



KAM HING INTERNATIONAL HOLDINGS LIMITED
錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 02307

2025

Environmental, Social and
Governance Report



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Kam Hing International Holdings Limited (the “Company”, together with its subsidiaries, collectively referred to as the “Group”), is pleased to present the 2025 Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting its operations, including environmental, social and governance (“ESG”) issues.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) – “Environmental, Social and Governance Reporting Code” (the “ESG Reporting Code”) and has complied with the “comply or explain” provision set out in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group and within the scope of the Group’s operational control:

- (i) Headquarter in Hong Kong;
- (ii) Two textile production plants in Enping and Nansha, China; and
- (iii) Three garment manufacturing factories in Phnom Penh, Cambodia.

With the aim of optimising and improving the disclosure requirements in the Report, the Group has taken the initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report is published in both in Chinese and English on the website of the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail. The board (the “Board”) of directors (the “Directors”) of the Company confirmed that during the Reporting Period, the Company has complied with the applicable provisions contained in the “Environmental, Social and Governance Reporting Code” of the Listing Rules.

Reporting Principles

This Report summarises the Group’s performance in corporate and social responsibilities by applying the reporting principles of “Materiality, Quantitative, Balance and Consistency” as below:

Reporting Principles	Application by the Group
Materiality	This Report has identified and disclosed the process of the material environmental, social, and governance factors with its selection criteria. It also includes descriptions of key stakeholders and their engagement process and results.
Quantitative	The explanations of statistical standards, methodologies, assumptions, and/or calculation tools, as well as the source of conversion factors in emissions/energy consumption (if applicable), are described in the Report.
Balance	The Report presents the Company’s performance during the Reporting Period impartially. It aims to avoid choice, omission, or presentation formats that may influence readers’ decisions making and judgments.
Consistency	The statistical methods in all data reporting are consistent with previous year. Any changes will be stated clearly in the Report.

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Reporting Period

This Report demonstrates the Group's sustainability initiatives during the reporting period from 1 January 2025 to 31 December 2025 (the "Reporting Period").

Contact Information

The Group welcomes your feedback on this Report for the sustainability initiatives. Please contact us by email to ir@kamhingintl.com.

ABOUT KAM HING

Kam Hing International Holdings Limited (Stock Code: 2307), is a corporation based in Hong Kong that established in 1996 which primarily focuses on the production of fabrics including knitting, fabric dyeing and fabric finishing. The Group has also launched a downstream business for the garment industry.

Kam Hing has three garment factories in Cambodia and two textile production plants in China. One of the textiles production plants, located in Enping, Guangdong, mainly focuses on fabric knitting, cotton and its blends, synthetic long filament and functional fabric dyeing and printing solutions. The other textile production plant, located in Nansha, Guangdong, is responsible for operations such as yarn dyeing, fabric knitting, cotton fabric dyeing, cotton and its blends and processing. To adapt to the persistent changing customer demand, the Group has established garment factories in Cambodia in order to provide a one-stop solution for the clients. The Group provides products and services to many reputable apparel brands internationally.

STAKEHOLDER ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. This allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain a good relationship with each of its key stakeholders.

Stakeholders are given priority from time to time in view of the Group's roles and duties, strategic plan, and business initiatives. The Group engages with its stakeholders to build mutually beneficial relationships, gather feedback on business proposals and initiatives, and promote sustainability across the marketplace, workplace, community, and environment. Recognising the importance of insights, inquiries, and ongoing interest from stakeholders, the Group has identified key stakeholders critical to the business and established various channels for communication.

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The following table provides an overview of the Group's key stakeholders and the platforms and means of communication used to engage, listen, and respond to them.

Stakeholders	Expectations	Engagement Channels
Government	<ul style="list-style-type: none"> • Legitimacy of service and business ethics • Employee protection • Tax compliance 	<ul style="list-style-type: none"> • Compliance with applicable laws and regulations • Corporate events
Shareholders and Investors	<ul style="list-style-type: none"> • Corporate governance • Business operations • Information disclosure • Protection of interests and fair treatment of shareholders • Return on the investment 	<ul style="list-style-type: none"> • Annual and interim reports and other published information • Annual general meeting and other shareholder meetings • Press releases • Corporate events
Employees	<ul style="list-style-type: none"> • Training and development • Remuneration • Occupational health and safety • Self-actualisation 	<ul style="list-style-type: none"> • Staff meetings • Complaint system • Training, seminars, briefing sessions
Customers	<ul style="list-style-type: none"> • Data privacy • Customer satisfaction • High-quality services • Business ethics 	<ul style="list-style-type: none"> • Company website • Feedback from frontline employees • Email and customer service hotline
Peer and Industry Associations	<ul style="list-style-type: none"> • Experience sharing • Fair competition 	<ul style="list-style-type: none"> • Industry seminars • Exhibitions • Corporate events • Company website
Public and Communities	<ul style="list-style-type: none"> • Contribution to the community • Environmental protection • Social responsibilities 	<ul style="list-style-type: none"> • Support to charitable organisations • Voluntary work activities

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedback obtained can allow the Group to make more informed decisions, better assess and manage the resulting impact.

MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Code (Appendix C2 to the Listing Rules) and the guidelines of Global Reporting Initiative (GRI).

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The Group has evaluated the materiality and importance in ESG aspects through the following steps:

- Identification** The materiality map created in 2023 was reassessed to incorporate various ESG regulatory and rating requirements, current media trends, and industry issues. This comprehensive review, combined with benchmarking against local and international industry peers, led to the identification of 20 potentially material topics relevant to the Group.
- Prioritisation** The prioritisation of material issues was determined based on the significance of internal and external stakeholders. Discussions with key stakeholders ensured that all critical ESG aspects were addressed and aligned with the Group’s strategic priorities and operational impact.
- Validation** The Group’s management reviewed and confirmed the final list of material issues, ensuring alignment with business development priorities and compliance with the ESG Reporting Code. Areas for future improvement were also identified to enhance the Group’s sustainability performance and reporting.

The Group has maintained close communication with the stakeholders since the Group listed in the Stock Exchange. Through ongoing discussions and direct communications with the stakeholders, the Group understands the main concerns and material issues that matter most to the stakeholders. During the Reporting Period, the Group was more concerned with issues about energy and water conservation and sewage disposal. The Group strives to review these issues from time to time to achieve continuous improvement and sustainable business development. The main concerns and material issues are listed below:

ESG aspects as set out in ESG Reporting Code	Material ESG issues for the Group
Environmental	<ol style="list-style-type: none"> 1. Greenhouse gas (“GHG”) and air emissions management 2. Energy management 3. Water management 4. Waste management 5. Natural resources management 6. Addressing climate change
Social	<ol style="list-style-type: none"> 7. Employment management system 8. Diversity and equal opportunity 9. Health and safety 10. Training and development 11. Prevention of child labour and forced labour 12. Supply chain management 13. Product responsibility 14. Protecting intellectual property rights 15. Protecting customer privacy 16. Responsible marketing 17. Anti-corruption 18. Charity engagement
Governance	<ol style="list-style-type: none"> 19. Sustainability governance 20. Stakeholder communication

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All ESG aspects deemed material to the Group have been discussed in this Report. The results are presented in the following two-dimensional materiality matrix:



ESG GOVERNANCE

Board's oversight of ESG issues

The Group has established a two-level ESG governance structure that includes the Board and the ESG Working Group. In the future, the Group will consider further optimising this framework and clearly defining ESG responsibilities at each level. This includes establishing clear management processes for key areas such as climate change, stakeholder communication, and ESG information disclosure, with the goal of continually enhancing the effectiveness of the Group's ESG management.

- | | |
|-------------------|---|
| The Board | <ul style="list-style-type: none"> • Primarily responsible for the Group's ESG strategy and reporting, including identifying ESG-related risks and ensuring effective ESG risk management. • Monitors the performance of the ESG Working Group and overall ESG practices. |
| ESG Working Group | <ul style="list-style-type: none"> • Oversees material ESG issues relevant to the business and important to stakeholders. • Enhances communication with stakeholders by regularly updating the Company's website, gauging feedback from frontline employees, conducting staff meetings, establishing complaint system, and consistently supporting charitable organisations. • Conducts annual meetings to review ESG issues and strategies. |

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Board's ESG management approach and strategy for material ESG-related issues

To better understand the opinions and expectations of various stakeholders on the Group's ESG issues, materiality assessment is conducted annually. The Group ensures various platforms and channels of communication are used to reach, listen, and respond to key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedback obtained can allow the Group to make more informed decisions and better assess and manage the resulting impacts.

The Group has evaluated the materiality and importance in ESG aspects through the following steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritisation with stakeholder engagement; and (3) validation and determining material ESG issues based on the results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention of the Group's stakeholders to each significant ESG issue and can enable the Group to plan sustainable development direction more comprehensively in the future. Those important and material ESG areas identified during the Group's materiality assessment were discussed in this Report.

Board review progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets shall be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and targets with key stakeholders such as employees is essential, as this can enable them to be engaged in the implementation process, and to feel that they are part of the changes that the Company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results of achieving the visions. Setting targets requires the ESG Working Group to carefully examine the attainability of the targets which shall be weighed against the Company's ambitions and goals.

CLIMATE CHANGE

Governance

The Group addresses climate-related risks based on the nature of the risk to the Group's operations. The physical impacts of climate change, including extreme weather events, or damage to facilities have immediate operational impacts and are treated as operational risks.

The Group addresses climate-related risks by integrating them into the Group's governance structure, with clear roles for both the Board and the ESG Working Group. Supported by the ESG Working Group, the Board oversees climate-related issues and risks regularly during board meetings, ensuring they are incorporated into the Group's strategy. The Board, with support from the ESG Working Group, periodically assesses whether it collectively possesses the appropriate skills, knowledge and experience to oversee climate-related risks and opportunities. Identified capability gaps are addressed through targeted training to ensure effective climate-related governance and decision-making. Where specialised expertise is required, the Group engages external advisors to support the Board's and the ESG Working Group's oversight of climate-related matters.

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The ESG Working Group provides governance support by integrating and addressing ESG issues, including climate change, within the business. It collaborates closely with operational departments to develop consistent and enhanced approaches for managing ESG risks and reports to the management. The ESG Working Group is responsible for approving operational emissions targets, conducting ESG benchmarking, and performing gap analyses to identify areas for improvement in both disclosures and policies relative to best practice standards. Climate-related risks with immediate operational impacts, such as extreme weather events or facility damage, are treated as operational risks, while long-term risks and opportunities are discussed by the ESG Working Group.

Strategy

Climate change risk forms part of the Group's overall risk profile through its role in increasing the frequency and intensity of certain diseases, and the health and mortality impacts resulting from natural disasters. The Group assesses the overall level of risk by taking into consideration a range of diverse risk factors across multiple categories within the Group's services portfolio. This diversity of risk, combined with the Group's business strategy and broad geographic footprint, helps the Group mitigate risk and provide protection against the impacts of short-term climate change effects.

For the purposes of assessing climate-related risks and opportunities under the Group's strategy, the Group defines the short term as up to one year, the medium term as one to five years, and the long term as beyond five years, consistent with its internal planning and capital investment horizons.

Risk/Opportunity	Description	Time Horizon	Potential Effects
Physical Risk – Acute	<ul style="list-style-type: none"> Increased frequency and severity of extreme weather events such as typhoons, seasonal storms, heavy rains and heat waves 	Short to long term	<ul style="list-style-type: none"> Negative workforce impacts including heightened health and safety risks, heat stress and increased absenteeism Operational disruption, such as reduced production capacity arising from transport difficulties and supply chain interruptions
Physical Risk – Chronic	<ul style="list-style-type: none"> Rising mean temperatures 	Short to long term	<ul style="list-style-type: none"> Business interruption, resulting in lower output and sales volume Increased operating and capital expenditures, including higher repair and maintenance cost for damaged assets and additional courier expenses Higher energy consumption and costs, particularly increased cooling required to maintain a safe working condition Revenue and productivity impacts, including delayed product deliveries and reduced workforce productivity

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Risk/Opportunity	Description	Time Horizon	Potential Effects
Transition Risk – Policy and Legal	<ul style="list-style-type: none"> Enhanced emissions reporting obligations Tighter environmental and carbon related regulations on manufacturing, energy and wastewater 	Medium to long term	<ul style="list-style-type: none"> Increasing regulatory and disclosure requirements on sustainability and climate-related reporting Reputational and stakeholder confidence risks losses arising from weak ESG performance or low-quality disclosure Higher compliance and operational costs, including expenses related to enhancing reporting framework, data management, verification process, and regulatory compliance
Transition Risk – Technology	<ul style="list-style-type: none"> Costs to transition to lower emissions technology Unsuccessful investment in new technologies 	Medium term	<ul style="list-style-type: none"> Early retirement of existing assets such as stranded assets Increased capital and operating expenditures arising from the adoption, operation and maintenance of new or emerging technologies Technology performance and investment risks, where new technologies fail to deliver expected benefits, affecting return on investment
Transition Risk – Market	<ul style="list-style-type: none"> Consumers switching to products that more actively incorporate environmental concepts, resulting in lower income 	Long term	<ul style="list-style-type: none"> Capital investment requirements to upgrade or replace existing equipment with more energy-efficient machinery Shift in consumer preferences, leading to changes in the Group's revenue mix and sources
Transition Risk – Reputation	<ul style="list-style-type: none"> Rising customer awareness of ESG issues 	Medium term	<ul style="list-style-type: none"> Shifts in consumer and customer preferences towards lower emission and more sustainable products Reduced demand for higher emissions products, driven by reputational consideration and sustainability expectations Loss of market share and revenue, where failure to meet customer sustainability expectations subsequently affecting the Group's reputation and competitiveness

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Risk/Opportunity	Description	Time Horizon	Potential Effects
Opportunity – Resource Efficiency	<ul style="list-style-type: none"> Use of more efficient production and distribution processes 	Medium term	<ul style="list-style-type: none"> Efficiency gains, resulting from improved energy, water and process efficiency Workforce benefits, including improved health and safety conditions, higher employee satisfaction and enhanced productivity Increased production capacity, supported by more efficient use of resources and reduced operational constraints Cost savings and revenue increase, through reduced energy consumption and improved production efficiency
Opportunity – Energy Source	<ul style="list-style-type: none"> Use of lower-emission sources of energy 	Short term	<ul style="list-style-type: none"> Reduced exposure to energy price volatility, through diversification of energy sources or transition to low-carbon energy Operational cost savings Lower GHG emissions, supporting the Group's climate objectives and regulatory compliance Reputational and market benefits, including enhanced brand image and potential increased demand for sustainable products
Opportunity – Market	<ul style="list-style-type: none"> Increase of market share and revenue by entering markets where consumers prioritise sustainable products 	Long term	<ul style="list-style-type: none"> Access to markets with strong demand for sustainable products, where consumers prioritise environmental and climate performance Access to new and more efficient suppliers, supporting supply chain resilience and cost efficiency Increased market share and revenue growth, driven by enhanced competitiveness and alignment with customer sustainability expectations

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In response to increasing stakeholder and public expectations regarding sustainability and climate responsibility, the Group continues to integrate environmental considerations into its business strategy by enhancing resource efficiency and reducing its environmental footprint. During the Reporting Period, the Group implemented a wide range of energy conservation measures, including upgrading six high-pressure, low-efficiency air compressors to three energy-efficient models and introducing energy-efficient open-width machines and dyeing vats. For water and waste management, the Group adopted eight new overflow dyeing machines with improved bath ratios to enhance water-use efficiency, replaced water fixtures with water-saving faucets, and promoted circular economy practices by recycling waste plastic bags as raw materials for production.

The Group remains committed to reducing the environmental and climate-related impacts of its products and operations. Further details of the Group's sustainability initiatives are set out in the relevant sections of this Report.

Risk Management

The Group identifies and assesses climate-related risks as part of its existing risk management framework, with reference to both physical risks, including acute and chronic risks, and transition risks, including policy and legal, technology, market and reputational risks, as described in the section "Strategy". Climate-related considerations are incorporated into the Group's regular risk assessment processes and management discussions to evaluate potential impacts on operations, supply chain, costs and market demand.

The Board has overall responsibility for overseeing the identification, assessment and management of risks, including climate-related risks. Day-to-day risk identification and assessment are supported by management and the ESG Working Group. Further details of the Group's risk governance structure and internal control processes are set out in the "Internal Controls" and "Risk Management" sections of the Corporate Governance Report in the Company's annual report.

At present, climate-related risks are identified and assessed on a high-level qualitative basis, without the adoption of a separate, formalised climate-specific risk assessment methodology, quantitative parameters or dedicated climate data tool. Climate-related risks are considered within the Group's general risk assessment framework, and no specific quantitative thresholds or financial impact estimates are currently attributed solely to climate-related factors.

Climate-related risks are assessed alongside other strategic, operational, financial and compliance risks and are not currently prioritised as a standalone risk category. Mitigation measures for identified climate-related risks are implemented through existing operational controls and management actions, including emergency preparedness for acute physical risks, resource efficiency initiatives for chronic physical risks, emissions management and regulatory monitoring for transition risks, technology upgrade planning, and ongoing engagement with customers and stakeholders.

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ESG and climate-related considerations are integrated into the Group's overall risk management framework to support a coordinated and holistic approach to sustainability and climate resilience. The Group will continue to enhance its climate risk identification, assessment and management processes over time, considering evolving regulatory requirements, stakeholder expectations and improvements in data availability.

The Group's response strategy for the potential climate related risks and opportunities is as follows:

Risk/Opportunity	Risk Mitigation/Control Actions
Physical Risk – Acute	<ul style="list-style-type: none"> The Group has formulated emergency response and business continuity plans to manage extreme weather events, which aims to reduce operational disruption and potential loss due to temporary suspension of operations.
Physical Risk – Chronic	<ul style="list-style-type: none"> The Group adopts energy-saving policies and green operational measures to improve resource efficiency and avoid excessive consumption of natural resources.
Transition Risk – Policy and Legal	<ul style="list-style-type: none"> The Group is progressively developing Scope 1, 2, and 3 GHG emission inventory to prepare for increasingly stringent reporting requirements. The Board and the ESG Working Group also stays up to date with both local and international reporting standards to ensure timely alignment and proactive compliance. The Group implements emissions reduction measures across operations to manage transition risks and maintain emissions at a controlled level.
Transition Risk – Technology	<ul style="list-style-type: none"> The Group is gradually introducing high energy-efficiency machinery and equipment as part of its operational upgrades. Policies and internal assessment processes are in place to manage risks associated with investments in new and emerging technologies, including performance, cost and implementation risks.
Transition Risk – Market	<ul style="list-style-type: none"> The Group integrates sustainable development principles into its manufacturing processes, including the adoption of energy-efficient machinery, to respond to evolving market and customer expectations. The Group maintains ongoing and meaningful dialogue with customers to strengthen relationships and identify changes in product preferences in a timely manner.
Transition Risk – Reputation	<ul style="list-style-type: none"> The Group enhances stakeholder engagement, particularly with customers, on corporate sustainability matters to align its practices with customer and broader stakeholder ESG initiatives and expectations.
Opportunity – Resource Efficiency	<ul style="list-style-type: none"> The Group continues to upgrade production machinery and equipment to improve energy efficiency and reduce carbon emissions. The Group explores opportunities to recycle production materials, with the aim of maximising resource reuse and reducing waste.
Opportunity – Energy Source	<ul style="list-style-type: none"> The Group is reducing its reliance on higher-emission energy sources (e.g. coal) and actively exploring the adoption of lower-carbon and renewable energy solutions, where feasible.
Opportunity – Market	<ul style="list-style-type: none"> The Group fosters continuous and meaningful engagement with customers to strengthen long-term relationships and remain responsive to evolving sustainability-related product preferences and market trends.

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Metrics and Targets

The Group adopts the key metrics to assess and manage climate-related risks and opportunities. The energy consumption and GHG emissions indicators are the key metrics used to assess and manage relevant climate-related risks where the Group considers such information to be material and crucial for evaluating the impact of the Group's operation on global climate change. The Group regularly tracks its energy consumption and GHG emissions indicators to assess the effectiveness of emission reduction initiatives, as well as to set targets to contribute to the Group's effort to have minimal impact on global warming.

The details of the time frames over which the target applies and the base year from which progress is measured are described in section A1: "Emissions" and section A2: "Use of Resources" of this Report. The Group adopts absolute target to manage climate-related risks, opportunities, and performance.

Environmental aspects Targets

Air pollutants	Reduce air pollutants emission by around 10% to 15% by 2030 as compared to 2020
Greenhouse gas	Reduce GHG emission by around 10% to 15% by 2030 as compared to 2020
Energy consumption	Reduce energy consumption by around 10% to 15% by 2030 as compared to 2020
Water consumption	Reduce water consumption by around 10% to 15% by 2030 as compared to 2020
Hazardous and non-hazardous waste	Reduce hazardous waste and non-hazardous waste by around 10% to 15% by 2030 as compared to 2020

A. ENVIRONMENTAL ASPECTS

A1. EMISSIONS

As a textile manufacturer, the Group believes that it is its responsibility to minimise the environmental impact of its operations, as the operations naturally cause certain impacts on the environment, such as the disposal of chemicals and wastewater. The Group focuses on maintaining sound environmental stewardship and has adopted the ISO 14001-certified Environmental Management System (EMS). The Group has prepared an emergency plan to provide guidelines on handling environmental accidents. The Group complied with all relevant laws and regulations relating to air emissions, GHG emissions, wastewater discharge, hazardous waste, and non-hazardous waste disposal such as the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" and the "Law of the People's Republic of China on Prevention and Control of Water Pollution" during the Reporting Period.

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During the Reporting Period, the Group strictly complied with all relevant environmental laws and regulations in Hong Kong and the PRC and was not aware of any non-compliance with laws and regulations that could have significant impacts on the Group relating to air pollutants, GHG emissions, discharges into water and land, or generation of hazardous and non-hazardous wastes, including but not limited to the following:

- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong);
- Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong);
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (2015 Revision);
- Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (2020 Revision);
- Law of the People's Republic of China on Prevention and Control of Water Pollution (2017 Revision);
- Law on Environment Protection and Natural Resource Management of Cambodia;
- Sub-Decree on Solid Waste Management of Cambodia;
- Sub-Decree on Water Pollution Control of Cambodia; and
- Sub-Decree on Air Pollution Control and Noise Disturbance of Cambodia.

Air Pollutants Emission

The Group complied with relevant regulations and standards, including "Guangdong Province's Emission Limits of Air Pollutants" 《大氣污染物排放限值》 (DB44/27-2011), "Emission Standards for Odour Pollutants" 《惡臭污染物排放標準》 (GB14554-1993), and "Emission Standard of Air Pollutants for Thermal Power Plants" 《火電廠大氣污染物排放標準》 (GB13223-2011) during the Reporting Period.

Air pollutants such as nitrogen oxides (NO_x), sulphur oxides (SO_x), and particulate matter (PM) are produced during the production process of textile production plants in Enping and Nansha in China. The Group takes the following measures to supervise, reduce and monitor the emission of air pollutants.

- Designated staff are responsible for supervising the performance and conducting mitigation measures to ensure that air emissions reach the corresponding standards.
- The Group has applied Selective Non-Catalytic Reduction (SNCR) technology to remove the air pollutants from the exhaust and to reduce the air pollutants generated at the manufacturing plant.
- The Group has installed monitoring devices at the chimneys to check for abnormalities and monitor the pollutants' concentration levels.
- The Group has installed a 19.2MW photovoltaic power generation project at the Enping textile base and has transformed the steam shaping process to natural gas shaping to reduce air pollutant emissions.
- The Group has implemented energy-saving technology upgrades for the air compressor system at the Panyu textile base, eliminating high-energy-consuming air compressors and optimising the existing air supply system for the compressors.

In 2025, the reduction in total air pollutant emissions was mainly attributable to the closure of a power plant in Nansha. Furthermore, the Group targets to reduce the emission of air pollutants by around 10% to 15% by 2030 as compared to 2020.

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During the Reporting Period, the air pollutants emission was as follows:

Type of Air pollutant	Air Pollutant Emissions			
	Unit	2025	2024	2023
Nitrogen oxides (NO _x)	tonnes	44.21	71.56	111.94
Sulphur oxides (SO _x)	tonnes	11.73	25.38	48.96
Particulate matter (PM)	tonnes	7.61	9.71	14.95

GHG Emission

GHG is considered as one of the major contributors to the climate change and global warming. Energy consumption accounts for a major part of the Group's GHG emission. The Group has managed the carbon footprint by adopting energy saving strategies and initiatives based on internal procedures. Policies and procedures adopted on energy saving are mentioned in the section A2: "Use of Resources" of this Report.

In 2025, in alignment with the Group's environmental commitments, coal and diesel oil consumption in production activities were reduced and the power plant in Nansha was closed. As a result, Scope 1 and Scope 2 GHG emissions decreased. The slight increase in Scope 3 GHG emissions is due to emissions generated from the factory leased to third parties. Furthermore, the Group targets to reduce the emission of GHG by around 10% to 15% by 2030 as compared to 2020.

During the Reporting Period, the GHG emission was as follows:

Type of GHG emission	GHG Emissions			
	Unit	2025	2024	2023
Scope 1 ¹ Direct emission	tonnes of CO ₂ -e	69,972	106,155 ²	127,929
Scope 2 ³ Indirect emission	tonnes of CO ₂ -e	43,756	46,536	81,393
Scope 3 ⁴ Other Indirect emission	tonnes of CO ₂ -e	5,213	4,319	2,744
Total	tonnes of CO₂-e	118,941	157,010²	212,066
GHG emission intensity	tonnes of CO ₂ -e/ HK\$'000 revenue	0.032	0.041 ²	0.062

¹ Scope 1: Direct emission from sources that are owned or controlled by the Group.

² Due to enhancements in the Group's data collection and calculation systems, the relevant data for 2024 have been restated to include emissions from natural gas consumption and improve data completeness and accuracy.

³ Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

⁴ Scope 3: Other indirect emissions refer to all indirect emissions (not included in Scope 2) that occur in the value chain of the Group, including both upstream (e.g. supply chain) and downstream (e.g. customers) emissions. During the Reporting Period, Scope 3 emissions include, but are not limited to, waste generated from operations and leased assets.

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Hazardous and Non-hazardous Wastes

The Group acknowledges the importance of handling waste properly to minimise its environmental impacts. To manage waste collection, storage, and disposal, the Group has established a policy of “Waste Handling Regulation.” The Group takes the following measures to handle hazardous and non-hazardous waste.

- There are specific collection processes, storage locations, disposal methods, and departments responsible for production waste and domestic waste based on their types and sources of production.
- Recyclable waste, non-recyclable waste and hazardous waste are marked with assorted colour labels and symbols to clearly identify the waste for further processing.
- Recyclable waste such as paper, wood, and plastic, are collected and sold to third parties for recycling.
- Waste plastic bags are recycled and reused as raw materials for production.
- Non-recyclable waste such as used-up stationery and discarded tools, is collected by outsourced cleaning companies.
- For hazardous waste such as oil, chemicals, and plastic waste, they are handled and stored with due care and in accordance with relevant laws and regulations.

In 2025, the Group recorded a notable decrease in non-hazardous waste, primarily due to the decommissioning of a power plant in Nansha, eliminating generation of related by-products such as fly ash and furnace slag. Additionally, hazardous waste generated also decreased in 2025 as upgrades of certain production machines continued to enhance operational efficiency and resource utilisation, supporting the Group’s commitment to sustainable production practices and to reduce environmental impact over time. Furthermore, the Group targets to reduce the hazardous waste and non-hazardous waste by around 10% to 15% by 2030 as compared to 2020.

During the Reporting Period, the non-hazardous waste generation was as follows:

Type of waste	Hazardous Waste and Non-Hazardous Waste			
	Unit	2025	2024	2023
Hazardous waste	tonnes	154.3	174.9	146.1
Hazardous waste intensity	tonnes/HK\$’000 revenue	4.19x10 ⁻⁵	4.57x10 ⁻⁵	4.24x10 ⁻⁵
Non-hazardous waste	tonnes	7,287	28,446	24,175
Non-hazardous waste intensity	tonnes/HK\$’000 revenue	0.002	0.007	0.007

A2. USE OF RESOURCES

The Group strives to take all feasible measures to incorporate sustainability into its business operations and improve its environmental performance. Realising that resource conservation is crucial for maintaining environmental sustainability, the Group promotes green office management and encourages employees to be aware of the need for resource conservation in daily operations. The Group pledges to reduce resource consumption and carbon footprint in all businesses and operations through the application of several actions and practices.

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Energy

The major sources of energy consumption are the fuel consumed by vehicles and machinery, as well as the electricity used in offices and operation lines. The Group manages the use of energy in accordance with the national and local requirements.

In order to monitor and reduce energy consumption, the Group has adopted a variety of measures in production plants and in the office during the Reporting Period, such as:

- Upgrade six high-pressure, low-efficiency air compressors with three energy-efficient air compressors.
- Replace open-width machines and dyeing vats with newer and more energy-efficient models.
- Adopt energy efficient equipment in offices.
- Encourage employees to switch off lighting and electrical equipment when not in use.

In 2025, the reduction in total energy consumption was primarily attributable to the closure of the Nansha power plant and the Group's continued efforts to implement energy-efficient measures. Key initiatives contributing to this success include upgrading to energy-efficient equipment, optimising production processes to minimise energy waste, and strategically shifting energy sourcing. Looking forward, the Group targets to reduce energy consumption by around 10% to 15% by 2030 as compared to 2020.

During the Reporting Period, the energy consumption was as follows:

Type of energy	Unit	Energy Consumption		
		2025	2024	2023
Petrol	MWh	584	623	607
Diesel	MWh	1,295	1,412	1,317
Coal	MWh	494,010	878,961	1,231,767
Purchased electricity	MWh	78,212	76,316	133,682
Natural Gas ⁵	MWh	86,047	63,203 ⁵	–
Total	MWh	660,148	1,020,515⁵	1,367,373
Energy consumption intensity	MWh/HK\$'000 revenue	0.18	0.27 ⁵	0.38

Water

Water is another significant resource used by the Group in daily operations. It is used mainly in canteens, offices, and production lines for dyeing processes, cleaning, and machinery cooling. There are no issues in sourcing water that meets the Group's operational needs.

During the Reporting Period, the Group continues to conserve water effectively by identifying water-saving initiatives as follows:

- Install water-saving fixtures for lavatories.
- Replace water fixtures with water-saving faucets to reduce water consumption.
- Place water-saving label on water taps to remind employees.
- Conduct regular maintenance of water supply equipment to prevent water leakage.
- Install high-efficiency, energy-saving, and water-saving intelligent dyeing and finishing machines.
- Adopt eight new overflow dyeing machines with a bath ratio of 1:6, to replace older overflow dyeing machines with a bath ratio of 1:8.

⁵ Due to enhancements in the Group's data collection and calculation systems, the relevant data for 2024 have been restated to include emissions from natural gas consumption and improve data completeness and accuracy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2025, water consumption recorded a slight decrease, in line with the moderated production volume and operational activities during the year. The Group targets to reduce water consumption by around 10% to 15% by 2030 as compared to 2020.

During the Reporting Period, the water consumption was as follows:

Water Consumption	Water Consumption			
	Unit	2025	2024	2023
Total water consumption	m ³	5,104,406	5,509,036	5,044,479
Water consumption Intensity	m ³ /HK\$'000 revenue	1.38	1.44	1.47
Total wastewater discharge	m ³	3,680,233	3,978,994	3,514,962
Wastewater discharge intensity	m ³ /HK\$'000 revenue	1.00	1.04	1.02

A3. THE ENVIRONMENT AND NATURAL RESOURCES

According to the Environmental Protection Law of the PRC, where the construction of a project may cause any pollution to the environment, an environmental assessment must be performed. Environmental impact assessment is crucial for construction projects to identify potential environmental impacts and determine the prevention and remedial measures to be adopted. All the Group's construction and extension projects comply with relevant environmental impact assessment procedures, undergo inspection, and have been approved by the relevant environmental protection authorities. The discharge of all pollutants complies with the relevant national standards.

The environmental impact is assessed based on the scale, severity, probability of occurrence and duration of the environmental impact, and relevant environmental laws and regulations. With the results from the environmental impact assessment, the Group can better formulate targets, indicators and improvement plans to minimise the impacts on the environment.

B. SOCIAL ASPECTS

EMPLOYEE AND LABOUR PRACTICES

B1. EMPLOYMENT

Employees are regarded as the Group's important and valuable assets to the Group's success. The Group aims to provide a safe and healthy working environment to employees, ensuring their rights and welfare and providing them with optimal development and training. The commitment is incorporated into the staff handbook and other human resources management policies. The staff handbook covers the Group's policies in respect of compensation and dismissal, recruitment, and promotion, working hours, rest periods and other benefits and welfare.

Employees' Rights and Welfare

The Group prioritises the rights and benefits of its employees. The Group believes the well-being of employees is correlated to their productivity and sense of belonging to the Company. The Group strives to move forward with high labour standards, respect human rights and minimise the staff turnover rate.

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The Group strictly complies with applicable local regulations, including but not limited to the Employment Ordinance and Minimum Wage Ordinance in Hong Kong, the Labour Law of the PRC, and the Labour Contract Law of the PRC, to ensure fair remuneration and benefits for the employees. The Group provides remuneration for employees according to their qualifications, experience, performance, job duties and service years as well as to the market benchmark. The Group reviews performance appraisals on an annual basis to ensure the remuneration practices are competitive and aligned with market rates. In addition to salaries, the Group provides mandatory provident fund contributions for Hong Kong staff, social security insurance for PRC employees, allowances, medical benefits, and variable incentive-based remuneration such as discretionary bonuses to the employees. Employees are also entitled to various types of leave including annual leave, paid sick leave, marriage leave, maternity leave, compassionate leave, etc.

The Group adhered to the management philosophy of “people-oriented” and actively promoted corporate culture development. Through diversified employee activities, the Group constructed a vibrant organisation. Throughout the Reporting Period, the Group organised a series of themed activities, including the 2025 Christmas gala dinner, the annual reunion dinner, Dragon Boat Festival celebrations, and Mid-Autumn Festival activities. These events created meaningful opportunities for employees to gather, celebrate traditional culture, and strengthen their sense of belonging within the Group. A series of sports activities were also organised to encourage healthy lifestyles and teamwork, including basketball competitions, badminton leagues, and table tennis contests, to foster friendly competition and collaboration. In addition, a company-wide 5 km walking challenge promoted physical wellness and active participation among staff in Nansha. To enhance workplace safety and professional knowledge, the Group conducted programmes such as fire safety training and occupational safety knowledge workshops, in order to improve employees’ safety awareness.

Employee Composition and Employee Annual Turnover Rate

The employee compositions by gender, age group, geographical region, employment type and employment mode at the end of the Reporting Period were as follows:

Employment composition	2025	2024	2023
By gender			
• Male	47.8%	46.6%	48.1%
• Female	52.2%	53.4%	51.9%
By age group			
• Age 30 or below	25.4%	26.1%	24.2%
• Age 31-50	58.2%	59.7%	59.7%
• Age 51 or above	16.4%	14.2%	16.1%
By geographical region			
• Hong Kong	1.1%	1.2%	1.2%
• PRC	45.8%	50.8%	57.7%
• Cambodia	48.0%	45.9%	40.3%
• Other Asian countries ⁶	5.1%	1.1%	0.8%
By employment type			
• Senior management	0.8%	0.8%	0.8%
• Middle management	0.9%	1.3%	1.0%
• General staff	98.3%	97.9%	98.2%

⁶ Other Asian countries include but not limited to Singapore, Vietnam, Macau and Korea.

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The employee annual turnover rate by gender, age group, and geographical region during the Reporting Period was as follows:

Employment annual turnover rates	2025	2024	2023
By gender			
• Male	36.6%	29.1%	31.8%
• Female	48.9%	44.9%	47.3%
By age group			
• Age 30 or below	81.4%	65.0%	61.7%
• Age 31-50	36.0%	31.7%	37.9%
• Age 51 or above	8.2%	11.5%	12.8%
By geographical region			
• Hong Kong	13.9%	19.2%	21.6%
• PRC	18.9%	15.0%	25.1%
• Cambodia	71.9%	67.0%	62.4%
• Other Asian countries	4.6%	2.6%	7.1%
Overall	43.1%	37.5%	39.7%

B2. HEALTH AND SAFETY

The Group places its highest priority on securing the health and safety of all employees and strictly complies with the Law of the PRC on Prevention and Control of Occupational Diseases, the Law of the PRC on Work Safety and other applicable laws and regulations in the PRC. The Group strives to provide and maintain a safe and healthy working environment for employees to protect them from work-related injuries. To achieve this goal, the Group has set up a Safety Production Committee and implemented a range of health and safety-related policies to manage occupational health and safety issues.

In the past three years, the Group has not had any work-related fatalities. During the Reporting Period, the lost days due to work injury were 588 days.

Safety Education

Safety education, which includes training, assessment, and safety management certification, is essential to ensure employees are well-equipped to handle the machinery and fully understand the safety risks associated with relevant equipment. All newly recruited production staff receive the three-tier safety education, which includes knowledge of safe production, relevant regulations, and operation procedures to strengthen employees' safety awareness and ability to manage emergency cases. For special operations, relevant personnel must receive safety training and obtain a special operation certificate in accordance with national laws and regulations before working at the sites.

B3. DEVELOPMENT AND TRAINING

The Group believes that development and training are crucial to enhance its employees' potential for work advancement. The Group supports the employees in the performance of their designated roles and help them to fulfil their potential during the course of their employment. To improve employees' professional knowledge and skills in discharging their duties, the Group provides on-the-job training to employees with content covering occupational health, corporate governance, etc. The employees are funded by suitable seminars, aiming to encourage and support them in pursuing professional development and continuous learning through external training.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To maintain the quality of the Group's services, understand different case scenarios faced by the frontline staff and timely respond to the views of the staff, the Group always seeks improvements in the training by conducting assessments and collecting feedback from participants. This can help the Group continuously improve the training programmes covering various aspects offered to all levels of employees to enhance their job performance.

During the Reporting Period, the percentage of employees trained and average training hours completed per employee by gender and employment type was as follows:

Employment Category	Percentages of employees trained			Average training hours (hours/employee)		
	2025	2024	2023	2025	2024	2023
By gender						
• Male	59.4%	70.9%	92.1%	10.5	9.8	8.4
• Female	26.9%	30.6%	62.3%	4.2	5.3	6.3
By employment type						
• Senior management	70.5%	45.4%	100.0%	9.6	5.5	7.2
• Middle management	100.0%	44.3%	100.0%	16.7	22.2	27.7
• General staff	41.5%	49.5%	73.5%	7.0	7.2	7.1
Overall	42.3%	49.4%	73.5%	7.1	7.4	7.3

B4. LABOUR STANDARDS

The Group prohibits the engagement of child and forced labour in compliance with the relevant law of the Employment Ordinance and the Employment of Children Regulations in Hong Kong and the Labour Law of the PRC. The Group has implemented a preventive recruitment procedure with a thorough background check, to ensure that no underage or illegal persons are employed. Furthermore, to prevent unlawful recruitment of employees under the age of 15 as child labour, employees are required to provide identity proofs to the Human Resources Department to verify their age as part of the recruitment process. All work should be voluntarily performed and shall not involve forced labour. If any violation of laws and regulations in relation to labour standards is found, the Group will investigate the incident, impose appropriate penalties on accountable staff subject to the severity and review any defects in the human resources system in place. Besides, the Group does not in any way force its employees to work overtime. Employees are compensated in accordance with labour laws and company practices on overtime compensation in cases where working beyond normal working hours is inevitable.

During the Reporting Period, there was no employment (2024: nil) of child labour discovered, nor any non-compliance with laws and regulations relating to forced labour.

OPERATING PRACTICES

B5. SUPPLY CHAIN MANAGEMENT

To manage and mitigate the environmental and social risks in the supply chain, the Group selected suppliers and products carefully and maintained long-term and stable relationships with qualified suppliers. According to the Group's policy "Supplier, Distributor and Subcontractor Management Procedure," the Group considers the social responsibilities of suppliers in selecting suppliers and encourages all suppliers to enhance social responsibility performance.

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The Group has established social responsibility profiles for suppliers and distributors to keep a record of their evaluation results and improvement plans. Suppliers and distributors are required to sign a Social Responsibility Agreement and fully abide by the local labour laws and regulations and the SA8000 Social Compliance Standard. In addition, the Group conducts site inspections at least once a year to assess the social responsibility performance of suppliers and distributors and keep track of the improvements.

During the Reporting Period, the number of suppliers by geographical region was as follows:

Number of suppliers	2025	2024	2023
By geographical location			
• Hong Kong	48	48	38
• PRC	432	439	421
• Australia	1	1	1
• Vietnam	79	58	45
• Cambodia	37	34	30
• India	10	13	19
• U.S.A.	–	–	1
• Macau	2	5	4
• Taiwan	4	–	4
• Turkey	–	1	–
• Other Asian countries	15	23	24
Total	628	622	587

B6. PRODUCT RESPONSIBILITY

The Group regards product and service qualities as key competitive advantages of its business and makes every effort to improve the product and service qualities while strengthening communications with customers. The Group strictly complies with the Trademark Law of the PRC, Law of the PRC on Product Quality, Law of the PRC on the Protection of Consumer Rights and Interests and other applicable laws and regulations in the PRC.

Quality Management System

The Group has established various quality control policies and procedures to ensure the products comply with the product specifications requested by customers and meet the requirements of the ISO9001:2008 Quality Management System.

The quality control system can be divided into two main categories, including quality control for raw materials and quality control on processing procedures. To ensure the quality of raw materials meets their respective specifications, samples are taken and sent to laboratories for testing on chemical contents. To control the quality of the processing process, regular inspections are conducted by quality control personnel at different stages of the processing procedures to ensure consistency of the processing procedures.

Complaints and Opinions Handling

The Group believes the opinions of customers can drive its continuous improvement programme and are essential to its pursuit of excellence. The Group welcomes the opinions of customers by establishing customer service hotlines, conducting site visits, and convening customer meetings. In case of receipt of complaints, the Group will take prompt actions and carry out remediation plans.

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During the Reporting Period, no material products or service-related complaint was received, and no products sold or shipped were subject to recalls for safety and health reasons.

Intellectual Property Protection

The Group is dedicated to protecting and enforcing its intellectual property rights which are crucial to sustainable business growth. Management systems are in place to specify requirements for the submission, application, indexing and rewarding of patents. In addition, the Group signs confidentiality agreements with technical specialists.

Customer Data Protection and Privacy

The Group is aware of the importance of handling customer information and takes high precautions in ensuring their confidentiality to avoid misuse of personal data. The Group has implemented the policy “Business Ethics Control Procedure” and required employees to fully abide by the guidance on prohibiting any unauthorised disclosure of confidential information.

B7. ANTI-CORRUPTION

The Group is committed to upholding high standards of business ethics. With the implementation of the “Anti-Corruption Control Procedure,” the Group conveys its firm stance against corruption and fraud to its customers, suppliers, contractors, and employees. The Group requests employees and third parties to sign an anti-bribery/anticorruption commitment and fully comply with the requirements as defined. The management department is responsible for monitoring the business operation and oversee any cases related to corruption or fraud.

The Group actively conducts anti-corruption training for board members and employees to enhance their awareness of integrity and cultivate strong professional ethics, thereby safeguarding its image and interests. The Group’s whistle-blowing procedure encourages and enables stakeholders to report on observed and suspected non-compliance and questionable practices by setting up a report box and report phone. Once a misconduct case is found and confirmed, the relevant personnel will be subject to disciplinary actions and reported to legal authorities when necessary.

During the Reporting Period, no legal case concerned (2024: nil) with corrupt practices was brought against the Group.

COMMUNITY

B8. COMMUNITY INVESTMENT

The Group proactively takes part in various community services to reveal its commitment to social responsibility, such as supporting local communities in the realm of environment and education. For example, the Group arouses the awareness of energy saving and emission reduction of the general public among the community.

During the Reporting Period, the Group has donated approximately HK\$1,005,000 to various local charity organisations. The Group will continue to support different charities and the building of community.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

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KPI B4.2 Description of steps taken to eliminate such practices when discovered	No legal case regarding child and forced labour was noted.	21
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KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	“Supply Chain Management”	21-22
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B6: Product Responsibility		
General Disclosure	“Product Responsibility”	22
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to the Group’s business	N/A
KPI B6.2 Number of products and service-related complaints received and how they are dealt with	No product or service-related complaint was received during the year	22-23
KPI B6.3 Description and practices relating to observing and protecting intellectual property rights	“Product Responsibility – Intellectual Property Protection”	23
KPI B6.4 Description of quality assurance process and recall procedures	“Product Responsibility – Quality Management System”	22
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KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No concluded legal case regarding corrupt practices was noted.	23
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	23
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CLIMATE RELATED DISCLOSURE

Description	Statement/Section
(I) GOVERNANCE	
19. An issuer shall disclose information about:	
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:	
(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	"Climate Change – Governance"
(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	"ESG Governance"
(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	"ESG Governance"
(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	"ESG Governance"
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	"ESG Governance"
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	"ESG Governance"

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Description

Statement/Section

(II) STRATEGY

<p>20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines “short term”, “medium term” and “long term” and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	<p>“Climate Change – Strategy”</p> <p>“Climate Change – Strategy”</p> <p>“Climate Change – Strategy”</p> <p>“Climate Change – Strategy”</p>
<p>21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	<p>“Climate Change – Strategy”</p> <p>The Group is in the process of developing relevant mechanisms to define the boundaries of its value chain and to identify areas that are more vulnerable to climate-related risks at the geographical and asset levels.</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Description	Statement/Section
<p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p>	
<p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p>	
<p>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;</p>	"Climate Change – Strategy"
<p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p>	"Climate Change – Strategy"
<p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and</p>	At this stage, the Group has not yet formulated the key assumptions and critical dependencies underlying its transition plan.
<p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and</p>	"Climate Change – Strategy"
<p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	"Climate Change – Strategy"
<p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	"A1. Emissions" "A2. Use of Resources"

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<p>24. An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	<p>The Group is currently at an early stage of conducting a comprehensive assessment to qualitatively evaluate the financial impacts of climate-related risks and opportunities on the Group’s financial position, performance, or cash flows. Relevant qualitative information is set out in section “Climate Change – Strategy”.</p>
<p>25. The issuer shall provide qualitative and quantitative disclosures about:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	

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26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:

- (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:
 - (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;
 - (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and
 - (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;
- (b) how and when the climate-related scenario analysis was carried out, including:
 - (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);
 - (ii) the key assumptions the issuer made in the analysis; and
 - (iii) the reporting period in which the climate-related scenario analysis was carried out.

The Group is currently in progress of developing quantitative climate-related scenario analysis. In the future, the Group will continue to improve its internal data collection mechanisms and potentially conduct climate-related scenario analysis.

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(III) RISK MANAGEMENT

27. An issuer shall disclose information about:

- (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:
 - (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);
 - (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;
 - (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);
 - (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;
 - (v) how the issuer monitors climate-related risks; and
 - (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;
- (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and
- (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.

"Climate Change – Risk Management"

Currently, the identification of climate-related risks is conducted qualitatively through the Group's established risk management processes and internal management discussions. Climate-related scenario analysis has not yet been fully implemented to assess climate-related risks.

"Climate Change – Risk Management"

"Climate Change – Risk Management"

"Climate Change – Risk Management"

"Climate Change – Risk Management"

"Climate Change – Risk Management"

"Climate Change – Risk Management"

(IV) Metrics and Targets

28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:

- (a) Scope 1 greenhouse gas emissions;
- (b) Scope 2 greenhouse gas emissions; and

"A1. Emissions"

"A1. Emissions"

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(c) Scope 3 greenhouse gas emissions.	<p>“A1. Emissions”</p> <p>The Group is currently unable to fully disclose its Scope 3 emissions due to data availability issues and insufficient coverage across the value chain. During the Reporting Period, scope 3 emissions include, but are not limited to, waste generated from operations and leased assets. In the future, the Group will progressively expand the coverage of Scope 3 disclosure.</p>
<p>29. An issuer shall:</p> <p>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</p> <p>(b) disclose the approach it uses to measure its greenhouse gas emissions including:</p> <p>(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;</p> <p>(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and</p> <p>(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;</p> <p>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer’s Scope 2 greenhouse gas emissions; and</p> <p>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>	<p>“A1. Emissions”</p> <p>“A1. Emissions”</p> <p>“A1. Emissions”</p> <p>Not applicable</p> <p>“A1. Emissions”</p> <p>“A1. Emissions”</p>

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30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	At present, the Group has not conducted a quantitative assessment to determine the amount or percentage of assets and business activities, or the level of capital expenditure, financing, or investment, associated with climate-related risks and opportunities.
31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	
32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	
33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	
34. An issuer shall disclose: <ul style="list-style-type: none"> (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	The Group does not apply internal carbon pricing in its decision-making process at present.
35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	The Group's current remuneration policy does not explicitly incorporate climate-related considerations or performance metrics associated with climate-related considerations.
36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Currently, the Group has not incorporated industry-based climate metrics specific to its sector. The Group plans to review and potentially apply some international Industry-Based Guidance and relevant frameworks in the future reporting cycle.

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<p>37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p>	
(a) the metric used to set the target;	"Climate Change – Metrics and Targets"
(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	"Climate Change – Metrics and Targets"
(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	"Climate Change – Metrics and Targets"
(d) the period over which the target applies;	"Climate Change – Metrics and Targets"
(e) the base period from which progress is measured;	"Climate Change – Metrics and Targets"
(f) milestones or interim targets (if any);	"Climate Change – Metrics and Targets"
(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	"Climate Change – Metrics and Targets"
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	"Climate Change – Metrics and Targets"
<p>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p>	
(a) whether the target and the methodology for setting the target has been validated by a third party;	Currently, the Group's relevant targets and target-setting methodologies have not been validated by an external party. The targets are subject to Board review and approval.
(b) the issuer's processes for reviewing the target;	"Climate Change – Metrics and Targets"
(c) the metrics used to monitor progress towards reaching the target; and	"Climate Change – Metrics and Targets"
(d) any revisions to the target and an explanation for those revisions.	Not applicable
<p>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	"Climate Change – Metrics and Targets"

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<p>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	<p>"Climate Change – Metrics and Targets"</p> <p>"Climate Change – Metrics and Targets"</p> <p>"Climate Change – Metrics and Targets"</p> <p>The Group did not adopt a sectoral decarbonisation approach in formulating its targets.</p> <p>The Group did not purchase any carbon credits in the current reporting cycle.</p>
<p>41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	<p>The Group has not adopted cross-industry or industry-specific metrics but intends to enhance its internal frameworks and data capabilities to enable future adoption.</p>

