially responsible enterprise, and we hope to establish a green manufacturing benchmark in the Company by implementing green factory projects. We will gradually promote green manufacturing standards in the Company, to facilitate energy conservation and emission reduction results and eventually achieve green transformation of the Company.

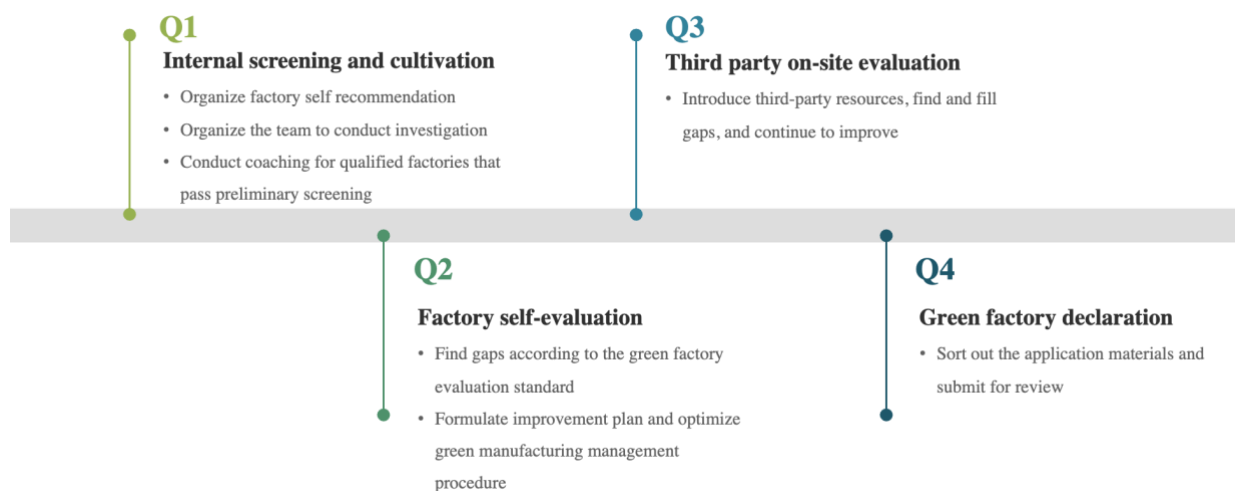
How Do We Promote the Establishment of Green Factories

Under the guidance of the Board of Directors, the Sustainable Development Center takes the lead in setting up a project working group to complete the planning and implementation of the project in collaboration with the subsidiaries and relevant functional departments of the factory.



Project Organizational Structure

We have formulated the 2022 project schedule according to the green factory establishment review process. We plan to take the lead in creating a batch of green factory demonstration projects through internal screening and cultivation, factory self-evaluation, third-party on-site evaluation, and material preparation and submission.



Planning of Luxshare Precision Green Factory Establishment Project

At present, we have completed a thorough investigation and put forward targeted improvement suggestions for the common problems found in the investigation.

Our Effort in 2022

By the end of 2021, Luxshare Precision had six factories obtained national or provincial green factory titles. We hope to continuously expand the number and scope of green factory titles through continuous efforts.

Since January 2022, Luxshare Precision has launched the establishment of green factory project and looked for well-grounded subsidiaries to promote their green and low-carbon operations pointedly. These subsidiaries will be selected to complete this year's appraisal processes for titles and certifications such as national, provincial or municipal green factory, zero-carbon factory, and near zero-carbon factory.

We issued a notice inviting subsidiaries within the Company to submit their willingness to participate in the evaluation, and take the lead in organizing internal professional teams to conduct a basic screening according to the submission results. **In the first round of screening, a total of 15 factories were selected into the Luxshare Precision green factory cultivation list in 2022.**

For the selected factories, our professional team carried out on-site investigation and secondary evaluation from multiple dimensions such as infrastructure, management system, energy and resource input, product situation, and environmental emissions and performance. Through field investigation, we found that the factories mainly had the following issues, i.e., incomplete energy management system certification, non-standardized and non-institutionalized energy conservation and emission reduction measures, insufficient exploration of clean energy application potential, and lack of digital energy management and control. After further investigation, we finally targeted the **top five factories** which performed outstandingly. With careful cultivation, we hope these factories could be strong candidates for this year's green factory appraisal.

In Q2 2022, the project team tracked and guided the five factories to analyze their gaps in detail with reference to the green factory appraisal indicators. The project team then developed an optimization plan and will follow up the implementation progress of the plan accordingly. This work is being carried out in an orderly manner.

A Long-term Object that Needs Continuous Effort

Short term plan: Cooperate with third-party professional agencies to help the factory further improve relevant green factory management procedures and complete the 2022 green factory appraisal application.

Long term plan: Continue to promote green factory establishment experience and create a corporate cultural atmosphere based off green manufacturing.

Luxshare Precision will focus on the establishment of green factories as well as green manufacturing system, and contribute to the realization of the goal of making China a manufacturing power.