



# 2023 Environmental, Social And Governance Report

Tungtex (Holdings) Company Limited  
同得仕(集團)有限公司

Stock Code : 00518

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# 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 the Socialist Republic of Vietnam (“Vietnam”) from 1 April 2022 to 31 March 2023 (the “Reporting Year” or “2023”). 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 17 July 2023.

### 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 divisions and retail division which are operating in the PRC and Vietnam.

### 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 of 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 2023.

## 3. ABOUT TUNGTEX

### 3.1 OUR BUSINESS

The 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 maximising 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 (appointed on 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, maintain a good corporate governance and recognise and embrace the benefits of having a diverse Board, the Company appointed a new independent non-executive director on 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 organisations.

## 10 YEARS 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 honour 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 honour 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.

## GLOBAL SECURITY VERIFICATION

During the Reporting Year, our Zhongshan factory participated in the Global Verification Program provided by the Intertek, an industry leader who provides assurance service on the quality and safety of products, processes and systems. The Global Security Verification has been presented to our Zhongshan factory to verify that appropriate minimum security measures on various aspects of supply chain security are implemented and maintained throughout our Zhongshan factory.

As a member of the Global Security Verification, the security operation and anti-terrorism management in our supply chain management, covering security vision and responsibility, risk assessment, business partner security, cybersecurity, conveyance and instruments of international traffic security, seal security, procedural security, agricultural security, physical access controls, physical security, personnel security and education, training and awareness, are all in compliance with the security requirements. By obtaining the certificate, we promote best practices in the industry, enable importers and suppliers to mitigate risks associated with the cross-border transport of goods while simultaneously expediting their arrival at designated markets and are able to provide customers with safer supply of products and speed up shipping and handling process.



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



Global Security Verification  
Intertek

## 4. AWARDS

### bluesign® STANDARD

In the Reporting Year, the Group has continued receiving the recognition under the bluesign® system governed by the 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, bluesign® system acts as an independent verifier to ensure trust and transparency. 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.



bluesign® STANDARD  
bluesign Technologies AG

### HIGG INDEX

The Sustainable Apparel Coalition, a global and multi-stakeholder non-profit alliance for the fashion industry, focused on building and advocating the adoption of the Higg Index and 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 has 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 we have successfully achieved our targets in 2021 and 2022. Further demonstrating our commitment to exceeding minimum required operating standards, 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.



Higg Index Facility Environmental Module  
The Sustainable Apparel Coalition



## 5. BOARD STATEMENT

The Company understands that the importance of efficient ESG for corporate sustainability, at the same time, the Company endeavours 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 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 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 among 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 better performances and better aligning with stakeholders' expectations.

Additionally, the Group is committed to building a greener world and working together to be more environmentally friendly in the direction of reducing its carbon footprints and is 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:

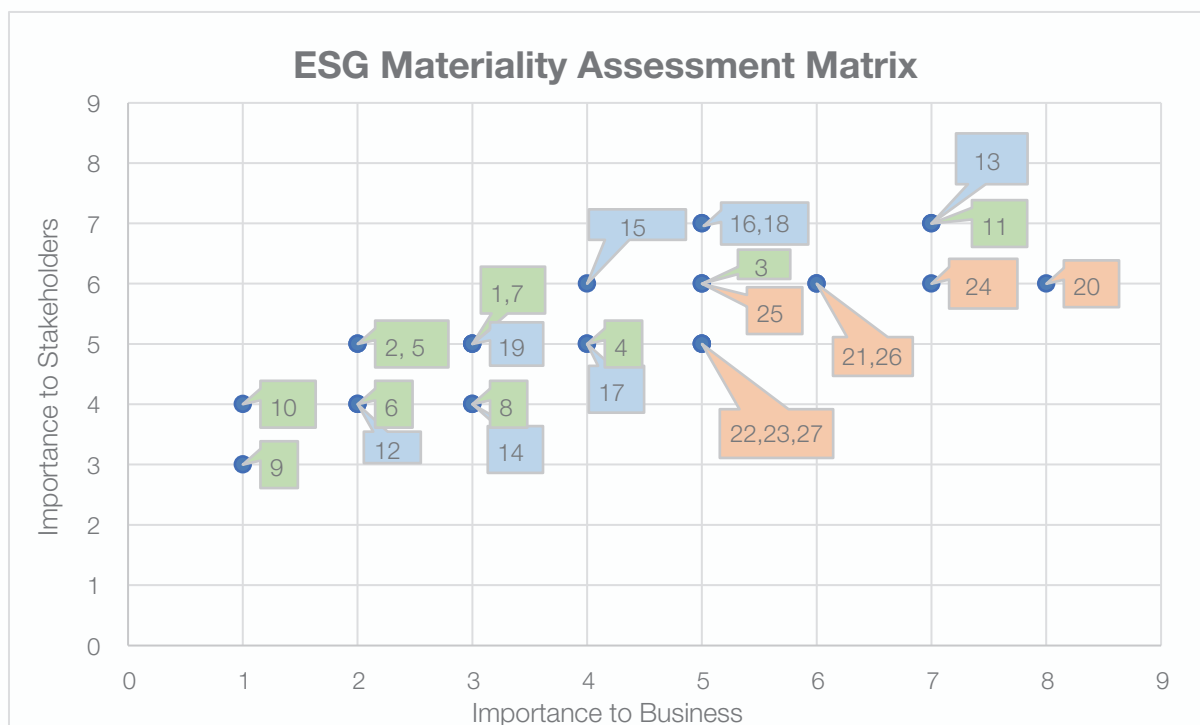
Major stakeholders	Expectations and concerns	Means of communication	Management response
Government/ regulatory authorities	<ul style="list-style-type: none"> <li>➤ Compliance with laws and regulations</li> <li>➤ Fulfil tax obligation</li> <li>➤ Joint anti-epidemic</li> </ul>	<ul style="list-style-type: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

## 6. STAKEHOLDERS ENGAGEMENT

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

## 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 and determined 27 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 emissions/ global warming	12	Community investment and engagement	20	Economic value generated
2	Air pollutant emissions	13	Occupational health and safety	21	Corporate governance
3	Energy consumption	14	Labour standards in supply chain	22	Anti-corruption
4	Water consumption	15	Training and development	23	Supply chain management
5	Hazardous waste/ sewage	16	Employee rights and welfare	24	Customer satisfaction
6	Non-hazardous waste/ sewage	17	Inclusion, equal opportunities and anti-discrimination	25	Customer's privacy
7	Paper consumption	18	Talent attraction and retention	26	Product quality and safety
8	Use of raw materials and packaging materials	19	Preventive measures for child and forced labor	27	Operational compliance
9	Stakeholder's engagement in environmental issues				
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, occupational health and safety, economic value generated, and customer satisfaction. The importance of these issues highlights the Group's principle in being responsible in both the environmental and operational aspects while also 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 environment 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 optimising 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\$106,000 in various kinds of environmental protection measures, including (i) purchasing of automatic sampler for sewage monitoring in the Zhongshan factory, (ii) installation of the wastewater recycling system in the Zhongshan factory, (iii) purchasing of electric boiler to replace the biomass boiler in the Vietnam factory, (iv) cleaning of solar panel in the Vietnam factory and (v) installation of digital meter for monitoring and analysing the solar system in the Vietnam 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 a 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 to strictly follow the standards and requirements of the local government.

The Group has established a production safety management committee in the Zhongshan Factory. The production safety management committee is responsible for managing issues related to environment protection, such as the examination and approval of the planning on 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.

Unless otherwise stated, the intensity calculated for the Reporting Year as well as the last corresponding year (from 1 April 2021 to 31 March 2022, or "2022") in this report is per thousand output units of manufacturing division ("Output Level")<sup>1</sup> or per thousand pieces of products sold of retail division ("Sales Level").

### Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the "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 gas emissions, discharges into water and land, 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 Pollutant Emissions

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 provide suitable labour supplies to our employees, so as to effectively control and manage the air emissions and reduce its environmental impacts and harms to our employees.

The Group has implemented an environmental protection policy to reduce air pollutant emissions. All machinery and vehicles are under frequent and regular checks and maintenance to minimise energy inefficiencies and to reduce fuel consumption and air emissions 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 exhaust air emissions significantly from burning fossil fuel. In addition, in order to further reduce our exhaust air emissions, we have replaced biomass fuel boiler with electric boiler in Vietnam factory since November 2022, and have used it in conjunction with our Solar PV system installed in the last corresponding year.

<sup>1</sup> In the Reporting Year, the total output of the Group was 2,421,000 pieces (2022: 2,099,000 pieces).

## 8. SECTION A: ENVIRONMENTAL

During the Reporting Year, the air pollutant emissions by the Group mainly arose from the usage of gasoline and diesel oil for automobiles, as well as the usage of biomass fuel and natural gas for the boiler that caused air pollutant emissions, including sulphur oxides (“SOx”), nitrogen oxides (“NOx”) and particulate matter (“PM”). The total weight of air pollutant emissions amounted to 1,427.5 kg (2022: 1,432.0 kg), which was 0.6 kg per Output Level (2022: 0.7 kg per Output Level). The total weight of emissions decreased by 0.3% and the emission intensity decreased by 14.3%, mainly due to replacing biomass fuel boiler with electric boiler in Vietnam factory and the decrease in use of the natural gas boiler in Zhongshan factory, amid the increase in Output Level.

The use of natural gas and biomass fuel in the boilers to produce steam and heat for the production process also generates air pollutant emissions. Waste gas treatment facility for the biomass fuel boiler have been installed in our Vietnam factory. All waste gas has to go through three level pollutants absorbing processes in the treatment facility before being discharged into 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 Pollutant Emissions Target

Given the emissions are highly subjected to the business operation of the Group, fluctuation in emissions 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 pollutant emissions 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 pollutant emissions in the future.

### Greenhouse Gas Emissions

By definition, greenhouse gas emissions refer to heat trapping gases in the atmosphere, which include Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O) 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 contributes 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.

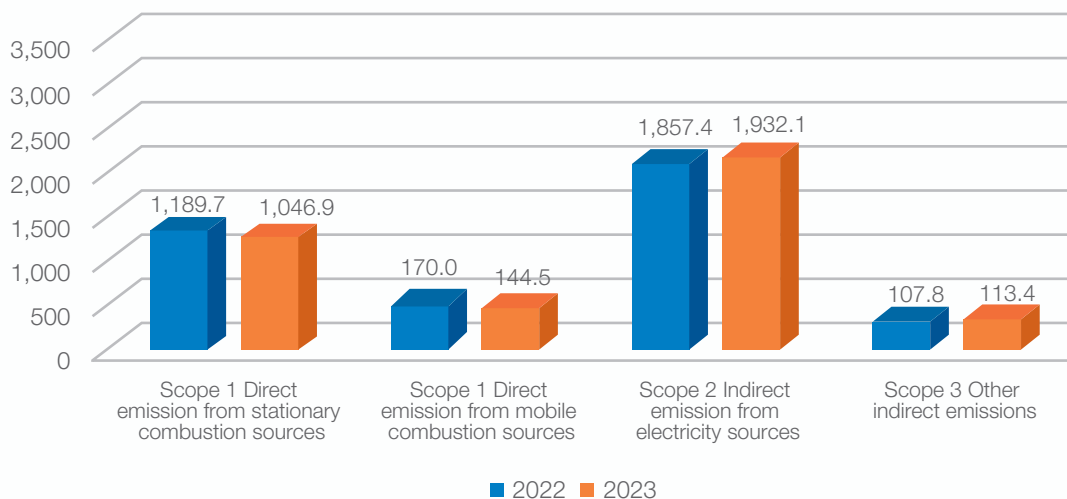
During the Reporting Year, the amount of total greenhouse gas emissions were 3,236.9 tonnes (2022: 3,324.9 tonnes), which was 1.3 tonnes per Output Level (2022: 1.6 tonnes per Output Level). Compared to the emissions of the last corresponding year, the total amount of greenhouse gas emissions decreased by 2.6%, with a decrease of 18.8% in emission intensity, mainly due to the decrease in the use of the natural gas boiler, as well as using of new energy vehicles to replace the gasoline-based vehicles in the Zhongshan factory, amid the increase in Output Level.

## 8. SECTION A: ENVIRONMENTAL

During the Reporting Year, the total renewable electricity generated from the Solar System amounted to 524.8 MWh, of which 77.6% was utilised to support the operations of the Vietnam factory. As a result, the Group has saved 372.1<sup>2</sup> tonnes of emissions by dedicating its endeavour in developing renewable energy systems within the factory area in Vietnam. During the Reporting Year, the total indirect greenhouse gas emissions from purchased

electricity increased by 4.0% from 1,857.4 tonnes to 1,932.1 tonnes compared to the last corresponding year. The increase was mainly due to replacing biomass fuel boiler with electric boiler in Vietnam factory and the increase in Output Level. The change in the proportion of the Group's respective emission sources as illustrated below:

**Total GHG Emission in 2022 and 2023 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 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.

In the Reporting Year, the "Greenhouse Gas Emission Reduction Plan" implemented by Zhongshan factory continued 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 ("UNFCCC") 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 gases. 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 Gas Emissions Target

Given the greenhouse gas emissions are highly subjected to the business operation of the Group, fluctuations in emissions may result 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 gas emissions could be further reduced in the coming future.

<sup>2</sup> The CO<sub>2</sub> equivalent emission of solar generate 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 are attributed to production, sewage treatment and repair and maintenance of equipment, which include dye contained sludge, fluorescent lamps, waste fabric and waste containers for oil or chemicals. The Group follows the local government's laws and regulations of the PRC and Vietnam and sets up temporary storage warehouses for hazardous wastes and takes anti-scattering and anti-leakage measures to prevent any environmental pollution events. The containers loaded with hazardous solid wastes have been affixed with labels and stored in the designated locations by categories.

Each factory regularly inspects the storage area of hazardous 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 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 has generated 0.4 tonnes of hazardous wastes as compared to 0.6 tonnes in the last corresponding year.



Hazardous waste warehouse at the Zhongshan factory



### Non-hazardous wastes

Non-hazardous wastes generated during our operation mainly include 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 to 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 metal 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 paper and old batteries. Old batteries and recycling paper 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 149.8 tonnes of non-hazardous wastes (2022: 82.6 tonnes) including paper, cloth scraps, metals, and plastics, with an increase of 81.4% compared to last corresponding year, and the waste intensity increased from 0.04 tonnes per Output Level to 0.06 tonnes per Output Level. Such increases were mainly due to the increased the Output Level and the increase in total number of employees giving rise to the production wastes and living wastes respectively.

### Waste Management Target

Although waste production is inevitable to the operation of the Group, it aims to optimise its production process, and 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 waste 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 the Zhongshan factory. For both Vietnam factory and the retail office located in the PRC, only domestic sewage is generated from its operation. All sewage generated from the production process of the Zhongshan factory was discharged after going through the process of oil separation, neutralisation, sedimentation and rounds of filtration at the treatment station and the national emission standard is met.

## 8. SECTION A: ENVIRONMENTAL

Factory workers 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 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. Designated personnel are assigned to carry out daily inspections of pollutants in the sewage. The Group also entrusts a 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”.



Sewage pollutant monitoring devices installed at the Zhongshan factory

During the Reporting Year, the Group discharged 73,825.6 tonnes of sewage (2022: 67,166.6 tonnes). Because of the increased Output Level in both the Zhongshan and the Vietnam factories, more sewage was generated from the production and daily life which resulted in an increase of 9.9% of sewage discharged.

### Noise Management

The noise produced by the Group is mainly generated by the operation of production machineries and equipment. The Group controls the noise level and its impact on the environment by restricting the production workshop locations and the placement setting of production equipment. We focus on greening of the factory environment, and hope 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 and 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 2021, which set out the 5-years improvement plans about the usage of different resources from 2021 to 2025. These provide a clear vision towards our employees with an aim to minimise the use of natural resources and thereby reducing the Group’s carbon emissions to 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 3,687.3 MWh (2022: 3,372.7 MWh), of which the total units of electricity purchased from electricity providers were 3,280.3 MWh (2022: 3,143.9 MWh) and the total units of renewable electricity consumption generated from the Solar PV in Vietnam were 407.0 MWh, comprising around 89.0% and 11.0% of the Group's electricity consumption. The corresponding electricity consumption intensity was of 1.5 MWh per Output Level (2022: 1.6 MWh per Output Level). Compared to the last corresponding year, the electricity consumed has increased by 9.3%, with a decrease of 6.3% in the relevant intensity. The increase in electricity consumption was mainly due to the Output Level increase and the use of an electric boiler to replace the biomass fuel boiler in Vietnam factory during the Reporting Year.

To reduce the Group's energy consumption in the offices and factories, the Group actively adopts different kinds 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, cleaning regularly 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, focusing on the repair and maintenance or transformation of the electrical equipment, etc. In addition, the production department arranges production shifts reasonably and adjusts the operation modes of production equipment, thereby increasing productivity and maximising 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, an investigation of the cause and a rectification plan must be taken. At the same time, the Group organises energy-saving training and activities in the factories and offices, posts energy-saving labels at a prominent location, etc. to promote energy-saving and carbon-reduction message and to enhance the employee's skill and knowledge on energy-saving.

### Solar Energy and Electricity

As aforementioned in the Greenhouse Gas Emission section of the report, the Group endeavours to reduce its main source of greenhouse gas emissions, which is its Scope 2 indirect emission from purchased electricity consumption. To further this advocacy in addition to the Group's devotion to investing in green strategies, a Solar PV System has been installed at the Vietnam factory in the last corresponding year.

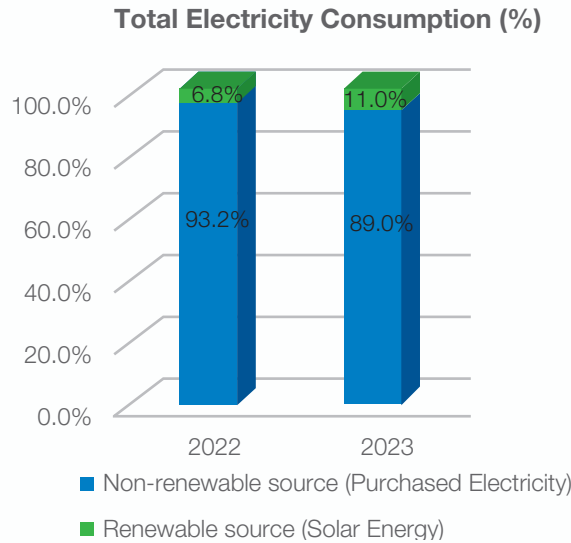


Solar PV in the Vietnam factory

## 8. SECTION A: ENVIRONMENTAL

In particular, the total electricity generated from the Solar PV in the Reporting Year amounted to 524.8 MWh, of which 77.6% was used to support the operation of the Vietnam factory while the remaining 22.4% of the surplus electricity was contributed back to the electrical grid in

Vietnam. Taking this into account, the Group has saved 372.1<sup>3</sup> tonnes of emissions by dedicating its endeavour in developing renewable energy systems within the factory area in Vietnam.



Given the high energy efficiency of the Solar PV, our Vietnam factory has achieved to greatly reduce our reliance on purchased electricity except under situations when physical constraints such as inadequate sunlight arise. In the meantime, the Solar PV is regularly cleaned, inspected and maintained, and the data is monitored and analysed to maximise the contribution and benefits to the environment. With the remarkable emissions amount saved by the Solar PV as mentioned above, the Group believes the Solar PV equipment can help reduce the greenhouse gas emissions 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 consumption of each vehicle and performs analysis to identify any abnormal usage of vehicles. 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 greenhouse gas

emissions and air pollutant emissions by commuting via environmentally friendly modes of transport such as eco-friendly vehicles. Moreover, the Group also offers vehicles to pick up employees to minimise air pollutant emissions and greenhouse gas emissions from using private vehicles.

During the Reporting Year, the Group consumed 13,736.9 litres of gasoline (2022: 15,846.4 litres) and 39,716.7 litres of diesel oil (2022: 63,804.4 litres). The decrease in gasoline consumption was mainly due to 1) using a new energy vehicle to replace the gasoline-based vehicle in the Zhongshan factory; and 2) the Group's continued effort in encouraging employees to minimise the use of vehicles and all vehicles were well-planned ahead of the route with the shortest travelling distance. On the other hand, the decrease in diesel oil consumption was mainly due to the decreased usage of diesel oil for the electricity generator, which was usually used to generate electricity when facing an electricity shortage. As a result, gasoline consumption decreased by 13.3% when compared to the last corresponding year, and diesel oil consumption decreased by 37.8% when compared to the last corresponding year.

<sup>3</sup> The CO<sub>2</sub> equivalent emission of solar generate 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. Biomass fuel is a renewable energy with the characteristic of “Carbon Neutrality<sup>4</sup>”. It mainly includes forest and agricultural wastes which include unused parts of trees and crops left over from wood. The combustion of biomass fuel generates CO<sub>2</sub> emissions which are readily absorbed by plants. Because of the characteristic of “Carbon Neutrality”, the CO<sub>2</sub> emissions from burning biomass fuel have 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 pollutants and CO<sub>2</sub> emissions than burning coal or petroleum products to produce an equal amount of energy. The use of biomass fuel and natural gas not only can generate energy efficiency to the Group, but also greatly reduce our adverse impacts on the environment during operation.

In order to maximise the efficiency of energy use, our maintenance department performs regular repair and maintenance for the boilers and pipelines to prevent any

energy inefficiency caused by parts failure or leakage during the steam delivery. During the Reporting Year, as the canteens in the Zhongshan factory were outsourced to a third party, the biomass fuel (used in the Vietnam factory) and natural gas (used in the Zhongshan factory) consumption was only attributed to boilers generating steam for production use, which amounted to 243,510.0 kg (2022: 236,941.2 kg) and 491,942.9 cubic meters (2022: 552,489.1 cubic meters) respectively. The biomass fuel consumption remained at the relatively similar consumption level when compared to the last corresponding year. The decreased usage of biomass fuel resulting from the lockdown of the Vietnam factory in the last corresponding year was largely offset by the decreased usage of biomass fuel resulted from the replacement of the biomass fuel boiler in the Vietnam factory by an electric boiler since November 2022 in the Reporting Year. The natural gas consumption decreased by 11.0%, mainly attributable to more effective utilisation and hence reduced usage time of the steam boilers for production in the Reporting Year, as compared to the backdrop of harsh social distancing pandemic control among factory workers during the last corresponding year.

### Summary of Energy Consumption and Targets

Energy Consumption Sources	2022 (in MWh)	2023 (in MWh)
Purchased Electricity	3,143.9	<b>3,280.3</b>
Renewable Electricity generated from Solar PV – for self-use in Vietnam	228.8	<b>407.0</b>
Diesel Oil	682.9	<b>425.1</b>
Gasoline	153.6	<b>133.1</b>
Natural Gas	149.6	<b>133.2</b>
Biomass Fuel	987.3	<b>1,014.6</b>
Total Energy Consumption	5,346.1	<b>5,393.3</b>

In the future, the Group will continue to actively implement the above-mentioned resource-saving plans and measures while furthering 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 the responsibility of environmental protection and sustainable development, strives to increase the utilisation efficiency of water resources, and reduces the pressure on the environment. Since water 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.

<sup>4</sup> 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

Our water consumption is mainly stationed in the scouring and bleaching process as well as the spinning process. To minimise 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 being found, prompt notification is given to the Maintenance Department for repair and remediation. Besides, the Group actively implements various water conservation measures and provides training to educate employees to save water from their daily lives to build up good habits of water usage and enhance employees' environmental awareness, improve the production process and the daily operation of the office to control water use.

During the Reporting Year, the total amount of water consumed was 125,349.9 cubic metres (2022: 122,621.0 cubic metres), in which the water consumption intensity was 51.8 cubic metres per Output Level (2022: 58.4 cubic metres per Output Level). The water consumption increased by 2,728.9 tonnes or 2.2% compared to the last corresponding year, mainly due to the increase in number of staff in both the Zhongshan factory and the Vietnam factory and the increase in water consumption from daily life accordingly during the Reporting Year.

### Water Consumption Targets

Looking ahead, the Group will continue to actively implement the above-mentioned water-saving initiatives and measures while furthering 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 in their daily work routine and overall water efficiency can be raised.

### 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 for product packaging are tested

and certified by the third-party inspection agency to contain no Butylated Hydroxytoluene ("BHT"). BHT is an antioxidant which inhibits or delays the oxidative degradation of plastic and prolongs the service life. The carton boxes for product packaging are tested and certified by the third-party inspection agency and conformed with the RoHS<sup>5</sup> directive. These greatly reduce the adverse impact of packaging on the environment and marine life. Furthermore, the Group has adjusted the procurement procedure of packaging materials and implemented localised procurement, in order to further reduce the adverse impact on the environment caused by the transportation process.

During the Reporting Year, the total production packaging materials, including cartons, plastic bags, packaging paper and carton cardboard consumed were 161.5 tonnes (2022: 111.5 tonnes), with increase of 44.8% compared to the last corresponding year. Corresponding packaging material consumption intensity was 0.07 tonnes per Output Level (2022: 0.05 tonnes per Output Level). On the other hand, the total retail packaging materials, including polybags, cartons, paper bags and bubble bags consumed were 72.4 tonnes (2022: 80.1 tonnes), which were 0.05<sup>6</sup> tonnes per Sales Level (2022: 0.05<sup>7</sup> 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 waste and enhance recycling capacity across the operations. The Group understands that after customers receive the Group's products, there is a high chance that they will not keep the packaging materials but discard them. 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 and just-in-time to prevent the use of materials that cause serious pollution to the environment.

<sup>5</sup> 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.

<sup>6</sup> The product sold by the retail division during the Reporting Year was approximately 1,483,000 pieces.

<sup>7</sup> The product sold by the retail division for the last corresponding year was approximately 1,527,000 pieces.

### 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 considerations into our business strategies, the Group aims to be an environmentally sustainable enterprise. The Group minimises its potential adverse impacts on the environment through the establishment of effective environmental control policies, and focuses our efforts on environmental management, to continuously identify, assess and manage the environmental risks and review the effectiveness of our policy implementation.

During the Reporting Year, the Group has invested in several environmental protection equipment concerning energy efficiency and waste management. For instance, the Group has delegated approximately HK\$64,000 on purchasing of automatic sampler for sewage monitoring and the installation of a wastewater recycling system in the Zhongshan factory for water resource conservation purposes.

In the future years, the Group will continue promoting greenhouse gas emissions 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, which can save various natural resources and costs, and can further reduce the environmental impact of business operations. With its well-established governance structure, and a team of experienced, dedicated, and diligent employees, the Group is definitely able to greatly reduce the Group's potential negative effects of its operation on the environment. The Group believes raising environmental awareness and reinforcing positive behavioral changes bring benefits not only to its financial situation but also to 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 fuels 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. The Group has begun to look into climate-related risks and opportunities in its decision-making process and strategic business planning, so that better preparation and management could be arranged in response to adapting to 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 with 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 the disruption to its supply chain and logistic functions. 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 also keeps informed about the latest updates to weather conditions in the case of bad weather events, and suitable preventive measures could be enforced to avoid damages to properties and plan 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 are foreseeable, where more resources and investment may be required to fulfil these requirements. As a response, a series of action plans have been formulated by the manufacturing divisions of 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 with environmental protection, the Group may need to delegate more resources to novel technologies and new equipment to meet higher expectations and standards in terms of efficiency in the industry. Regarding this, the Group has been expanding its reliance towards renewable energy, in which the investment in the Solar PV project in its Vietnam energy has raised the energy efficiency

objective. The Group also aims to reduce the greenhouse gas emissions produced and makes the best endeavour to benefit society in the capability of the Group such as providing excess electricity generated by the Solar PV. 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. In the Reporting Year, the Group has achieved recognition from the 10 Year Plus Caring Company Logo and is prepared to meet other standards in the future.

The uncertainties from climate change may bring different risks and opportunities. As an environmentally responsible corporation, the Group will continuously optimise its business strategies and enhance its corporate strength while progressing towards achieving sustainability gradually.

### 9.1 EMPLOYMENT

In the ever-changing, challenging and competitive business environment, an effective strategy in Human Resources Management can systematically, efficiently and effectively support a corporation to perform well. The Group upholds the principle of “TUNGTEX ARMS”, 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 the cornerstone for sustainable corporate development. We are committed to providing a fair and competitive compensation package to attract and retain quality talent.

The Group takes pride in the dedication and effort of our employees and hence aims to grow with the employees and groom our employees into future leaders. 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 organisation supports them. Incorporating sustainability into strategies, favourable conditions are created for attracting, developing, retaining and rewarding talents. We provide commensurate remuneration, personal growth and career development training and other fringe benefits. The Group’s human resources policies vary by location to comply with the local labour laws and regulations.

#### Employees Benefits

The Group has established a set of comprehensive human resources management policies, namely the “Tungtex Employees Handbook” and “Tungtex Code of Conduct” to provide guidance and requirements for employee 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 equal employment opportunities, labour and forced labour.

For recruitment and dismissal process, the Group goes 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 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. The pay rate and benefits packages are benchmarked by our Executive Directors against the market standard to ensure fair and equitable compensation practices and 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 increments 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 based on experience, expertise and values, regardless of race, colour, 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 of 31 March 2023, the male-to-female ratio was 25.4%: 74.6%, for a total of 1,323 employees including both the manufacturing division and retail division of the Group (2022: 1,101 employees). Among our 1,323 employees, there were 1,110, 172 and 41 entry-level staff, middle management staff and top management staff respectively. Of which 90.0% of employees were under long-term contracts, 6.1% of employees were employed after retirement, 3.0% were under short-term contracts, and there were no part-time or temporary employees. Giving back to society, in order to help local disadvantaged groups integrating into society, the Group has employed 0.9%, or 11 staff, who are physically disabled or mentally handicapped in total during the Reporting Year. The Group strives to establish harmonious labour relationships. We stand no tolerance on any discrimination events. A breakdown to the staff composition is detailed and mentioned in the section named “Staff composition”.

## 9. SECTION B: SOCIAL

### Employees Work-life Balance

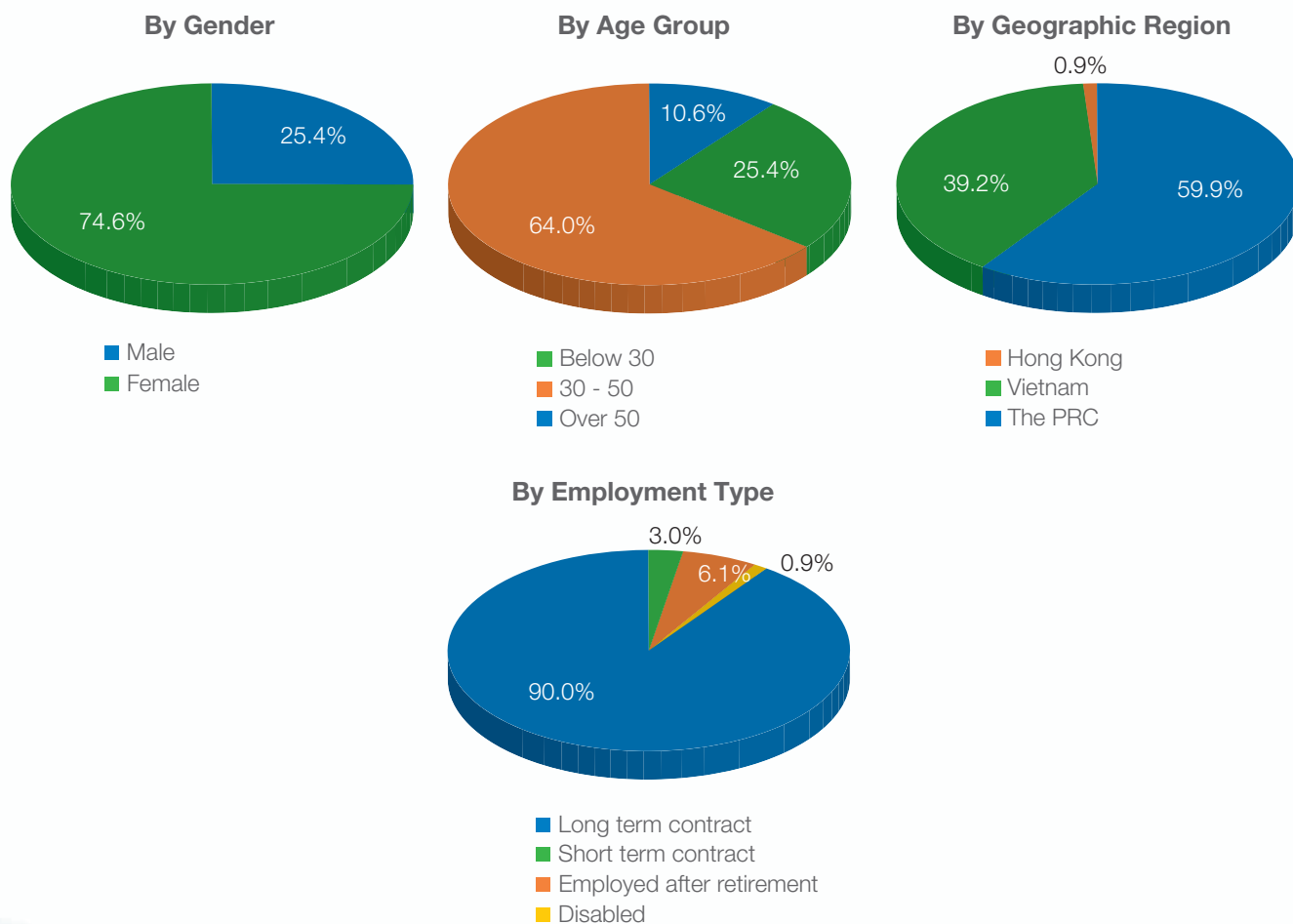
The Group strives to follow the local labour laws and regulations to formulate employees' working hours, forced labour is strictly forbidden. Overtime needs employees' consent and compensation hours and pay are in line with local laws and regulations. Employees are entitled to annual leave according to their job positions. To foster a harmonious work culture, we also organise employees' activities regularly and set up an entertainment room and gym room in the PRC.

### Talent Retention

With the above-mentioned employee benefits and welfare, the Group has successfully achieved a healthy monthly average turnover rate of 7.0% during the Reporting Year. The monthly average turnover rate of employees by gender was 8.2% for males and 6.5% for females. The monthly average turnover rate by age group was 9.8% (below 30), 6.4% (30 – 50) and 4.1% (above 50). The monthly average turnover rate of employees by geographic region was 1.3% for Hong Kong, 7.0% for the PRC and 6.6% for Vietnam respectively.

### Staff composition

The breakdown of the staff composition of the Group as of 31 March 2023 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”, the “Labour Contract Law of the PRC”, the “Social Insurance Law of the PRC”, the “Regulation on Management of Housing Provident Fund”, the “Employment Ordinance (Chapter 57 of the Laws of Hong Kong)”, the “Mandatory Provident Fund

Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)”, the “Labour Code of the Socialist Republic of Vietnam” and other applicable laws and regulations that have 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 laws 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 the requirements of applicable laws and management principles on health and safety. The Group has established policies and procedures in production safety and set up a production safety committee and safety management organisation structure. These provide effective safety management systems 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 inspections within the factory area and review the implementation status of the safety measures among the different departments. 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 of occupational health and safety, raises their consciousness and improves their professional skills, especially for those job positions with significant potential safety hazards, and enables 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 an incident occurs or be aware of any potential hazards. New hires of production staff must join a variety of practical training, and understand the workflow and guidelines, and equipment operation techniques of the production department. The Group provides frequent training 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 fulfil their job duties. All staff are required to follow the operation manual, and safety instructions and equip with appropriate labour supplies to operate every production equipment, it is 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, and escape lights. Designated staff conducts firefighting facilities inspections from time to time and ensures the exit passageways are clear and unblocked. The Group has implemented comprehensive emergency fire drills on a semi-annually basis to enhance employee risk prevention and crisis management.

During the Reporting Year, the number of reported cases of work injury was 6 cases, with a total of 34 working days lost (2022: 9 reported injuries; a total of 88 lost days). There was no fatal case reported during the Reporting Year (2022: Nil, 2021: Nil).

In compliance with the standards of chemical hazards and physical factors in the "Occupational Exposure Limits for Hazardous Agents in the Workplace", the Group regularly entrusts a professional testing company to conduct inspection and evaluation of occupational disease hazards at each production position in the Zhongshan factory and the Vietnam 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 that were related to the above laws and regulations and no employees suffered from occupational disease. Besides, the Group offers free body checks 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 work. During the Reporting Year, we offered free body checks to 633 employees and free breast cancer checks to 243 female employees in the Zhongshan factory.

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 a "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 chemicals and prevent our employees from work injury due to misappropriate handling of leaked chemicals, and reduce the potential second pollutant if employees can handle them properly.

During the Reporting Year, the Zhongshan factory performed environmental accident drills and fire drills with the aim of providing basic knowledge to our employees when encountering environmental and fire accidents.



## 9. SECTION B: SOCIAL



Performing environmental accident drills in the Zhongshan factory



Performing fire drills in the Zhongshan factory



### Compliance with Relevant Laws and Regulations

The Group is not aware of any material non-compliance with the “Law of the PRC on Work Safety”, the “Regulations on Work-Related Injury Insurance of the PRC”, the “Law on Occupational Safety and Health of Vietnam” and other applicable laws and regulations that have 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 fines or sanctions in the Reporting Year.

### 9.3 DEVELOPMENT AND TRAINING

Empowering employees is the number one priority. Not only do we aim at sharpening the skill set and knowledge of its employees, but we are also eager to shape every single employee into a future leader. The Group encourages its employees to exert their potential and to align their personal development 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 employee’s 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 dialogue with their department heads and managers so as to obtain timely support and advice.

During the Reporting Year, 89.0%<sup>8</sup> of total employees received a total number of 7,330 hours of training. The percentage of trained employees by gender was 43.6% and 56.4% for males and females respectively, while the percentage of trained employees by employee categories was 86.3%, 12.4% and 1.4% for entry-level staff, middle management and senior management respectively. On the other hand, the average training hours by gender was 3.3 hours and 3.2 hours for male and female respectively, while the average training hours by employee categories was 3.6 hours for entry-level staff and 1.2 hours for middle management and 1.0 hours for senior management. In the future, the Group will ensure that adequate training is provided to its employees so that their skills and knowledge are competent for the relevant job duties and their knowledge of occupational health and safety are up to standards.

## 9.4 LABOUR STANDARDS

With reference to the relevant law and regulations in Hong Kong, PRC and Vietnam, the Group adopted 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 established 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 insurance 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, work as forced labour, or be subject to coercion related to work. Our Human Resources Department will verify the actual age of the applicants by checking their identification documents during the recruitment process. Through the whistle-blowing mechanism, employees are able to voice out the injustice they face. For any reported cases, the Management will investigate 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 the “Labour Law of the PRC, the “Provisions on the Prohibition of Using Child Labour”, the “Law on the Protection of Minors of the PRC”, the “Labour Law of Vietnam” and other applicable laws and regulations that have a significant impact relating to preventing child or forced labour on the Group in Vietnam and the PRC 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 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 organisation, the Group adheres to the spirit of the 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-develop 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; 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 believed that this strategic alliance could help the Group consolidate its market shares and facilitate 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, and the Group takes a step ahead for its procurement of packaging materials for taking into account if the materials are environmentally friendly and have a satisfactory test report certificate. Like packaging materials, the Group will 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 sustainability is ensured.

<sup>8</sup> Percentage of trained employees were based on the trainings provided in the Reporting Year for Zhongshan factory and retail division. No training was arranged for the employees of the Vietnam factory due to the limitation from social distancing policy of Covid-19 epidemic.

## 9. SECTION B: SOCIAL

As of 31 March 2023, the Group cooperates with a total of 580 suppliers (the PRC: 390, Vietnam: 190). All the suppliers have gone through and passed the internal vendor assessment process of the Group.

### 9.6 PRODUCT RESPONSIBILITY

With its core value being to provide hassle-free sourcing solutions, the Company has, for decades, supplied a wide range of renowned designer labels and international retail stores with quality apparel. 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 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 civilisation 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 its 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 criteria.

Before our products are dispatched, they must pass through 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 on every purchase with consumers to ensure that all products are 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 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 for creating sustainable products in the coming years. During the Reporting Year, there was no product sold that was recalled or complained about due to health and safety reasons. The Group will continue to place the quality and safety of its products and services as the 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, and we also attach great importance to protecting their privacy. The Group has established an internal policy on handling customers' information, which stipulated the procedures for collecting, transferring, using, and keeping customer property. All employees strictly follow the Group's policy and code of conduct and require handling all types of customer information confidentially and 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 20 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 the "Product Quality Law of the PRC," "Law on Quality of Products and Goods of the Vietnam" and other applicable laws and regulations that have a significant impact 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 main 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 questions of legal litigation and reputation damage. As part of the commitment, all forms of bribery and corruption are unacceptable and will not be tolerated. To uphold the highest standards and commitment, all staff must abide by the code.

The Group has continued to place a strong emphasis on 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 as regards the prevention, identification, and handling of any instances of alleged or proven bribery or corruption.

**Whistleblowing Procedures**

The “Whistle-Blowing Policy” was 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 reviews of its business practices, anti-corruption measures, and guidelines as well as reported improprieties investigations. We also continue to improve its internal control and monitoring system. If any irregularities are identified, we take immediate action and adopt a zero-tolerance approach to corruption.

**Compliance with Relevant Laws and Regulations**

During the Reporting Year, the Group did not encounter any legal cases regarding corrupt practices brought against the Company or its employees nor noticed any material non-compliance with the “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 have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.

**Anti-Corruption Trainings**

In the Reporting Year, the Group has arranged anti-corruption training for its directors and employees 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 8 participants, 1 was director and 7 were non-director employees. In the future, the Group will provide more training 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.

**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 acting 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 of 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 employees of the Group have participated in a total number of 12,483 community service hours, with 219 of our employees participating in volunteering. We have donated funds and our products to Red Cross, the Lok Sin Tong Benevolent Society, and Kwun Tong Swatow Baptist Church to send to people in difficulties, of which the donation amount is worth HK\$29,400 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.



Employees participated in the Anti-epidemic Volunteer Activities

## 10. ENVIRONMENTAL DATA

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Emissions Indicators</b>		
<b>Air Pollutant Emissions</b>		
Total air pollutant emissions	1,427.5 kg	1,432.0 kg
Air pollutant emission intensity	0.6 kg per Output Level	0.7 kg per Output Level
NOx emission	1,006.4 kg	1,019.6 kg
SOx emission	174.4 kg	170.4 kg
PM emission	246.7 kg	242.0 kg
<b>Greenhouse Gas Emissions</b>		
Total greenhouse gas emissions	3,236.9 tonnes	3,324.9 tonnes
Greenhouse gas emission intensity	1.3 tonnes per Output Level	1.6 tonnes per Output Level
Direct emission from stationary combustion sources	1,046.9 tonnes	1,189.7 tonnes
Direct emission from mobile combustion sources	144.5 tonnes	170.0 tonnes
Indirect emissions from electricity consumption	1,932.1 tonnes	1,857.4 tonnes
Other indirect emissions	113.4 tonnes	107.8 tonnes
<b>Hazardous waste produced</b>		
Total hazardous waste disposed	0.4 tonnes	0.6 tonnes
Hazardous waste disposed intensity	0.00015 tonnes per Output Level	0.00030 tonnes per Output Level
<b>Non-hazardous waste produced</b>		
Total non-hazardous waste disposed	149.8 tonnes	82.6 tonnes
Non-hazardous waste disposed intensity	0.06 tonnes per Output Level	0.04 tonnes per Output Level
<b>Sewage discharged</b>		
Total sewage discharged	73,825.6 tonnes	67,166.6 tonnes
Sewage discharged intensity	30.5 tonnes per Output Level	32.0 tonnes per Output Level

## 10. ENVIRONMENTAL DATA

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Use of Resources Indicators</b>		
<b>Electricity consumption</b>		
Total electricity consumption	3,687.3 MWh	3,372.7 MWh
Electricity consumption intensity	1.5 MWh per Output Level	1.6 MWh per Output Level
<b>Energy consumption</b>		
Electricity consumption	3,687.3 MWh	3,372.7 MWh
Diesel oil	425.1 MWh	682.9 MWh
Gasoline	133.1 MWh	153.6 MWh
Natural gas (Boiler)	133.2 MWh	149.6 MWh
Biomass fuel (Boiler)	1,014.6 MWh	987.3 MWh
Energy consumption intensity	2.2 MWh per Output Level	2.5 MWh per Output Level
<b>Water Consumption</b>		
Total water consumption	125,349.9 m <sup>3</sup>	122,621.0 m <sup>3</sup>
Water consumption intensity	51.8 m <sup>3</sup> per Output Level	58.4 m <sup>3</sup> per Output Level
<b>Fuel Consumption</b>		
Diesel oil (automobile)	39,716.7 Litres	63,804.4 Litres
Gasoline (automobile)	13,736.9 Litres	15,846.4 Litres
Natural gas (Boiler)	491,942.9 m <sup>3</sup>	552,489.1 m <sup>3</sup>
Biomass fuel (Boiler)	243,510.0 kg	236,941.2 kg
<b>Packaging material usage</b>		
Total production packaging material used	161.5 tonnes	111.5 tonnes
Packaging material used intensity (Production)	0.07 tonnes per Output Level	0.05 tonnes per Output Level
Total retail packaging material used	72.4 tonnes	80.1 tonnes
Packaging material used intensity (Retail)	0.05 tonnes per Sales Level	0.05 tonnes per Sales Level

## 11. SOCIAL DATA

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Employment Indicators</b>		
<b>Employment</b>		
Total number of employees	1,323	1,101
By Gender		
Male	336	289
Female	987	812
By Age Group		
Below 30	336	243
31 – 50	847	741
Older than 50	140	117
By Employment Type		
Long-term contracts	1191	979
Short-term contracts	40	54
Temporary/part time	Nil	Nil
Employed after retirement	81	60
Disabled	11	8
By Geographic Region		
Hong Kong	12	11
The PRC	792	732
Vietnam	519	358
By Employee Category		
Entry-level	1,110	895
Middle management	172	167
Top management	41	39
<b>Employment turnover</b>		
Total number of employee turnover	1,106	787
Percentage of employee turnover (monthly average)	7.0%	5.4%
By Gender (monthly average)		
Male	8.2%	6.4%
Female	6.5%	5.1%
By Age Group (monthly average)		
Below 30	9.8%	8.1%
30 – 50	6.4%	4.6%
Above 50	4.1%	5.4%
By Geographic Region		
Hong Kong	1.3%	2.2%
The PRC	7.0%	5.6%
Vietnam	6.6%	5.2%
<b>Health and Safety Indicators</b>		
Number of reported injuries	6 cases	9 cases
Number of lost days	34 days	88 days

	Year ended 31 March 2023	Year ended 31 March 2022
<b>Development and Training Indicators</b>		
Total number of employee training hours	7,330 hours	4,875 hours
Percentage of employees trained	89.0%	83.7%
Average training hours per employee trained	3.7 hours	3.8 hours
Percentage of trained employees by gender		
Male	43.6%	35.6%
Female	56.4%	64.4%
Percentage of trained employees by employee categories		
Entry-level	86.3%	82.0%
Middle management	12.4%	16.3%
Top management	1.4%	1.7%
Average training hours by gender		
Male	3.3 hours	2.7 hours
Female	3.2 hours	2.7 hours
Average training hours by employee categories		
Entry-level	3.6 hours	3.1 hours
Middle management	1.2 hours	1.1 hours
Top management	1.0 hours	1.1 hours
<b>Supply Chain Indicators</b>		
Total number of approved suppliers	580	511
The PRC	390	383
Vietnam	190	128
<b>Product Responsibility Indicators</b>		
Total number of complaints received	Nil	Nil
Total number of legal dispute cases related to product/service responsibilities	Nil	Nil
<b>Anti-corruption Indicators</b>		
Number of conducted legal cases regarding corruption	Nil	Nil
<b>Community Indicators</b>		
<b>Community Investment</b>		
Corporate charitable donation (in equivalent amount of HK\$)	HK\$29,400	HK\$21,000
Employee volunteering		
Number of employee participated in voluntary activities	219	20
Total number of service hours	12,483	60

## 12. ESG REPORTING GUIDE & REFERENCE

<b>A. Environmental</b>	<b>Reference in this report</b>
<b>A1. Emissions</b>	<b>Page #</b>
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 Greenhouse gas emission in total (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
<b>A2. Use of Resources</b>	<b>Page #</b>
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
<b>A3. The Environment and Natural Resources</b>	<b>Page #</b>
Policies on minimizing the issuer's significant impact 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
<b>A4. Climate Change</b>	<b>Page #</b>
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>B. Social</b>	<b>Reference in this Report</b>
<b>B1. Employment</b>	<b>Page #</b>
Policies and compliance with laws and regulations 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, age Group and geographical region.	23-24
KPI B1.2 Employment turnover rate by gender, age Group and geographical region.	24
<b>B2. Health and Safety</b>	<b>Page #</b>
Policies and compliance with laws and regulations 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
<b>B3. Development and training</b>	<b>Page #</b>
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	26-27
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	26-27
KPI B3.2 The average training hours completed per employee by gender and employee category.	26-27
<b>B4. Labour standards</b>	<b>Page #</b>
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
<b>B5. Supply chain management</b>	<b>Page #</b>
Policies on managing environmental and social risks of the supply chain.	27-28
KPI B5.1 Number of suppliers by geographical region.	27-28
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.	27-28
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	27-28
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	27-28
<b>B6. Product responsibility</b>	<b>Page #</b>
Policies; and compliance with laws and regulations 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>B. Social</b>	<b>Reference in this report</b>
<b>B7. Anti-corruption</b>	<b>Page #</b>
Policies and compliance with laws and regulations 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
<b>B8. Community investment</b>	<b>Page #</b>
Policies on community engagement to understand the needs of the communities where we operate and to ensure that our 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



**TUNGTEX (HOLDINGS) COMPANY LIMITED**

Registered Office  
Office A, 26/F., EGL Tower, 83 Hung To Road,  
Kwun Tong, Kowloon, Hong Kong  
Tel: 2797 7000  
Fax: 2343 9668