

**Environmental,
Social and
Governance Report**

2023

**HINGTEX
HOLDING LIMITED**

興紡控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1968

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ABOUT THE GROUP

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

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

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

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

The Group will further leverage our strengths in product innovation and market development to maintain our leading position in a highly competitive market and will continue to drive us to achieve sustained growth. For product innovation, we will continue to invest in research and development and focus on developing more innovative and environmentally friendly products. To expand its quality product portfolio, the Group has installed two large pieces of equipment for finishing and dyeing imported from Germany and Italy respectively, featuring advanced technologies enhance the competitiveness of its products. From 1 January 2023 to 31 December 2023 (the “Year”), the Group continued to conduct research and development, including the development of environmentally friendly products and the introduction of sustainable materials such as recycled cotton and polyester.

The Group is committed to promoting sustainability and firmly regards it as a key factor for our long-term success. In our philosophy, business success cannot rely solely on short-term profit pursuit, but must be built on a deep understanding and commitment to environmental, social and corporate governance. The Group’s production process involves the use of natural resources and the generation of air pollutants, waste water and other industrial waste. In order to reduce the impact of our operations on the environment, the Group complies with local environmental laws and regulations and implements environmental management systems and measures, including the purchase of steam or natural gas for the use of thermal energy to replace biomass fuel or LPG to power our plant equipment. At the same time, although certified recycled materials are often more expensive than traditional materials, we still use certified recycled materials as raw materials for stretchable denim, and gradually increase the proportion of sustainable materials in our products to ensure that our products are competitive in the market, while also helping to protect the environment.

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ABOUT THE REPORT

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

Reporting Scope

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

Reporting Standard

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

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

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Confirmation and Approval

All information cited in this Report is sourced from the official documents, statistical data of the Group, as well as the management and operation information collected according to the policies of the Group. The Report was approved by the Board on 30 April 2024.

Feedbacks

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

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BOARD STATEMENT

The China Textile Industry Federation has pointed out that the textile and garment industry has become the world's second largest polluting industry, following the oil industry. At the same time, with the rapid development of "fast fashion" culture, the market's preference for clothing has changed rapidly, resulting in the shortening of the life cycle of clothing, and greatly increasing the environmental damage caused by the production and use of clothing. In this trend of sustainable development, "carbon peak" and "carbon neutrality" have become the global environmental sustainable development goals of various countries and regions. Accelerating the promotion of green and low-carbon development and continuously improving the quality of the ecological environment are also the future focus of the textile and garment industry in Hong Kong and the world. Facing the severe challenges of global environmental change and resource shortage, we are committed to developing and implementing innovative and environmentally friendly products and solutions to meet the environmental needs of the industry and combat the challenges posed by climate change.

Facing the severe challenges of global environmental change and resource shortage, the Group is committed to developing and implementing innovative and environmentally friendly products and solutions to meet the environmental needs of the industry and combat the challenges posed by climate change.

For example, the Group has actively formulated carbon reduction policies and is gradually developing targeted goals to ensure that the concept of carbon reduction can be implemented in all processes of daily operations to mitigate the environmental impact of the business. The Group's factories have all obtained ISO14000 environmental management system certification and we have formulated clear internal policies, including the Environmental Management Agency and Management System and the Enterprise Environmental Protection Management System to reduce environmental impact. Meanwhile, we will continue to invest in research and development, and through innovative technology and environmentally friendly product design, we can meet consumer needs while leading the industry towards a greener and more sustainable future.

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As a relatively workforce-intensive industry, the Group values a mutually beneficial relationship with its employees and looks forward to working with them to progress. We are committed to continuing to invest in our employees to ensure they work in a just, inclusive and supportive environment. In addition, we will provide comprehensive training and development opportunities to help them achieve their career goals, reach their maximum potential and realize their aspirations. The Group attaches great importance to other stakeholders in the value chain and firmly believes in the responsibility to create long-term value for our customers, shareholders and communities. We will continue to work closely with all stakeholders, including employees, consumers, society and governments, to achieve our sustainable development goals.

Looking ahead, the Group will continue to accept supervision and guidance from all stakeholders with an open and transparent attitude and contribute to society through better products and services.

SUSTAINABLE DEVELOPMENT GOVERNANCE

The Group has always adhered to high standards of corporate governance because we believe that good corporate governance enables us to establish and realise long-term strategies and provides effective guidance for achieving our goals. As the highest governance body of the Group, the Board assumes the role of leadership, control and management of the Company and ensures the effective operation of our business and compliance with all applicable regulations. Meanwhile, the Board also undertakes the task of sustainable development, supervising and reviewing related matters, including strategies, policies, measures and performance.

In order to further integrate sustainable development into the Company's decision-making and operation, a task force on sustainability (the "Task Force") has been established to oversee the implementation and operation of various relevant policies and measures. The Task Force is comprised of directors and assisted in its development and daily operation by senior executives and plant supervisors, forming a rigorous management system. The main responsibilities of the Task Force are to assist in formulating and optimising strategies and policies related to environmental protection, operation management, business ethics, employment system, community investment and other sustainability issues, while implementing and reviewing relevant measures, targets and performance, and reporting and providing recommendations to the Board on a regular basis to create long-term value.

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Among them, in order to be in line with the national and regional dual carbon targets of “carbon neutrality and carbon peak”, the Group has been working with customers and employees to regularly review progress and resource allocation in addition to setting quantitative environmental targets to ensure effective implementation of targeted measures to achieve a sustainable business model.

Unit	Quantitative Targets	Progress	Key Measures
Hing Tak and Hing Shing	Using 2018 as the base year, 10% carbon reduction in total amount and intensity by 2025 and 40% carbon reduction in total absolute amount and intensity by 2030.	<ul style="list-style-type: none"> Absolute total carbon emission in 2023 reduced by 75% compared with 2018, and carbon emission intensity reduced by 8% 	<ul style="list-style-type: none"> Replace traditional fluorescent lamps with more energy efficient and environmentally friendly LED Reform the dust removal system of the weaving workshop to achieve double saving of water and electricity The insulation treatment of pipes, tanks, cylinders, tools, etc. using steam was completed on 23 June 2023. The intensity reduction of steam in 2023 reduced by 25% compared with 2018 Reform the air compressor and adopt frequency converter and timer switch to reduce the waste caused by the long-term working condition of the air compressor Install timers for the office central air conditioner to automatically turn it on and off at regular intervals every day
	Reduce the proportion of fresh water input, try to achieve water recycling, improve the utilization rate of water resources	<ul style="list-style-type: none"> After adding condensate water reuse and sewage pretreatment wastewater reuse, reused water accounted for 12% of total water consumption in 2021, 17% in 2022 and 19% in 2023 	<ul style="list-style-type: none"> Add dissolved air flotation device in wastewater station, to treat sewage once again after pretreatment to reduce COD in sewage Implement rainwater and sewage diversion in the factory area to avoid contamination of groundwater to a greater extent

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Unit	Quantitative Targets	Progress	Key Measures
	3% reduction in energy consumption per yard of fabrics by 2022, using 2017 as the base year	<ul style="list-style-type: none"> Compared with energy consumption in 2017, energy intensity (MWh per thousand yards of product) of the Group dropped by more than 70% 	<ul style="list-style-type: none"> Replace LPG and kitchen diesel with natural gas Use condensate heat to heat up hot water for dormitory shower Add insulation pads on both sides of the baking barrel Adopt variable frequency air compressor Convert air conditioning system into cooling system

Future action plan

In order to achieve the Group's environmental objectives, we are considering and planning a range of possible action plans. First, we are evaluating the possibility of installing solar photovoltaic equipment to further improve our energy efficiency and reduce carbon emissions. If we cannot achieve our 40% emission reduction target even after installing solar photovoltaics, we will consider purchasing green power for carbon offsets. In addition, we will work on technological innovation, especially in the use of chemicals. We hope to develop and adopt more environmentally and water-friendly chemicals. This will involve consideration of investment in machinery and talent, and we will actively invest in these two aspects. At the same time, we will invest more resources in wastewater treatment measures to ensure that the impact of our operations on the environment is minimized.

The Group strongly believes that appropriate investment of resources to improve its operations is an important basis for gaining market share and is a necessary way to win more orders. We will continue to work hard to achieve our sustainability goals and create long-term value for our customers, employees and shareholders.

Environmental, Social and Governance Risk Management

Effective risk management and internal control are integral parts of corporate governance. The Group has established an effective risk management and internal control system with a clear management structure, authority, and policies and procedures to ensure that the Group has a comprehensive understanding of the operational risk situation and is able to take timely remedial measures to support the long-term development of the business. In terms of structure, the Board of the Group has overall responsibility for the risk management and internal control system, and with the assistance of the audit committee, is able to effectively review and monitor the identified significant risks.

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

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

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

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Communication with Stakeholders

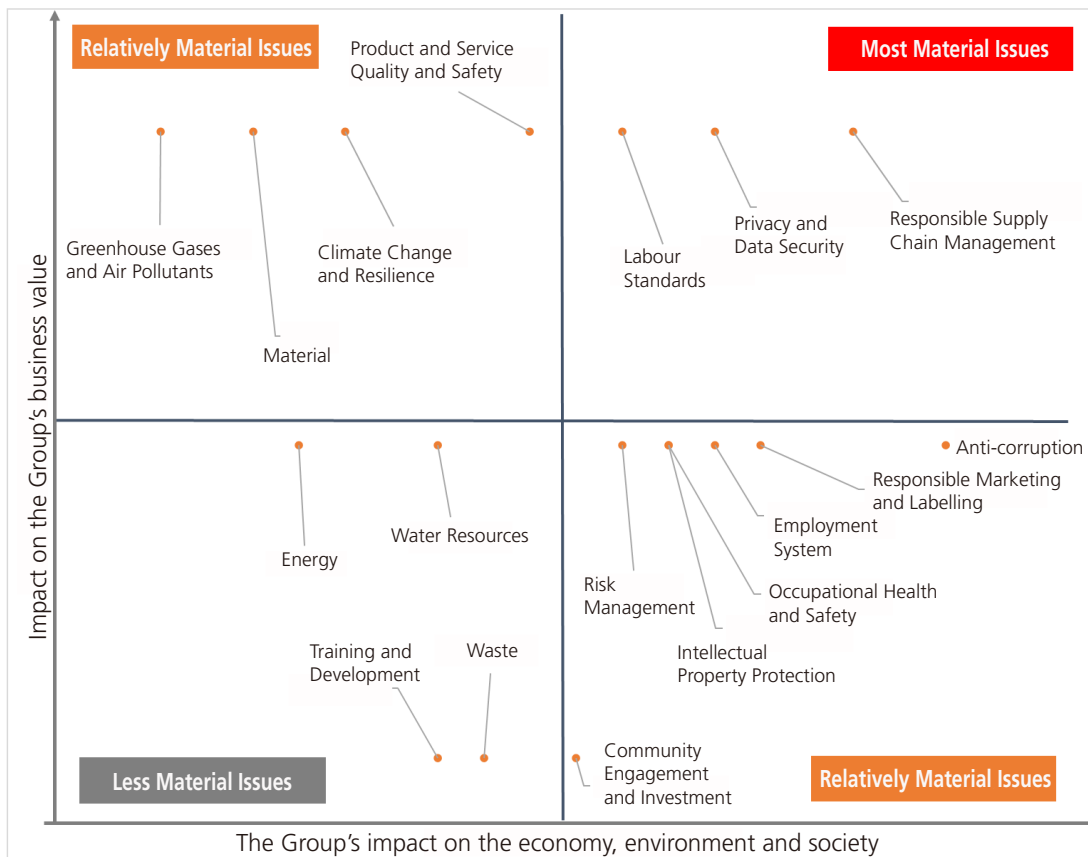
Communication with stakeholders is essential for the Group to pave its way towards sustainable development. The Group collects opinions from stakeholders through various channels such as daily operations and communication, Board investigation, opinions and complaints mechanism to review its own performance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

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

Material Environmental, Social and Governance Issues

The Group believes that through the interaction with our stakeholders, we can gather valuable feedback to review our own performance and potential risks, so as to continuously improve our business strategy and management. Therefore, the Group continues to commission independent consultants to conduct questionnaire surveys with various stakeholders to obtain effective and independent feedback analysis. During the Year, the Group invited employees and directors to conduct a questionnaire survey to rate the Group's impact on external environment and the impact of the external environment on the Group's value, in order to gain a more comprehensive and three-dimensional understanding of the relationship between various sustainability issues and the Group's development and operations. Based on the results of the survey, the Group has determined 3 most material issues and 11 relatively material issues and highlighted them in this Report.

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Most Material Issues	Relatively Material Issues	Less Material Issues
<ul style="list-style-type: none"> Responsible Supply Chain Management Privacy and Data Security Labour Standards 	<ul style="list-style-type: none"> Product and Service Quality and Safety Climate Change and Resilience Material Greenhouse Gases and Air Pollutants Anti-corruption Responsible Marketing and Labelling Employment System Occupational Health and Safety Intellectual Property Protection Risk Management Community Engagement and Investment 	<ul style="list-style-type: none"> Water Resources Energy Waste Training and Development

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

CARE FOR EMPLOYEES

The Group is committed to creating a safe, healthy, equal and respectful work environment where employees can achieve their self-worth and drive the growth of the Group. In fact, respect and fairness in the workplace is one of the Group’s core values, and we expect every employee to respect this value and work together to create a friendly working environment.

Employment System

The Group attaches great importance to the establishment of a sound employment system, which is considered essential to the recruitment and retention of talents. Based on employment-related laws and regulations, the Staff Handbook has been formulated, which clearly states the basic management and personnel system. The Handbook includes policies on recruitment, remuneration, working hours, dismissal, equal opportunity, holidays and other benefits. In addition, we have developed a Women’s Rights Policy to protect women’s interests and encourage women to enter the workforce. All employees are made aware of these employment rules and arrangements, demonstrating our commitment to a fair, transparent and inclusive employment environment.

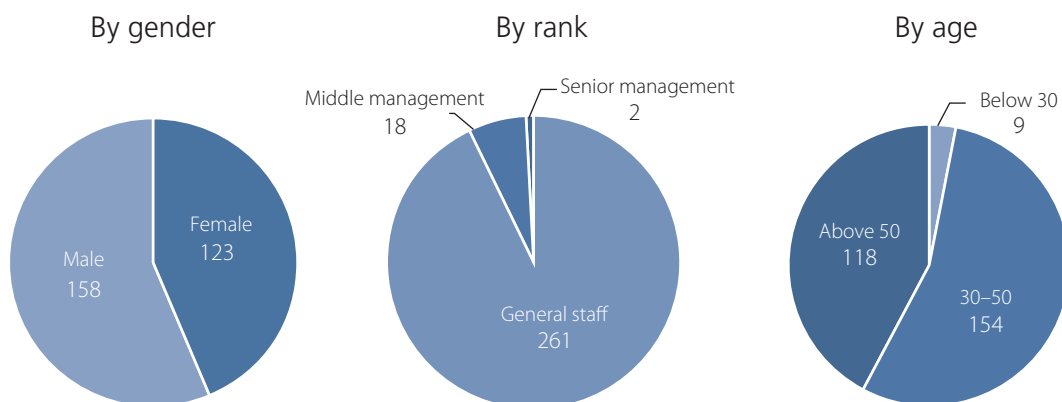
<p>Recruitment and dismissal</p>	<p>In the process of recruitment and dismissal, the Group adheres to the principles of openness, fairness and impartiality. According to the principle of “merit-based recruitment”, we hire employees who meet the requirements of the position based on their academic qualifications and experience. If employees need to terminate their labor contracts, they can follow the negotiation dismissal process. We will handle and provide corresponding compensation in accordance with established procedures. All recruitment and dismissal decisions and procedures are based on objective factors such as employee performance, attitude and career development direction.</p>
<p>Remuneration, holidays and other benefits</p>	<p>The Group is committed to creating an environment that attracts and retains talent. We offer market-competitive remuneration, while ensuring that employees are awarded full attendance awards, allowances, overtime pay and performance bonuses based on their performance as required by the Zhongshan Minimum Wage Standard.</p> <p>In terms of leave policy, we offer a variety of leaves in accordance with the provisions of the Employee Handbook, including annual leave, marriage leave, maternity leave and paternity leave, and employees who have served more than a year are also entitled to 5 to 15 days’ annual leave. In addition, we provide medical benefits to ensure that employees are protected in the event of work-related injuries, illnesses, or pregnancy. We also offer flexible working hours based on individual needs, such as pregnant women or staff with family in need. For factory staff, we offer free accommodation and canteen benefits. We are committed to promoting work-life balance, so during the Year we adjusted the working days of our employees to an average of three to four days per week.</p>

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<p>Diversity, equal opportunity and anti-discrimination</p>	<p>The Group is committed to establishing a fair working environment and providing equal opportunities to all employees and candidates. We have established the Anti-discrimination Policy, which clearly specifies that discrimination against employees or candidates on the basis of gender, age, appearance, disability, race, religion, language, geographical region and culture are prohibited. We believe that multiculturalism can facilitate a more holistic approach to business decisions and sustainable development. Moreover, we have formulated a board diversity and promotion policy and will review our current employment policies and review how to further improve the employment guidelines and measures related to diversity and fair promotion.</p>
<p>Labour Standards</p>	<p>The Group has clear policies and practices in the establishment of labour standards. We strictly prohibit the employment of anyone under the age of 16 and this is clearly set out in our Prohibition of Child Labour Policy and the Procedures for Saving Child Labour. We require all candidates to submit identification documents, recent photos and other documents for verification by the human resources department. If a person under the age of 16 is found to be hired by mistake, we will immediately stop him/her from working and ensure that his/her health is not affected by his/her work and escort him/her back to his/her guardian. We will report to the local labour department and investigate and handle the cases according to relevant regulations and factory rules. In addition, our Staff Handbook clearly prohibits employees from being forced to work in any way, and regulates working hours, overtime work, overtime pay and other arrangements in accordance with established procedures to ensure respect and protection of the rights and interests of all employees.</p>

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

During the Year, Hing Shing and Hing Tak had a total of 281 employees, including 158 male employees and 123 female employees, of which general staff accounted for approximately 92.9% of the total number of employees. All employees were from mainland China.



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Work Safety and Employee Health

The Group attaches great importance to the occupational health and safety of its employees and has developed a series of management systems and safety measures. In our management system, we have established the Organisation and Responsibilities of Safe Production, implemented the principle of “safety management is necessary for production management” and regulated the occupational safety and health measures for its employees. We have established Occupational Health Management Policy, Safety Management Plan, Occupational Disease Hazard Prevention Promotion, Education and Training Policy and other management policies to improve the safety of the work environment. During the Year, the Group obtained ISO 45000 certification and health and safety-related certification for its performance in the area of regulating occupational health and safety.

As the use of chemicals is involved in the production and operation process, the Group is also very strict in the management of chemicals. We have established the Chemical Safety Management Procedures, the Chemical Warehouse Management Policy and other relevant management and operation guidance documents to ensure the storage safety of the warehouse and protect the surrounding environment. We regularly conduct chemical spill drills and safety training to enhance the safety awareness of our employees. At the same time, we also inspect the drinking water of employees in the factory to ensure compliance with the requirements of the National Food Safety Standard — Packaged Drinking Water.

In Response to the occurrence of accidents, the Group has prepared the Production Safety Accident Emergency Plan, the Emergency Response Plan and the Accident Emergency Rescue Plan to provide relevant guidance in handling emergencies to ensure that employees can respond appropriately when natural disasters and man-made accidents occur. In addition, we organize regular fire drills to enhance our staff’s fire awareness and preparedness in case of emergency. We firmly believe that only through these measures can we ensure that our employees are adequately protected at work and create long-term value for our customers, employees and shareholders.

During the Year, neither Hing Shing nor Hing Tak had any work-related fatalities. The Group will strive to improve its internal management system and working environment to provide a safe workplace and protect the personal safety of its employees. Moreover, a total of 19 employees were involved in work-related injuries during the Year, which were mainly due to improper operation of machinery or accidents at work. All cases have been handled in accordance with established procedures and mechanisms. In view of this, the Group has taken measures to enhance its employees’ safety awareness to ensure that its employees have sufficient labour protection items and maintain a clean and tidy working environment.

Total number of work-related injuries¹	Work injury rate² (per 100 employees)	Lost days due to work injury	Number of work-related fatalities in the past three years (including the Year)
19	6.8%	40 days	1

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

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

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Development and Training

The Group understands that employees are a valuable resource to the organisation and fully supports their long-term personal development. To this end, we offer a variety of training and development opportunities to enable our employees to continuously improve their business skills and expertise. In particular, for special positions involving mechanical operation, we will require employees to receive professional training and obtain relevant certificates before taking up the post.

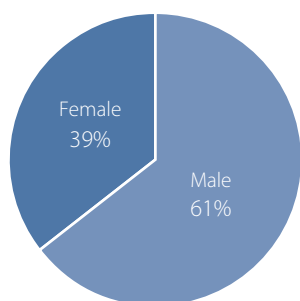
In addition, Hing Shing and Hing Tak have formulated the Personnel Educational Training Control Procedures and the Education Training Management Procedures respectively to arrange appropriate training according to the needs of employees, and develop an annual training plan to ensure that employees have access to the best training and development opportunities. The major training contents are as follows:

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

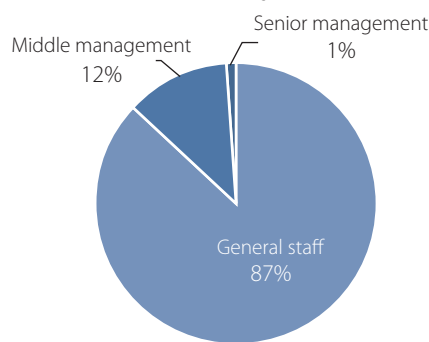
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During the Year, a total of 156 employees of Hing Shing and Hing Tak received training, accounting for approximately 55.5% of the total number of employees and the overall training hours per capita was 24.4 hours. Among the employees who received training, 95 were male and 61 were female; 136 were general staff, 18 were middle management and 2 were senior management.

Percentage of employees trained by gender



Percentage of employees trained by rank



OPERATIONAL MANAGEMENT

The Group firmly believes that product quality is the key to long-term success, so it has formulated a number of quality control measures and is committed to improving supply chain and quality management. We hope that through these measures, we can continue to provide high-quality and reliable products to our customers. At the same time, the Group also believes that building a clean business environment is crucial. We adhere to the values of corporate integrity and business ethics, and are committed to preventing corruption, bribery and other bad practices to ensure that our business operations are fair, transparent and comply with all relevant laws and regulations.

Product Responsibility

In terms of product responsibility, the Group insists on maintaining long-term relationships with key customers such as international apparel brands and garment manufacturers by providing quality products and services. Therefore, in order to ensure good product quality, both Hing Shing and Hing Tak factories have obtained ISO 9001 quality management system certification, and have developed quality control measures covering manufacturing, inspection and testing in accordance with relevant laws and regulations and quality management systems.

In protecting intellectual property rights, the Group respects the rights of creators and therefore prohibits employees from using other people's works without approval. If it is needed to use copyrighted works, we will first obtain the consent of the copyright holder, and we will protect our own rights by applying for patents. In addition, the Group will strictly protect the data collected in accordance with the established regulatory mechanisms and internal policies, including setting access permissions for confidential documents and keeping records of relevant access to ensure that the relevant information is not leaked or improperly used.

During the Year, Hing Tak has successfully applied for 34 patents to protect its intellectual property rights.

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Product Quality and Recall Procedures

The Group is committed to ensuring product quality and has developed clear process flow charts, operating procedures and quality objectives within the Hing Shing and Hing Tak systems to regulate all production and inspection processes to avoid defective products produced due to irregularities. At the same time, quality control personnel will carry out sampling inspection of raw materials, semi-finished products and finished products in accordance with these guidelines to ensure that products meet internal inspection standards and customer requirements. For subcontractors who perform dyeing, weaving and finishing processes, the Group assigns production personnel to conduct regular quality inspection to ensure that the product quality meets the requirements.

Moreover, according to the Unqualified Items Control Procedures and the Rectification Measures Control Procedures, Hing Shing and Hing Tak assess and control the unqualified items identified during the period from incoming materials, semi-finished products and finished products, return of goods by customers and implement rectification measures. For all qualified and unqualified raw materials, semi-finished products, finished fabrics and chemicals, the factory department is required to identify and separately store all materials in accordance with the Identification and Retrospective Control Procedures and Warehouse Management Rules to ensure quality control. In case of product quality problems or serious customer complaints, the Group will recall the relevant products for inspection and implement corrective measures as soon as possible to ensure product quality and customer satisfaction.

Product Labelling and Customer Communication

The Group attaches great importance to effective communication with customers and the accuracy of product labelling. We print product labels in accordance with our customers' requirements and relevant labelling guidelines, and regularly communicate with our customers through different channels such as telephone, email and interview to identify and meet their needs. We have established the Customer Engagement Management Procedures to specify relevant responsibilities and processes.

We take any customer complaint about our products or services very seriously. Complaints will be recorded and analysed, and a response will be given within three working days of receipt of the complaint. Relevant departments are required to analyse the cause and responsibility of the complaint and to establish rectification and preventive measures. In addition, the finished products department conducts customer satisfaction survey once a year and rates based on customer feedbacks and/or complaints and return records to analyse customer opinions. All these data and information will be further reviewed and followed up at the management review meeting.

During the Year, Hing Shing and Hing Tak did not have any product recall due to safety and health reasons but received a total of 25 customer complaints about product quality or product labels, among which, quality issues were mainly related to the quality of yarn produced by Hing Shing. All complaints have been properly handled and improvement methods have been adopted. The Group will continue to improve its product quality-related policies and measures according to its business development and needs.

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Anti-corruption

The Group has implemented strict anti-corruption policies and procedures in connection with its link operations. We have established the Supplier Integrity Agreement and require all suppliers to sign it when cooperating to ensure that they strictly abide by the Anti-Unfair Competition of the People's Republic of China, the Criminal Law and other relevant laws and regulations, and prohibit any form of bribery. Once it is found that the supplier violates the agreement, it will not only issue a warning and require the payment of liquidated damages, but if it is found again, all cooperation will be terminated and all losses will be borne by the supplier.

In addition, we provide our staff and directors with regular anti-corruption information to ensure that they have a full understanding of the latest requirements. We prohibit all forms of bribery, extortion, fraud and money laundering, and explicitly prohibit employees from accepting or soliciting any advantage or engaging in any conduct that may lead to a conflict of interest. Employees can report any corruption through a whistleblowing hotline, and we will provide rewards to whistleblowers, discipline or dismiss those involved in wrongdoing, and report serious violations to government authorities.

During the Year, the Group provided an average of one hour of anti-corruption training to its employees and directors. In the future, the Group will provide various training activities according to operational needs to enhance the anti-corruption awareness of its insiders. During the Year, the Group has not received any anti-corruption reports and cases.

Supply Chain Management

In order to ensure a stable and high-quality supply of raw materials for the manufacturing of denim fabrics, the Group has formulated the Supplier Control Procedures, the Procurement Control Procedures, the Manufacturing Substances Management Procedures and relevant mechanisms to regulate the procedures of supplier selection, evaluation and approval. Among other things, the Group requires all suppliers to comply with all environmental, employment and governance related laws and regulations to reduce environmental and social risks in the supply chain, otherwise partnership will not be established. During the Year, the Group engaged, managed and monitored all suppliers in accordance with this process.

Review and selection	<ul style="list-style-type: none">• Pre-review qualified product certification information and previous supply records of suppliers and inspect samples provided by them.• Conduct supplier on-site inspection to evaluate product quality, supply capacity, technological level, improvement capability and other performances.• Rate candidate suppliers according to the Supplier Assessment checklist and those who meet the requirements will be included in the Qualified Supplier List for selection.• For chemical suppliers, the Group will select suppliers who can provide the "Production Restricted Substances List 3.1" and avoid the use of substandard chemicals, in order to reduce the burden on the environment.
Regular evaluation	<ul style="list-style-type: none">• Conduct annual assessments for suppliers according to the Supplier Performance Evaluation Checklist, covering aspects such as supply quality, supply record and price.• Suppliers are required to sign an annual Integrity Agreement to ensure their performance in the area of anti-corruption regulation.

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The Group is extremely cautious in its strategy and measures in respect of supply chain management. The number of our suppliers during the Year was 100, of which 91 were from China, 5 from Hong Kong and 4 from overseas, and they are located across the mainland China and overseas and primarily provide cotton yarn, accessories, packaging materials, chemicals, parts and trimmings, chemical dyes, labour protection products required for production as well as office and daily necessities. We select and manage our suppliers in accordance with the relevant guidelines and plan to review the existing supplier management system in the future and improve related policies to implement a comprehensive supply chain management system to ensure the smooth and efficient operation of our business.

ENVIRONMENTAL PROTECTION

The Group attaches great importance to the efficient use of emissions and resources in its production activities. The plants of Hing Tak and Hing Shing have been granted ISO 14000 environmental management system certification. In addition, we monitor our production emissions in strict accordance with relevant laws and regulations, and have established the Environmental Management Agency and Management System and the Enterprise Environmental Protection Management System to minimize the negative impact on the surrounding ecosystem.

Air Pollutants and Greenhouse Gas Emissions

The Group has made a series of efforts to control air pollution and greenhouse gas emissions. We have established the Rules on Exhaust Gas Pollution Prevention and Control, which lists the amount of chemicals used and emphasises the use of green materials. We have also installed waste gas and gas collection purification facilities to mitigate the environmental impact of emissions. In addition, we have formulated a series of measures, such as encouraging employees to use public transportation, arranging company vehicles to transport employees, replacing fluorescent tubes with energy-saving tubes, installing inverter systems for air compressors and using hot water energy instead of steam. All these measures are aimed at meeting our energy conservation and emission reduction targets.

In order to ensure that our exhaust gas emissions meet the national requirements, we have commissioned testing companies to test our exhaust gas emissions. If the exhaust gas emissions fail to meet the standards, we will make improvements according to the Rectification Measures Control Procedures. If abnormal exhaust gas emissions occur during the production process, we will handle it according to the Emergency Preparation and Response Control Procedures. Through these measures, we are committed to reducing air pollution and greenhouse gas emissions in the production process to achieve sustainable development goals.

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During the Year, the overall greenhouse gas emissions of Hing Tak and Hing Shing were 9,450.3 tonnes of carbon dioxide equivalent (tonnes of CO₂-e), and the greenhouse gas emission intensity was 0.53 tonnes of CO₂-e per thousand yard of products. Although the overall emissions decreased by about 20% compared to last year due to the reduction in Group production, the greenhouse gas emission intensity for the Year was similar to that of last year.

Greenhouse Gas Emissions	2023	2022	Unit
Scope 1 ³	244.1	36.5	tonnes of CO ₂ -e
Scope 2 ⁴	9,204.7	11,932.4	tonnes of CO ₂ -e
Scope 3 ⁵	1.5	N/A	tonnes of CO ₂ -e
Total greenhouse gas emissions	9,450.3	11,968.9	tonnes of CO ₂ -e
Greenhouse gas intensity	0.53	0.52	tonnes of CO ₂ -e/thousand yard of products

In addition, the air pollutants during the Year were mainly from natural gas combustion in kitchen equipment, diesel combustion in construction machinery and gasoline combustion in vehicles. The amount of nitrogen oxides, sulphur oxides and respirable suspended particulates produced during the Year were 209.2 kg, 20.8 kg and 2.7 kg respectively, representing a significant decrease of 73%, 62% and 94% as compared with the previous year.

Air Pollutant Emissions	2023	2022	Unit
Nitrogen oxides	209.2	789.0	kg
Sulphur oxides	20.8	55.0	kg
Respirable suspended particulates	2.7	46.0	kg

³ Scope 1 includes emissions from plant production equipment, kitchen equipment, vehicle fuel emissions, refrigerant runaway emissions and acetylene consumption.

⁴ Scope 2 includes purchased electricity from third parties, natural gas and steam emissions.

⁵ Scope 3 includes emissions from business travel.

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Waste Management

For waste management, the Group is committed to reducing waste generated during production and possible pollution to the environment. We have formulated the Rules on Solid Waste Pollution Prevention and Control, which details the classification and treatment process of hazardous solid waste, recyclable waste and non-recyclable waste, and hand them to approved waste recyclers and cleaning companies.

For hazardous waste management, we have established the Hazardous Waste Management System and the Hazardous Waste Disposal — Environmental Safety Management Plan. We manage hazardous waste in accordance with the National Hazardous Waste List, and transfer it to qualified hazardous waste treatment companies for treatment, and record and count the quantity of hazardous waste.

For non-hazardous waste, such as industrial consumables or other scraps, we recycle or sell them to suppliers and recyclers in accordance with the Administrative Measures on Trading of Scraps from Processing in the Domestic Sales Network in Guangdong Province jointly promulgated by the Guangdong Branch of the General Administration of Customs and the Department of Commerce of Guangdong Province. Moreover, we collect and sort other recyclable non-hazardous wastes, and send them to approved recyclers for recycling. For non-recyclable wastes, such as domestic wastes, we hand it to waste disposal companies to transport to designated garbage stations for disposal.

The Group encourages the maximum use of resources where feasible, including purchasing appropriate amounts of packaging materials, reusing packaging materials, and using double-sided photocopying or reusing single-sided printer paper. We also post no-waste signs at conspicuous locations to remind employees to reduce waste of resources. Although there is currently no quantified target for the amount of waste generated, the Group expects to gradually reduce the amount of various types of waste generated in the future, and also increase the relevant recycling amount.

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During the Year, Hing Shing and Hing Tak produced 7.7 tonnes of hazardous waste and 668.0 tonnes of non-hazardous waste, and the intensity of hazardous and non-hazardous waste were 0.4 and 37.5 kg per thousand yards of products. Hazardous waste produced during the Year included waste light tubes, waste yarn, waste oil, waste packaging barrels, hazardous packaging and hazardous waste rags, and the total waste increased by 93% over last year, mainly due to the balance of 2.861 tonnes of hazardous packaging not transferred for 2022. In terms of non-hazardous waste, production during the Year decreased by about 19% compared with last year.

Waste Consumption	2023	2022	Unit
Total hazardous waste	7.7	4.0	tonnes
Intensity of hazardous waste	0.4	0.2	kg/thousand yard of products
Non-hazardous waste consumption			
Total non-hazardous waste	668.0	828.4	tonnes
Recycled	417.5	476.9	tonnes
Others	250.4	351.5	tonnes
Intensity of non-hazardous waste	37.5	36.3	kg/thousand yard of products

Packaging materials

The source of packaging materials during the Year included water-free paper, sealing glue, paper tubes, plastic bags, PE shrink film and sheets. During the Year, total consumption of packaging material was 43.7 tonnes, a decrease of 11% compared to the previous year, mainly due to the lower consumption of packaging materials as a result of the reduction in the Group's production.

Consumption of Packaging Materials	2023	2022	Unit
Total consumption of packaging material	43.7	49.1	tonnes
Packaging material intensity	2.5	2.2	kg/thousand yard of products

Energy Management

The Group attaches great importance to energy consumption in its operations. We carefully monitor the energy use of Hing Tak and Hing Shing and have put in place a number of measures to improve performance with the aim of saving energy. Our energy management strategy aims to reduce energy consumption, improve energy efficiency, and continuously optimise our energy use in practice. For regulatory measures on energy usage, please refer to the section headed "Air Pollutants and Greenhouse Gas Emissions". We will continue to seek new energy-saving technologies and methods to achieve more efficient and environmentally friendly energy management.

During the Year, the total energy consumption of Hing Shing and Hing Tak was 21,613.7 MWh. The energy intensity was 1.2 MWh per thousand yards of products. Total energy consumption decreased by about 21% compared with the previous year. Major energy use included purchased steam and electricity (14,565.3 MWh and 6,026.3 MWh), representing a decrease of 26% and 12% respectively compared with the previous year and showing the effectiveness of the Group's energy saving measures.

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Energy Consumption	2023	2022	Unit
Petrol	66.8	37.9	MWh
Diesel	54.8	84.6	MWh
Natural gas	900.1	835.2	MWh
Acetylene	0.3	–	MWh
Purchased electricity	6,026.3	6,815.2	MWh
Purchased steam	14,565.3	19,722.9	MWh
Total energy consumption	21,613.7	27,495.8	MWh
Energy intensity	1.2	1.2	MWh/thousand yard of products

Considering that energy consumption is one of the main factors in carbon emissions, in order to reduce energy use and improve its efficiency, the Group has established and review regularly the Environmental Target Indicator Management Plan. In addition, we have implemented a series of energy-saving measures, including the replacement of LED lights in offices and staff quarters, as well as the use of heat exchange systems to collect waste heat to provide hot water for staff quarters and canteen.

Water Resources Use

During daily operation, the Group's dyeing processes in its production operation require a large amount of water. To reduce water wastage, the Group encourages employees to conserve water and regularly monitors water consumption in order to improve water usage performance. To this end, the Group has developed a series of measures, including the installation of water-saving devices in the canteen washing pool and installation of water-saving showers in the staff quarters. In addition, the Group recycles condensed water for use and has established a wastewater recycling station where production wastewater is treated and re-used in production. We also regularly inspect and repair the water supply system to prevent leakage due to damaged faucets or pipes. The Group did not have any problem in obtaining applicable water sources during the year.

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

Through the above series of measures, the Group has not only effectively reduced water consumption and resource waste, but also met the requirements of environmental protection in wastewater treatment, which shows that the Group attaches great importance to and actively participates in environmental protection.

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During the Year, the total water consumption of Hing Shing and Hing Tak was 167,948 cubic meters and the water consumption intensity was 9.4 cubic meter per thousand yards of products. As compared with last year, the water consumption of the Group decreased by approximately 23%. The Group draws water from the municipal water supply network and has no problem in sourcing water that is fit for purpose during the Year.

Total Water Consumption	2023	2022	Unit
Total water consumption	167,948	218,532	cubic meter
Water intensity	9.4	9.6	cubic meter/thousand yard of products

Natural Environment and Natural Resources

In carrying out its ongoing business activities, the Group is committed to protecting the surrounding environment and natural resources, and strives to reduce the environmental impact of its production activities. To this end, we have formulated the Procedures for Identification, Evaluation and Control of Environmental Factors to identify and assess the environmental factors that we can control and exert influence, and determine the extent of their impact on the environment, and further identify significant environmental factors. In addition, we have established the Emergency Plan for Environmental Emergencies to provide the necessary emergency response guidance in case of environmental emergencies, including preventive measures, early warning systems, emergency response measures, information reporting and emergency organisation structure, in order to reduce the impact on the surrounding environment and community.

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

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Environmental Impact	Regulatory Measures	
Water pollution	Chemical discharge Depending on business operations, different types of chemicals and dyes are involved in the production process. If the use of related chemicals is not properly handled, it may lead to chemical leakage and water pollution.	<ul style="list-style-type: none"> Establish procedures for the operation and handling of chemicals and dyes to ensure that the relevant departments or employees understand and comply with the procedures. Also, install recycling and treatment systems to ensure that discharged water resources meet relevant standards.
	Domestic water discharge Daily operations generate a certain amount of water for office, dormitory and cafeteria use, which is treated and discharged to the appropriate sites. Although the environmental impact of domestic water use is relatively low, there is a risk that improper treatment practices and aging channels may cause water to fail to meet relevant standards or to be improperly discharged or leaked.	<ul style="list-style-type: none"> Regularly check and repair to prevent leakage or environmental pollution due to aging channels. At the same time, water saving slogans are posted at conspicuous places to remind employees to save water resources.
	Production wastewater discharge Industrial water used in the production process is contaminated by washing and dyeing processes, and may contain chemicals to varying degrees. If the produced water is not properly recycled and treated, the discharged wastewater will pollute water resources and pose environmental and health risks.	<ul style="list-style-type: none"> Establish guidelines and procedures for recycling and treating production wastewater to ensure that all relevant industrial water is recycled and treated in accordance with the procedures after use to avoid environmental and health problems caused by improper discharge or leakage.
Waste discharge	Non-hazardous and hazardous waste Regardless of daily operations or product production, non-hazardous and hazardous wastes must be recycled and disposed of. If the waste generated is not properly handled and disposed of, it may lead to environmental impacts such as soil pollution and water pollution.	<ul style="list-style-type: none"> Formulate clear guidelines for the recycling and disposal of hazardous and non-hazardous wastes to ensure that the generated wastes can be fully recycled or disposed of in accordance with relevant procedures to avoid polluting the precious environment.

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Environmental Impact	Regulatory Measures	
Noise pollution	Noise pollution The use of machinery and equipment will cause different levels of noise pollution, which will negatively affect the surrounding residents and ecology.	<ul style="list-style-type: none"> Regularly check and repair the equipment used in the production process, and ensure that the environmental requirements of the relevant machinery and equipment comply with relevant laws, regulations or guidelines. At the same time, ensure that relevant operations comply with established procedures and guidelines to avoid unnecessary noise caused by improper operation.

Climate change

The Group is deeply concerned about the serious global impact of climate change and recognises the importance of developing and implementing relevant internal control measures. We have initiated internal discussions and plan to introduce appropriate internal control regulations in due course to mitigate the impact of climate change-related issues. At the same time, we will actively identify and analyse the possible impacts of climate change on the Group and develop strategies in advance to enhance our climate resilience. These measures will ensure the continued stability of our business operations and protect the safety of our employees.

COMMUNITY INVESTMENT

The Group firmly believes that business operations and community development are closely linked. As a responsible company, we not only focus on business activities, but also actively feed back to the community and practice corporate social responsibility. Our community investment policy aims to promote the prosperity of our communities while also enhancing our social impact. We share success with the community through various measures such as sponsoring community events, providing educational support, and participating in community building.

During the Year, Hing Shing and Hing Tak continued to participate in the Red Cross Walk and contributed a total donation of RMB40,000 to promote the spirit of humanity. At the same time, the Group is also concerned about the life of the elderly in the community. During the Year, a total of 27 employees participated in volunteer activities, spent 92 hours visiting the elderly homes, and donated gifts worth RMB5,480 to them to demonstrate the community's concern for the elderly. Hing Shing and Hing Tak have taken action to give back to the community by sending 30 employees to participate in the riverbank cleaning volunteer activities for a total of 62 hours to help build a more stable living environment in the local area.

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

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COMPLIANCE PERFORMANCE

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

Aspects	Relevant laws and regulations that have a significant impact on the Group
Emissions	Environmental Protection Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution Water Pollution Prevention and Control Law of the People's Republic of China Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste Cleaner Production Promotion Law of the People's Republic of China Energy Conservation Law of the People's Republic of China Regulation of Guangdong Province on Environmental Protection Administrative Measures on Trading of Scraps from Processing Trade in the Domestic Sales Network in Guangdong Province Administrative Measures for Pollutant Discharge Licensing (For Trial Implementation) National Ambient Air Quality Standard of the People's Republic of China (GB 3095-2012) Environmental Impact Assessment Law of the People's Republic of China Discharge Standard for Water Pollutants in Textile Dyeing and Finishing Industry (GB 4287-2012)
Employment	Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China
Health and Safety	Production Safety Law of the People's Republic of China Prevention and Control of Occupational Diseases Law of the People's Republic of China Regulation on Work-related Injury Insurance of the People's Republic of China Regulation on Work-related Injury Insurance Regulation on Labour Safety and Health of Guangdong Province Regulation for the Safe Use of Chemicals in Workplaces Convention concerning the Safe Use of Chemicals in Workplaces (International Convention No. 170) Hazardous Waste Storage Pollution Control Standard GB 18597-2023 General Code for Fire Protection Facilities GB 55036-2022 Technical Specification for the Setting of Hazardous Waste Identification Marks HJ 1276-2022

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Aspects	Relevant laws and regulations that have a significant impact on the Group
Labour Standards	<ul style="list-style-type: none"> Labour Law of the People’s Republic of China Labour Contract Law of the People’s Republic of China Social Insurance Law of the People’s Republic of China Production Safety Law of the People’s Republic of China Provisions on the Prohibition of Using Child Labour Order No. 364 of the State Council
Product Responsibility	<ul style="list-style-type: none"> Product Quality Law of the People’s Republic of China Contract Law of the People’s Republic of China Advertising Law of the People’s Republic of China Patent Law of the People’s Republic of China Tort Liability Law of the People’s Republic of China Trademark Law of the People’s Republic of China GB5296.4-2012 Instruction for Use of Products of Consumer Interest — Part 4: Textiles and Apparel GB18401 National General Safety Technical Code for Textile Products GB/T 8685 Code for Maintenance and Labeling of Textile Products Technical Guidelines for Exports of Knitwear
Anti-corruption	<ul style="list-style-type: none"> Criminal Law of the People’s Republic of China Anti-money Laundering Law of the People’s Republic of China Anti-corruption and Anti-commercial Bribery Regulations Bidding Law of the People’s Republic of China

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KEY PERFORMANCE INDICATORS OVERVIEW

Environmental Performance

Environmental Key Performance Indicators	2023	2022	Unit
Air pollutant emissions			
Nitrogen oxides	209.2	789.0	kg
Sulphur oxides	20.8	55.0	kg
Respirable suspended particulates	2.7	46.0	kg
Greenhouse Gas Emissions			
Scope 1	244.1	36.5	tonnes of CO2-e
Scope 2	9,204.7	11,932.4	tonnes of CO2-e
Scope 3	1.5	N/A	tonnes of CO2-e
Total greenhouse gas emissions	9,450.3	11,968.9	tonnes of CO2-e
Greenhouse gas intensity	0.53	0.52	tonnes of CO2-e/thousand yard of products
Hazardous waste consumption			
Total hazardous waste	7.7	4.0	tonnes
Intensity of hazardous waste	0.4	0.2	kg/thousand yard of products
Non-hazardous waste consumption			
Total non-hazardous waste	668.0	828.4	tonnes
Recycled	417.5	476.9	tonnes
Others	250.4	351.5	tonnes
Intensity of non-hazardous waste	37.5	36.3	kg/thousand yard of products
Energy consumption			
Petrol	66.8	37.9	MWh
Diesel	54.8	84.6	MWh
Natural gas	900.1	835.2	MWh
Acetylene	0.3	–	MWh
Purchased electricity	6,026.3	6,815.2	MWh
Purchased steam	14,565.3	19,722.9	MWh
Total energy consumption	21,613.7	27,495.8	MWh
Energy intensity	1.2	1.2	MWh/thousand yard of products
Water consumption			
Total water consumption	167,948	218,532	cubic meter
Water intensity	9.4	9.6	cubic meter/thousand yard of products
Consumption of Packaging materials			
Total consumption of packaging material	43.7	49.1	tonnes
Packaging material intensity	2.5	2.2	kg/thousand yard of products

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Social Performance

Social Key Performance Indicators		2023	2022
Number of employees⁶			
Gender	Male	158	169
	Female	123	139
Age group	Below 30	9	6
	30–50	154	204
	Above 50	118	98
Employment type	Full-time	281	308
	Part-time	0	0
Rank	General staff	261	269
	Middle management	18	27
	Senior Management	2	12
Total		281	308
Turnover rate (percentage)⁷			
Gender	Male	24%	21%
	Female	26%	16%
Age group	Below 30	33%	133% ⁸
	30–50	30%	11%
	Above 50	18%	27%
Total		25%	19%
Ratio of new employees (percentage)⁹			
Gender	Male	16%	7%
	Female	15%	7%
Age group	Below 30	22%	17%
	30–50	21%	8%
	Above 50	8%	5%
Total		16%	7%

⁶ All employees were from China.

⁷ Turnover rate (percentage)= Number of lost employees in the category/total number of employees in the category at the end of the reporting year x 100%

⁸ The higher turnover rate in 2022 was mainly due to the loss of employees under the age of 30 due to factors such as the pandemic or contracts and the Group's turnover rate has returned to normal levels in 2023.

⁹ Ratio of new employees (percentage)= number of new employees in the category/total number of employees in the category at the end of the reporting year x 100%

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Social Key Performance Indicators		2023	2022
Health and safety			
Number of work-related injuries		18	22
Lost days due to work injury		40	319
Work injury rate (per 100 employees) ¹⁰		6.4	7.1
Number of work-related fatalities		0	0
Percentage of work-related fatalities		0%	0%
Percentage of employees trained¹¹			
Gender	Male	60%	51%
	Female	50%	25%
Rank	General staff	52%	40%
	Middle management	100%	41%
	Senior Management	100%	33%
Total		56%	40%
Average training hours of employees (hours)¹²			
Gender	Male	17.3	13.1
	Female	8.7	6.3
Rank	General staff	13.2	9.5
	Middle management	17.1	16.1
	Senior Management	31.0	8.0
Total		13.6	10.1

¹⁰ Work injury rate (per 100 employees)= Number of work injuries/total number of employees in the category at the end of the reporting year x 100%

¹¹ Ratio of trained employees (percentage) = Number of trained employees in the category/total number of employees in the category at the end of the reporting year x 100%

¹² Average training hours of employees =Total hours of trained employees in the category/total number of employees in the category at the end of the reporting year

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REPORT CONTENT INDEX

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A1.5	Description of emission target(s) set and steps taken to achieve them.	6–7
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General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	21–23
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General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	11–12, 27
B1.1	Total workforce by gender, employment type, age group and geographical region.	12, 30
B1.2	Employee turnover rate by gender, age group and geographical region.	30
B2. Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	13, 27
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	13, 31
B2.2	Lost days due to work injury.	13, 31
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	13
B3. Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	14
B3.1	The percentage of employees trained by gender and employee category.	15, 31
B3.2	The average training hours completed per employee by gender and employee category.	15, 31

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Aspects	Content	Page Index/ Remarks
B4. Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	12, 28
B4.1	Description of measures to review employment practices to avoid child and forced labour.	12
B4.2	Description of steps taken to eliminate such practices when discovered.	12
B5. Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	17–18
B5.1	Number of suppliers by geographical region.	18
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	17–18
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	17–18
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	17–18
B6. Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	15–16, 28
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	16
B6.2	Number of products and service related complaints received and how they are dealt with.	16
B6.3	Description of practices relating to observing and protecting intellectual property rights.	15
B6.4	Description of quality assurance process and recall procedures.	16
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	15–16

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Aspects	Content	Page Index/ Remarks
B7. Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	17, 28
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.	17
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	17
B7.3	Description of anti-corruption training provided to directors and staff.	17
B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	26
B8.1	Focus areas of contribution.	26
B8.2	Resources contributed to the focus area.	26