



# HINGTEX

## Holdings Limited

## 興紡控股有限公司

# Environmental, Social and Governance Report 2022

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1968

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# 2022 Environmental, Social and Governance Report

## ABOUT THE GROUP

Hingtex Holdings Limited (“Hingtex Holdings” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture and sales of denim fabrics, with brand customers in the United States, Europe and China.

The principal wholly-owned subsidiaries of Hingtex Holdings are as follows:

Hong Kong, China	
Company name	Principal activities
H. W. Textiles Company Limited (“HWT”)	Design and trading of denim fabrics
Kingstead Industrial Limited (“Kingstead Industrial”)	Trading of denim fabrics

Mainland China	
Company name	Principal activities
Zhongshan Hing Tak Weaving and Dyeing Limited* (中山興德紡織漿染有限公司) (“Hing Tak”)	Handling weaving process of denim fabric manufacturing and trading of denim fabrics
Zhongshan Hing Shing Finishing and Dyeing Limited* (中山市興盛漿染整理有限公司) (“Hing Shing”)	Handling dyeing and finishing processes of denim fabric manufacturing

The Group has always valued establishing long-term and good relationship with its customers and is committed to developing a number of tailor-made fabrics and adding new product lines to meet our customers’ needs. Recognising the importance of research and development and technology to the long-term development of the industry, the Group has been continuously developing and investing in technologies relevant to expanding production capacity in order to bring more breakthroughs to the market. From 1 January 2022 to 31 December 2022 (the “Year”), the Group continued to conduct research and development, including the development of environmentally friendly products and the introduction of sustainable materials such as recycled cotton and polyester.

The Group’s production process involves the use of natural resources and the generation of air pollutants, waste water and other industrial waste. In order to reduce the impact of our operations on the environment, the Group complies with local environmental laws and regulations and implements environmental management systems and measures, including the purchase of steam or natural gas for the use of thermal energy to replace biomass fuel or LPG to power our plant equipment, and the use of natural gas to replace diesel for cooking in our plants. Meanwhile, the Group continued to replace fluorescent tubes with light-emitting diodes (LEDs) for lighting in its plants, make good use of waste heat through heat exchange, collect condensates for reuse and use water-saving shower taps to reduce water consumption. With various measures in place, the Group has continued to improve its environmental performance to help promote sustainable green development in the future, with a view to bringing more new opportunities in business at the same time.

# 2022 Environmental, Social and Governance Report

## ABOUT THE REPORT

This is the fifth “Environmental, Social and Governance Report” (the “Report”) published by Hingtex Holdings, which provides stakeholders with a better understanding of the progress and development direction of the Group in respect of sustainability by reporting on the Group’s policies, measures and performance in environmental, social and governance (“ESG”) aspects. This Report has been uploaded to the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company ([www.hwtextiles.com.hk](http://www.hwtextiles.com.hk)).

### *Reporting Scope*

This Report presents the ESG policies, measures and performance of the Group for the Year, and focuses on the operation of the Group’s denim fabric manufacturing business. Consistent with last year, the Report covers all principal operating subsidiaries located in Zhongshan, China as set out in the Group’s financial statements, including Hing Shing and Hing Tak which are principally engaged in handling dyeing and finishing processes of denim fabric manufacturing and handling weaving process of denim fabric manufacturing and trading of denim fabrics, respectively. The head office in Hong Kong and the two subsidiaries (“HWT and Kingstead Industrial”) are not included in this Report as they do not have significant impact on the environment and society. The Group will regularly review the reporting scope based on the principle of materiality to ensure more comprehensive and accurate information is provided to investors and other stakeholders.

### *Reporting Standard*

This Report is prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange on the basis of the four reporting principles (i.e. materiality, quantitative, balance and consistency). The following table summarises how the Group has applied these four principles in the preparation of the Report. A complete content index is appended in the last chapter of this Report for easy comprehension with reference to the Guide.

Reporting Principles	Application by the Group
Materiality	The Group assisted the board of directors and employees of Hingtex Holdings (the “Board”) to determine material ESG issues through a questionnaire and made key disclosure based on the identified material issues.
Quantitative	To the extent practicable, the Group records, calculates and discloses quantitative information and compares historical performance where appropriate. All the quantitative information set out in this Report is derived from the official documents of the Group and the statistical records of the relevant departments.
Balance	This Report is prepared in an objective and unbiased manner to ensure that the information disclosed truly reflects the Group’s overall performance in ESG aspects.
Consistency	Where feasible, the Group uses consistent statistical methodologies. If there is any change that may affect the comparison with previous reports, the Group will include a corresponding explanation in this Report.

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## *Confirmation and Approval*

All information cited in this Report is sourced from the official documents, statistical data of the Group, as well as the management and operation information collected according to the policies of the Group. The Report was approved by the Board on 28 April 2023.

## *Feedbacks*

The opinions and suggestions of stakeholders are conducive to the development of more detailed and sound sustainability strategies of the Group in the future. If you have any questions or suggestions about this Report, please feel free to contact the Group by the following means:

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## **BOARD STATEMENT**

Since the emergence of the 2019 Novel Coronavirus (“COVID-19”), the world has experienced a period of more than three years of the pandemic, which has brought about threats and new development opportunities at different levels, as well as different degrees of impact due to different market, international and national development issues. In this changing environment, Hingtex Holdings understands its responsibility as a leading enterprise in the denim industry and is committed to incorporating different sustainable development concepts into its daily operations, hoping to achieve stable social and economic development while maintaining corporate growth, and to improve its environmental performance through its own efforts to build a low-pollution, high-efficiency green operation model together with all sectors.

As climate change becomes more and more severe, specific international and national targets have been set to mitigate the important influencing factor, carbon emissions. In response to China’s “double carbon” target, the Group has set specific targets for the environmental performance of its operations to manage the consumption of natural resources in a quantitative manner, in order to reduce carbon emissions from its operations. To this end, the Group is striving to move towards green operations through various measures to control the relevant performance. At the same time, the Group’s environmental and product quality management systems are fully responsible for monitoring emissions and environmental impacts associated with operations in order to achieve a sustainable business model. The Group will also establish a stable operating environment through contingency plans to address potential risks and opportunities of climate change.

As the world gradually entered the post-pandemic era and social and economic development began to return to stability, the Group recognised the importance of establishing a stable operating environment. The Group views its employees as an important element of success and provides them with a comprehensive employment system, continuous development opportunities and a safe working environment based on compliant operation, stable supply chain and effective product responsibility management. The Group also understands the increasing demands on labor standards, environmental and social impacts of the supply chain, and expects to improve its standards and performance through continuous self-examination and evaluation to establish an effective and good operating model.

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Looking ahead, the Group will continue to improve its performance and maintain a high standard of operation and monitoring system. The Group will also continue to maintain effective communication with different stakeholders to understand their expectations and feedback, and to establish a development model that is in line with its own characteristics.

## SUSTAINABLE DEVELOPMENT GOVERNANCE

The Group believes that good corporate governance practices could effectively guide the Group to establish and realise long-term strategies and goals and regards maintaining high standards of corporate governance is one of the core values of the Group. As the highest governance body of the Group, the Board assumes the role of leadership, control and management of the Company and ensures the effective operation of the Group’s business and compliance with all applicable regulations. The Board also shoulders the responsibility of sustainable development, while supervising and reviewing sustainability issues, including strategies, policies, measures and performance.

In order to further integrate sustainable development into the Company’s decision-making and operation, the Group has set up a task force on sustainability (the “Task Force”), with the participation of directors to supervise the overall operation and performance, and members of the Task Force such as senior management and plant supervisors to assist its development and daily operations, forming a rigorous management system, to assist in formulating and optimising strategies and policies related to environmental protection, operation management, business ethics, employment system, community investment and other sustainability issues. The Task Force is also responsible for implementing and reviewing relevant measures, targets and performance, and reporting and providing recommendations to the Board on a regular basis to achieve stable and sustainable corporate development.

The Group has been pursuing a better and sustainable development approach through continuous self-examination and improvement. In view of the international and national long-term and short-term targets for environmental protection, the Group’s Hing Shing plant has set quantitative environmental targets and targeted measures to implement a green operation model. For other operating sites, the Group has established internal management objectives and/or measures in accordance with their actual conditions to respond to its own development and regulatory policies in the environmental area and to reduce the environmental impact brought by its operations.

Plant	Quantitative targets	Key measures
Hing Shing	3% reduction in energy consumption per yard of fabrics by 2022, using 2017 as the base year.	<ul style="list-style-type: none"> <li>• Replace LPG and kitchen diesel with natural gas;</li> <li>• Use condensate heat to heat up hot water for dormitory shower;</li> <li>• Add insulation pads on both sides of the baking barrel;</li> <li>• Adopt variable frequency air compressor;</li> <li>• Replace and repair steam piping and valves; and</li> <li>• Regularly inspect and maintain equipment.</li> </ul>

In response to Hing Shing’s energy targets, the Group and its plants have successfully reduced energy consumption per yard of fabrics by more than 20% by 2022 through the key initiatives mentioned above and other management initiatives for daily operations. Based on this performance, the Group will regularly monitor and review the operation and environmental performance of the operation sites to set effective environmental targets in a quantitative manner and disclose them in the relevant ESG reports in a timely manner.

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## *Environmental, Social and Governance Risk Management*

Effective risk management is an integral part of corporate governance and day-to-day operation supervision to ensure that the Group understands its risk profile and takes actions in a timely manner for its long-term business growth. The Group has developed the management structure, authorisation, policies and procedures for its risk management and internal control systems. The Board assumes full responsibility for the Group's risk management and internal control systems, ensures that the systems are sound and effective with the assistance of the audit committee, reviews and monitors the identified significant risks and formulates risk management solutions.

At the regional operational level, Hing Shing and Hing Tak have formulated the Risk and Opportunity Identification, Assessment and Response Control Procedures and the Internal Audit Control Procedures respectively, to regularly identify and evaluate risks and opportunities related to environment, quality and compliance as well as formulate relevant measures and maintain the effectiveness of the quality management system.

During the Year, the Group identified the following environmental and social risks and formulated response plans to achieve more comprehensive risk management. The Group will continue to strengthen and review the identification and management of ESG risks and opportunities, and improve regulatory performance.

Risks	Responses
<p><b>Wastewater treatment</b></p> <p>The water used in the production process will be polluted by the processing materials, presenting potential risks to the environment. Leakage or improper handling can have undeniable impacts on the surrounding environment and water sources.</p>	<p>The Group has formulated rigorous guidelines to ensure compliance in the operating process and reduce the risk of leakage or improper handling. At the same time, through regular inspections and maintenance, the opportunity to increase the risk of equipment damage will be avoided. The Group will also install shut-off valves at the rainwater drains to prevent the inflow of sewage, and ensure that employees understand how to use them during training, so that the drains can be closed when necessary.</p>
<p><b>Thermal Treatment</b></p> <p>The equipment used in the production process uses a lot of thermal energy. If the equipment unit is aged or damaged, it will not only lead to energy leakage, but also increase the related energy consumption, bringing potential risks to employees and the environment.</p>	<p>The Group will regularly inspect and maintain the equipment to ensure the compliance and operation of the units, and reduce leakage or safety problems caused by aging or damage. At the same time, the Group will install different thermal insulation materials according to the characteristics of the machines to reduce thermal energy consumption.</p>
<p><b>Chemical use</b></p> <p>Due to the business nature, employees are required to use different chemicals during work, and environmental or safety incidents may occur due to improper handling.</p>	<p>The Group has formulated relevant guidelines according to the use and procedures of different chemicals to ensure the safety and reduce the corresponding environmental and social risks.</p>

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### Communication with Stakeholders

Communication with stakeholders is essential for the Group to pave its way towards sustainable development. The Group collects opinions from stakeholders through various channels such as daily operations and communication, Board investigation, opinions and complaints mechanism to review its own performance and potential risks and continuously improve its business strategies and management. The Group's stakeholders include groups and individuals who have a significant influence on, or are impacted by, its business, including employees, shareholders, investors, suppliers and business partners, customers, regulators and industry associations.

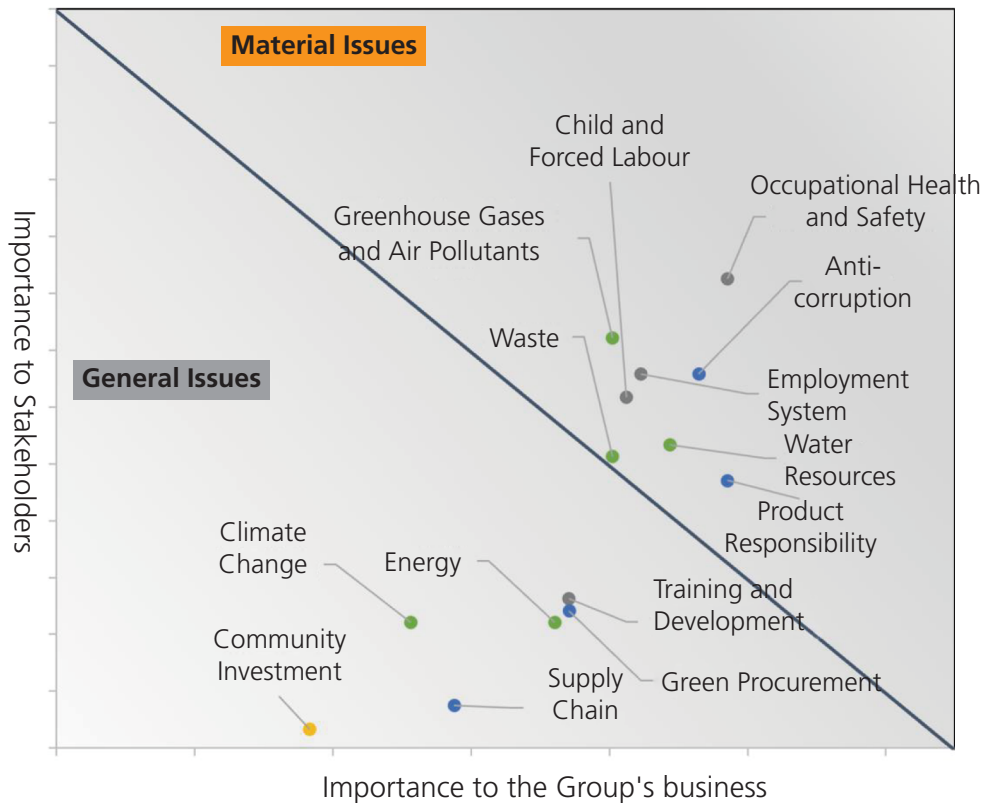
KEY STAKEHOLDERS	METHODS OF COMMUNICATION
Employees	Establish an employee grievance mechanism and channel to understand employees' opinions and suggestions about the Group.
Customers	Maintain regular communication with customers and collect feedback and handle complaints through our feedback collection channel and handling mechanism.
Suppliers	Regularly communicate and audit with suppliers to ensure that their performance and operation model meet the requirements of the Group.
Community	Create a positive impact on community development through community investment and donations.

### Material Environmental, Social and Governance Issues

In order to understand the expectations and opinions on the Group and to identify material issues of the Group, the Group continues to conduct questionnaire surveys with different stakeholders through independent consultants to obtain valid and independent feedback analysis. During the Year, in addition to inviting employees and directors to conduct questionnaire surveys, the Group further included customers, partners and suppliers to obtain feedback from different stakeholders for more comprehensive decision-making consideration. Based on the results of the survey, the Group has determined 8 material issues and highlighted them in this Report.



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## Material Issues

- Occupational Health and Safety
- Anti-corruption
- Greenhouse Gases and Air Pollutants
- Employment System
- Child and Forced Labour
- Product Responsibility
- Water Resources
- Waste

## General Issues

- Training and Development
- Green Procurement
- Energy
- Climate Change
- Supply Chain
- Community Investment

The Group will continue to strengthen the communication with stakeholders and explore more diversified communication channels with various stakeholders to better understand the opinions and expectations of stakeholders on the Group, thereby improving relevant policies and measures.

# 2022 Environmental, Social and Governance Report

## CARE FOR EMPLOYEES

Business success depends on the efforts and dedication of its employees. The Group is committed to providing a safe and healthy working environment for its employees and supporting their long-term development, while strengthening the internal cohesion of the Group so that employees can grow together with the Group.

### *Employment System*

The Group recognises that a sound employment system can attract and retain talents. Based on employment-related laws and regulations, the Group has formulated the Staff Handbook, which clearly states the basic management and personnel system and sets out policies on recruitment, remuneration, working hours, dismissal, equal opportunity, holidays and other benefits, so that its employees are aware of the Group’s employment regulations and arrangements.

<p>Recruitment and dismissal</p>	<p>The Group is committed to maintaining an open, fair and justified recruitment process, and recruits employees who meet the job requirements in accordance with the principle of “merit-based employment” based on their academic qualifications and experience and other objective conditions. Moreover, employees may also terminate their labour contracts according to the negotiation and resignation process. The Group will handle and provide corresponding compensation in accordance with established procedures.</p> <p>All recruitment and dismissal decisions and procedures are based on objective factors such as employee performance, attitude and career development direction, and unfair decisions based on private reasons or personal interests are prohibited.</p>
<p>Remuneration, holidays and other benefits</p>	<p>The Group provides market-competitive remuneration to attract and retain talents, complies with the Zhongshan Minimum Wage Standard, and offers attendance awards, allowances, overtime pay and performance-based bonuses to its employees based on their performance.</p> <p>The Group provides various types of leaves in accordance with the provisions of the Staff Handbook, including annual leave, marriage leave, maternity leave and paternity leave. Employees who have served more than a year are also entitled to 5 to 15 days’ annual leave. The Group provides medical benefits to its employees in accordance with national and local regulations to ensure that they are protected against work-related injuries, illnesses and pregnancy of female employees. The Group also provides flexible working hours based on individual needs, such as pregnant women or staff with families in need, and provides free accommodation and canteen benefits to its factory staff so that they can live and work in peace and happiness with the Group as their home. In addition, the Group strives to promote work-life balance by adjusting the working days to an average of three to four days per week during the Year to increase the rest time for employees.</p>

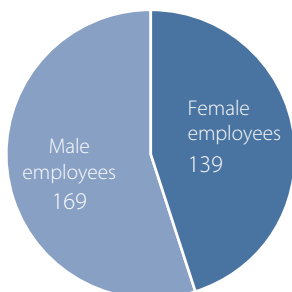
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<p>Diversity, equal opportunity and anti-discrimination</p>	<p>The Group is committed to providing equal opportunities to its employees or candidates and preventing discrimination to protect its employees' rights and interests. The Group has established the Anti-discrimination Policy, which clearly specifies that no discrimination against its employees or candidates due to factors such as their gender, age, appearance, disability, race, religion, language, geographical region and culture is allowed.</p> <p>The Group believes that multiculturalism can facilitate a more holistic approach to business decisions and sustainable development, and has formulated and adopted a board diversity and promotion policy. Looking forward, the Group will review the existing employment policies and review how to further improve the employment guidelines and measures related to diversity and fair promotion.</p>
<p>Labour Standards</p>	<p>The Group clearly stipulates in the Prohibition of Child Labour Policy and the Procedures for Saving Child Labour that no minors under the age of 16 shall be employed in all operating sites. To ensure compliance, all candidates are required to submit their identity documents, recent photos and other documents for verification by the human resources department. If a person under the age of 16 is found to be hired by mistake, the Group will immediately stop him/her from working and send him/her to a hospital for physical examination to ensure that his/her health is not affected by his/her work and escort him/her back to his/her guardian. At the same time, the Group will report to the local labour department and investigate the causes of misuse of child labour, and handle the cases according to relevant regulations and factory rules.</p> <p>To protect the personal rights of employees, the Group's Staff Handbook specifies that it prohibits any way to force employees work and regulates the working hours, overtime work, overtime pay and other arrangements to compensate for voluntary overtime work.</p>

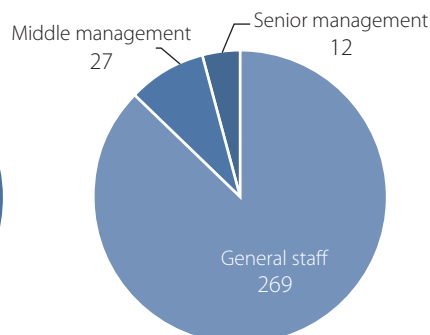
In order to protect the legitimate rights and interests of its employees from unfair, sexual harassment and gender discrimination, the Group has established the Employee Complaints Policy and the Employee Complaint Process Form for its employees to make complaints on matters such as working environment, employment, gender discrimination and sexual harassment. The Group will conduct investigations in accordance with established procedures.

During the Year, Hing Shing and Hing Tak had a total of 308 employees, including 169 male employees and 139 female employees, of which general staff accounted for approximately 87% of the total number of employees.

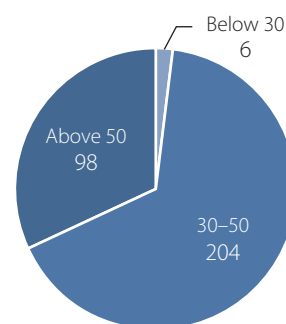
Number of employees by gender



Number of employees by rank



Number of employees by age group



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## *Work Safety and Employee Health*

The Group attaches great importance to the occupational health and safety of its employees and adheres to the principle of “safety management is necessary for production management”. Therefore, it has formulated the Occupational Health Management Policy, the Safety Management Plan, the Occupational Disease Prevention Publicity, Education and Training System and other management systems to regulate the occupational safety and health measures for its employees and establish a safe working environment.

As the use of chemicals is involved in the production and operation process, the Group has established the Chemical Warehouse Management Policy to ensure safe warehouse storage and protect the surrounding environment. It also carries out daily safety inspections and conducts fire and spill prevention work. In order to strengthen employees’ ability to handle chemical spill accidents and their safety awareness, the Group conducts chemical spill drills and holds safety training every year according to the Chemical Spill Drill Plan and the Emergency Preparation and Response Management Guidelines to enhance its employees’ safety awareness.

To protect the personal health of our employees, Hing Shing and Hing Tak regularly inspect the drinking water of their employees in the factory to ensure the compliance with the requirements of the National Food Safety Standard — Packaged Drinking Water, so that their employees can enjoy drinking water at ease. Meanwhile, the Group has formulated the Emergency Response Plan and the Accident Emergency Rescue Plan, which provide relevant guidelines when handling emergency incidents and set out the roles and emergency plans of its employees in case of natural disasters and accidents caused by human factors. The Group also purchases fire-fighting equipment and invites fire-fighting trainers to conduct training and regular inspections and organises fire drills to raise its employees’ awareness of fire prevention and their ability to respond to emergencies in accordance with the Safety Management Plan. At the same time, the Group has also increased training related to tagging and locking during the Year to enhance employees’ knowledge in different areas and to strengthen the protection of their personal safety.

Except for one work-related fatality in the previous year, neither Hing Shing nor Hing Tak had any work-related fatalities during the Year and in 2020. The Group will strive to improve its internal management system and working environment in order to provide a safe workplace and protect the personal safety of its employees. Moreover, a total of 22 employees were involved in work-related injuries during the Year, which was mainly due to accidental bruises or injuries. All cases have been handled in accordance with established procedures and mechanisms. In view of this, the Group has taken measures to enhance its employees’ safety awareness to ensure that its employees have sufficient labour protection items and maintain a clean and tidy working environment.

<b>Total number of work-related injuries<sup>1</sup></b>	<b>Work injury rate<sup>2</sup> (per 100 employees)</b>	<b>Number of work-related fatalities in the past three years (including the Year)</b>
22	7.1%	1

<sup>1</sup> Cases of work-related injury reported according to the relevant definition of the Labour Law of the People’s Republic of China.

<sup>2</sup> Calculated by dividing the total number of work-related injuries for the Year by the total number of employees as of the end of the Year and multiplied by 100%.

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## Responding to the COVID-19 pandemic

The Group understands the risks posed by COVID-19 to employees. In order to protect the health and safety of employees, the Group has implemented a series of measures protect our employees with their personal safety as the top priority in our operations until the Chinese government announced the lifting of the COVID-19 precautionary measures.

- Implemented a different work schedule for its staff and shorten office hours to avoid peak traffic hours;
- Strengthened workplace cleaning, regularly cleaned and disinfected public places such as staff quarters and toilets, and sprayed disinfectant at least twice a day;
- Set up handwashing area, reminded staff to clean and disinfect their hands frequently to implement the measure of “washing hands frequently to fight against the pandemic”;
- Required staff to wear masks during work, arranged for daily body temperature measurement, and to complete a health survey and sign a letter of commitment;
- Non-disposable protective equipment (such as goggles) must be wiped with alcohol after use and placed in an open area to dry naturally;
- Banners and posters promoting pandemic awareness were hung to raise the awareness of all employees;
- The waste bins were divided into two categories: household waste and mask. The staff first sprayed disinfectant inside waste bins and the surroundings, and then sealed and wrapped the waste bags before transporting and disposing;
- Maintained social distance and employees must maintain a distance of at least one meter between their seats; and
- Meetings must be held in open areas, and those who participate must always maintain a certain distance with other participants.

The Group also has an online WeChat group to distribute knowledge and latest information on disease prevention and quarantine in order to reduce gatherings. The Group also distributes “Health Education Core Messages on Prevention and Control of COVID-19” to employees to raise their awareness of disease prevention.

Temporary isolation areas are set up in factories to isolate and observe individuals who are unwell or show suspected pneumonia symptoms during work to prevent the spread of the disease, and isolation quarters are provided for individuals from high-risk areas. To avoid multiple infections in the workplace, if employees are found to have symptoms such as fever or coughing during the inspection, they will be isolated immediately, and the emergency rescue team should be notified, so as to reduce the chance of large-scale spread.

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## Development and Training

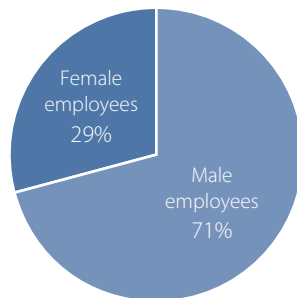
The Group supports the long-term personal development of its employees and is committed to providing them with a variety of trainings and development opportunities. Hing Shing and Hing Tak have formulated the Personnel Educational Training Control Procedures and the Education Training Management Procedures respectively to arrange appropriate training for their employees according to the training needs and formulate the annual training plan. New employees are required to pass the job training assessment before they become formal employees. The major training contents are as follows:

Training category	Target	Training content
Induction training	New employees	<ul style="list-style-type: none"> <li>• Induction training from the human resources department: to understand company policies and working environment</li> <li>• Job training during probation period: job guidance will be given by immediate supervisors to understand duties and functions, responsibilities as well as rules and regulations</li> </ul>
On-the-job training	Formal employees	<ul style="list-style-type: none"> <li>• Special job qualification training: professional personnel who have passed the examination and obtained corresponding qualifications</li> <li>• Training for the purpose of updating knowledge or improving skills: operating procedures of hazardous chemicals, training on hazardous wastes and general wastes, regulations on wearing labour supplies</li> <li>• Education and training on production safety: regular training on fire prevention and production safety</li> </ul>
External training	Formal employees	<ul style="list-style-type: none"> <li>• To participate in external training programs to learn new knowledge and skills</li> </ul>
Management training	Middle management or above	<ul style="list-style-type: none"> <li>• Training for enhancing management skill: to learn management theories and skills</li> </ul>

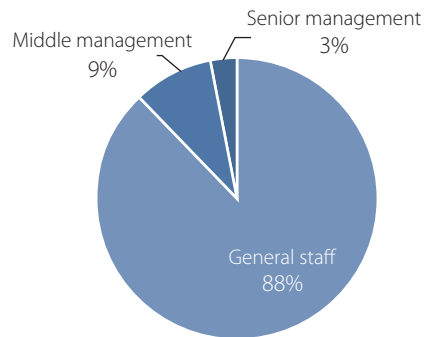
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During the Year, a total of 122 employees of Hing Shing and Hing Tak received training, accounting for approximately 40% of the total number of employees and the overall training hours per capita was 10.1 hours. Among the employees who received training, 87 were male and 35 were female; 107 were general staff, 11 were middle management and 4 were senior management.

Percentage of employees trained by gender



Percentage of employees trained by rank



## OPERATIONAL MANAGEMENT

The Group believes that excellent product quality is the key to establish a stable relationship with customers, and therefore has formulated a number of quality control measures and is committed to improving the supply chain and quality management. In order to build a fair and honest business environment, the Group has always adhered to the value of corporate integrity and business ethics to prevent corruption and bribery.

### *Product Responsibility*

The Group has been upholding high-quality products and services to maintain the satisfaction and long-term cooperation relationship with major customers such as international apparel brands and garment manufacturers. Hing Shing and Hing Tak have obtained ISO 9001 quality management system certification and established quality control measures covering the production process of manufacturing, inspection and testing in accordance with relevant laws and regulations and the quality management system to ensure that the products comply with the internal quality standards and customers' specifications. At the same time, the Group respects the rights of creators and prohibits the use of other people's works without approval. It will also protect its own rights by applying for patents. In order to protect customers' data and privacy, the Group will follow the established regulatory mechanisms and internal policies to take care of the data collected and only view or use with internal and customer permission to ensure that relevant information is not leaked or used improperly. In addition to internal procedures to control the intellectual property rights and confidential information and privacy of all parties in our daily operations, customers, employees and property rights holders can also report or complain to the Group in case of suspected non-compliance, further enhancing the regulation therein.

During the Year, Hing Tak has successfully applied for 7 patents to protect its intellectual property rights. The Group will continue to protect the rights of the parties by formulating measures or applying for patents in different situations.

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## *Product Quality and Recall Procedures*

In order to maintain the quality of products, Hing Shing and Hing Tak have formulated the process flow chart, operational rules, operational guidelines and quality objectives to regulate and direct each production process and inspection procedure. Quality control personnel are required to conduct sample inspections on raw materials, semi-finished products and finished products in accordance with the relevant guidelines and test specifications such as elasticity and dimensional stability to ensure that the products comply with the internal inspection standards and customers' requirements. For subcontractors who perform dyeing, weaving and finishing processes, the Group assigns production personnel to conduct regular quality inspection and verification at its production sites to ensure that the finished materials comply with the quality requirements and is responsible for the health and safety of consumers.

According to the Unqualified Items Control Procedures and the Rectification Measures Control Procedures, Hing Shing and Hing Tak assess and control the unqualified items identified during the period from incoming materials, semi-finished products and finished products, return of goods by customers and implement rectification measures. To avoid any misuse of unqualified raw materials and products, the factory department is required to identify and separately store all qualified and unqualified raw materials (including white yarn), semi-finished products, finished fabrics and chemicals in accordance with the Identification and Retrospective Control Procedures and Warehouse Management Rules. If the exported products have quality problems or serious complaints are received from customers, the Group will recall the relevant products for inspection as soon as possible and implement rectification and preventive measures.

## *Product Labelling and Customer Communication*

In order to enable customers to correctly identify and use the Group's products, the Group prepares and prints product labels in accordance with customers' requirements and its relevant labelling guidelines and is also committed to maintaining good communication with its customers by identifying and responding to their needs via different channels such as phone calls, emails and interviews on a regular basis and following up on product quality issues such as production requirements and usage effectiveness. The Group has established the Customer Engagement Management Procedures to specify relevant responsibilities and processes. If a customer has a complaint against a product or service, the Group will record and analyse the case and give a reply within three working days after the complaint. Relevant departments are required to analyse the cause and responsibility of the complaint and to establish rectification and preventive measures. In addition, the finished products department conducts customer satisfaction survey once a year and rates based on customer feedbacks and/or complaints and return records to analyse customer opinions and such information will be reviewed and followed up at the management review meeting.

During the Year, Hing Shing and Hing Tak received a total of 36 customer complaints about product quality or product labels, among which, quality issues were mainly related to the quality of yarn quality and sizing and did not have any product recall due to safety and health reasons. All complaints have been properly handled and improvement methods have been adopted. The Group will continue to improve its product quality-related policies and measures according to its business development and needs.



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## *Anti-corruption*

In daily operations, the Group has adopted anti-corruption related regulations and the Anti-bribery/Anti-corruption and Anti-bribery Procedures and other regulations to provide employees with guidance on integrity on maintaining integrity in performing duties and prohibits corruption such as bribery, extortion, fraud and money laundering, which stipulate that employees shall not accept and solicit any benefits and engage in any acts or activities with conflicts of interest. In order to discover and deal with violations at an early stage, employees may report corruption via the established whistle-blowing hotline. The Group will provide incentives for whistle-blowers, strengthen employee participation and compliance, and work together to create a clean working environment. If anyone is found to be involved in any illegal activities, the Group will take disciplinary action or dismiss the employees involved, and report the serious illegal activities to the government authority. Under the condition of protecting the personal health and safety of employees, in order to enhance the anti-corruption awareness of the directors and employees of the Group, the Group regularly provided anti-corruption-related information to employees and directors during the Year to confirm their understanding of the latest regulations and learn from the past. During the Year, the Group provided an average of one hour of anti-corruption training to employees and directors. In the future, the Group will provide different training activities to enhance internal anti-corruption awareness according to operational needs. During the Year, the Group has not received any corruption reports and litigation cases.

## *Supply Chain Management*

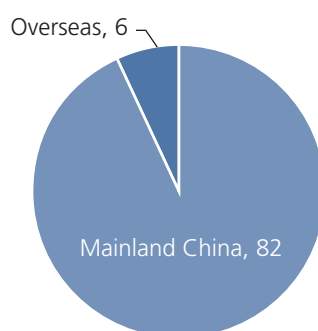
In order to ensure a stable and high-quality supply of raw materials for the manufacturing of denim fabrics, the Group has formulated the Supplier Control Procedures, the Procurement Control Procedures, the Manufacturing Substances Management Procedures and relevant mechanisms to regulate the procedures of supplier selection, evaluation and approval. During the Year, the Group engaged, managed and monitored all suppliers in accordance with this process.

Review and selection	<ul style="list-style-type: none"> <li>• Pre-review qualified product certification information and previous supply records of suppliers and inspect samples provided by them.</li> <li>• Conduct on-site inspection to evaluate product quality, supply capacity, technological level, improvement capability and other performances.</li> <li>• Rate candidate suppliers according to the Supplier Assessment checklist and those who meet the requirements will be included in the Qualified Supplier List for selection.</li> <li>• For specific chemicals, the Group will select suppliers who can provide the "Production Restricted Substances List 2.0" and avoid the use of substandard chemicals, in order to reduce the burden on the environment.</li> </ul>
Regular evaluation	<ul style="list-style-type: none"> <li>• Conduct annual assessments for suppliers according to the Supplier Performance Evaluation Checklist, covering aspects such as supply quality, supply record and price.</li> <li>• Suppliers are required to sign an annual Integrity Agreement to ensure their performance in the area of anti-corruption regulation.</li> </ul>

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The total number of suppliers of Hing Shing and Hing Tak during the Year was 88 and were selected and managed according to relevant guidelines. Suppliers are located across the mainland China and overseas and primarily provide cotton yarn, accessories, packaging materials, chemicals, parts and trimmings, chemical dyes, labour protection products required for production as well as office and daily necessities. In order to further enhance supply chain management by identifying and managing potential environmental and social impacts and risks in the supply chain, the Group plans to review the existing supplier management system and improve related policies in the future to implement a comprehensive supply chain management system and expect to strengthen the promotion and use of environmentally friendly materials in the supply chain.

Number of suppliers by region



## ENVIRONMENTAL PROTECTION

The Group attaches great importance to emissions generated during operation and efficient use of resources. The operations of the plants of Hing Tak and Hing Shing have been granted ISO 14000 environmental management system certification and formulated the Environmental Management Agency and Management System and the Enterprise Environmental Protection Management System respectively while complying with relevant laws and regulations to establish various measures to control the pollutants discharged during production, effectively utilise various resources and reduce the negative impact of production activities on the surrounding ecology.

### *Air Pollutants and Greenhouse Gas Emissions*

The Group understands the close link between greenhouse gas emissions and climate change and the importance of regulating emissions to mitigate climate change and related issues. In order to reduce air pollutants and regulate various waste gas treatment methods, the Group has established the Rules on Exhaust Gas Pollution Prevention and Control to specify the use of chemicals, require the use of environmentally friendly materials, and set up waste gas and gas collection and purification facilities. At the same time, the Group has formulated a series of measures to monitor and mitigate related usage and emissions, so as to achieve energy saving and emission reduction target:

- Encourage employees to use public transportation in order to achieve green travel operations;
- Arrange company vehicles to transport employees to and from work;
- Replace fluorescent tubes with energy-saving tubes;

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- Install inverter systems for air compressors; and
- Use hot water energy instead of steam.

The Group also engages testing companies to test the Group's exhaust gas emissions to ensure that the exhaust gas emissions meet the national requirements. If the exhaust gas emissions fail to meet the standards, the Group will make improvement according to the Rectification Measures Control Procedures. If abnormal exhaust gas emissions occur during the production process, the Group will handle according to the Emergency Preparation and Response Control Procedures.

During the Year, the overall greenhouse gas emissions of Hing Tak and Hing Shing were 11,968.9 tonnes of carbon dioxide equivalent (tonnes of CO<sub>2</sub>-e), and the greenhouse gas emission intensity was 0.52 tonnes of CO<sub>2</sub>-e per thousand yard of products. Compared with last year, all greenhouse gas emissions decreased during the Year due to the reduction in production, and total emissions decreased by approximately 34%.

Greenhouse Gas Emissions <sup>3 4</sup>	2022	2021	Unit
Scope 1 <sup>5</sup>	36.5	147.8	tonnes of CO <sub>2</sub> -e
Scope 2 <sup>6</sup>	11,932.4	17,969.1	tonnes of CO <sub>2</sub> -e
Total greenhouse gas emissions	11,968.9	18,116.9	tonnes of CO <sub>2</sub> -e
Greenhouse gas intensity	0.52	0.54	tonnes of CO <sub>2</sub> -e/thousand yard of products

Moreover, the air pollutants during the Year mainly came from nitrogen oxides, sulphur oxides and respirable suspended particulates from the use of production equipment, kitchen equipment and motor vehicles, amounting to 789.0 kg, 55.0 kg and 46.0 kg respectively. Air pollutant emissions for the Year have improved due to improved data collection systems and calculations.

Air pollutant emissions <sup>7</sup>	2022	2021	Unit
Nitrogen oxides	789.0	453.4	kg
Sulphur oxides	55.0	31.2	kg
Respirable suspended particulates	46.0	26.0	kg

<sup>3</sup> Reference to "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" of the Hong Kong Stock Exchange, "Guidelines for calculating greenhouse gas emissions due to energy consumption (version 2.1)" of the World Resources Institute, "Enterprise Greenhouse Gas Emission Accounting Methodology and Reporting Guideline for Power Generation Facilities (2022 Revision)" of the Ministry of Ecology and Environment of the People's Republic of China, "Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Enterprises in Other Industries" of the National Development and Reform Commission of the People's Republic of China and "Greenhouse Gas Inventory Emission Factors" of the U.S. National Environmental Protection Agency.

<sup>4</sup> During the Year, the Group did not conduct any business travel and therefore no relevant Scope 3 emissions.

<sup>5</sup> Scope 1 includes plant production equipment, kitchen equipment, vehicle fuel emissions and acetylene consumption.

<sup>6</sup> Scope 2 includes purchased electricity from third parties, natural gas and steam emissions.

<sup>7</sup> Reference to "Technical Guide for the Preparation of the Emission Inventory of Road Motor Vehicles (Trial)", "Technical Guide for the Preparation of the Primary Source Emission Inventory of Atmospheric Respirable Particulate Matter (Trial)" and "Technical Guide for the Preparation of the Emission Inventory of Non-road Mobile Sources (Trial)" of the Ministry of Ecology and Environment of the People's Republic of China.

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## *Waste Management*

The Group is committed to reducing waste generated during production and possible pollution to the environment. The Rules on Solid Waste Pollution Prevention and Control has specified the treatment process, which classifies hazardous solid waste, recyclable waste and non-recyclable waste for disposal, and is handled by approved waste recyclers and cleaning companies correspondingly. At the same time, the Group has aims to reduce waste generation to further reduce the environmental impact of its operations.

The Group has also established the Hazardous Waste Management System and the Hazardous Waste Disposal — Environmental Safety Management Plan to clarify the handling of hazardous wastes. Hazardous wastes such as waste oil and toxic waste rags and packaging materials are managed in accordance with the National Hazardous Waste List. The Group will hand the collected hazardous wastes to qualified hazardous waste treatment companies and record and count the related quantities for more comprehensive management.

For non-hazardous waste, such as industrial consumables, greige cotton or other scraps, the Group recycles or sells them to suppliers and recyclers in accordance with the Administrative Measures on Trading of Scraps from Processing in the Domestic Sales Network in Guangdong Province jointly promulgated by the Guangdong Branch of the General Administration of Customs and the Department of Commerce of Guangdong Province. At the same time, the Group collects and sorts other recyclable non-hazardous wastes, and sends them to approved recyclers for recycling. Non-recyclable wastes, such as domestic wastes, are transported to designated garbage stations for disposal by waste disposal companies. The Group will also return food waste to the villagers for livestock rearing to reduce waste and greenhouse gas emissions. In order to reduce waste generation, the Group encourages the maximisation of resource use efficiency, purchases corresponding amount of packaging materials appropriately, reuses packaging materials where feasible, and uses double-sided photocopying or reuses single-sided papers, and will also post no-waste signs at conspicuous locations to remind employees to reduce waste of resources.

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During the Year, Hing Shing and Hing Tak produced 4.0 tonnes of hazardous waste and 828.4 tonnes of non-hazardous waste, and the intensity of hazardous and non-hazardous waste were 0.2 and 36.3 kg per thousand yards of products. Compared to last year's waste consumption, the decrease in production resulted in a 38% and 11% reduction in hazardous and non-hazardous waste consumption, respectively.

Waste consumption	2022	2021	Unit
Total hazardous waste	<b>4.0<sup>8</sup></b>	6.5 <sup>9</sup>	tonnes
Intensity of hazardous waste	<b>0.2</b>	0.2	kg/thousand yard of products
Total non-hazardous waste	<b>828.4</b>	929.3	tonnes
Recycled	<b>476.9<sup>10</sup></b>	738.9 <sup>11</sup>	tonnes
Others	<b>351.5<sup>12</sup></b>	190.4 <sup>13</sup>	tonnes
Intensity of non-hazardous waste	<b>36.3</b>	27.9	kg/thousand yard of products

In addition, the Group consumed a total of 49.1 tonnes of packaging materials during the Year. Compared to last year, the overall consumption of packaging materials decreased significantly due to the decrease in production volume.

Consumption of Packaging materials	2022	2021	Unit
Total consumption of packaging material	<b>49.1<sup>14</sup></b>	89.4 <sup>15</sup>	tonnes
Packaging material intensity	<b>2.2</b>	2.7	kg/thousand yard of products

## Energy Management

The Group pays attention to the energy consumption of its operations, and has formulated different measures with the goal of saving energy according to the energy usage of Hing Tak and Hing Shing, in order to improve the regulation of relevant performance. For regulatory measures on energy usage, please refer to the section headed "Air Pollutants and Greenhouse Gas Emissions".

During the Year, the major energy consumption of Hing Shing and Hing Tak was purchased electricity and steam. The total energy consumption was 27,495.8 MWh, with an energy intensity of 1.2 MWh per thousand yards of products. With the exception of diesel, which increased during the Year due to improved data collection systems and calculation, all other energy sources decreased due to lower production volumes, resulting in a decrease of approximately 21% in total energy consumption for the Year as compared with last year.

<sup>8</sup> Includes waste lamps, waste batteries, waste oil, hazardous packaging materials and waste packaging barrels.

<sup>9</sup> Includes electronic wastes, waste oil, hazardous packaging materials, waste packaging barrels, milled yarn and hazardous waste rags.

<sup>10</sup> Includes kitchen waste, fabrics, plastics, metals and papers.

<sup>11</sup> Includes fabrics, plastics, metals and papers.

<sup>12</sup> Includes industrial waste, domestic waste and non-hazardous sludge.

<sup>13</sup> Includes kitchen waste, industrial waste and domestic waste.

<sup>14</sup> Includes water-free paper, sealing glue, paper tubes, plastic bags, PE shrink film and sheets.

<sup>15</sup> Includes paper tubes, PE shrink film and sheets.

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Energy consumption	2022	2021	Unit
Petrol	<b>37.9</b>	59.3	MWh
Diesel	<b>84.6</b>	80.2	MWh
Natural gas	<b>835.2</b>	1,391.3	MWh
Purchased electricity	<b>6,815.2</b>	9,829.0	MWh
Purchased steam	<b>19,722.9</b>	23,650.3	MWh
Total energy consumption	<b>27,495.8</b>	35,010.1	MWh
Energy intensity	<b>1.2</b>	1.1	MWh/thousand yard of products

As energy consumption is one of the major sources of carbon emissions, in order to reduce energy consumption and improve energy efficiency, the Group has established and review from time to time the Environmental Target Indicator Management Plan, and at the same time, has adopted a series of consumption reduction measures, including:

- Replacement of LED fluorescent tubes in offices and staff quarters;
- Gradual adoption of audible switches in staircases and corridors of staff quarters;
- Use of heat exchange to collect waste heat to provide hot water for staff quarters and canteen; and
- Coating of insulation paint on sides of the baking barrel to significantly reduce the transient temperature of the surface, thereby reducing heat dissipation.

## *Water Resources Use*

For daily operation needs, the Group's finishing and dyeing processes in its production operations require a large amount of water. To reduce water wastage, the Group encourages employees to conserve water and regularly monitors water consumption in order to improve water usage performance. With regard to the use of water resources at the operating sites, the Group has established a series of measures to comprehensively monitor its own performance, reduce environmental impact and achieve the goal of saving water. Through the following measures, the Group expects to effectively reduce the usage and waste of resources:

- Install water-saving devices in the canteen washing pool and install showers in staff quarters;
- Reuse condensed water in the production process;
- Establish a wastewater recycling station to recycle production wastewater into production water; and
- Regularly inspect and repair the water supply system to prevent leakage due to damaged faucets or pipes.

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The wastewater generated by the Group mainly includes industrial wastewater and domestic wastewater. Each of Hing Shing and Hing Tak has obtained the pollutant discharge permit in accordance with the Measures for the Administration of Pollutant Discharge Permits (For Trial Implementation) issued by the Ministry of Ecology and Environment of the People's Republic of China and the relevant requirements in Zhongshan. During the Year, the Group hired a testing company to test the discharge of sewage, and the industrial wastewater of the Group's plants was discharged into the municipal sewage treatment plant in accordance with the pollutant discharge standards, and the domestic wastewater was discharged into the municipal sewage pipe network.

During the Year, the total water consumption of Hing Shing and Hing Tak was 218,532 cubic meter and the water consumption intensity was 9.6 cubic meter per thousand yards of products. As compared with last year, the decrease in production volume for the year resulted in a corresponding reduction in water consumption of approximately 32%. The Group draws water from the municipal water supply network and has no problem in sourcing water that is fit for purpose during the Year.

Water consumption	2022	2021	Unit
Total water consumption	<b>218,532</b>	321,922	cubic meter
Water intensity	<b>9.6</b>	9.7	cubic meter/thousand yard of products

## *Natural Environment and Natural Resources*

The Group is committed to protecting the surrounding environment and natural resources while maintaining operations, so as to reduce the environmental impact caused by production. The Group has formulated the Procedures for Identification, Evaluation and Control of Environmental Factors to identify the environmental factors that the Group can control and exert influence and the extent of their environmental impact, so as to determine the important environmental factors. The Group has also formulated the Emergency Plan for Environmental Emergencies to provide emergency rescue guidance in case of environmental emergencies, including prevention, alert and emergency measures, information reporting and emergency organisation system, so as to reduce the impact on the surrounding environment and community.

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Environmental impact		Regulatory measures
<b>Air pollution</b>	<p><b>Greenhouse gas emissions</b></p> <p>Generators and equipment used in operation emit different greenhouse gases and air pollutants that affect air quality. In addition, the refrigerant used at the operating point may leak, increasing greenhouse gas emissions.</p>	<ul style="list-style-type: none"> <li>Regularly check and repair generators to reduce unnecessary air pollutants caused by aging units. At the same time, by improving equipment standards and emission requirements, air pollutants and carbon emissions during use are reduced.</li> <li>Hing Tak has fully changed the cooking equipment in the kitchen from diesel to natural gas to reduce carbon emissions.</li> <li>Regularly check the operation of the refrigeration system to avoid leakage of refrigerant. In the event of any system damage or equipment aging, the equipment will be repaired or replaced as soon as possible.</li> </ul>
	<p><b>Dust emissions</b></p> <p>The use of production equipment will generate a corresponding degree of dust. If the relevant emissions are not collected or treated, the generated dust will bring potential risks to air quality.</p>	<ul style="list-style-type: none"> <li>Install a filter or dust collection system at the discharge port of the equipment to prevent untreated dust from being released into the air.</li> </ul>
	<p><b>Fume emissions</b></p> <p>The Group has a catering service in the factory to provide lunch for employees. When using the relevant cooking equipment, the Group will generate corresponding cooking fumes, which will be discharged into the atmosphere through the extraction system and range hood, causing potential air pollution problems.</p>	<ul style="list-style-type: none"> <li>Install compliant extraction systems and range hoods to reduce the emission of fumes into the air. In addition, the effectiveness of the treatment system is ensured through regular cleaning and maintenance of related equipment.</li> </ul>
	<p><b>Odor emissions</b></p> <p>The use of chemicals and production processes emit odors, especially during dyeing. The odor emitted will not only affect nearby residents and ecology, but will also have a negative impact on air quality and may spread to other areas.</p>	<ul style="list-style-type: none"> <li>Install effective ventilation and odor management systems to reduce odor emissions. At the same time, use materials and procedures with low impact as far as possible to avoid odor and impact on the surrounding environment.</li> </ul>



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Environmental impact		Regulatory measures
	<p><b>Fire</b> Equipment used in operation may cause fire due to dust generated, aging lines or improper operation, resulting in the emission of a large amount of air pollutants and greenhouse gases. At the same time, the use of fire extinguishing systems in the process will generate different levels of carbon emissions or air pollutants, increasing air pollution and climate change.</p>	<ul style="list-style-type: none"> <li>Regularly check and repair production equipment to minimize the chance of fire and reduce carbon emissions and air pollutants from the use of fire suppression systems.</li> </ul>
Water pollution	<p><b>Chemical discharge</b> Depending on business operations, different types of chemicals and dyes are involved in the production process. If the use of related chemicals is not properly handled, it may lead to chemical leakage and water pollution.</p>	<ul style="list-style-type: none"> <li>Establish procedures for the operation and handling of chemicals and dyes to ensure that the relevant departments or employees understand and comply with the procedures. Also, install recycling and treatment systems to ensure that discharged water resources meet relevant standards.</li> </ul>
	<p><b>Domestic water discharge</b> Daily operations generate a certain amount of water for office, dormitory and cafeteria use, which is treated and discharged to the appropriate sites. Although the environmental impact of domestic water use is relatively low, there is a risk that improper treatment practices and aging channels may cause water to fail to meet relevant standards or to be improperly discharged or leaked.</p>	<ul style="list-style-type: none"> <li>Regularly check and repair to prevent leakage or environmental pollution due to aging channels. At the same time, water saving slogans are posted at conspicuous places to remind employees to save water resources.</li> </ul>
	<p><b>Production wastewater discharge</b> Industrial water used in the production process is contaminated by washing and dyeing processes, and may contain chemicals to varying degrees. If the produced water is not properly recycled and treated, the discharged wastewater will pollute water resources and pose environmental and health risks.</p>	<ul style="list-style-type: none"> <li>Establish guidelines and procedures for recycling and treating production wastewater to ensure that all relevant industrial water is recycled and treated in accordance with the procedures after use to avoid environmental and health problems caused by improper discharge or leakage.</li> </ul>

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Environmental impact		Regulatory measures
<b>Waste discharge</b>	<b>Non-hazardous and hazardous waste</b> Regardless of daily operations or product production, non-hazardous and hazardous wastes must be recycled and disposed of. If the waste generated is not properly handled and disposed of, it may lead to environmental impacts such as water pollution and soil pollution.	<ul style="list-style-type: none"> <li>Formulate clear guidelines for the recycling and disposal of hazardous and non-hazardous wastes to ensure that the generated wastes can be fully recycled or disposed of in accordance with relevant procedures to avoid polluting the environment.</li> </ul>
<b>Noise pollution</b>	<b>Noise pollution</b> The use of machinery and equipment will cause different levels of noise pollution, which will negatively affect the surrounding residents and ecology.	<ul style="list-style-type: none"> <li>Regularly check and repair the equipment used in the production process, and ensure that the environmental requirements of the relevant machinery and equipment comply with relevant laws, regulations or guidelines, so as to reduce the impact on the environment and ecology. At the same time, ensure that relevant operations comply with established procedures and guidelines to avoid unnecessary noise caused by improper operation.</li> </ul>

## *Climate change*

With the increasing impact of climate change around the world, the Group recognizes the importance of formulating relevant internal controls to address climate-related risks in a timely and comprehensive manner. The Group has initiated internal discussions and will formulate corresponding internal control procedures in due course to reduce the impact of climate-related matters, and formulate countermeasures to ensure the safety of business operations and employees.

## **COMMUNITY INVESTMENT**

The Group believes that community development is essential to corporate operation. As a responsible enterprise, the Group is committed to fulfilling its corporate social responsibility, caring for and giving back to society. During the Year, Hing Shing and Hing Tak continued to participate in the Red Cross Walk and contributed a total donation of RMB40,000 to assist local community activities related to caring for the elderly and to promote the spirit of humanity. At the same time, the Group was also committed to helping the community in the fight against the pandemic by donating RMB20,000 and RMB30,000 to the anti-pandemic campaign in Zhongshan Sanjiao Town through Hing Shing and Hing Tak respectively to support its operation in order to reduce the impact of the pandemic on the community. Hing Shing and Hing Tak further gave back to the community by sending 21 staff to participate in a river regulation and water conservation campaign to help build a more stable living environment in the area.

In the future, the Group will formulate policies related to community investment and donation based on community needs and its operation and increase community investment projects to bring more positive impact to the community.

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## COMPLIANCE PERFORMANCE

The Group recognizes the importance of compliant operation and complies with the relevant laws and regulations in the place where it operates. During the Year, the Group did not violate any relevant laws and regulations on the environmental, employment, health and safety, labour standards, product responsibility and anti-corruption aspects that have a significant impact on the Group.

Aspects	Relevant laws and regulations that have a significant impact on the Group
Emissions	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Water Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Regulation of Guangdong Province on Environmental Protection Administrative Measures on Trading of Scraps from Processing Trade in the Domestic Sales Network in Guangdong Province Administrative Measures for Pollutant Discharge Licensing (For Trial Implementation)
Employment	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China
Health and Safety	Production Safety Law of the People's Republic of China Prevention and Control of Occupational Diseases Law of the People's Republic of China Regulation on Work-related Injury Insurance of the People's Republic of China Regulation on Work-related Injury Insurance Regulation on Labour Safety and Health of Guangdong Province Regulation for the Safe Use of Chemicals in Workplaces Convention concerning the Safe Use of Chemicals in Workplaces (International Convention No. 170)
Labour Standards	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China Production Safety Law of the People's Republic of China Provisions on the Prohibition of Using Child Labour Order No. 364 of the State Council
Product Responsibility	Product Quality Law of the People's Republic of China Contract Law of the People's Republic of China Advertising Law of the People's Republic of China Patent Law of the People's Republic of China Tort Liability Law of the People's Republic of China Trademark Law of the People's Republic of China GB5296.4-2012 Instruction for Use of Products of Consumer Interest — Part 4: Textiles and Apparel GB18401 National General Safety Technical Code for Textile Products GB/T 8685 Code for Maintenance and Labeling of Textile Products Technical Guidelines for Exports of Knitwear
Anti-corruption	Criminal Law of the People's Republic of China Anti-money Laundering Law of the People's Republic of China Anti-corruption and Anti-commercial Bribery Regulations Bidding Law of the People's Republic of China

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## KEY PERFORMANCE INDICATORS OVERVIEW

### Environmental Performance

Environmental Key Performance Indicators	2022	2021	Unit
<b>Air pollutant emissions</b>			
Nitrogen oxides	789.0	453.4	kg
Sulphur oxides	55.0	31.2	kg
Respirable suspended particulates	46.0	26.0	kg
<b>Greenhouse Gas Emissions</b>			
Scope 1	36.5	147.8	tonnes of CO2-e
Scope 2	11,932.4	17,969.1	tonnes of CO2-e
Total greenhouse gas emissions	11,968.9	18,116.9	tonnes of CO2-e
Greenhouse gas intensity	0.52	0.54	tonnes of CO2-e/thousand yard of products
<b>Hazardous waste consumption</b>			
Total hazardous waste	4.0	6.5	tonnes
Intensity of hazardous waste	0.2	0.2	kg/thousand yard of products
<b>Non-hazardous waste consumption</b>			
Total non-hazardous waste	828.4	929.3	tonnes
Recycled	476.9	738.9	tonnes
Others	351.5	190.4	tonnes
Intensity of non-hazardous waste	36.3	27.9	kg/thousand yard of products
<b>Energy consumption</b>			
Petrol	37.9	59.3	MWh
Diesel	84.6	80.2	MWh
Natural gas	835.2	1,391.3	MWh
Purchased electricity	6,815.2	9,829.0	MWh
Purchased steam	19,722.9	23,650.3	MWh
Total energy consumption	27,495.8	35,010.1	MWh
Energy intensity	1.2	1.1	MWh/thousand yard of products
<b>Water consumption</b>			
Total water consumption	218,532	321,922	cubic meter
Water intensity	9.6	9.7	cubic meter/thousand yard of products
<b>Consumption of Packaging materials</b>			
Total consumption of packaging material	49.1	89.4	tonnes
Packaging material intensity	2.2	2.7	kg/thousand yard of products

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## Social Performance

Social Key Performance Indicators		2022	2021
<b>Number of employees <sup>16</sup></b>			
Gender	Male	<b>169</b>	192
	Female	<b>139</b>	151
Age group	Below 30	<b>6</b>	20
	30–50	<b>204</b>	200
	Above 50	<b>98</b>	123
Rank	General staff	<b>269</b>	304
	Middle management	<b>27</b>	27
	Senior Management	<b>12</b>	12
Total		<b>308</b>	343
<b>Turnover rate <sup>17</sup></b>			
Gender	Male	<b>21%</b>	24%
	Female	<b>16%</b>	15%
Age group	Below 30	<b>133%<sup>18</sup></b>	55%
	30–50	<b>11%</b>	24%
	Above 50	<b>27%</b>	16%
Total		<b>19%</b>	23%
<b>Ratio of new employees</b>			
Gender	Male	<b>7%</b>	27%
	Female	<b>7%</b>	15%
Age group	Below 30	<b>17%</b>	55%
	30–50	<b>8%</b>	25%
	Above 50	<b>5%</b>	11%
Total		<b>7%</b>	22%

<sup>16</sup> All staff within the reporting scope were full-time employees in Mainland China.

<sup>17</sup> During the Year, all staff within the reporting scope were employees in Mainland China, with a turnover rate of 19%.

<sup>18</sup> During the Year, the turnover rate of employees under the age of 30 increased mainly due to factors such as the pandemic or contracts, and the Group has implemented recruitment or other countermeasures to deal with the lost numbers.

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Social Key Performance Indicators		2022	2021
<b>Health and safety</b>			
Number of work-related injuries		22	15
Lost days due to work injury		319	339
Work injury rate (per 100 employees)		7.1%	4.4%
Number of work-related fatalities		0	1
Percentage of work-related fatalities		0%	0.77%
<b>Percentage of employees trained</b>			
Gender	Male	51%	51%
	Female	25%	27%
Rank	General staff	40%	40%
	Middle management	41%	44%
	Senior Management	33%	33%
Total		40%	41%
<b>Average training hours of employees (hours)</b>			
Gender	Male	13.1	1.5
	Female	6.3	0.7
Rank	General staff	9.5	0.4
	Middle management	16.1	5.2
	Senior Management	8.0	10.2
Total		10.1	1.1
<b>Anti-corruption training hours</b>			
Average training hours (hours)	Staff	1	Not applicable
	Directors	1	Not applicable
<b>Number of suppliers</b>			
Region	Mainland China	82	93
	Overseas	6	Not applicable
Total		88	93

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## REPORT CONTENT INDEX

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