

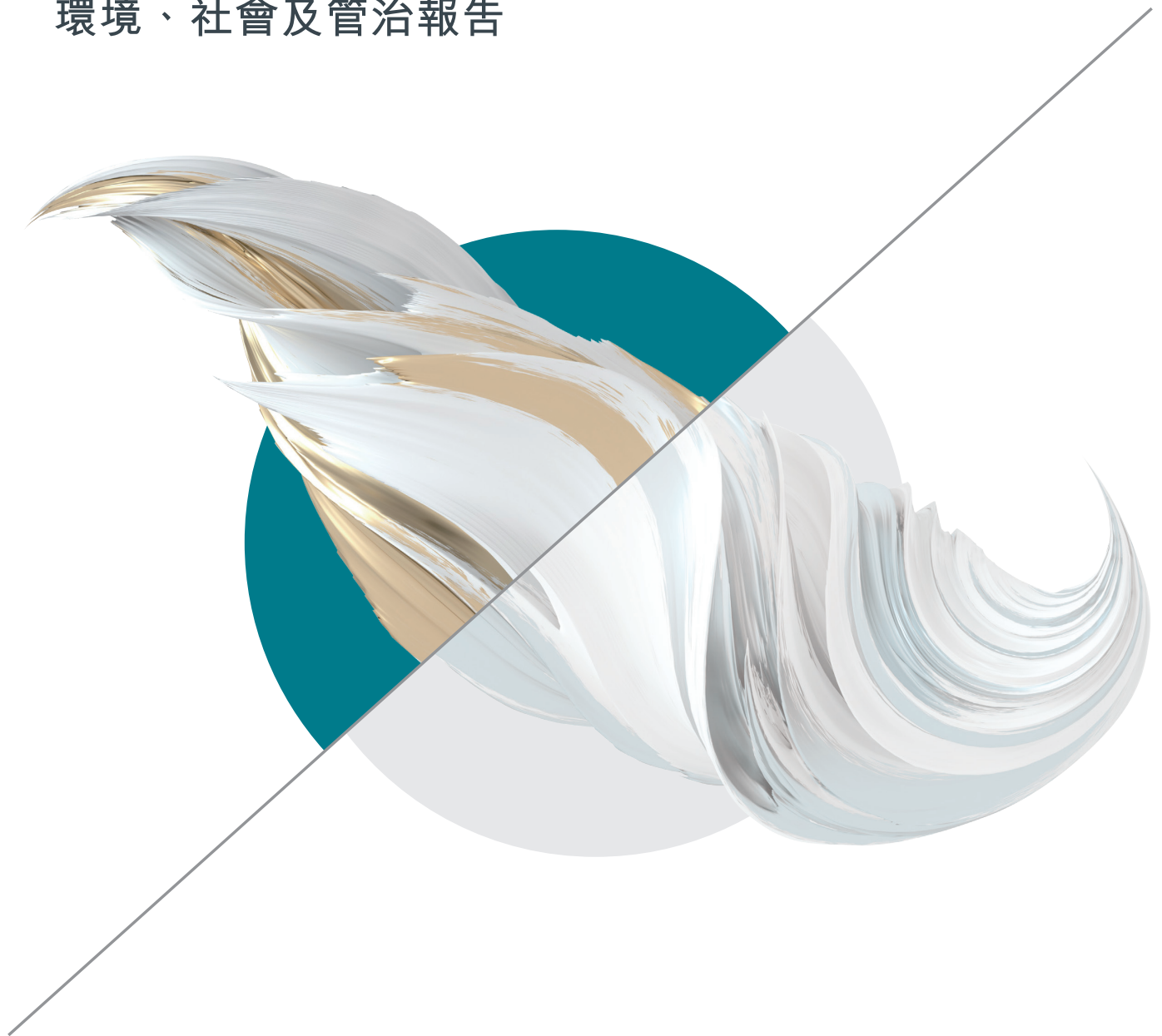


Tungtex (Holdings) Company Limited 同得仕（集團）有限公司
Stock Code 股份代號：00518

2022

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

環境、社會及管治報告



Contents

1.	APPROACH	2
2.	ABOUT THIS ESG REPORT	3
2.1	Scope of the ESG Report	3
2.2	Principle of the ESG Report	3
3.	ABOUT TUNGTEX	4
3.1	Our Business	4
3.2	Our Vision	4
3.3	Our Mission	4
3.4	Board of Directors	4
4.	AWARDS	5
5.	BOARD STATEMENT	7
6.	STAKEHOLDERS ENGAGEMENT	8
7.	MATERIALITY ASSESSMENT	10
8.	SECTION A: ENVIRONMENTAL	11
8.1	Emissions	11
8.2	Use of Resources	16
8.3	The Environmental and Natural Resources	21
8.4	Climate Change	21
9.	SECTION B: SOCIAL	23
9.1	Employment	23
9.2	Health and Safety	25
9.3	Development and Training	26
9.4	Labour Standards	27
9.5	Supply Chain Management	27
9.6	Product Responsibility	28
9.7	Anti-corruption	29
9.8	Community Investment	29
10.	ENVIRONMENTAL DATA	30
11.	SOCIAL DATA	32
12.	ESG REPORTING GUIDE & REFERENCE	34

1. APPROACH

Tungtex (Holdings) Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been dedicated in the manufacture of fine ladies’ fashion. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability. We are constantly capturing opportunities to create long-term value for the shareholders and environment.

The Group understands its responsibility to be accountable to all its stakeholders, including government/regulatory authorities, shareholders/investors, employees, customers, suppliers, communities and media and public, etc. Understanding the needs and expectations of the stakeholders is the key to the Group’s success. As each stakeholder requires a different engagement approach, we have established a sound communication method in order to better meet each stakeholder’s expectations (Please refer to section 6. Stakeholder Engagement below for details).

For the sake of striking a balance among business needs, social demands and environmental impacts, we are committed to continuously monitoring the risks and opportunities existed in our daily operation, and embracing transparent corporate culture to ensure our sustainability strategies are well communicated to our employees, clients, the communities and other stakeholders.

To implement sustainability strategies to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities

2. ABOUT THIS ESG REPORT

The Company is pleased to present the Environmental, Social and Governance (“ESG”) Report. The content contained herein focuses on providing an overview of the ESG performance and our continual efforts in the area of sustainable development of our major operations in the People’s Republic of China (the “PRC”) and Socialist Republic of Vietnam (“Vietnam”) from 1 April 2021 to 31 March 2022 (the “Reporting Year” or “2022”). It allows us to conduct thorough performance review and evaluation for enhanced results in the future. The Reporting Year is consistent with our financial year. The Board of Directors (the “Board”) of the Company is responsible for the reliability, truthfulness, objectivity, and completeness of the information disclosed in this ESG report. This ESG report was approved by the Board on 22 July 2022.

2.1 SCOPE OF THE ESG REPORT

The present scope of the ESG report covers the principal operating activities of the Group’s manufacturing and sales of garment products division which are operating in the PRC and Vietnam. In addition, the Group’s retail division is also included in this ESG report for raising the overall comprehensiveness of the Group’s ESG disclosure since our retail business is growing and accounts for an increasing proportion of the Group’s sales.

2.2 PRINCIPLE OF THE ESG REPORT

This ESG report follows the requirements of the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The two ESG subject areas, namely Environmental and Social, are disclosed separately and under the “comply or explain” provisions of the ESG Reporting Guide set out in Appendix 27 to the Listing Rules. Corporate Governance has been disclosed in the Company’s annual report based on Corporate Governance Code contained in Appendix 14 to the Listing Rules.

Materiality

The content of the ESG report is determined based on the stakeholder engagement and materiality assessment. The Group has identified ESG related issues, gathered and reviewed the opinions from internal management and various stakeholders, assessed the relevance and materiality of the issues, and prepared and validated information of the ESG report. The ESG report provides comprehensive coverage of the key ESG issues of concern to the Group’s stakeholders.

Quantitative

The Group has disclosed the qualitative environmental and social Key Performance Indicator (“KPI”) in the ESG Report. The criteria, methods, references and conversion factors used to calculate the KPIs are stated whenever possible in order to provide stakeholders with a comprehensive understanding of the Group’s ESG performance.

Consistency

For comparative purposes of ESG performance from year to year, the Group adopts consistent approaches for data collection, calculation and reporting, where reasonable, across all financial years, and records significant changes in detail for the relevant components. The intensities of the relevant performance indicator data in the ESG report are calculated per thousand output units, unless otherwise indicated. The data and information used in this ESG report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited consolidated financial statements for the year ended 31 March 2022.

3. ABOUT TUNGTEX

3.1 OUR BUSINESS

Tungtex Group's principal operating activities are the provision of manufacturing and sales of garment products and retail of garment products of its own brands in the PRC and Vietnam.

3.2 OUR VISION

- To be a leader in providing fashion solution to global apparel buyers, leading in terms of reliability, superb product quality, customised solutions, and maximizing value and satisfaction.
- To achieve continuous economic growth and enhance the effectiveness of our sustainability strategy in order to meet the expectation of different stakeholders.

3.3 OUR MISSION

- To fulfill the objectives and needs of our customers, employees and long-term shareholders.
- To dedicate our support to long-term development of the global fashion apparel industry.
- To act in a socially responsible way, leading the way in corporate governance, charitable giving and a commitment to the environment.

3.4 BOARD OF DIRECTORS

As at the date of this report, the Board consists of:

Executive Directors

Mr. Martin Tung Hau Man (Chairman)
Mr. Billy Tung Chung Man (Vice Chairman)
Mr. Raymond Tung Wai Man (Managing Director)

Independent Non-Executive Directors

Mr. Tony Chang Chung Kay
Mr. Robert Yau Ming Kim
Mr. Kenneth Yuen Ki Lok
Mr. Wilson Yu Wing Sang
Ms. Lee Siu Mei (with effect from 1 May 2022)

The Company has actively advanced board diversity by selecting appropriate candidates for the Board in a comprehensive and impartial manner in accordance with the specific needs of the Company. The Company considers a number of factors when deciding on appointments of directors and continuation of the appointments of existing directors, including but not limited to gender, age, race, cultural and educational background, length of service, skills, professional experience, regional and industry experience and any other factors that the Board deems appropriate from time to time. Therefore, aiming to continuously seek to enhance the effectiveness of the Board, to maintain a good corporate governance and recognise and embrace the benefits of having a diverse Board and to enhance the quality of its performance, the Company appointed a new independent non-executive director with effect from 1 May 2022.

In the Reporting Year, the Group has carried on its achievement in environmental protection and continued to receive the recognitions under various organizations.

bluesign® STANDARD

In the Reporting Year, the Group has continued receiving the recognition under the bluesign® system governed by Bluesign Technologies AG, a company founded in Switzerland in 2000, which set out to change the standard mentality within the manufacturing industry. As a solution provider, the bluesign® system acts as an independent verifier to ensure trust and transparency. The bluesign® system supports the industry in its efforts to improve its sustainable processes, step by step.

Tungtex International Limited, an indirectly wholly owned subsidiary of the Company, has been being a bluesign® system partner since 19 November 2019. The Group is committed to applying the bluesign® system, demonstrating the sustainability performance and providing proof of the minimal impact on people and the environment so as to improve the environment performance and build a sustainable future. The Group ensures that bluesign® system approved chemical products and raw materials are used in all steps of the manufacturing process. Substances posing risks to people and the environment are hence avoided using from the very beginning. On-site inspections verify the proper application of such chemical products and raw materials in controlled processes and ensure the responsible use of resources.

HIGG INDEX

The Sustainable Apparel Coalition, a global and multi-stakeholder non-profit alliance for the fashion industry, with the focus on building and advocating the adoption of the Higg Index, launched the Higg Index in 2011, a standardised value chain sustainability measurement tool for industry participants which measures the environmental, social and labour impacts across the value chain. The restriction of the use of polluted or harmful materials at the initial stage of the supply chain leads to better control of the whole production process.

Our Zhongshan factory adopted Higg Index Facility Environmental Module (FEM) as a standardised environmental assessment to measure our performance on environmental and social responsibility as well as seeking opportunities on continuous improvement, and successfully achieved our targets in 2020 and 2021. We apply the Higg Index assessment tool to benchmark the Company against industry best practices for sustainability performance. Measuring our performance using an industry-standardised mechanism allows us to more effectively implement our sustainability strategies.



bluesign® STANDARD
Bluesign Technologies AG



Higg Index Facility Environmental Module
The Sustainable Apparel Coalition

4. AWARDS

5 YEAR PLUS CARING COMPANY LOGO

The Company has been presented with the Caring Company Award by The Hong Kong Council of Social Service in recognition of the Company's commitment in Caring for the Community, Caring for the Employees and Caring for the Environment. The distinguished honor recognises our various efforts and contributions to community building, employee recognition and environmental protection. This is a clear proof of the Company's persistence in sustainable development and contribution to the community. The honor puts the Company in the company of prestigious organisations who have built their success by cultivating corporate social responsibility. Launched by The Hong Kong Council of Social Service, the Caring Company Scheme aims at cultivating good corporate citizenship with the mission of building a cohesive society by promoting strategic partnerships among business and social service partners and inspiring corporate social responsibility through caring for the community, employees and the environment.



5 Year Plus Caring Company Logo
The Hong Kong Council of Social Service

5. BOARD STATEMENT

The Company understands that the importance of effective ESG for corporate sustainability, at the same time, the Company endeavors to ensure that the Board has an appropriate balance of skills, experience, as well as the diversity of perspectives that are required to support the execution of its business strategy and ensuring the effectiveness of the Board. As such, the Board is involved in overseeing ESG related matters and the effective implementation of relevant ESG policies in its operations. A three-tier ESG governance structure, which comprises of the governance tier, the management tier and the execution tier has been established as a part of the efforts to ensure the smooth implementation of ESG strategies.

The Board holds the overall accountability for the Group's ESG management approach, strategy and performance. The Board's responsibilities include assessing and identifying the Group's potential ESG impacts, opportunities, and the related risks concerning its operations. Upon the materiality assessment and the formulation of ESG-related goals, the Board integrates ESG risk management into its business strategy to ensure that the ESG approaches are in line with the overall direction and objectives of the Group. Moreover, the Management is also responsible for overseeing the risk management framework and reports to the Board on the ESG-related matters, including risks and opportunities, through evaluating the Group's sustainability performance regularly.

In the view of supporting the Board's oversight and management towards the ESG issues, with the top-down approach towards the risk management framework of the Group, the ESG performance of the Group against the goals and KPIs are monitored and reported to the Board by the employees of management tier and execution tier. On an operational level, the ESG working team, including the execution tier and management tier, is responsible for the execution of ESG-related projects accordingly and reports the project progress while any potential frauds and risks identified from the execution process will be reported in a timely manner.

Looking ahead, the Board will continue its commitment to driving sustainability in all aspects of its operations with the concept of sustainability integrating into its operations among its business. Furthermore, the Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG strategies and targets for the Group to strive for better performances and better aligning with stakeholders' expectations.

Additionally, the Group is committed to build a greener world and work together to be more environmentally friendly in the direction of reducing its carbon footprints and also committed to achieve carbon-neutrality by 2060, in hopes to contribute to the national carbon emission reduction plan.

6. STAKEHOLDERS ENGAGEMENT

The Company strongly believes that our stakeholders play a crucial role in sustaining the success of our business in the challenging market. The Group actively maintains a close tie with its stakeholders. We strive to better understand and engage the stakeholders to balance their opinions and interests, and to understand their needs and expectations through constructive communications to determine the directions of our sustainable development. Besides, we regularly assess and determine our ESG risks, and ensure that the relevant risk management measures and internal control systems are operating effectively. The following table shows the means of communication with the stakeholders and the management response to the stakeholders' expectations and concerns:

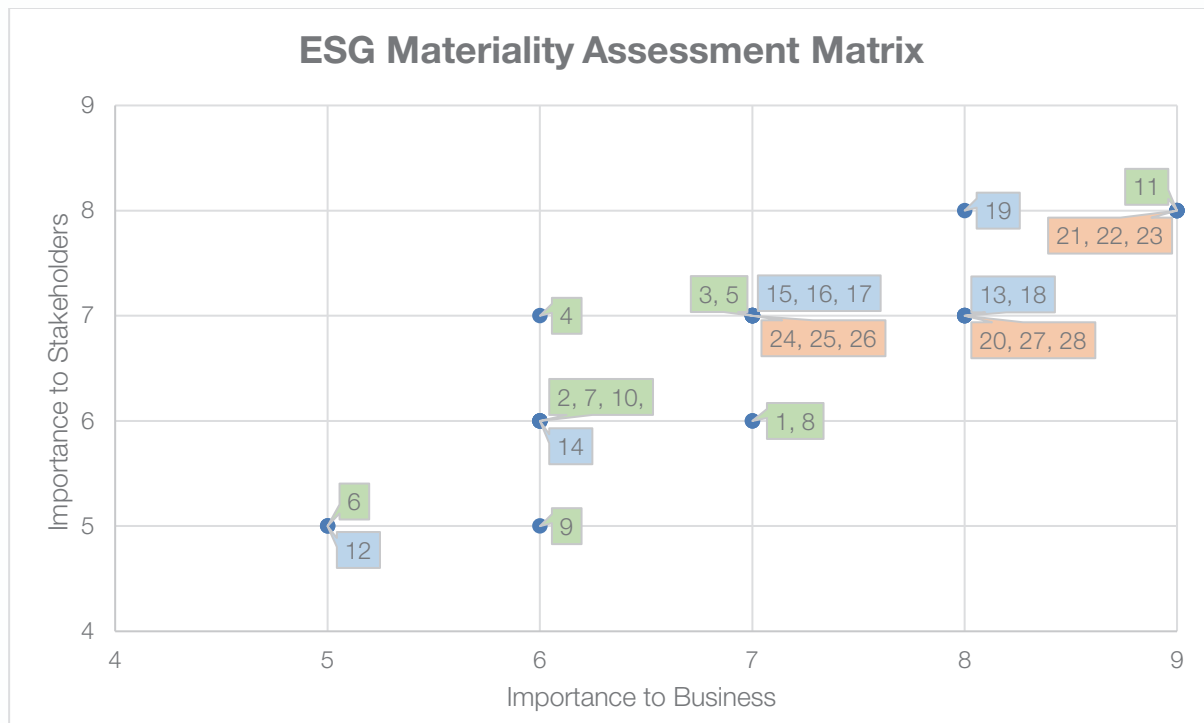
Major stakeholders	Expectations and concerns	Means of communication	Management response
Government/ regulatory authorities	<ul style="list-style-type: none"> ➤ Compliance with laws and regulations ➤ Fulfill tax obligation ➤ Joint anti-epidemic 	<ul style="list-style-type: none"> ➤ Regular declaration ➤ Onsite inspection ➤ Laws and regulations 	<ul style="list-style-type: none"> ➤ Uphold integrity and compliance in operations by establishing comprehensive and effective internal control system ➤ Pay tax on time and in full ➤ Take effective epidemic preventive measures and formulate epidemic emergency plans in accordance with the requirements of government departments
Shareholders/ investors	<ul style="list-style-type: none"> ➤ Return on investment ➤ Good corporate governance system ➤ Transparency and disclosure of corporate information ➤ Sustainability strategies and development 	<ul style="list-style-type: none"> ➤ Shareholders' meetings ➤ Interim and annual reports ➤ Announcements ➤ Official company website ➤ Email 	<ul style="list-style-type: none"> ➤ Management possesses relevant experience and professional knowledge in business sustainability ➤ Ensure transparent and effective communications by dispatching information on the websites of Hong Kong Exchanges and Clearing Limited and the Company ➤ Continue to improve the internal control system and focus on risk management
Employees	<ul style="list-style-type: none"> ➤ Labour rights ➤ Equal employment ➤ Career development ➤ Health and workplace safety ➤ Joint anti-epidemic 	<ul style="list-style-type: none"> ➤ Workers' union ➤ Staff activities ➤ Performance management ➤ Staff handbook ➤ Trainings ➤ Employee suggestion mailbox 	<ul style="list-style-type: none"> ➤ Set up contractual obligations to protect labour rights ➤ Encourage employees to participate in continuous education and professional trainings ➤ Establish a fair and reasonable employment scheme ➤ Pay attention to occupational health and safety ➤ Distribute disinfecting supplies and masks, and call on employees avoid travelling to high-risk area unless essential

6. STAKEHOLDERS ENGAGEMENT

Major stakeholders	Expectations and concerns	Means of communication	Management response
Customers	<ul style="list-style-type: none"> ➤ High quality products and services ➤ Timely delivery ➤ Service value ➤ Labour protection and work safety ➤ Joint anti-epidemic 	<ul style="list-style-type: none"> ➤ Business visit ➤ E-mail, telephone connection and communication apps ➤ On-line and in-store shopping experience ➤ Sample products exhibition 	<ul style="list-style-type: none"> ➤ Ensure proper contractual obligations are in place ➤ Improve the quality of products and services continuously to maintain customer satisfaction ➤ Deliver the best quality fashion apparel at comprehensive price to our customers on time ➤ Provide the quickest response to satisfy the requirements of our customers ➤ Formulate comprehensive quality assurance process ➤ Effectively utilise different communication channels and avoiding any possibility of cross infection
Suppliers	<ul style="list-style-type: none"> ➤ Environmentally friendly supplier ➤ Demand stability ➤ Joint anti-epidemic 	<ul style="list-style-type: none"> ➤ Business visit ➤ E-mail, telephone connection and communication apps ➤ Supplier performance evaluation 	<ul style="list-style-type: none"> ➤ Ensure proper contractual obligations are in place ➤ Apply most-updated information technology on our supply chain processes ➤ Establish policies and procedures in supply chain management ➤ Select suppliers with due care
Communities	<ul style="list-style-type: none"> ➤ Environmental protection ➤ Community contribution ➤ Economic development ➤ Joint anti-epidemic 	<ul style="list-style-type: none"> ➤ Official company website ➤ Community engagement ➤ Employee voluntary activities 	<ul style="list-style-type: none"> ➤ Pay attention to climate change ➤ Encourage employees to actively participate in charitable activities and voluntary services ➤ Charitable donations ➤ Employ people with disabilities to help them participate in the society
Media and public	<ul style="list-style-type: none"> ➤ Transparent information 	<ul style="list-style-type: none"> ➤ Official company website ➤ Announcements 	<ul style="list-style-type: none"> ➤ Publishing of the latest news and announcements on the websites of Hong Kong Exchanges and Clearing Limited and the Company

7. MATERIALITY ASSESSMENT

In the Reporting Year, the Company has undertaken its comprehensive materiality assessment exercise. This involved conducting surveys with internal and external stakeholders to identify the most significant operating, environmental and social impacts towards their business. With reference to the disclosable scope as required under the ESG Reporting Guide, as well as taking into consideration the corporate business characteristics, the Company has identified 28 issues, which covered emission, energy and water consumption, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption, community investments and so on. Details are shown in the chart and table below:



No. ESG Topics Environmental Issues	No. ESG Topics Social Issues	No. ESG Topics Operational Issues
1 Greenhouse gas emission/global warming	12 Community investment and engagement	21 Economic value generated
2 Air emission	13 Occupational health and safety	22 Corporate governance
3 Energy consumption	14 Labour standards in supply chain	23 Anti-corruption
4 Water consumption	15 Training and development	24 Supply chain management
5 Hazardous waste/sewage	16 Employee rights and welfare	25 Customer satisfaction
6 Non-hazardous waste/sewage	17 Inclusion, equal opportunities and anti-discrimination	26 Customer privacy
7 Paper consumption	18 Talent attraction and retention	27 Product quality and safety
8 Use of raw materials and packaging materials	19 Continuous action against COVID-19 epidemic	28 Operational compliance
9 Stakeholder's engagement in environmental issues	20 Preventive measures for child and forced labour	
10 Use of chemicals		
11 Compliance with environmental laws and regulations		

As shown above, the material ESG topics of the Group covers issues in the environmental, social and operational aspects. In particular, 4 most important ESG issues are identified, namely compliance with environmental laws and regulations, economic value generated, corporate governance and anti-corruption. The importance of these issues highlights the Group's principle in being responsible in both the environmental and operational aspects while strictly abiding by the social standards and maintaining its business sustainability along with the quality of its service.

In addition to compliance with the ESG Reporting Guide, the Group will include more details regarding the issues to which the stakeholders pay greater attention in this ESG report. Meanwhile, the materiality assessment results will provide the Group with guidance on formulating strategic objectives and plans to resolve the ESG issues for the coming years, as well as on continuing to push forward our sustainability development.

8. SECTION A: ENVIRONMENTAL

With growing concerns of climate change and environmental degradation, sustainable environmental protection has become a strategic priority for various industries globally. The Group is committed to upholding the high environmental standards to fulfill relevant requirements throughout our operation and will continue to devote resources for environmental conservation, reduction of carbon footprint and environmental compliance as required under applicable laws and ordinances. While optimizing our environmental policy, the Group also hopes to be inspiring our employees to strive for environmental sustainability and hence further minimises our environmental impacts from operations. During the Reporting Year, we have invested approximately HK\$1,984,000 on various kinds of environmental protection measures, including (i) installation of Solar Photovoltaic System (“Solar PV System”) in Vietnam factory and (ii) replacement of solar lights in the public area of Zhongshan factory.

Based on the national and local laws and regulations, the Group made reference to our operating environment, structure, production capabilities and human resources to develop an unique environmental management system and established regulations and guidelines on pollutant management to regulate waste gases, sewage, noise and different types of solid wastes generated from operation and production. The Group adheres to the enterprise culture of focusing on environmental protection and energy conservation, with an aim of setting up a comprehensive internal environmental management system to monitor, manage and dispose of various pollutants generated from the operations of our plants and offices, and strictly follows the standards and requirements of the local government.

The Group has established a production safety management committee in our Zhongshan Factory. The production safety management committee is responsible for managing issues that related to environmental protection, such as the examination and approval of the environmental protection development, policies and procedures to ensure the factory is operating in full compliance with the national and local environmental related laws and regulation. On the other hand, our production safety department carries out different environmental protection training to educate our employees to understand the importance of impact caused by human to the environment. We take various actions with an aim to reduce carbon footprint in the factory, thereby reducing the adverse effects on the environment from our business activities and employees’ personal life.

Given the change in the Group’s reporting scope for including its retail division in addition to its original scope for the manufacturing division to raise the overall comprehensiveness of its disclosure, the respective emission figures of the last corresponding year (or “2021”) have been revised to include the data from its retail division for comparative purpose. Unless otherwise stated, the intensity in this report is per thousand output units of manufacturing division (“Output Level”) or per thousand products sold of retail division (“Sales Level”).

Compliance with Relevant Laws and Regulations

The Group is not aware of any material non-compliance with “Environmental Protection Law of the PRC”, “Atmospheric Pollution Prevention and Control Law of the PRC”, “Water Pollution Prevention and Control Law of the PRC”, “Law on Environmental Protection of Vietnam” and other applicable laws and regulations that have a significant impact on the Group relating to air and greenhouse gases emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the Reporting Year. No fines or non-monetary sanctions for non-compliance were incurred during the Reporting Year.

8.1 EMISSIONS

Air Emission

The Group always complies with the applicable provisions of the national and the local laws, regulations and standards of the operating locations and established related internal policies and procedures. We demand our employees to strictly follow the operating procedures of the production equipment and environmental protection equipment and provided suitable labour supplies to our employees, so as to effectively control and manage the air emission and reduce its environmental impacts and harms to our employees.

The Group has implemented an environmental protection policy to reduce the air emissions. All machineries and vehicles are under frequent and regular checks and maintenance to minimise energy inefficiency and to reduce fuel consumption and air emission due to parts failures. Besides, for transportation logistics, our drivers are required to plan the route ahead with the shortest distance and prohibit idling of automobile engines to reduce unnecessary consumption of fuel. The use of electricity-based forklift instead of diesel-based forklift in the factories has also reduced the air emission significantly from burning fossil fuel.

8. SECTION A: ENVIRONMENTAL

During the Reporting Year, the air emission mainly arose from the usage of gasoline and diesel oil for the automobiles, as well as the usage of biomass fuel and natural gas for the boiler, including sulphur oxides (“SOx”), nitrogen oxides (“NOx”) and particulate matter (“PM”). The total weight of air emission amounted to approximately 1,432.0 kg (2021: 1,731.9 kg), which was 0.7 kg per Output Level (2021: 1.1 kg per Output Level), with a decrease of 17.3% in the total emission weight compared to the last corresponding year. The reduction was mainly due to our self-assessment with reference to the Higg Index to identify opportunities for continuous sustainability improvement in our facilities, and staff education such as reinforcing the idea of environmentally friendly practices and switching off unnecessary equipment. The decrease in output level of Vietnam factory in response to the modification in our operation strategy has also contributed to lesser biomass fuel used comparing to the last corresponding year, where the air emission decreased accordingly.

The use of natural gas and biomass fuel in the boilers to produce steam and heat for the production process also generate air emission. Waste gas treatment facility for the biomass fuel boiler has been installed in our Vietnam factory. All waste gas has to go through three level pollutants absorbing processes in the treatment facility before discharge to the atmosphere. The Group regularly entrusts third-party professional inspecting agencies to test the pollutants at each discharge outlet in the factories in accordance with the emission standards and methods of the local environment protection government departments. It is to prevent any excessive emission left unaware of which may lead to non-compliance with the local emission standards and protect our atmospheric environment. During the Reporting Year, the test results were in compliance with the national “Emission standard of air pollutants for boiler” and “National Technical Regulation on Ambient Air Quality”.

Air Emission Target

Given the emission is highly subjected to the business operation of the Group, fluctuations in emission may be resulted in response to the changes in the Group’s business growth and performance. Nonetheless, the Group aims to continue actively implement the aforementioned practices for limiting air emission as much as possible. In addition, as the majority of the company-owned vehicles are fuel-based, the Group will also look into the potentials in replacing novel vehicle models such as hybrid vehicles or electric vehicles for reducing its consumption in gasoline and lower the corresponding air emission in the future.

Greenhouse Gases Emission

By definition, greenhouse gas emission refers to heat trapping gases in the atmosphere, which includes Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O) and several Fluorinated gases (F-gases). Greenhouse gas emissions can be classified into three scopes, namely Scope 1 concerning the direct emissions from operations that are owned or controlled by the Company; Scope 2 concerning the indirect emissions from purchased electricity, heating, cooling and steam consumed within the Company; and Scope 3 concerning all other indirect emissions, including emissions from both upstream and downstream activities, that occur outside the Company.

The Group’s operation of machineries and vehicles directly contributed to the emission of greenhouse gases, which is the main culprit of global warming. Alongside the direct emission sources, there are also several indirect emission sources noted as the purchase of electricity from electricity providers, electricity used in freshwater and sewage processing and paper waste disposal at landfills.

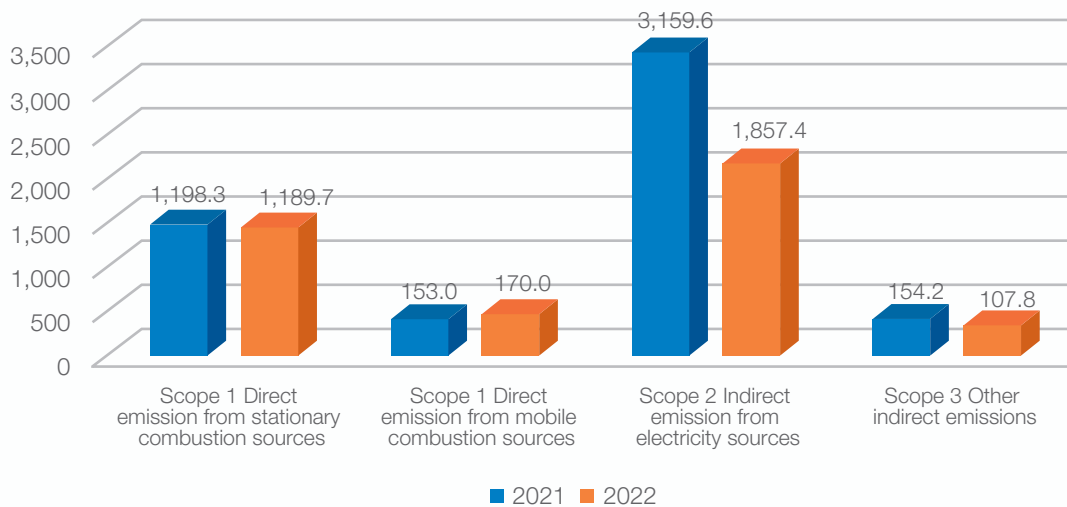
During the Reporting Year, the amount of total greenhouse gas emission was approximately 3,324.9 tonnes (2021: 4,665.1 tonnes), which was 1.6 tonnes per Output Level (2021: 3.1 tonnes per Output Level). Compared to the emissions of the last corresponding year, the total amount of greenhouse gas emission decreased by 28.7%, with a decrease of 48.4% in the relevant intensity. Our Zhongshan factory has combined similar production processes into same floor in the building, which centralised employees and reduced the unnecessary electricity consumption, such as lighting and air-conditioning. Moreover, as our Vietnam factory has newly installed its Solar PV System, the indirect emissions from purchased electricity has dropped nearly half of its emission comparing to the last corresponding year.

8. SECTION A: ENVIRONMENTAL

During the Reporting Year, the total renewable electricity generated from the Solar PV System amounted to approximately 495.9 MWh, of which approximately 46.1% of the renewable electricity were used to support the operations of the Vietnam factory, while the remaining 53.9% surplus electricity were contributed to the public. Taking this into account, the Group saved approximately 351.6¹ tonnes of emission by dedicating its endeavor in

developing renewable energy system within the factory area in Vietnam. With respect of the aforementioned reasons, the total indirect greenhouse gases emission from purchased electricity decreased from 3,159.6 tonnes to 1,857.4 tonnes, with a remarkable decrease of approximately 41.2% compared to last corresponding year. The change in proportion of the Group's respective emission sources was illustrated in below chart:

Total GHG Emission in 2021 and 2022 by Scope (in tonnes)



Several measures to reduce our greenhouse gas emissions were implemented to demonstrate our determination to maintain environmental sustainability. As the main greenhouse gas emissions of the Group was attributed to its electricity consumption, the Group encouraged its staff to switch off all idle electronic appliances. Besides, electricity saving labels were also posted at the factories and offices to advocate the reduction of energy consumption. Given the notable reduction of the Group's greenhouse gas emissions comparing to the last corresponding year, the Group considers its measures are effective and will continue to develop new measures as needed for lowering its adverse environmental impact from its operation.

Moreover, a "Greenhouse Gas Emission Reduction Plan" was also stipulated by Zhongshan factory in the Reporting Year for further strengthening and standardising the management of the Group's greenhouse gas reduction visions in accordance with relevant provisions, such as the "Kyoto Protocol" of the United Nations Framework Convention on Climate Change and the "Clean Development Mechanism Project Operation and Management Measures" of the PRC. In the future, the

Group aims to further install and develop equipment for renewable energy and cleaner energy in order to reduce the emission of greenhouse gas. The Group hopes to achieve sustainability progressively through appropriate management along its business development for acquiring the resources and capability required for achieving long term sustainability.

Greenhouse Gases Emission Target

Given the greenhouse gases emission is highly subjected to the business operation of the Group, fluctuations in greenhouse gases emission may be resulted in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to continue implementing the aforementioned practices and actively keeping track of its performance for allowing better management plans and strategy formulation. Additionally, the Group will also foster the promotion of ESG-related concepts along with reinforcing the idea of environmental protection for raising the overall effectiveness and participation in its environmental measures among our employees. In light of the aforementioned measures and visions, the Group believes that its greenhouse gases emissions could be further reduced in the coming future.

¹ The CO₂ equivalent emission of solar generated electricity is estimated from the calculation by the average emission factor of Vietnam.

8. SECTION A: ENVIRONMENTAL

Waste Management

In compliance with the “Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste” and other applicable environmental laws and regulations of the local government, the Group has formulated related internal policies and procedures to manage and monitor the process in solid wastes collection, storage and disposal. Besides, the Group is committed to conserving the use of various resources, encourages employees to recycle and reuse different materials as much as possible, and actively adopts different measures to reduce the generation of solid wastes. The solid wastes generated by the Group during its operation mainly include hazardous waste and non-hazardous waste.

Hazardous Wastes

The Group’s hazardous wastes mainly attributed from production, sewage treatment and repair and maintenance of equipment, including dye contained sludge, fluorescent lamp, waste fabric and containers for oil or chemicals. The Group follows the local government’s laws and regulations of the PRC and Vietnam to set up temporary storage warehouses for hazardous wastes, and take anti-scattering and anti-leakage measures to prevent any environmental pollution events. The containers loaded with

hazardous solid wastes have been affixed labels and stored in the designated locations by categories. Each factory regularly inspects the storage area of hazardous solid wastes and takes appropriate measures if any leakage or hidden safety hazard is found so as to prevent secondary pollution. The Group entrusts qualified recyclers to handle the hazardous waste. We report to the local environmental protection department prior to any hazardous wastes to be transferred. All hazardous wastes must be stored in the factories before obtaining the approval from the local environmental protection department, to prevent random dumping and improper disposal. Besides, all workers are provided with appropriate labour supplies and training on handling hazardous wastes to prevent any environmental pollution and work injury caused by improper handling.

During the Reporting Year, the Group generated approximately 0.6 tonnes of hazardous wastes (2021: 0.3 tonnes), and the hazardous wastes are all properly stored and handled by the qualified recyclers. The total hazardous wastes generated is doubled comparing to the last corresponding year. This was mainly due to an increase in the total Output Level, and that the partial hazardous wastes generated in the last corresponding year were disposed in the Reporting Year.



Hazardous waste warehouse at the Zhongshan factory

Non-hazardous Wastes

Non-hazardous wastes generated during our operation mainly includes living waste, wastepaper, waste fabric, metal and plastic. In order to achieve the objectives of resources saving, environmental pollution control and maximising the use of wastes, the Group actively promotes “Recycling” in waste treatment, such as selling recyclable waste materials to recyclers or suppliers and reasonable use of packaging materials to avoid over-packaging, in order to reduce the generation of solid wastes, bring revenue and reduce costs for the Group. Non-recyclable wastes (such as food residue, domestic garbage, etc.) are passed to the local sanitation department for handling. Besides, the Group has also implemented the following waste reduction measures in the office to reduce the environmental impact of the Group’s operations at all levels.

- Set up microwaves in the office and encourage employees to bring their own lunch and reduce ordering takeaway food;
- Reduce the use of disposable consumables, such as food packaging boxes, paper cups, paper plates, plastic bags, etc.;
- Encourage employees to reuse wastepaper or stationery, such as single-sided printed paper, envelopes, folders, etc.;
- Encourage employees to use environmental friendly shopping bags, water bottles and reusable tableware instead of disposable cutlery; and
- Encourage employees to use electronic communication as far as possible, and advocate a paperless work environment.

The retail division of the Group has also set up recycling collection points in the office for recycling of papers and old batteries. The old batteries and recycling papers are then put in the recycling bin in the office building and recycled by the building management company.

During the Reporting Year, the Group generated approximately 82.6 tonnes of non-hazardous wastes including paper, cloth scraps, metals and plastics (2021: 82.0 tonnes), with a slight increase of approximately 1.0% compared to last corresponding year. The corresponding non-hazardous waste intensity decreased approximately 20.0% from 0.05 tonnes per Output Level to 0.04 tonnes per Output Level. This was mainly due to the purchase of the computerised cutting machine that effectively reduced the production of cloth scraps along with the increased

Output Level during the Reporting Year. The non-hazardous wastes were handled by qualified recyclers for recycling, with the amount of recycled non-hazardous wastes has increased in the Reporting Year by actively promoting waste separation, the recycling policy of the Group, and the efforts of our employees.

Waste Management Target

Although waste production is inevitable to the operation of the Group, it aims to optimise its production process, as well as promote resource efficiency and innovative technology for limiting the production of waste, such as cloth scraps, to the greatest extent. Besides, the Group also plans to implement a series of knowledge sharing sessions and promotions regarding waste sorting in its factories and offices for encouraging recycling. Through the aforementioned measures and initiatives, the Group aims to reduce its wastes generation progressively in the future. Although the production of hazardous and non-hazardous waste is highly subjected to the business performance and development of the Group, the Group will strive for better performance in a bid to reduce the accompanied environmental impacts from its operations.

Sewage Management

The Group has set up sewage treatment facilities for processing sewage arising from textile manufacturing operations in Zhongshan factory. For both Vietnam factory and the retail office located in the PRC, only domestic sewage is generated from its operation. Sewage generated from the production process of the Zhongshan factory is all going through the oil separation, neutralization, sedimentation and rounds of filtration at the treatment station and being discharged when the national emission standard is met. The factory regularly remove the sediments in the sewage pipelines and sewage treatment tanks to prevent the water pipes from clogging or affecting the treatment capacity of the sewage treatment station. Our Zhongshan factory has been installed with online pollutants monitoring devices at the sewage outlets. The local environmental protection department can monitor the data of pH value, ammonia nitrogen emissions and chemical oxygen demand of the plants at any time through the information publishing platform. The designated personnel is assigned to carry out daily inspection on pollutants in the sewage. The Group also entrusts professional testing company to inspect the sewage at each discharge outlet in the factories. The test contents mainly include pH value, suspended matter, chemical oxygen demand, ammonia nitrogen, etc. The test results obtained during the Reporting Year were in line with the national “Discharge Limits of Water Pollutants” and “National Technical Regulation on Industrial Wastewater”.

8. SECTION A: ENVIRONMENTAL

During the Reporting Year, the Group discharged approximately 67,166.6 tonnes of sewage (2021: 177,911.6 tonnes). Because of the effective sewage system installed in the Zhongshan factory, the decreased output level in the Vietnam factory in response to the

modified operation strategy, the centralised and combined similar production processes into the same location in the factory, as well as the maintenance of pipes, the water consumption has notably decreased, thereby, less sewage was generated from the production and daily life which resulted in a decrease of 62.2% of sewage discharged.



Sewage pollutant monitoring devices installed at the Zhongshan factory

Noise Management

The noise produced by the Group is mainly generated from the operation of production machineries and equipment. We control the noise level and minimise its impact on the environment through restricting the production workshop locations and the placement setting of production equipment. We focus on greening of the factory environment, hoping that attenuation through trees can continuously reduce the impact of noise on the surrounding community environment. We entrust professional testing companies to inspect the noise level at our factories boundary and sewing production line. During the Reporting Year, the test results were in line with “Emission Standard for Industrial Enterprises Noise at Boundary” and “National Technical Regulation on Noise – Permissible Exposure Levels of Noise in the workplace”.

8.2 USE OF RESOURCES

With the view of the increasing attention in climate change, environmental protection and energy conservation, the Group has taken into account the environmental factors in mapping our sustainable development strategies and has actively responded to changes in the government’s environmental policies. The Group establishes measures to conserve natural resources and promotes the conservation culture in environmental protection. The Group has set up numbers of measure and demanded our employees to pay attention to resources conservation, to make full use of resources and to avoid wastage. We implement internal procedures for low-carbon processes and reduce emissions in production and operation, so as to reduce the use of various resources while maximising its efficiency and prevent waste of resources. “Energy Saving and Consumption Reduction Plan” and “Water Conservation Implementation Plan” have been established by our Zhongshan factory since the Calendar Year 2019, which sets out the improvement plans about the usage of different resources for the Calendar Year 2020, 2021 and 2022. It provides a clear vision towards our employees with an aim to minimise the use of natural resources and thereby reduce the Group’s carbon emissions and protect and sustain our environment.

Electricity Consumption

The electricity consumed in the Group's office, production and retail premises was one of the major contributors to the greenhouse gas footprint. During the Reporting Year, the total electricity consumption amounted to approximately 3,372.7 MWh (2021: 4,003.3 MWh), of which the total units of electricity purchased from electricity providers was approximately 3,143.9 MWh (2021: 4,003.3 MWh) and the total units of renewable electricity consumption generated from the Solar PV System in Vietnam was approximately 228.8 MWh, comprising around 93.2% and 6.8% respectively of the Group's electricity consumption. The corresponding electricity consumption intensity was of 1.6 MWh per Output Level (2021: 2.7 MWh per Output Level). Compared to last corresponding year, the electricity consumption reduced by approximately 15.8%, with a remarkable decrease of 40.7% in the relevant intensity. The decrease was mainly due to the centralised and combined similar production processes into the same location in the factory, and the newly installed Solar PV System in the Vietnam factory that successfully cut down electricity consumption during the Reporting Year.

To reduce the Group's energy consumption in the offices and factories, the Group actively adopts different kind of technically feasible and economically reasonable measures, such as encouraging employees to use natural light for daily operations, restricting the use of air conditioners according to seasonal and temperature changes, regularly cleaning the air conditioner's filter and

turning off the unnecessary electrical equipment after work, phasing out old equipment, using the nationally recognised equipment or equipment with the energy-efficient labels, and focusing on the repair and maintenance or transformation of the electrical equipment, etc. In addition, the production department arrange production shifts reasonably and adjust the operation modes of production equipment, thereby increasing productivity and minimising production power consumption. It is also strictly forbidden to leave production equipment idle. The administration department is responsible for monitoring electricity consumption and performing analysis accordingly. If abnormalities are found, investigation of the cause and rectification plan must be taken. At the same time, the Group organises energy-saving training and activities in the factories and offices, and posts energy saving labels at prominent location, etc. in order to promote energy-saving and carbon-reduction message and enhance the employee's skill and knowledge on energy-saving.

Solar Energy and Electricity

As aforementioned in the section "Greenhouse Gases Emission" of the report, the Group endeavors to reduce its main source of greenhouse gas emissions, which was its Scope 2 indirect emission from purchased electricity consumption. To further this advocacy in addition to the Group's devotion to investing green strategies, a Solar PV System has been installed at the Vietnam factory during the Reporting Year.

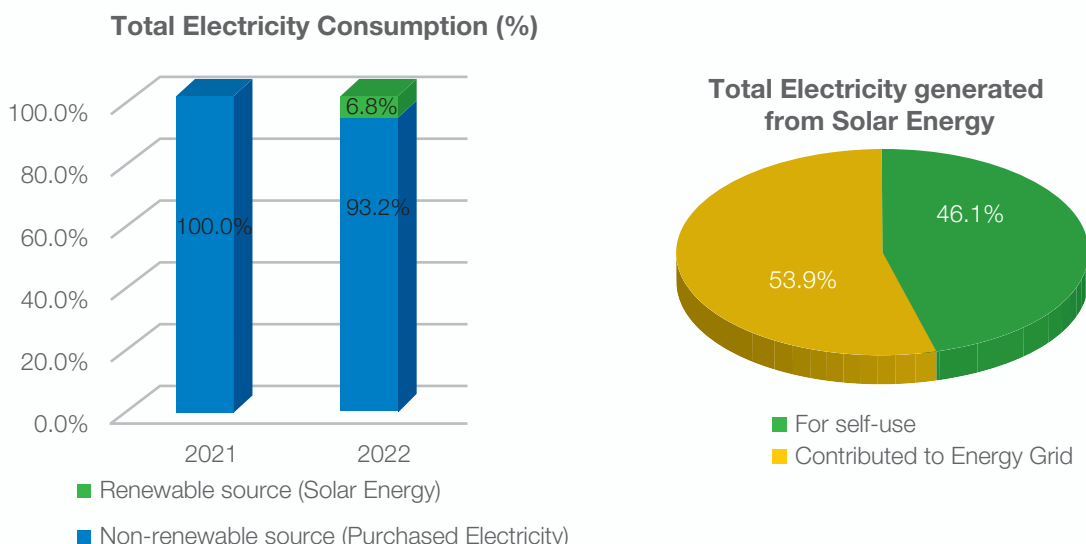


Solar PV System in Vietnam Factory

8. SECTION A: ENVIRONMENTAL

In particular, the total electricity generated from the Solar PV System amounted to approximately 495.9 MWh, in which 46.1% of the solar generated electricity, which was equivalent to 228.8 MWh, was used to support the operation of the Vietnam factory while the remaining 53.9% of the surplus electricity, which was equivalent to 267.1 MWh, was contributed back to the electrical grid in Vietnam. Taking this into account, the Group has saved

approximately 351.6² tonnes of emission, which saved approximately 189.5 tonnes of emissions for the electricity contributed back to the electrical grid in Vietnam by dedicating its endeavor in developing renewable energy system within the factory area in Vietnam. In comparison, the purchased electricity of Vietnam factory has remarkably reduced by 54.7% from 529.4 MWh to 240.0 MWh upon the installation of the Solar PV System.



Given the high energy efficiency of the Solar PV System, our Vietnam factory could greatly reduce its reliance over purchased electricity except under situations when physical constraints such as inadequate sunlight arises. Moreover, apart from the internal factory electricity usage of electricity generated from the Solar PV System, the Group has contributed the community in Vietnam by providing to the electricity back to the electrical grid. With the remarkable emissions amount saved for the public by the Solar PV System as mentioned above, the Group believes the Solar PV System can help reduce the greenhouse gas emission to the environment, which can foreseeably alleviate the climate risk that we are currently facing.

Gasoline, Diesel Oil, Natural Gas and Biomass Fuel Consumption

Gasoline and diesel oil are mainly used in automobiles for business travelling and goods delivery. The administration department records the fuel consumptions of each vehicle and perform analysis to identify any abnormal usage of vehicle. In case of abnormalities are found, follow-up actions would be taken. If passengers are going to the same or close destinations, they will be arranged to use the same vehicle to shorten the driving distance and reduce the consumption of gasoline and diesel. The Group actively promotes the advocacy of green travel to

encourage our employees to minimise the greenhouse gas and air emission by commuting via environmentally friendly mode of transport such as eco-friendly vehicles. Moreover, the Group also offers vehicles to pick up employees to minimise air emissions and greenhouse gas emissions from using private vehicles. During the Reporting Year, the Group consumed approximately 15,846.4 litres of gasoline (2021: 18,475.9 litres) and 63,804.4 litres of diesel oil (2021: 37,605.2 litres). The decrease in gasoline consumption was mainly due to our employees' minimising the use of vehicles and the vehicles' shortest travelling distance planned ahead of route. On the other hand, the increase in diesel oil consumption was due to the staggered electricity usage policy in the PRC which resulted in the increased usage diesel oil for the electricity generator. As a result, gasoline consumption has slightly decreased for approximately 14.2% while diesel oil consumption increased for approximately 69.7% respectively, compared to the last corresponding year.

² The CO₂ equivalent emission of solar generated electricity is estimated from the calculation by the average emission factor of Vietnam.

8. SECTION A: ENVIRONMENTAL

Biomass fuel and natural gas are mainly used in boilers to generate steam for production and canteen for foods preparation. Biomass fuel is a renewable energy with a characteristic of “Carbon Neutrality”. It mainly comprises forest and agricultural wastes which include unused parts of trees and crops left over from wood. The combustion of biomass fuel generates CO₂ emissions which is readily absorbed by plants. Because of the characteristic of “Carbon Neutrality³”, the CO₂ emissions from burning biomass fuel has zero carbon footprint and it has no net effect on the biosphere’s carbon concentration. In addition, burning natural gas for energy results in fewer emissions of nearly all types of air emissions and CO₂ emissions than burning coal or petroleum products to produce an equal amount of energy. The use of biomass fuel and natural gas not only generates energy efficiency to the Group, but also greatly reduces our adverse impacts on the environment during operation.

In order to maximise the efficiency of energy use, our maintenance department perform regular repairs and maintenance for the boilers and pipelines to prevent any energy inefficiency caused by parts failure or leakage during the steam delivery. In the Reporting Year, as the canteens in Zhongshan factory has been outsourced to third-party provider, the biomass fuel and natural gas consumption was only attributed from boilers to generate steam for production, which amounted to approximately 236,941.2 kg (2021: 324,350.0 kg) and 552,489.1 cubic metres (2021: 540,088.8 cubic metres) respectively. The decrease of biomass fuel was due to the decrease in the output level of Vietnam factory and the increase of natural gas was due to the increase in output level of Zhongshan factory respectively from the modification in the operation strategy of the Group.

Summary of Energy Consumption and Targets

Energy Consumption Sources	2021 (in MWh)	2022 (in MWh)
Purchased Electricity	4,003.3	3,143.9
Renewable Electricity generated from Solar Energy – for self-use in Vietnam factory	Nil	228.8
Diesel Oil	402.5	682.9
Gasoline	179.1	153.6
Liquified Petroleum Gas	0.2	Nil
Natural Gas	157.7	149.6
Biomass Fuel	1,351.5	987.3
Total Energy Consumption	6,094.3	5,346.1

In the future, the Group will continue to actively implement the above-mentioned resource saving plans and measures and further its current monitoring practices, aiming to raise the overall efficiency in resource consumption and avoid unnecessary wastages as much as possible. Additionally, the Group will also strive to better keep track of its performance for developing more specific quantitative environmental goals and corresponding measures to keep up with the pace of energy conservation and reducing its energy consumption.

Water Consumption

During the Reporting Year, although the Group does not encounter any water supply issues, the Group still shoulders on the responsibility of environmental protection and sustainable development, strives to increase the utilization rate of water resources, and reduce the pressure on the environment. Since freshwater is one of the most precious resources in the world, cherishing water

consumption is a fundamental target of the Group. The Group always encourages the reduction of unnecessary water consumption. Our water consumption is mainly stationed in scouring and spinning process. To minimise the water consumption, the Group strengthens its daily repair and maintenance of water equipment, pipes, valves, etc., and regularly records and analyses the water consumption of each water usage point in the factories. In case of abnormal water usage or water pipe leakage is found, prompt notification is given to the maintenance department for repair and remediation. Besides, the Group actively implements various water conservation measures, provides trainings to educate employees (to save water from their daily lives, build up a good habit of water usage and enhance environmental awareness), and improves the production process and the daily operation of the office to control water use.

³ Carbon neutrality refers to the total amount of greenhouse gas emissions generated directly or indirectly within a certain period of time, through tree planting, energy saving and emission reduction, etc., to offset the carbon dioxide emissions generated by itself and achieve “zero emissions” of carbon dioxide.

8. SECTION A: ENVIRONMENTAL

During the Reporting Year, the total amount of water consumed was approximately 122,621.0 cubic metres (2021: 200,896.0 cubic metres), in which the water consumption intensity was 58.4 cubic metres per Output Level (2021: 133.4 cubic metres per Output Level). This was mainly due to the centralised and combined similar production processes into the same location in the factory and the strengthened maintenance of pipes during the Reporting Year, resulted in a drop of approximately 78,275.0 cubic metres or 39.0% of the water consumption. The active support by our employees in various water-saving measures taken by factories and offices also contributed to the significant decrease in water consumption.

Water Consumption Targets

Looking ahead, the Group will continue to actively implement the above-mentioned water saving initiatives and measures and further its water management plans. In particular, the Group aims to reinforce its promotion and education towards energy and water conservation so that the employees of the Group can build the habit of saving resources amongst its daily work routine, and raise the overall water efficiency.

Packaging Materials

With decreasing availability of suitable land for landfill and increasing environmental impacts of waste disposal, waste reduction and reducing the environmental impact of waste are both the priority objectives of the Group. The Group uses degradable packaging materials for our finished goods. The plastic bags we use are tested and certified by the third-party inspection agency and confirmed that do not contain any Butylated Hydroxytoluene (“BHT”). BHT is an antioxidant, which inhibits or delays the oxidative degradation of plastic and prolong the service life. This greatly reduces the adverse impacts of packaging on the environment and marine life. Besides, the carton boxes we use on our product packaging are tested and certified by the third-party inspection agency and conformed with the RoHS⁴ directive. It further minimises the adverse impacts on the environment from the operation.

With the retail division included in the reporting scope of the Group, the packaging materials are categorized into production packaging materials and retail packaging materials. During the Reporting Year, the total units of production packaging materials, including cartons and plastic bags consumed were approximately 111.5 tonnes (2021: 111.5 tonnes), which almost remained the same as the last corresponding year. Its corresponding packaging material consumption intensity was calculated per Output Level, which was 0.05 tonnes per Output Level (2021: 0.07 tonnes per Output Level). On the other hand, the total units of retail packaging materials, including polybags, cartons and paper bags consumed were approximately 80.1 tonnes (2021: 44.5 tonnes). The corresponding packaging material consumption intensity was calculated per Sales Level, which was approximately 0.05 tonnes per Sales Level (2021: 0.03 tonnes per Sales Level).

We also recognise that packaging waste, especially plastic, continues to be one of the top environmental issues facing the apparel industry. With this in mind, we want to do our part. The Group has always used packaging materials carefully to reduce unnecessary wastes and enhance recycling capacity across the operations. The Group understands that after receiving the Group's products, there is a high chance that customers will not keep the packaging materials. Therefore, the Group actively takes different measures to reduce the use of packaging materials. For example, the Group optimises packaging design as much as possible, adopts more suitable packing material specifications according to the packing needs of products to achieve waste reduction from the source, guides the staff to avoid waste of packaging materials due to human error, and gives priority to using recyclable materials as packaging materials. At the same time, the Group strictly controls the supply of packaging materials, supplier selection, enhancing local sourcing and just-in-time purchase to prevent the use of materials and the delivery process that cause serious pollution to the environment.

⁴ The core content of the EU RoHS Directive is to restrict the use of toxic substances in electrical and electronic equipment, which aims at protecting the environment, provide green consumption, and realise the destruction and harmlessness over production and consumption. RoHS directives list out a total of 6 hazardous substances: lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers.

8.3 THE ENVIRONMENTAL AND NATURAL RESOURCES

The Group believes that corporate development should not come at the expense of the environment. By integrating environmental consideration into our business strategies, the Group aims to be an environmentally sustainable enterprise. The Group minimises its potential adverse impacts on the environment through establishment of effective environmental control policies, focuses our efforts on environmental management, continuously identifies, assesses and manages the environmental risks and reviews the effectiveness of our policy implementation.

During the Reporting Year, the Group invested in several environmental protection equipment concerning energy efficiency and waste management. For instance, the Group delegated approximately HK\$1,984,000 on the Solar PV System in the Vietnam factory for developing its renewable energy generation to cut down its greenhouse gas emission from purchased electricity and towards the replacement of solar lights in the public area of our Zhongshan factory for further reducing its electricity consumption.

In the future years, the Group will continue promoting greenhouse gas emission reduction, energy and water resource conservation and efficient use of natural resources. The Group will also refer to the guidelines of the international environmental management system to enhance our internal environmental management system and make it more comprehensive, so as to save various natural resources and costs, and reduce the environmental impact from business operations. With its well-established governance structure, team of experienced, dedicated and diligent employees, the Group is confident to reduce the potential negative effects of its operation to the environment. The Group believes that raising environmental awareness and reinforcing the positive behavioral changes bring benefits not only to its financial situation, but also to the future generations.

8.4 CLIMATE CHANGE

Climate change refers to the long-term shifts in temperatures and weather patterns. While it could be a natural phenomenon, human activities have been the main cause of climate change primarily due to the intensified burning of fossil fuel such as oil and gas, which produces heat-trapping gases that intensifies the greenhouse effect for accelerating global warming.

Among the ESG risks identified in the Group's materiality assessment, global warming is one of the issues that concerns the Group and its employees. The Group acknowledges the potential impacts of climate change that could affect its sustainability, and is also aware of the market trend of transitioning into a lower carbon footprint economy. As such, the Group has begun to look into climate-related risks and opportunities into its decision-making process and strategic business planning, so that better preparation and management could be arranged in response to adapting the potential climate-related uncertainties that may affect the Group.

In terms of the more immediate climate-related risk posed on the operation of the Group along its employees, higher frequency and severity of extreme weather events such as extreme rainfall and extreme cyclones endanger the safety of employees working at the premises including offices and factory premises and retail shops, and increase the risk of damages brought to the Group's properties and disruption to its supply chain and logistic functions. As a response, the Group has formulated "Emergency Plans for Extreme Weather" for providing guidelines regarding work arrangements and safety precautions to its employees so as to minimise the potential risk of injuries and accidents. Moreover, the Group keeps informed about the latest updates to weather conditions in the case of bad weather events, so that suitable preventive measures could be enforced to avoid damages to properties, and plans ahead its logistics and warehousing arrangements to minimise potential disruptions and losses as much as possible.

8. SECTION A: ENVIRONMENTAL

On the other hand, the Group may experience other transitional risks concerning policy changes, innovative technology, and reputation damage. In relation to the PRC Government's commitment to Carbon Neutrality by 2060 as well as other international climate change agreements, more stringent climate policies and regulations regarding environmental protection is foreseeable, where more resources and investment may be required to fulfill these requirements. As a response, a series of emission reductions plans has been started to plan by the Group towards the initiatives in lowering the emission and resource consumption from its operation for achieving sustainability progressively. The Group will also keep track of the latest policy trend and development to formulate corresponding plans and actions as needed. To keep up on environmental protection, the Group may need to delegate more resources on novel technologies and new equipment to meet higher expectations and standards in terms of efficiency in the industry. Regarding this, the Group has been looking to expand its reliance towards renewable energy, in which the recent investment on the Solar PV System project in Vietnam has raised the energy efficiency objective. The Group also aims to reduce the

greenhouse gas emissions produced and put the largest endeavor to benefit the society in the capability of the Group such as providing excess electricity generated by the Solar PV System. As for reputation risk, the Group may face reputation loss if it fails to keep up with the expectation in environmental standards. Regarding this, the Group has been adopting best practices as far as possible in order to maintain its environmental performance. In addition, the Group has also been striving to meet the standards of various certifications to demonstrate its competence with specified requirements regarding best practices and performance expectations. The Group has achieved recognition from the bluesign® Standard, the Higg Index, and the 5 Year Plus Caring Company Logo in the Reporting Year, and will look into the opportunity to meeting other standards in the future.

Though the uncertainties from climate change may bring different risks and opportunities, the Group is sought to being an environmental responsible corporation, and will continuously optimise its business strategies and enhance its corporate strength towards achieving sustainability gradually.

9.1 EMPLOYMENT

In the ever-changing, challenging and competitive business environment, an effective strategy in the Human Resources Management can systematically, efficiently and effectively support a corporation to perform well. The Group upholds the principle of “TUNGTEX ARMS”, it is to embrace each individual employee and corporation together and work cohesively towards the Group’s goals, objectives and expected results through the major functions of Human Resources Management.

The Group believes that quality talents are important assets of an enterprise and also the cornerstone for sustaining corporate development. We are committed to providing a fair and competitive compensation package to attract and retain quality talents.

The Group takes pride in the dedication and the effort by our employees, and hence aims to grow with the employees and continuously improve their life. The Group considers our employees as our valuable assets and strives to provide a non-discrimination, equal, harmonious and safe workplace, we want our employees to feel that they are contributing to our purpose, and believe that the organization supports them. Incorporating sustainability into strategies, favourable conditions are created for attracting, developing, retaining and rewarding talents; providing commensurate remuneration, personal growth and career development training; and other fringe benefits. The Group’s human resources policies vary by locations to comply with the local labour laws and regulations.

Employees Benefits

The Group has established a set of comprehensive human resources management policy, namely the “Tungtex Employees Handbook” and “Tungtex Code of Conduct” to provide guidance and requirements for employee’s behaviour. The “Tungtex Employees Handbook” has stated the areas of compensation and dismissal, recruitment and promotion, working hours, appraisal, training and benefits. The Group has always strictly observed the relevant legislations in our offices and factory locations regarding the equal employment opportunities, labour and forced labour.

For recruitment and dismissal process, the Group will go through the procedures according to the policies stated internally. For recruitment, equal opportunities are provided to all applicants with regard to the considerations of their experience, knowledge and skills. For dismissal, those employees acting improperly or breaching of contract terms and code of conduct will be terminated. Compensations are provided when applicable.

The Group offers competitive employee benefits packages for all employees regardless of the form of all employees. Pay rate and benefits packages are benchmarked by our Executive Directors against the market standard to ensure fair and equitable compensation practice and maintaining competitive salaries. Our employees also receive welfare benefits, including study fund, marriage leave, maternity leave, paternity leave, compassionate leave, retirement benefits, occupational injury insurance, medical scheme, etc. The Group implements effective target management, sets up annual goals for departments and employees, and fairly assesses the level of awards, salary increment and/or promotion recommendations based on a number of criteria, including working experience, seniority, knowledge and skills, performance, contributions, etc.

Our Employees

To meet the future challenges of our business, the Group believes that it must continue to attract qualified applicants who share its vision and values. The Group hires people base on experience, expertise and values, regardless of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. The Group has also formulated equal opportunities and diversity policies for all employees. As at 31 March 2022, the male-to-female ratio was 26.2%: 73.8%, for a total of 1,101 employees including both the manufacturing division and retail division of the Group (2021: 1,198 employees). Among our 1,101 employees, there were 895, 167 and 39 entry level staff, middle management staff and top management staff respectively. There were approximately 88.9% of employees were under long term contract, 5.5% of employees were employed after retirement, 4.9% were under short term contract, and there were no part time or temporary employees. Giving back to the society, in order to help local disadvantaged groups integrating into the society, the Group has employed 8 staff, who are physically disabled or mentally handicapped, were approximately 0.7% of total employees during the Reporting Year. The Group strives to establish harmonious labour relationships, we stand no tolerance on any discrimination events. Details of the staff composition is set out in the section “Staff Composition”.

9. SECTION B: SOCIAL

Employees Work-life Balance

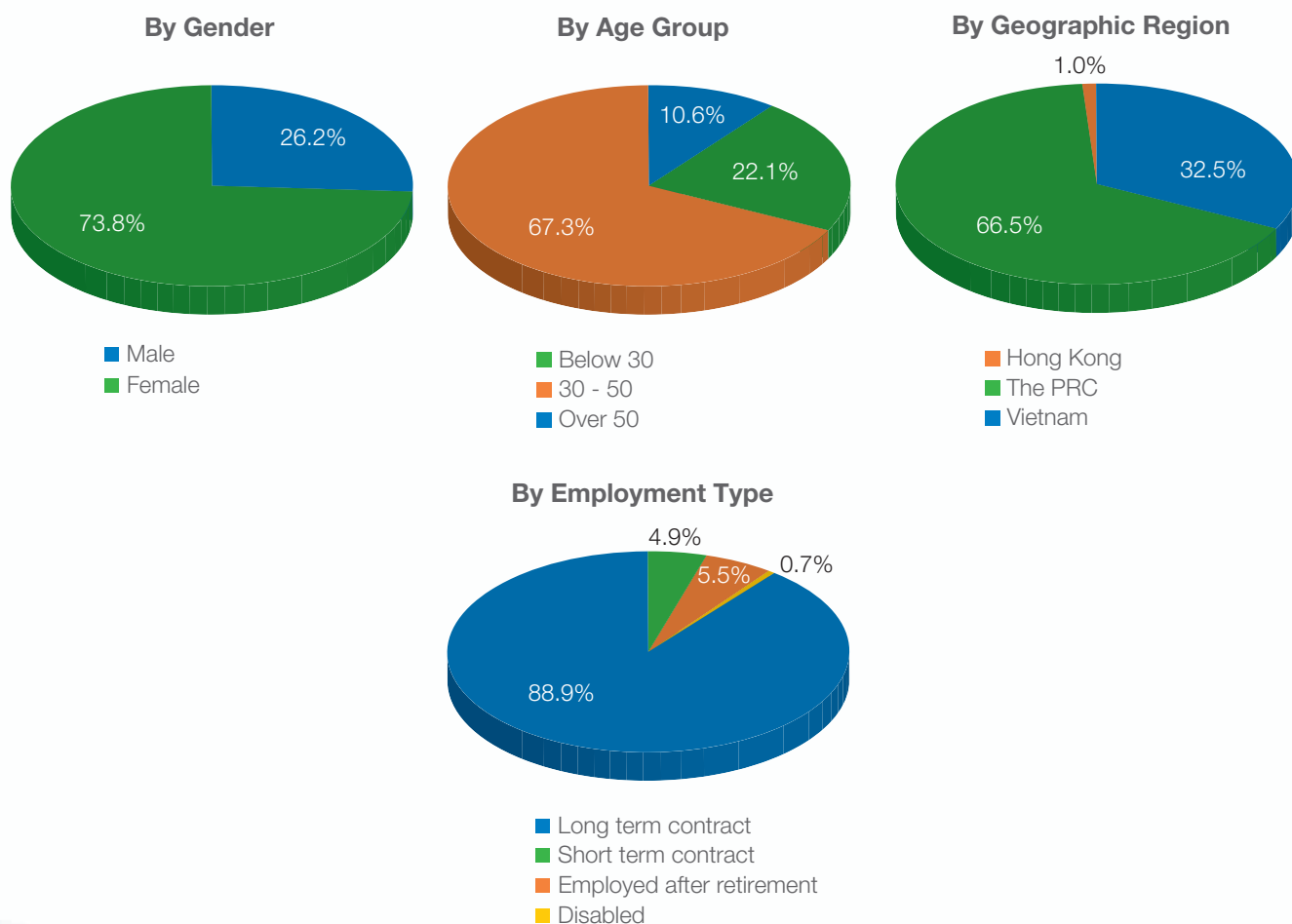
The Group follows the local labour laws and regulation to formulate employees' working hours, forced labour is strictly forbidden. Overtime will need employees' consent and compensation hours and pays are in line with the local laws and regulations. Employees are entitled to annual leave according to their job positions. To foster harmonious work culture, we also organise employees activities regularly and set up a entertainment room and gym room in our Zhongshan factory.

Talent Retention

With the above-mentioned employee benefits and welfare, the Group has successfully achieved a healthy monthly average turnover rate at approximately 5.4% during the Reporting Year. The monthly average turnover rate of employee by gender was approximately 6.4% for male and 5.1% female. The monthly average turnover rate of employees by age group was approximately 8.1% (below 30), 4.6% (30 – 50) and 5.4% (above 50). The monthly average turnover rate of employee by geographic region was 2.2% for Hong Kong, 5.6% for the PRC and 5.2% for Vietnam respectively.

Staff Composition

The breakdown to the staff composition of the Group as at 31 March 2022 is illustrated as follows:



Compliance with Relevant Laws and Regulations

The Group is not aware of any material non-compliance with the “Labour Law of the PRC”, “Labour Contract Law of the PRC”, “Social Insurance Law of the PRC”, “Regulation on Management of Housing Provident Fund”, “Employment Ordinance (Chapter 57 of the Laws of Hong Kong)”, the “Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)”,

“Labour Code of Vietnam” and other applicable laws and regulations that has a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Reporting Year. In addition, there was no non-compliance with relevant law and regulations that resulted in significant fines or sanctions in the Reporting Year.

9.2 HEALTH AND SAFETY

The Group regards occupational health and safety as one of the first priority responsibilities. The Group is committed to complying with requirement of applicable laws and management principles on health and safety. The Group has established policies and procedures in production safety and set up production safety committee and safety management organization structure. These provide effective safety management system and emergency incident guidelines to prevent, control and eliminate losses that might be caused by unexpected incidents, and to protect staff safety. The Group's production safety departments of each factory are responsible to perform daily safety inspection within the factory area and review the implementation status of the safety measures among different department. If any safety hazard is found, a rectification measure will be performed by the production safety department in order to minimise or eliminate the risk of work injury.

Besides, the Group enhances our employees' awareness on occupational health and safety, raises their consciousness and improves their professional skills, especially for those job positions with significant potential safety hazards, and enable them to perform their duties in a safe environment; by providing an all-round safety training program and explaining to employees about the company policies. Employees are required to report to the safety production department immediately when incident occurs or aware of any potential hazards. New hired production staff must join a variety of practical trainings, understand the workflow and guideline, equipment operation techniques of the production department. The Group provides frequent trainings to instil safety values, knowledge and skills in employees to ensure that its staff are well prepared mentally and have adequate knowledge and skills to meet the Groups' safety standards and to fulfill their job duties. All staff are required to follow the operation manual, safety instructions and equip with appropriate labour supplies to operate every production equipment, in order to prevent any of our employees suffer from work injury due to negligence and oversight.

According to the law and regulation, our factories have equipped proper fire-fighting facilities such as fire extinguishers, escape lights. Designated staff conducts firefighting facilities inspection from time to time, and ensures the exit passageways are clear and unblocked. The Group has implemented comprehensive emergency fire drill on semi-annually basis to enhance employee risk prevention and crisis management.

During the Reporting Year, the number of reported cases of work injury was 9 cases, with a total of 88 working man-days lost (2021: 9 reported injuries; a total of 17 working man-days lost). There was no fatal case reported during the Reporting Year (2021: Nil, 2020: Nil).

In compliance with the standards of chemical hazards and physical factors in the "Occupational Exposure Limits for Hazardous Agents in the Workplace" of the PRC, the Group regular entrusts professional testing company to conduct inspection and evaluation of occupational disease hazards at each production position in the Zhongshan factory. The testing mainly includes dust, poison, noise and high temperature that some of the production positions are exposed to. During the Reporting Year, the Group was not involved in any confirmed violations related to above laws and regulations and no employees were suffered from occupational disease. Besides, the Group offers free body check to our new employees in order to understand their health status. The Group re-arranges their working position if the result shows that they are no longer suitable to perform the relevant works. During the Reporting Year, we offered free body check to our 336 employees, and we also offered free breast cancer checking to our 195 female employees in Zhongshan factory.



9. SECTION B: SOCIAL

The Group recognises the danger of chemicals. Therefore, chemicals are handled under rigorous means. To protect our employees, all chemicals, with proper labels, are stored under good ventilation. Volatile chemicals are separately placed, and flammable chemicals must be stored with “No Smoking” warning sign. All chemicals must be handled by well-trained workers. During the Reporting Year, Zhongshan factory performed a chemical leakage handling drill with an aim to provide the basic knowledge to our employees when handling chemical and prevent our employees from work injury due to misappropriate handling on leaked chemicals. This can also reduce the potential second pollutant if employees can handle them properly.

Measures against COVID-19

Although the outbreak of COVID-19 has continuously disrupted the society and economy of the main operating locations of the Group, the Group has timely implemented numbers of preventive measures to ensure the health and safety of our employees are well controlled and protected. These measures include:

- Establish policies and procedures with regards to prevention of infecting COVID-19, such as Emergency plan for COVID-19 Epidemic Prevention, Guideline on Correctly Wearing of Mask, Notice on Strengthening Management Measures During Epidemic, etc;
- Form the local team of epidemic prevention and control, and define the duties and responsibilities of each team member to effectively and timely carry out appropriate measures and actions;
- Body temperatures checking and use of alcohol-based hand rubs are required by all employees and visitors before entering into office premise. Visitors are required to register before entering into the office premise;
- Record personal health status for employees daily;
- Ensure sufficient provision of materials for epidemic prevention and control (mask, disinfectant, thermometer, etc.);
- Sterilize the designated high-risk areas frequently; and
- Encourage high risk employees to be vaccinated and perform regular COVID-19 nucleic acid testing.

Compliance with Relevant Laws and Regulations

The Group is not aware of any material non-compliance with “Law of the PRC on Work Safety”, “Regulations on Work-Related Injury Insurance of the PRC”, “Law on Occupational Safety and Health of the Vietnam” and other applicable laws and regulations that has a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fine or sanction in the Reporting Year.

9.3 DEVELOPMENT AND TRAINING

Empowering employees is of the first priority. We do aim at sharpening the skills set and knowledge of employees, and are also eager to shape our every single employee into future leaders. The Group encourages employees to exert their potential and to align their personal developments with the growth of the Group, so as to promote mutual development between individual employees and the Group. The Group has established various policies in relation to the employees’ education and training to ensure that employees pursue continuous self-development in line with the Group’s business needs. At the same time, the Group also encourages employees to maintain constant communication and dialog with their department heads and managers so as to obtain timely support and advice.

During the Reporting Year, there were 83.7%⁵ of employees received a total number of 4,875 hours of training. The percentage of trained employees by gender was 35.6% and 64.4% for male and female respectively, while the percentage of trained employees by employee category was 82.0%, 16.3% and 1.7% for entry level staff, middle management and senior management respectively. On the other hand, the average training hours by gender was approximately 2.7 hours for both male and female, while the average training hours by employee category was approximately 3.1 hours for entry level staff and 1.1 hours for both middle management and senior management. In the future, the Group will ensure that adequate trainings are provided to its employees so that their skills and knowledge are competent to the relevant job duties, and will ensure their knowledge on occupational health and safety are up to standards.

⁵ Percentages of trained employees were based on the trainings provided in the Reporting Year for Zhongshan factory and retail division. No training was arranged for Vietnam factory due to the limitation from social distancing policy of Covid-19 epidemic.

9.4 LABOUR STANDARDS

With reference to the relevant laws and regulations in Hong Kong, the PRC and Vietnam, the Group adopts strict procedures to safeguard human rights. No employee is paid below the minimum wage specified by the government regulations.

The Group cherishes human rights and protects labour rights. We prohibit any unethical hiring practices. We establish the “Anti-Human Trafficking Policy” in accordance with the “The Universal Declaration of Human Rights”. All employees are required to report to their supervisor in sight of any suspected human trafficking issues and take prompt reaction and report to the related government departments. Before entering into any labour contract relationship, the Group conducts background checks and reviews the identity documents of the applicants in its hiring process strictly according to our human resource policy to prevent any non-compliance events.

Monthly salary payments, mandatory provident fund scheme payments and social insurances are made on time. The Group is delighted to announce that we have not encountered major risks in human rights matters so far. The Group guarantees that no employee is made to work against his/her will, or work as forced labour, or subject to coercion related to work. Our human resources department will verify the actual age of the applicants by checking their identification documents upon recruitment process. Through the whistle-blowing mechanism, employees are able to voice out injustice they face. For any reported cases, the management will investigate into the case immediately, and take further follow-up actions if necessary.

Compliance with Relevant Laws and Regulations

The Group is not aware of any material non-compliance with “Labour Law of the PRC”, “Provisions on the Prohibition of Using Child Labour”, “Law on the Protection of Minors of the PRC”, “Labour Law of the Vietnam” and other applicable laws and regulations that has a significant impact in relation to preventing child or forced labour on the Group during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions in the Reporting Year.

9.5 SUPPLY CHAIN MANAGEMENT

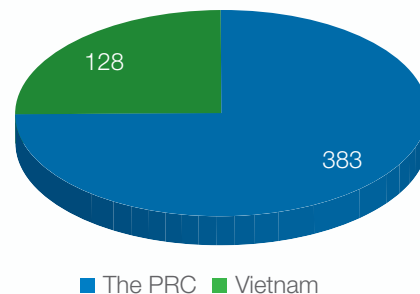
The Group places great emphasis on the procurement principles. In purchasing materials, equipment and services, the Group promotes fair and open competition based on established procurement policies and procedures to ensure that the price, quality, delivery and services are in line with the best economic benefits. As a responsible organization, the Group adheres to the spirit of contract and abides by the principle, purpose and content of the contract with the supplier. The Group also serves to maintain long-term, stable and strategic cooperative relationships with leading suppliers, and co-develops with its suppliers on the basis of equality and win-win situation.

The Group also encourages suppliers to promote corporate social responsibility activities and comply with corporate social responsibility codes for their business ethics, workplace operations, marketing activities, social contacts, and environmental responsibility. The suppliers should maintain a high standard of ethics and bribes or other improper interests cannot be provided or accepted. According to applicable laws and regulations, information about the business activities, structure, financial status, and performance should be regularly disclosed. The Group believes that this strategic alliance could help the Group consolidate its market share as well as facilitate the supply chain management.

To reduce adverse environmental impacts, the Group also considers environmental factors when considering suppliers as far as possible. In terms of packaging materials, the Group acknowledges their environmental impact. The Group takes a step ahead for its procurement for packaging materials by taking into account if the materials are environmentally friendly and have a satisfactory test report certificate. Like packaging materials, the Group will start to look into possible green procurement practices when engaging suppliers in the future as applicable, so that its environmental risks along the supply chain can be minimised, and its supply chain management is ensured sustainable.

As at 31 March 2022, the Group cooperates with a total of 511 suppliers (the PRC: 383, Vietnam: 128). All the suppliers have gone through and passed the internal vendor assessment process of the Group.

Geographical distribution of suppliers



9. SECTION B: SOCIAL

9.6 PRODUCT RESPONSIBILITY

With its core value being to provide hassle-free sourcing solutions, the Company has, for decades, supplied quality apparel to a wide range of renowned designer labels and international retail stores. The Company's expertise lies in silk apparel, and its fine workmanship also extends to other product lines, including silk-blended, linen, cotton and synthetic items.

The Group places a high priority on promoting customer satisfaction in terms of its products and services. Strenuous efforts are made to ensure compliance with the laws and regulations relating to product and services, health and safety, advertising, labelling and privacy matters of the jurisdictions in which the Group operates. The Group requires its employees to comply with the applicable governmental and regulatory laws, rules, codes and regulations. On the basis of continuous technological innovation, the concept of green environmental protection is integrated into the design and manufacturing of products. By improving efficiency in product resources and operation, carbon emissions have been reduced and better ecological civilization has been achieved.

Quality Assurance

To ensure that quality is a major factor at each stage of its operations, each department is tasked with achieving their own quality-based targets devised in consideration of both the industry and market standards. Records are kept at every stage to ensure both the efficiency and maintenance of product criterion.

Before our products are dispatched, they must be passed for a series of internal quality control procedures, such as the procedure named "Needle Detecting Procedure". The Group also takes the added initiative on follow up of every purchase of consumers to ensure that all products were inspected before delivery. If there be any issues with its products after delivery, those products will be initiated on both due compensation and recall. The Group has also stipulated a set of guidelines for handling complaints to ensure all matters are properly handled and resolved.

Product quality and safety are stated in employees' manuals and are clearly communicated to the employees. In addition, we maintain a good communication with our employees, suppliers and business partners in respect of product responsibilities. Thus, in the selection of our suppliers, their measure of protecting the surrounding environment is one of the selection criteria. The Group will seek to further enhance our design and product development processes to look for opportunities of creating sustainable products in the coming years. During the Reporting Year, there was no product sold that was recalled or complaint due to health and safety reasons. The Group will continue to place the quality and safety of its products and services at top priority, so as to deliver the best to our customers.

Customer Privacy

The Group believes that trust is one of the key elements of our success. On top of providing professional and quality services to our valued customers, we also attach great importance to protecting their privacy. The Group has established the internal policy on handling customers' information, which stipulates the procedures for collecting, transferring, using, and keeping customer property. All employees strictly follow the Group's policy and code of conduct and are required handling all types of customer information confidentially with integrity.

Intellectual Property

The Group respects intellectual property rights. Employees are required to comply with the non-disclosure agreement upon their employment to ensure that no confidential information is disclosed to third parties. In the Reporting Year, the Group has 21 registered trademarks. The Group also actively monitors any cases of infringement of the intellectual properties of the Group to protect the intellectual property rights of the Group.

Compliance with Relevant Laws and Regulations

The Group is not aware of any material non-compliance with "Product Quality Law of the PRC", "Law on Quality of Products and Goods of the Vietnam" and other applicable laws and regulations that has a significant impact in relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress on the Group during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions in the Reporting Year.

9.7 ANTI-CORRUPTION

Anti-corruption is one of the remarkable ESG issues that concerns the Group. It is the Group's long-standing attitude to combat corruption and money laundering with integrity. Corruption and bribery are not entirely the question of morals and ethics, but also question of legal litigation and the reputation damage. As part of the commitment, all forms of bribery and corruptions are unacceptable and will not be tolerated. To uphold the highest standards and commitment, all staff are abided by the code.

The Group has continued to place strong emphasis against all forms and levels of bribery and corruption, and the established policy named "Anti-Corruption Policy" has been clearly disseminated to all staff. In addition, the policy sets out the requirements and practices in regard to the prevention, identification, and handling of any instances of alleged or proven bribery or corruption.

Whistleblowing Procedures

The "Whistle-Blowing Policy" is adopted, which sets out the approach for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns on any possible misconduct, violation of anti-corruption practices or suspected corruption activities. The designated hotlines and emails are available on the Company's website. The Group conducts regular review on its business practices, anti-corruption measures and guidelines as well as reported improprieties investigation. We also continue to improve our internal control and monitoring system. If any irregulars are identified, we take immediate action and adopt a zero-tolerance approach to corruption.

Anti-Corruption Trainings

In the Reporting Year, our directors and employees have joined anti-corruption trainings held by the Hong Kong Business Ethic Development Centre (HKBEDC) of the Independent Commission Against Corruption (ICAC) to promote and reiterate the importance of business integrity.



Among the 19 participants, 3 were directors and 16 were non-director employees. In the future, the Group will provide more trainings regarding anti-corruption and business integrity as needed to further perpetuate the status of the Group as an ethical and responsible business in the industry.

Compliance with Relevant Laws and Regulations

During the Reporting Year, the Group did not encounter any legal cases regarding corruption practices brought against the Company or its employees nor noticed of any material non-compliance with "Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong", "Anti-Unfair Competition Law of the PRC", "Law on Competition in Vietnam" and other applicable laws and regulations that has a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

9.8 COMMUNITY INVESTMENT

Being a responsible and engaged business corporation, the Group cares about the community in which we work and live. The Group is dedicated to act in a socially responsible way, leading the way in corporate governance, charitable giving and a commitment to the environment. Throughout the years, the Group supports the social measures and policies by the government and the community. The Group is committed to conducting our business with the highest standards of business ethics and integrity in accordance with trade practices. These have become the Group's core values which are incorporated into our day-to-day business considerations. During the Reporting Year, the Group participated in a total of 60 hours of community service concerning environmental protection, with 20 of our employees participated in tree planting activities. We have donated funds and our products to Red Cross, St. James and Rhenish, which help people in difficulties and living in impoverished areas, with donation amount of HK\$21,000 in total. In the future, the Group will continue to invest more resources and engage more employees in community investment, in a bid to give back to the community while promoting corporate social responsibility and bringing positive impacts to society.



10. ENVIRONMENTAL DATA

	Year ended 31 March 2022	Year ended 31 March 2021
Emissions Indicators (Note 1)		
Air Emissions		
Total air emissions	1,432.0 kg	1,731.9 kg
Air emission intensity	0.7 kg per Output Level	1.1 kg per Output Level
NOx emission	1,019.6 kg	1,179.3 kg
SOx emission	170.4 kg	231.4 kg
PM emission	242.0 kg	321.2 kg
Greenhouse Gas Emissions (Note 2)		
Total greenhouse gas emissions	3,324.9 tonnes	4,665.1 tonnes
Greenhouse gas emission intensity	1.6 tonnes per Output Level	3.1 tonnes per Output Level
Direct emission from stationery combustion sources	1,189.7 tonnes	1,198.3 tonnes
Direct emission from mobile combustion sources	170.0 tonnes	153.0 tonnes
Indirect emissions from electricity consumption (Note 3)	1,857.4 tonnes	3,159.6 tonnes
Other indirect emissions (Note 4)	107.8 tonnes	154.2 tonnes
Hazardous waste produced		
Total hazardous waste disposed	0.6 tonnes	0.3 tonnes
Hazardous waste disposed intensity	0.0003 tonnes per Output Level	0.0002 tonnes per Output Level
Non-hazardous waste produced		
Total non-hazardous waste disposed	82.6 tonnes	82.0 tonnes
Non-hazardous waste disposed intensity	0.04 tonnes per Output Level	0.05 tonnes per Output Level
Sewage discharged		
Total sewage discharged	67,166.6 tonnes	177,911.6 tonnes
Sewage discharged intensity	32.0 tonnes per Output Level	118.1 tonnes per Output Level

Note 1: The calculation of the emission indicators were referenced to the “How to prepare an ESG Report Appendix 2: Reporting guidance on Environmental KPIs” published by the Stock Exchange.

Note 2: The calculation of Greenhouse Gas Emissions were referenced to “How to prepare an ESG Report Appendix 2: Reporting guidance on Environmental KPIs” published by the Stock Exchange and the latest reports from all other applicable source.

Note 3: For the calculation of Scope 2 indirect emissions, the emission factor for the operation in the PRC was referenced to the notice (《關於做好2022年企業溫室氣體排放報告管理相關重點工作的通知》) published by the Ministry of Ecology and Environment of the PRC, and the emission factor for the operation in Vietnam was referenced from the “GHG Inventory of Ho Chi Minh City” by the Japan International Cooperation Agency (JICA), the “Technical Note: Emission mapping of key sectors in Ho Chi Minh city, Vietnam using satellite derived urban land-use data” by Nguyen et al. (2020), and the “Support for Low Carbon Promoting Projects through Intercity Cooperation between Osaka and Ho Chi Minh (Promoting energy saving technologies)” by the Oriental Consultants Co., Ltd.

Note 4: The Scope 3 other indirect emission of the Group includes air travel from employees, electricity consumed on fresh water and sewage processing, and paper waste to landfill. The emissions from employees’ air travel was calculated with referenced to the “ICAO Carbon Emissions Calculator” website. The emissions from fresh water and sewage processing was assumed with reference to the situation in Hong Kong’s due to limitation in acquiring data from relevant government departments. The corresponding emission factors were referenced to the Sustainability Report 2020/21 of the Drainage Service Department and the Annual Report 2019/20 of the Water Supplies Department.

10. ENVIRONMENTAL DATA

	Year ended 31 March 2022	Year ended 31 March 2021
Use of Resources Indicators (Note 5)		
Electricity consumption		
Total electricity consumption	3,372.7 MWh	4,003.3 MWh
Electricity consumption intensity	1.6 Mwh per Output Level	2.7 Mwh per Output Level
Energy consumption (Note 6)		
Electricity consumption	3,372.7 MWh	4,003.3 MWh
Diesel oil	682.9 MWh	402.5 MWh
Gasoline	153.6 MWh	179.1 MWh
Liquified petroleum gas	Nil	0.2 MWh
Natural gas (Boiler)	149.6 MWh	146.3 MWh
Natural gas (Canteen)	Nil	11.4 MWh
Biomass fuel (Boiler)	987.3 MWh	1,351.5 MWh
Energy consumption intensity	2.5 Mwh per Output Level	4.0 Mwh per Output Level
Water Consumption		
Total water consumption	122,621.0 m ³	200,896.0 m ³
Water consumption intensity	58.4 m ³ per Output Level	133.4 m ³ per Output Level
Fuel Consumption		
Diesel oil (automobile)	63,804.4 Litres	37,605.2 Litres
Gasoline (automobile)	15,846.4 Litres	18,475.9 Litres
Liquified petroleum gas (Canteen)	Nil	24.0 kg
Natural gas (Boiler)	552,489.1 m ³	540,088.8 m ³
Natural gas (Canteen)	Nil	41,935.0 m ³
Biomass fuel (Boiler)	236,941.2 kg	324,350.0 kg
Packaging material usage		
Total production packaging material used	111.5 tonnes	111.5 tonnes
Packaging material used intensity (Production)	0.05 tonnes per Output Level	0.07 tonnes per Output Level
Total retail packaging material used	80.1 tonnes	44.5 tonnes
Packaging material used intensity (Retail)	0.05 tonnes per Sales Level	0.03 tonnes per Sales Level

Note 5: The calculations for the Use of Resource Indicators were referenced to “How to prepare an ESG Report Appendix 2: Reporting guidance on Environmental KPIs” published by the Stock Exchange and the materials from all other applicable source.

Note 6: The calculations for the energy consumption of related fuels were referenced to “How to prepare an ESG Report Appendix 2: Reporting guidance on Environmental KPIs” published by the Stock Exchange and the “Energy Statistics Manual (Annex 3 Units and Conversion Equivalent)” from the International Energy Agency.

11. SOCIAL DATA

	Year ended 31 March 2022	Year ended 31 March 2021
Employment Indicators (Note 7)		
Employment		
Total number of employees	1,101	1,198
By Gender		
Male	289	301
Female	812	897
By Age Group		
Below 30	243	319
30 – 50	741	781
Older than 50	117	98
By Employment Type		
Long term contract	979	Not disclosed
Short term contract	54	Not disclosed
Temporary/part time	0	Not disclosed
Employed after retirement	60	Not disclosed
Disabled	8	Not disclosed
By Geographic Region		
Hong Kong	11	Not disclosed
The PRC	732	Not disclosed
Vietnam	358	Not disclosed
By Employee Category		
Entry level	895	991
Middle management	167	168
Top management	39	39
Employment turnover		
Total number of employee turnover	787	1,257
% of employee turnover (monthly average)	5.4%	7.1%
By Gender (monthly average)		
Male	6.4%	7.1%
Female	5.1%	7.1%
By Age Group (monthly average)		
Below 30	8.1%	Not disclosed
30 – 50	4.6%	Not disclosed
Above 50	5.4%	Not disclosed
By Geographic Region		
Hong Kong	2.2%	Not disclosed
The PRC	5.6%	Not disclosed
Vietnam	5.2%	Not disclosed
Health and Safety Indicators (Note 7)		
Number of reported injuries	9 cases	9 cases
Number of lost working man-days	88 days	17 days

Note 7: The calculation of the social indicators were referenced to the “How to prepare an ESG Report Appendix 3: Reporting guidance on Social KPIs” published by the Stock Exchange.

	Year ended 31 March 2022	Year ended 31 March 2021
Development and Training Indicators (Note 8)		
Total number of hours of internal staff training	4,875 hours	Not disclosed
% of trained employees	83.7%	Not disclosed
Average hours per trained employee	3.8 hours	Not disclosed
% of trained employees by gender		
Male	35.6%	Not disclosed
Female	64.4%	Not disclosed
% of trained employees by employee category		
Entry level	82.0%	Not disclosed
Middle management	16.3%	Not disclosed
Top management	1.7%	Not disclosed
Average hours per trained employee by gender		
Male	2.7 hours	Not disclosed
Female	2.7 hours	Not disclosed
Average hours per trained employee by employee category		
Entry level	3.1 hours	Not disclosed
Middle management	1.1 hours	Not disclosed
Top management	1.1 hours	Not disclosed
Supply Chain Indicators (Note 8)		
Total number of approved suppliers	511	498
The PRC	383	348
Hong Kong	Nil	2
Vietnam	128	145
Turkey	Nil	1
United States of America	Nil	1
United Kingdom	Nil	1
Product Responsibility Indicators (Note 8)		
Total number of complaints received	Nil	Nil
Total number of legal dispute cases related to product/service responsibilities	Nil	Nil
Anti-corruption Indicators (Note 8)		
Number of conducted legal cases regarding corruption	Nil	Nil
Community Indicators (Note 8)		
Community Investment		
Corporate charitable donation (in equivalent amount)	HK\$21,000	HK\$122,000
Employee volunteering		
Number of employee volunteers	20	Nil
Total number of volunteer service hours	60	Nil

Note 8: The calculation of the social indicators were referenced to the "How to prepare an ESG Report Appendix 3: Reporting guidance on Social KPIs" published by the Stock Exchange.

12. ESG REPORTING GUIDE & REFERENCE

A. Environmental	Reference in this report
A1. Emissions	Page #
Information on the policies and 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.	11 – 16
KPI A1.1 The types of emissions and respective emission data.	11 – 12
KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emission (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	12 – 13
KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	14
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15
KPI A1.5 Description of emission target(s) set and steps taken to achieve them	11 – 13
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.	14 – 16
A2. Use of Resources	Page #
Policies on the efficient use of resources, including energy, water and other raw materials.	16 – 20
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	16 – 19
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	19 – 20
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	16 – 19
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	19 – 20
KPI KA2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	20
A3. The Environment and Natural Resources	Page #
Policies on minimising the issuer's significant impacts on the environment and natural resources.	21
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	21
A4. Climate Change	Page #
Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	21 – 22
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.	21 – 22

B. Social Reference in this Report	Reference in this report
B1. Employment	Page #
Information on the policies and 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.	23 – 24
KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	23 – 24
KPI B1.2 Employment turnover rate by gender, age group and geographical region.	24
B2. Health and Safety	Page #
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	25 – 26
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three year including the reporting year.	25
KPI B2.2 Lost days due to work injury.	25
KPI B2.3 Description of occupational health and safety measures adopted how they are implemented and monitored.	25 – 26
B3. Development and training	Page #
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	26
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	26
KPI B3.2 The average training hours completed per employee by gender and employee category.	26
B4. Labour standards	Page #
Information on the policies and compliance with laws and regulations relating to preventing child and forced labour.	27
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	27
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	27
B5. Supply chain management	Page #
Policies on managing environmental and social risks of the supply chain.	27
KPI B5.1 Number of suppliers by geographical region.	27
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	27
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	27
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	27
B6. Product responsibility	Page #
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and method of redress.	28
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	28
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	28
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	28
KPI B6.4 Description of quality assurance process and recall procedures.	28
KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	28

12. ESG REPORTING GUIDE & REFERENCE

B. Social Reference in this Report	Reference in this report
B7. Anti-corruption	Page #
Information on the policies and compliance with laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	29
KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	29
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	29
KPI B7.3 Description of anti-corruption training provided to directors and staff.	29
B8. Community investment	Page #
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	29
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	29
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	29



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