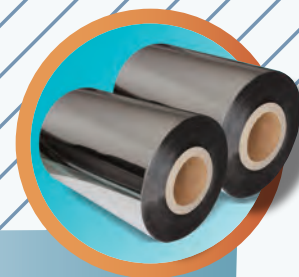


2024 Environmental, Social and Governance Report





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Environmental, Social and Governance Report

Billion Industrial Holdings Limited (the “**Company**”, the “**Group**” or “**We**”) is pleased to issue the 2024 Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”). The Environmental, Social and Governance Report is an important part of the Group’s sustainable development and we have been committed to achieving good performance in environmental, social and governance aspects.

The board of directors of the Company (the “**Board**”) is ultimately responsible for the overall ESG related management of the Company, and is responsible for monitoring and coordinating the management of ESG related risks as well as the ESG strategy and reporting. Through the ongoing assessment, the Board understands the potential impact and opportunities of ESG issues on the Company’s overall strategies, and reviewed the results of the materiality assessment of the ESG issues, and confirmed the current ESG related management policies and ESG management concepts.

The specific assessment process and results are set out below in this Report. Details of the Company’s ESG issues including sustainable development, green production, safe operation, quality assurance and responsible operation have been disclosed in this Report. In 2024, the Company had made continuous improvements and set relevant environmental goals, and the establishment and progress of such goals had been reviewed and discussed by the Board.

1. ABOUT THIS REPORT

The Report is the 2024 Environmental, Social and Governance Report published by Billion Industrial Holdings Limited, which aims to disclose the Group’s annual ESG performance in response to stakeholders’ expectations for disclosure of information about the Group and to understand our performance and direction of our sustainability strategies. The Board of the Company has reviewed this Report and undertaken that there are no false records, misleading statements or material omissions. The Board is responsible for the truthfulness, accuracy and completeness of the contents.

1.1 Reporting Reference

The Report is prepared with reference to the mandatory disclosure requirements and all of the “comply or explain” provisions as set out in the Environmental, Social and Governance Reporting Code in Appendix C2 of the Rules Governing the Listing of Securities (the “Main Board Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) published by the Hong Kong Stock Exchange and the actual operations of the Company.

1.2 Scope of Report

The Report covers the period from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”) in respect of the overall performance at the environmental and social levels. This Report covers the Group’s subsidiaries in Fujian Province, China and Vietnam for the year 2024. The key performance indicators (“**KPIs**”) disclosed in this Report are based on the data collected from the Group’s subsidiaries, mainly including:

Company	Address	Main Business
Fujian Baihong Polyfiber Technology Industry Co., Ltd. (福建百宏聚纖科技實業有限公司)	2 factory areas, located in Fenglin Industrial Zone, Longhu Town, Jinjiang City, Fujian Province, China, and Jinnan Industrial Zone, about 2 kilometers away from Fenglin Industrial Zone	Polyester filament, ES fiber, polyester industrial yarn
Fujian Baihong High-tech Materials Industry Co., Ltd. (福建百宏高新材料實業有限公司)	Jinnan Industrial Zone, about 2 kilometers away from Fenglin Industrial Zone	Polyester film
Baihong Industrial (Vietnam) Co., Ltd.	Phuoc Dong Industrial Zone, Phuoc Dong Commune, Huyện Gò Dầu, Tỉnh Tây Ninh, Vietnam	Polyester filament, polyester bottle flakes

Information disclosed in this Report comes from the official files, archived reports and internal statistics within the Group and relevant publicly available information records.



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1.3 Reporting Principles

The reporting principles of “materiality,” “quantitative,” “balance” and “consistency” of the Report as set out in the Stock Exchange’s guidance is the basis for the preparation of the Report, which defines its content and presentation of the information.

1. Principle of Materiality. The Group conducts stakeholder engagement and materiality assessments every year. By setting a series of issues related to the environment, society and governance, collecting and reviewing the opinions of internal and external stakeholders, and assessing their relevance and materiality, we have identified issues of materiality, and defined the content and scope of the Report with reference to our identified results in compliance with the requirements of the Environmental, Social and Governance Reporting Code of the Hong Kong Stock Exchange. For specific details, please refer to the “Stakeholder Engagement” of the Report.
2. Principle of Quantitative. The sources of the standards, methods, assumptions and conversion factors used in the calculation of relevant data in this Report are disclosed.
3. Principle of Balance. The Report includes the disclosures of both positive and negative information, which ensures the impartial report on the ESG performance of the Company during the Reporting Period in its content.
4. Principles of Consistency. The extent of disclosures of the Report has not been materially adjusted as compared with that of the ESG report of the previous year, and consistent calculation methods have been used within reasonable limits to facilitate comparability of ESG performance between years. If the calculation methods change, the Group will explain them in the corresponding chapter.

1.4 Feedback

The Report has been approved and adopted by the Board of the Group after confirmation by the management.

The Report is available in both Chinese and English versions. In the event of any inconsistency or ambiguity between the Chinese and English versions, the Chinese version shall prevail. You are welcome to contact the Company at any time if you would like to make further inquiries or have any opinions or suggestions on the Report. The contact information is as follows:

Billion Industrial Holdings Limited

Address: Unit 1501, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong

Tel: 852-3171-9999

Fax: 852-3174-9932



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2. Statement of the Board

2.1 Governance Structure

Starting from the three dimensions of environment, society and governance, the Group has established a comprehensive management system through the strategic layout and governance structure construction of the Board, as well as arrangements in policy formulation and overall supervision, departmental resource input and departmental coordination, so as to achieve effective governance of the Group's ESG matters.

In order to further enhance the Group's oversight effectiveness over the ESG matters and strengthen the Group's ESG governance structure, in 2024, the Group established a dedicated Environment, Social and Governance Working Group (the "ESG Working Group").

As the highest decision-making body, the Board bears the ultimate responsibility for the overall management of the Group. Board members are responsible for ensuring that major ESG issues are incorporated into the Group's overall development strategy planning and daily operations, and comprehensively review the implementation and progress of ESG work every year to ensure the consistency and effectiveness of strategies and goals.

The ESG Working Group is directly responsible for the supervision, guidance and coordination of the Group's ESG matters, and organizes the identification, assessment, monitoring and reporting of ESG-related issues every year. The ESG Working Group formulates and reviews ESG-related policies, objectives, action plans or measures, and reports to the Board annually on the latest progress of the Group's ESG work, including but not limited to the completion of objectives, risks and opportunities faced, and future action plans.

In addition, the Group encourages all employees of the Company to actively explore new improvement measures through "rationalization suggestions" to continuously enhance the Group's performance in environmental, social and governance aspects.



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To ensure that the Board and the ESG Working Group are aware of the latest trends in climate-related issues and have the necessary expertise and skills to oversee climate-related issues and management, external expert training may be sought when necessary.

The environmental, social and governance management structure of Billion Industrial Holdings is as follows:

ESG Working Group

- ★ Takes the responsibility for the construction of ESG management system, and establishes and improves ESG work system and indicator system.
- ★ Promotes the implementation of ESG strategic planning, work plans or measures and major resolutions of the top executives of the Group.
- ★ Organizes the materiality assessment of ESG issues.
- ★ Organizes the formulation of ESG target plans and ESG management implementation plans.
- ★ Collects and tracks the KPIs regularly.
- ★ Monitors the Group's ESG management status, responds promptly to relevant risks and opportunities, and regularly reports to the top executives of the Group on the implementation of the Group's ESG work and provides recommendations.
- ★ Guides units at all levels to carry out ESG work, promotes ESG projects, and organizes daily management work such as ESG-related training, communication, collaboration, resource coordination and dissemination.
- ★ Organizes and prepares annual ESG report.

2.2 ESG Strategy and Objectives

Given the current global climate change and increasingly severe environmental challenges, the Group actively responds to China's strategic goals of carbon peak and carbon neutrality. At the same time, the Group complies with the Environmental, Social and Governance Reporting Code issued by the Hong Kong Stock Exchange. As an internationally leading ESG reporting framework, this Code helps us to more accurately identify, evaluate and report the Group's performance and achievements in environmental, social and governance aspects, and provides guidance and direction for the Group's ESG strategy formulation.

The Group is committed to conducting green operations, fulfilling its environmental commitments, and continuously creating an ecologically friendly and green and low-carbon development model. We are committed to achieving a recycling economy model through innovative means to position the Group as a dominant player in the industry. We always pay attention to controlling upstream resources, tracking and reserving the upstream raw materials, as well as raising the proportion of recyclable products. At the same time, we achieve the online recycling of wasted filament and wasted film, speeding up the resource recycling process and improving recycling efficiency.

The Company always adheres to the principle of sustainable development, values product quality and safety, and uses high-tech equipment for continuous innovation and optimization. Adhering to the people-oriented concept, we comprehensively promote the formulation and improvement of employee benefits and welfare systems, comprehensively attract and cultivate talents, so as to enhance sustainable talent competitiveness.



Environmental, Social and Governance Report

While constantly exploring the sustainable operation model, the Group insists on independent research and development and innovation, and forges a first-class technology research and development team to reach both the domestic and the world's leading standards in terms of various products and technologies development achievements. The Group will facilitate its industry to achieve high-end upgrading from manufacturing to "intelligent manufacturing" by relying on technological innovation and by virtue of automatic equipment.

The Group has always been committed to the mission of "quality products and good customer experience". We pay special attention to the experience and satisfaction of customers and other stakeholders on the Group's products, collect information on product usage and feedback from all parties, combine with market research and analysis results, and timely communicate with the technology research and development and production center of the Group, continue to improve and provide better products and services to our customers.

In recent years, the Group has thoroughly studied and implemented General Secretary Xi Jinping's new ideas, strategies and measures on talent work in the new era, implemented the work arrangements of the Central Committee, the Provincial Committee and the Municipal Committee on talent, improved the talent "selection, training, employment and retention" mechanism, and built a high-quality Billion talent team, providing strong talent support for promoting the digital transformation of the enterprise and the high-quality development of Jinjiang.

The Group focuses on corporate talent strategy and provides multiple incentives to "recruit talents". We improve the "training and employment" mechanism and build a team of high-quality talents. We strengthen the construction of corporate culture and create a soft environment to "retain employees". In 2024, the Group achieved remarkable results in attracting and cultivating talents and gathering and retaining talents by continuously strengthening school-enterprise talent cooperation, earning itself the title of "Advanced Enterprise (Leading Enterprise) in Talent Work" in Jinjiang, making significant contributions to the sustainable economic development of Jinjiang City.

The Group will never forget its original aspiration. Looking forward, the Group will continuously improve its sustainable competitiveness, and is committed to becoming a flagship enterprise in the domestic polyester new material industry.

2.3 Substantive issues

2.3.1 Stakeholder Engagement

The Group is fully aware that all stakeholders play a vital role in the Group's operational performance and market value. They are not only the foundation of the Group's business development, but also an important force driving the Group's continuous progress and innovation. Based on this, the Group has established a stable communication mechanism and diversified communication channels, gives priority to communication with various stakeholders, and actively maintains communication and interaction with various internal and external stakeholders such as the government, regulatory agencies, shareholders, investors, suppliers, employees and the community. This helps us identify and focus on the most important ESG issues and incorporate important ESG issues into our decision-making process. It is a key part of our management of risks and unlocking opportunities. It also helps us better understand and meet the needs and expectations of various stakeholders and enhance the Company's reputation and value.



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Stakeholders	Expectations and Requirements	Communication and Response Methods
Government and regulatory agencies	<ul style="list-style-type: none"> ◆ Comply with laws and regulations ◆ Safe production, green production ◆ Wastewater treatment ◆ Addressing climate change ◆ Promoting local economic development and employment 	<ul style="list-style-type: none"> ✓ Regular reports or announcements, transparent operation information ✓ Email and phone channels ✓ On-site inspection
Shareholders and Investors	<ul style="list-style-type: none"> ◆ Return on investment ◆ Corporate transparency 	<ul style="list-style-type: none"> ✓ Annual/interim results announcements and reports ✓ Company website ✓ Email and phone channels
Customer	<ul style="list-style-type: none"> ◆ Product quality and service management ◆ Protect customer rights 	<ul style="list-style-type: none"> ✓ Email and telephone channels ✓ Field visits ✓ Social media platforms ✓ Exchange meeting
Suppliers	<ul style="list-style-type: none"> ◆ Fair and open procurement ◆ Honest cooperation 	<ul style="list-style-type: none"> ✓ Open tender ✓ Supplier evaluation ✓ Email and phone channels ✓ Social media platforms
Employee	<ul style="list-style-type: none"> ◆ Salary and benefits ◆ Career development ◆ Occupational health and safety 	<ul style="list-style-type: none"> ✓ Internal publications ✓ Employee activities ✓ Daily communication ✓ Regular training and meetings ✓ Notice board and suggestion box
Community public	<ul style="list-style-type: none"> ◆ Environmental Protection ◆ Community Investment 	<ul style="list-style-type: none"> ✓ Charity activities ✓ Social media platforms

2.3.2 Materiality Assessment

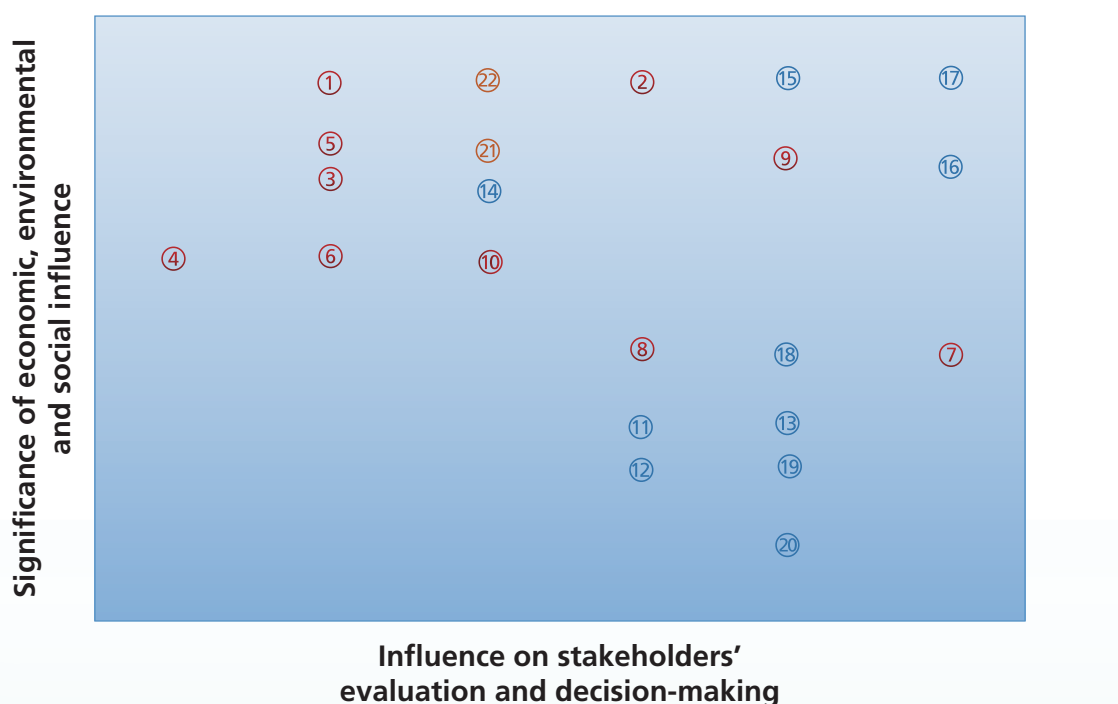
During the year, the Group conducted a materiality assessment attempting to identify the environmental, social and governance issues of key concern to each of the stakeholders. This materiality assessment is conducted in three stages:

1. Identify the main environmental, social and governance issues: Refer to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code, national policies, industry trends and past ESG reports to identify a number of environmental, social and governance issues related to the Group.
2. Establish priorities: Understand the views of each of the stakeholders, conduct a materiality assessment based on the opinions of all parties, and sort them by priority based on the assessment results.

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3. Verification: Prepare a materiality matrix and have the ESG Working Group verify the materiality assessment results, report the materiality assessment results to the top executives of the Group, and disclose them in the ESG report to enhance transparency and credibility.

According to this assessment results, the Company continues to recognize internally that all investigation topics are vital for the Company and the stakeholders, among which a total of 5 topics including training and education, wastewater discharge, climate change response, occupational health and safety and product quality have gained more prominent attention. Based on the results of this assessment, we have made disclosure of the Group's management approach and performance on the relevant issues in the Report as much as possible in an endeavour to make our efforts in continuous development visible to our stakeholders.





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3. GREEN PRODUCTION MODEL

The Group's subsidiaries in the People's Republic of China ("China" or the "PRC") strictly complies with national laws and regulations, and standards such as the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), the Law of the People's Republic of China on the Water Pollution Prevention and Control (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Air Pollution Prevention and Control (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Noise Pollution Prevention and Control (《中華人民共和國噪聲污染防治法》), the Law of the People's Republic of China on the Solid Waste Pollution Prevention and Control Law (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》), the Water Quality Standard for Sewage Discharge into Urban Sewers (GB/T 31962-2015) (《污水排入城鎮下水道水質標準》(GB/T 31962-2015)), the Pollutant Emission Standard for Synthetic Resin Industry and its Amendment (GB 31572-2015) (《合成樹脂工業污染物排放標準》及其修改單(GB 31572-2015)), the Emission Standard for Odour Pollutants (GB 14554-1993) (《惡臭污染物排放標準》(GB 14554-1993)), the Emission Standard for Air Pollutants from Boilers (GB 13271-2014) (《鍋爐大氣污染物排放標準》(GB 13271-2014)), the Comprehensive Emission Standard for Air Pollutants (GB 16297-1996) (《大氣污染物綜合排放標準》(GB 16297-1996)), the Emission Standard for Volatile Organic Compounds for Industrial Enterprises (DB35/1782-2018) (《工業企業揮發性有機物排放標準》(DB35/1782-2018)), the Emission Standard for Ambient Noise at the Boundary of Industrial Enterprises (GB 12348-2008) (《工業企業廠界環境噪聲排放標準》(GB 12348-2008)). The Group's subsidiaries in Vietnam strictly abide by local laws, regulations, standards and the Group's policies, while continuously strengthen environmental risk management to ensure that the Group's production and operations comply with relevant laws and regulations.

During the year, no substantial fines or non-monetary penalties were imposed on the Group for violating relevant laws and regulations.

In 2024, the Group conscientiously implemented the emission permit system. The main production wastewater discharge outlet and boiler exhaust gas discharge outlet of subsidiaries in the PRC were connected to the supervision platform of Jinjiang Municipal Ecological and Environment Bureau (晉江市生態環境局), to ensure that the emissions meet the standards. The Company encouraged employees to actively offer ideas and put forward measures and suggestions on clean production. Through continuous optimization of the internal energy structure, we gradually increased the ratio of photovoltaic use, strengthened internal water consumption and energy management, improved environmental protection efforts, to achieve the Group's objectives of "energy saving, consumption reduction, pollution reduction and efficiency increase (節能、降耗、減污、增效)", thus ensuring that the Group operates in compliance with the law and is determined to follow the path of green development and is committed to creating healthy and green products for the society.

In 2024, the Group focuses on national environmental policies and global climate change trends and is committed to taking effective measures to implement its social duties.

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3.1 Optimize the Management Model

The Group takes strict precautionary measures against all occurrences of environmental breaches through a range of management and precautionary control methods, and commits to improving the manufacturing process and the quality of the factory environment to lower the environmental impact of the Group's operation. With our unremitting efforts across all levels in the Group, our factory in China passed the ISO14001 environmental management system certification in 2010 and passed certification reviews conducted regularly. During the year, the ISO14001 system operated normally in the Group.

The Group established the Safety and Environmental Protection Department with the Environmental Protection Division being solely responsible for the environmental protection work of all factory areas of the Group. At the beginning of the year, the Environmental Protection Division formulated the Group's annual environmental protection policy, objectives and targets, updated and revises some environmental protection rules and regulations, and required each production department and workshop to strictly implement. At the same time, the Group's Safety and Environmental Protection Department regularly inspected environmental protection facilities and commissioned a professional operation and maintenance organization to operate and maintain the online monitoring equipment at the total wastewater outlet and boiler exhaust outlet of the subsidiaries. The Group also engaged qualified third-party organizations to conduct on-site monitoring of the Group's waste gas, wastewater, and factory boundary noise in accordance with the requirements of the pollutant discharge permit, to ensure that emissions meet standards. The Group established environmental emergency plans, conducted regular training and drills and improved emergency measures to enhance the ability to handle emergencies.



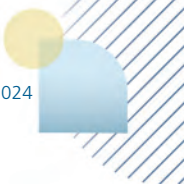
3.2 Address Climate Change

The Group is concerned about the seriousness of the global climate security situation, which has stimulated changes and innovations around the world. In 2024, in order to achieve its own sustainable development needs and adapt to the further requirements for climate-related disclosures issued by The Stock Exchange of Hong Kong Limited, the Group enhanced its governance over climate-related risks and opportunities, incorporated climate risk management into our existing risk management framework, and improved the response measures to climate-related risks and opportunities in strategic planning.

3.2.1 Governance

The Board has the ultimate responsibility for the overall management of the Group. Board members are responsible for monitoring climate-related risks and opportunities and ensure that the Group's climate issues are on track and in compliance with regulations.

The ESG Working Group regularly reviews the climate change policy, formulates and reviews the Group's relevant objectives, action plans or measures, and tracks their completion. It also reports to the Board annually on the latest information on climate change matters, new disclosure requirements, objectives and action plans or measures.



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To ensure that the Board and the ESG Working Group are aware of the latest trends in climate-related issues, we seek to arrange external expert trainings when necessary.

Please refer to the section headed “Governance Structure” in this environmental, social and governance report for more information.

3.2.2 Strategy

(1) Climate Scenario Analysis

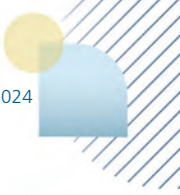
In order to better predict the impact of climate change, the Group conducted climate scenario analysis in three time frames: 2030 (short term), 2040 (medium term) and 2050 (long term) based on the SSP5-4.5 scenario, SSP5-8.5 scenario and NGFS Nationally Determined Contribution (NDC) scenario and 2050 Net Zero Emissions scenario of the Sixth Assessment Report (“AR6”) of the Intergovernmental Panel on Climate Change (“IPCC”).

Analysis scope	The Group’s production and sales companies in the PRC and Vietnam
Scenarios used	Physical risks: SSP5-4.5 scenario, SSP5-8.5 scenario
	Transition risks: NGFS Nationally Determined Contribution (NDC) scenario, 2050 net zero emission scenario
	Reasons: <ol style="list-style-type: none"> 1. The scenarios developed refer to IPCC physical risks and NGFS transition risks 2. The selected scenarios help the Group assess the intensity of the influence of physical risks and transition faced by it.
Time frame	Short-term: 2030
	Medium-term: 2040
	Long-term: 2050



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Scenario description	SSP5-4.5 scenario	<ol style="list-style-type: none">1. The temperature rise is estimated to be 1.2°C-1.8°C in 2021-2040, and the temperature rise is estimated to be 1.6°C-2.5°C in 2041-2060.2. In 2100, the sea level is estimated to rise by 0.56 m.3. The ongoing warming will result in an increase in the frequency and intensity of extreme heat events and heavy precipitation events in the future, and the proportion of strong tropical cyclones and the peak wind speed of the strongest tropical cyclones will increase globally. (Very likely/ high confidence)4. When the temperature rises by 1.5°C-2°C, the risk of extreme weather rises to high risk.
	SSP5-8.5 scenario	<ol style="list-style-type: none">1. The temperature rise is estimated to be 1.3°C-1.9°C in 2021-2040, and 1.9°C-3.0°C in 2041-2060.2. In 2100, the sea level is estimated to rise by 0.77m.3. The ongoing warming will result in an increase in the frequency and intensity of extreme heat events and heavy precipitation events in the future, and the proportion of strong tropical cyclones and the peak wind speed of the strongest tropical cyclones will increase globally. (Very likely/ high confidence)4. When the temperature rises by more than 3°C, the risks faced by many industries and regions will rise to high or very high levels.
	NGFS Nationally Determined Contribution Scenario	China's predicted total carbon dioxide (CO ₂) emissions will approach the "carbon peaking and carbon neutrality" target in 2060.
	2050 Net Zero Emission Scenario	<ol style="list-style-type: none">1. Climate policies are introduced early and gradually become more stringent, and emission reduction technologies are fully utilized.2. China's predicted total CO₂ emissions will approach the "carbon peaking and carbon neutrality" target in 2060.3. During the period of 2025-2050, global carbon prices and the proportion of renewable energy will increase significantly, and global carbon dioxide emissions will show a downward trend.



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(2) Identification and Response to Climate-related Risks

Time dimension	Risk type	Climate risk factor	Impact level	Risk description	Strategy
Short-term	Physical risk	Extreme heat	Large	1. Reduce employee productivity and production efficiency.	1. The Group has formulated regulations on high temperature subsidy management.
				2. Increased risk of employees suffering from heatstroke, pyrexia, cardiovascular and cerebrovascular diseases, etc.	2. The Group has organized "complimentary iced tea" activities for workshops during the high temperature period in summer over the years, and each workshop is equipped with heatstroke medicines.
				3. Increased risk of fire.	3. Each production department of the Group conducts fire safety drills every year, and each department has sufficient emergency supplies.
				4. Increased operating costs (increased energy consumption and water consumption).	4. The Group has formulated relevant regulations on the use of air conditioners to maximize energy conservation.
Medium- and long-term	Physical risk	Average temperature rise	Medium	Impact on the Group's production efficiency and employee health.	
Short-term				1. Damage to goods and equipment.	1. Pay close attention to weather forecasts and obtain extreme weather information in a timely manner.
				2. Affected production and logistics.	2. Formulate a "Special Emergency Plan for Typhoon Prevention" and each workshop is equipped with emergency supplies.
				3. Increased safety risks.	3. Increase employees' awareness of prevention and response capabilities through emergency drills and training.
Medium- and long-term	Physical risk	Changes in rainfall patterns	Medium	Extension of construction period, damage to equipment and goods, regional voltage fluctuations, and increased work-related injuries	4. Purchase insurance to reduce the property losses caused by various disasters to the Group.



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Time dimension	Risk type	Climate risk factor	Impact level	Risk description	Strategy
Short-term		Strict environmental protection requirements	Large	<ol style="list-style-type: none"> 1. Implement stricter boiler exhaust emission standards. 2. Put forward stricter requirements for rainwater and sewage diversion and environmental information statistics. 	<ol style="list-style-type: none"> 1. “Small for large” for 20 tons/hour and 25 tons/hour boilers of subsidiaries in the PRC, and implement ultra-low emission standards. 2. Investigate and rectify hidden dangers of the rainwater and sewage pipe networks of subsidiaries, to ensure that production wastewater enters the factory areas sewage treatment station for treatment.
Short-term		Energy structure adjustment	Large	By the end of 2025, the boilers below 35 tons of subsidiaries located in Fujian Province have not been transformed, upgraded, and withdrawn through centralized heating, clean energy substitution, and in-depth governance as required by local authorities.	<ol style="list-style-type: none"> 3. Monitor important environmental indicators in production and operation, and disclose information in strict accordance with compliance requirements.
Medium-and long-term	Transition risks	Green tax system/carbon trading	Small	As the scope of green tax system coverage increases and the scope of carbon trading expands, the operating costs of enterprises may increase.	<ol style="list-style-type: none"> 1. Increase the construction area of photovoltaic power generation. 2. Give priority to low-energy consumption equipment when purchasing new equipment. 3. Continue to promote low-carbon energy-saving technology transformation.
Medium-and long-term		Strengthen supervision	Medium	The government will enforce the law more strictly.	Strictly abide by the laws and regulations of the region and establish a sound system and guarantee mechanism.
Medium-and long-term		Litigation risk	Small	Litigation risk caused by non-compliance with laws and fine risk caused by failure to meet requirements.	
Medium-and long-term		Changes in customer preferences and behaviors	Small	Customers are more sensitive to product manufacturing and production processes, and product quality.	Strengthen product quality management.
Medium-and long-term		Investor attention	Small	As the public gradually pays more attention to climate change and green and low-carbon development, if the Group’s business model fails to keep pace with the low-carbon economy, it may damage the Group’s reputation.	Actively respond to the market and customer expectations for green and low-carbon development.



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(3) Identification and Response to Climate-related Opportunities

Time dimension	Climate-related opportunities	Opportunity description	Potential financial impact	Strategy
Medium- and long-term	Improve resource utilization efficiency	Increase the proportion of renewable energy use.	Reduce operating costs	Increase the proportion of photovoltaic area installed on roofs.
		Continuously create an ecological and environmentally friendly and green and low-carbon development model through resource recycling and reuse.	Reduce operating costs	Increase the Company's waste recycling rate.

3.2.3 Risk Management

The ESG Working Group of the Group organizes climate risk identification and climate risk assessment and ranking, forms a prioritized climate change list, and formulates risk response measures. After approval by the top executives of the Group, relevant measures are implemented, and the implementation of risk management goals and measures is regularly reported to the top executives of the Group.

3.2.4 Indicators and Goals

In response to the national "carbon peaking and carbon neutrality" goals, in 2024, the Company took relevant measures to reduce carbon emissions in terms of energy conservation and improvement of emission management based on actual conditions, and constantly reviewed practical activities and made timely adjustments. In the future, we will further improve strategy formulation, risk management, indicator and goal identification and management, work together with upstream and downstream of the value chain to respond to climate change and achieve green development together.

Type	Type	Unit	2023 Jinjiang Factory Area	2023 Vietnam Factory Area	2024 Jinjiang Factory Area	2024 Vietnam Factory Area
Greenhouse Gas	Total Emissions	Tons of CO ₂ Equivalent	1,477,752.180	262,334.600	1,536,163.044	343,224
	Scope 1	Tons of CO ₂ Equivalent	154,420.421	73,212.100	537,835.059	97,424
	Scope 2	Tons of CO ₂ Equivalent	1,323,331.759	189,122.500	998,327.985	251,292



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Scope 1 greenhouse gas emissions refer to carbon emissions from the combustion of direct energy sources such as natural gas, gasoline, and diesel. During the year, Jinjiang Factory Area's coal carbon dioxide emission factor refers to the "Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial)" (《省級溫室氣體清單編制指南(試行)》) and the General Rules for Calculating Comprehensive Energy Consumption (GB/T2589-2020)(綜合能耗計算通則(GB/T2589-2020)), and the value is 1.74174957 tCO₂/t coal; diesel carbon dioxide emission factor refers to the "Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial)" (《省級溫室氣體清單編制指南(試行)》) and "China Energy Statistical Yearbook 2021" (《中國能源統計年鑒2021》), diesel density is 0.84 t/m³, 3.09590963733333 tCO₂/t diesel, and the carbon dioxide emission factor for this year has changed compared with 2023.

Scope 2 greenhouse gas emissions refer to carbon emissions from purchased electricity. For the emission factor of purchased electricity, the Group adopts the national average carbon dioxide emission factor of 0.5366 kgCO₂/kWh for electricity in 2022 issued by the Ministry of Ecology and Environment in 2024. The carbon dioxide emission factor for this year has changed compared with 2023.

The carbon dioxide emissions for the Jinjiang Factory Area: carbon dioxide emissions in 2024 are 1,536,163.044 tons of CO₂ equivalent (an increase of 3.95% from 1,477,752.18 tons in 2023), of which direct energy (scope 1) is 537,835.059 tons, accounting for 35.01%, and indirect energy (scope 2) is 998,327.985 tons, accounting for 64.99%.

The carbon dioxide emissions from the Vietnam Factory Area are approximately: 343,224 tons of CO₂ equivalent (an increase of 30.83% from 262,334.600 tons in 2023), of which direct energy (scope 1) is 97,424 tons, accounting for 28.38%, and indirect energy (scope 2) is 251,292 tons, accounting for 73.22%.

The increase in the Group's carbon dioxide emissions in 2024 was mainly due to increased production capacity, with increased electricity consumption and increased coal consumption.

The Group's photovoltaic power generation increased by 8,083.674 MWh compared to 2023, which is equivalent to a reduction of 4,337.7 tons of CO₂ emissions.

3.3 Pollutant Emission Reduction

The Environmental Protection Division of the Safety and Environmental Protection Department of the Group is fully responsible for all environmental protection work in various factories. The Group controls stringently the emission of "three wastes (三廢)" in factories by conducting systematic control on the treatment and disposal of wastewater, waste gas and solid hazardous wastes, so as to strictly comply with the laws and regulations related to emissions. At the same time, the Group requires its internal departments to conduct real-time monitoring and periodic maintenance on environmental protection treatment equipment, so as to ensure all the environmental protection treatment equipment is under normal operation and meets the discharge standards.

The Group insists on being guided by the local government's environmental protection policies and standards and adopts advanced pollution — prevention and control and treatment technologies to control the discharge of pollutants in the production process, and strives to fully complete its internal emission reduction plan.



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3.3.1 Wastewater Treatment

The Group adopts various measures to conduct an all-round treatment on wastewater and domestic water in the factory areas during its production. Wastewater segregation collection systems have been installed at our production sites to adopt segregated treatment measures for various wastewater. Wastewater treatment sites are set up inside the factory areas to ensure the standard drainage of wastewater after treatment.

The Group actively responded to the national policy of energy conservation and emission reduction, and set up an advanced treatment system of “multi-media filtration+UF+RO” of 2,400 m³/d in the Jinnan Factory Area to realize the recycling of wastewater, reduce the discharge of sewage and increase the reuse rate of wastewater, creating economic, environmental and social benefits for the Group.

In 2024, the main discharge of wastewater pollutants from the Group’s Jinjiang Factory Area and Vietnam Factory Area were as follows:

Type	Type	Unit	2023 Jinjiang Factory Area	2023 Vietnam Factory Area	2024 Jinjiang Factory Area	2024 Vietnam Factory Area
Wastewater	Ammonia nitrogen	Tons	0.020	0.018	0.129	0.019
	Chemical oxygen demand	Tons	0.690	0.580	2.9	0.61

In 2024, the discharge of wastewater pollutants from the Group included 0.148 tons of ammonia nitrogen and 3.51 tons of chemical oxygen demand, representing an increase of 289.47% and 176.38% compared to 0.038 tons and 1.27 tons in 2023 respectively.

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In accordance with the requirements of the pollutant discharge permit, the Group has established annual emission limits for ammonia nitrogen and chemical oxygen demand of 2.3762 tons/year and 17.825 tons/year respectively for the Jinjiang Factory Area. The increase in the Group's discharge of wastewater pollutants in 2024 was mainly due to the 3.06-fold increase in wastewater discharge from the Jinjiang Factory Area compared to 2023, leading to an increase in pollutant emissions. The primary reasons for the increase in wastewater discharge are: firstly, the increase in the Group's production capacity, resulting in a higher volume of wastewater production; secondly, the Group conducted an inspection of the wastewater pipeline network to ensure that all production wastewater is directed to the wastewater treatment plant for processing.

In 2024, the Jinjiang Factory Area carried out a wastewater hazard investigation and renovated the wastewater collection network; at the same time, a new emergency pool was built to replace the emergency pool located in the secondary protection zone of the Longhu drinking water source. The Group actively responds to local environmental protection policies and continuously improves the Company's environmental protection facilities to ensure the Group's compliance operations.



Shown above are the illustrations of some of the wastewater treatment facilities of the Group's subsidiaries. The Group is fully aware of the importance of environmental protection. Therefore, we have equipped advanced wastewater treatment facilities that are sufficient to cope with the wastewater treatment needs of the Company, and the process pools, which are mainly responsible for the generation of malodorous gases, are enclosed and pumped before getting treated through the waste gas treatment facilities. These facilities are designed and operated in strict accordance with the relevant environmental standards to ensure that all wastewater can meet the discharge standards after treatment, thereby effectively protecting the environment and water resources. We always uphold our commitment and responsibility to environmental protection, and are committed to realizing the sustainable development of the enterprise.

3.3.2 Waste Gas Treatment

The organized waste gas generated by the Group's factories mainly includes boiler waste gas, polyester production waste gas, spinning waste gas, and the main pollution factors are particulate matter, sulfur dioxide, nitrogen oxides and volatile organic pollutants. For boiler waste gas of the Company, we have taken corresponding treatment measures for coal-fired flue gas, and established a system connected with local environmental protection bureau to monitor the data of waste gas in real time, to ensure the emission of the exhaust will eventually comply with local environmental protection requirements. We strictly abide by the relevant regulations and requirements of the local government departments on waste gas emissions and treatment through various prevention and control measures for the standard discharge. The polyester production waste gas and spinning waste gas are treated with supporting environmental protection facilities, and qualified third-party organizations are entrusted to regularly monitor the Company's waste gas to ensure that the waste gas is discharged according to the standard.



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The Group constructed a boiler flue gas online monitoring system to conduct real-time detection and analysis of different factors to monitor emissions and ensure compliance with discharge standards. In 2024, the discharge of main waste gas pollutant from Jinjiang Factory Area and the Vietnam Factory Area of the Group were as below:

Type	Type	Unit	2023 Jinjiang Factory Area	2023 Vietnam Factory Area	2024 Jinjiang Factory Area	2024 Vietnam Factory Area
Waste gas	Sulfur dioxide	Tons	54.86	19.05	127.15	25.08
	Nitrogen oxides	Tons	147.29	54.01	242.171	65.04
	Particles	Tons	11.05	7.45	17.351	10.25

The main waste gas pollutants emitted by the Group in 2024 included: 307.211 tons of nitrogen oxides (an increase of 52.61% from 201.3 tons in 2023); 152.23 tons of sulfur dioxide (an increase of 105.97% from 73.91 tons in 2023); 27.601 tons of soot and dust (an increase of 49.19% from 18.5 tons in 2023).

In 2024, the increase in the Group's nitrogen oxides and soot and dust emissions was mainly due to: 1. the increase in production and coal consumption; 2. The Jinjiang Factory Area replaced the data collection platform, and the data were more accurate.



Shown above are some of the Group's emission treatment facilities. For polyester emissions, we divert them into the furnace for combustion treatment; for boiler emissions of 35 tons and above, we adopt the advanced technology of "SCR denitrification + bag-type dust collector + high-efficiency desulphurization tower" to strictly control the concentration of emissions; in the PTA feeding segment, we configure dust collectors to effectively capture and remove dust particles; spinning waste gas is treated by the smoke purifier, and film-drawing waste gas is treated by platinum-catalyzed treatment facilities and then discharged. Meanwhile, for the odorous gases generated from the sewage treatment station, we use biological deodorization towers or biogas combustion systems to ensure the cleanliness of the surrounding environment. The Group always upholds the concept of environmental protection and is committed to the continuous optimization of exhaust gas treatment technology, striving to protect the blue sky and white clouds while safeguarding production.

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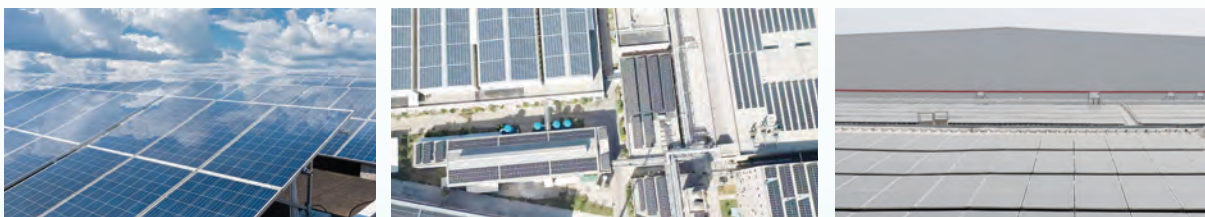
3.3.3 Waste Disposal

The Group adopts a waste disposal approach aiming to achieve the reduction and recycling of wastes, and all general and domestic waste generated in the Company has been harmlessly treated or recycled. In 2024, our Jinjiang Factory Area's production generated a total of 14,261 tons of non-hazardous waste and Vietnam Factory Area's production generated a total of 3,875 tons of non-hazardous waste. For non-hazardous waste generated in the factories of the Group, which includes wasted filament, wasted films and wasted packing bags, we conduct internal recycling and reuse or sell them to downstream manufacturers as raw materials. The Group collects its domestic waste at designated locations in accordance with the local sanitary requirements and entrusts local sanitation department for cleaning, transportation and disposal. In 2024, a total of 44.108 tons of hazardous waste was generated and 47.974 tons of hazardous waste was disposed of, which was entrusted to a hazardous waste disposal unit with a hazardous waste operating permit.

The Group requires every department and workshop to strictly control their production process to minimize its hazardous waste output at the source. The Group's subsidiaries have a hazardous waste storage facility, which meets the Company's daily needs of hazardous waste storage. The Group arranged dedicated staff for the management of the hazardous waste storage facility. We entered into a hazardous waste entrusted treatment agreement with a qualified third-party entity.

3.4 Resources Conservation

The Group formulated the goal of energy saving for 2024, strongly promoted clean production and focused on controlling resources utilization to conserve resources from the source as far as possible and to achieve resources reuse at the same time. During the year, the Company continued to improve and optimize its production processes by using advanced and energy-saving production equipment. We encourage employees to choose bus shuttle to and from work, all districts to adopt off-peak power consumption, recycling of industrial wasted filament, wasted films and waste products, advocating green offices and keeping the room temperature at 24 to 26 degrees Celsius in the summer.



In 2024, the Group continued to increase investment in photovoltaic power generation by prioritizing the use of photovoltaic clean energy and reducing the use of traditional energy generated by the state grid to reduce carbon dioxide emissions and make a contribution to local energy-saving and emission reduction.



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In 2024, 53,648.842 MW of clean energy was used at the Jinjiang Factory Area (an increase of 17.74% from 45,565.168 MW in 2023), effectively reducing traditional energy consumption as well as the pollutants and greenhouse gas emissions caused.

Type of resources	Unit	2023	2023	2024	2024
		Jinjiang Factory Area	Vietnam Factory Area	Jinjiang Factory Area	Vietnam Factory Area
Jinjiang power grid electricity consumption (indirect energy)	kWh/MWh	1,625,097.32	272,772.08	1,860,469.595	327,959.402
Solar photovoltaic electricity consumption	kWh/MWh	45,565.168	/	53,648.842	/
Coal (direct energy)	0'000 ton	27.39	7.00	30.88	8.37
Diesel (direct energy)	Litre	/	/	/	105,224

The power grid electricity consumption, coal (direct energy) and diesel (direct energy) consumption of the Group's factories in 2024 are:

Jinjiang Factory Area: Power consumption of 1,860,469.595 MW, coal consumption of 308,800 tons.

Vietnam Factory Area: Power consumption of 327,959.402 MW, coal consumption of 83,700 tons.

Energy consumption	Unit	2023	2023	2024	2024
		Jinjiang Factory Area	Vietnam Factory Area	Jinjiang Factory Area	Vietnam Factory Area
Municipal water	0'000 ton	212.70	60.12	236.76	65.03

In 2024, the municipal water resources consumed by the Group were as follows:

Jinjiang Factory Area consumed approximately 2,367,600 tons of municipal water resources in 2024 (increased by 11.31% from 2,127,000 tons in 2023).

Vietnam Factory Area consumed approximately 650,300 tons of municipal water resources in 2023 (increased by 8.17% from 601,200 tons in 2023).

3.5 Packing Materials Consumed

The Group continuously promoted the recycling of packing materials through reducing the use of disposable packing materials. The recycled packing materials will be disposed of as general industrial waste only until their functions are damaged, thus we reduced the waste of resources and protect environment effectively.



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The main packaging materials for the Group's polyester filament yarns products include: plastics, foam boards, paper boxes and paper rolls; the main packaging materials for polyester film products include: PE films, bubble films and EPE foam; moreover, pallets, wooden supports and iron trays used for product storage and auxiliary transportation.

The Group has been paying attention to regional regulations on the use of packaging, optimizing the design of packaging involving environmental requirements and striving to reduce the amount of packaging materials used. During the year, the consumption volume of packaging materials was as follows:

Packaging material types	Unit	2023	2023	2024	2024
		Jinjiang Factory Area	Vietnam Factory Area	Jinjiang Factory Area	Vietnam Factory Area
Paper rolls	0'000 piece	16,048.43	2,682.7	17,422.09	3,002.48
Paper boxes	0'000 piece	1,782.06	333.22	1,945.35	368.41
Foam boards	0'000 piece	793.75	44.42	766.09	47.52
HD bags	kg	684,423	22,355	749,999	22,770
EPE foam (Foam boards)	0'000 piece	838.73	\	54.42	\
Bubble films	kg	111,833.24	\	132,940.76	\
Composite bubble films	kg	503,045.5	\	500,930.8	\
Compound bubble film dome	0'000 piece	200.7	\	226.78	\
Plywood	PC	933,343	183,259	1,101,005	216,369
Wood	PC	415,426	\	512,438	\
Wooden frames	PC	404,919	2,731	460,135	4,330
Slice bag	0'000 piece	38.24	31.74	24.87	2.35
Hand stretch film	kg	22,520	\	22,300	\
Plastic head covers	0'000 piece	237.6	\	272.86	\
PET plastic steel belt	kg	120,460	\	149,100	\
Packaging film	kg	222,182.44	\	236,486.54	\
Woven bags	kg	108,185.7	\	119,822.9	\
Tapes	0'000 piece	26.89	\	25.72	\
Mylar tape	0'000 piece	\	\	3.22	\
Double-sided tape	0'000 piece	\	\	12.39	\
Round cover paperboard (paperboard)	0'000 piece	\	\	2.44	\
Wooden strips	0'000 piece	\	\	29.81	\
Wooden decking	PC	\	\	4,077	\
Paper Corner Protectors	0'000 piece	\	\	50.38	\
Tape (KG)	kg	\	\	23,758.5	17,914
Stretch film	kg	\	\	178,800	15,450
Cardboard	0'000 piece	\	\	67.41	4.47
ES fibre packaging bag	kg	\	\	47,000	\
Plastic steel belt	kg	\	\	19,000	\
Packing tape (kg)	kg	\	\	327,425	60,930
Bottle flakes bags	kg	\	\	303,334	380,254



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3.6 Environment-friendly Industry

The Group takes environmental protection and sustainable development seriously, and regards environmental protection and energy conservation and emission reduction as an important part of building a green Billion. In addition to strengthening safety and production operation and management, the Group has always promoted the concept of green environmental protection, striving to enhance the utilization rate of energy, water resources and materials. In compliance with environmental laws and regulations, the Group reduced the use of natural resources, and proactively promoted cleaner production and energy saving and emission reduction, in an effort to create a resource-saving and environmentally friendly enterprise.

The Group actively identifies the possible major impacts of climate change on the Company, including the intensity, frequency and timing of extreme weather. In order to minimize disruption to the Group's business operations, the Group has formulated relevant emergency plans and on-site disposal plans so that losses can be reduced or avoided in the event of extreme weather affecting the Group's business premises.

Moreover, the Group established an emergency command system, clarified the personnel and responsibilities of the emergency organization structure, and strengthened interaction and management, to minimize the casualties and property losses caused by climate issues in the events of accidents. Comprehensive arrangements are in place to ensure staff safety under extreme weather conditions by adopting a flexible approach depending on the actual difficulties and needs of staff.

During the year, the Group continued to reuse unconsumed production raw materials and products internally or sell them to downstream manufacturers for reuse. Packaging materials for raw materials were collected and entrusted to manufacturers for recycling, and the Group endeavored to reasonably recycle all industrial resources that could be reused, significantly reducing the output of industrial wastes.

In 2024, the Group's Jinjiang Factory Area and Vietnam Factory Area constantly recycled wasted filaments and wasted films, and following amounts were recorded:

Jinjiang Factory Area: 10,393 tons of wasted filament reuse (an increase of 9.01% as compared to 9,534 tons in 2023); 2,723 tons of wasted film reuse (a decrease of 42.85% as compared to 4,765 tons in 2023); sales volume for wasted films was 530 tons (a decrease of 58.91% as compared to 1,290 tons in 2023).

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Vietnam Factory Area: 2,353.73 tons of wasted filament reuse (an increase of 19.79% as compared to 1,964.92 tons in 2023); 5,637,300 pieces of recycled paper rolls (an increase of 3.65% as compared to 5,438,700 pieces in 2023).

Indicators	Unit	2023	2023	2024	2024
		Jinjiang Factory Area	Vietnam Factory Area	Jinjiang Factory Area	Vietnam Factory Area
Internally recycled wasted filaments	Ton	9,534.00	1,964.92	10,393.00	2,353.73
Recycled wasted films	Ton	4,765.00	\	2,723.00	\
Wasted film sales	Ton	1,290.00	\	530.00	\
Recycled paper rolls	0'000 piece	\	543.87	\	563.73

4. HUMAN-BASED MANAGEMENT

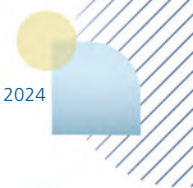
The Group is committed to maintaining a high standard of corporate governance. We always adhere to the principle of "Human-oriented Philosophy, Factory-based Family and Co-development (以人為本，以廠為家，與員工共同發展)". We firmly believe that employees are the most important and valuable asset of the Company and their contribution is vital to the success of the Group. We also offer excellent career development opportunities, actively advocate a diverse and inclusive working environment, formulate long-term incentive plans to retain outstanding talents, and persistently invest in staff development to create a diversified, inclusive and leading team.

The Group stringently complies with national laws and regulations and local labor laws and industry codes. And we fully respect the diversity of employees, follow the principle of equal opportunities, and there is no situation in which the employment, benefits and promotion of employees are affected by nationalities, religious beliefs, political affiliation, lifestyle and diet. The Group provides a series of facilities and benefits to its employees and their families, so that our employees can enjoy family harmony while seeking career development.

With the development of the society and the improvement of the living standard, an increase number of employees live their lives in pursuit of material possessions while paying more attention to their needs of their spiritual level, which also imposes higher requirements on the Company. The Group will continue to establish and improve various rules and regulations, build its own corporate culture, create a harmonious working environment, and will try to accommodate the genuine needs of its employees and boost their satisfaction, to motivate them and ultimately obtain the desired economic benefits.

4.1 Employment Compliance

In order to ensure that all aspects of the employment process comply with laws and regulations, the Group strictly prohibits the employment of child labor, forced labor, black market labor or any forms of illegal labor. The Human Resources Department is required to carefully check all the necessary qualifications of the worker during the recruitment process in strict compliance with the relevant laws and regulations, and truthfully inform the worker of the work content, requirements, location, remuneration and other information requested by the worker, ensuring that all employees employed by the Group hold legally authorized work permits and comply with local standards for legal work.



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The Group will terminate the recruitment process immediately if any violation of employment laws or standards is found. The Group will take necessary legal actions if any of the rules and regulations aforementioned are found to have been violated by existing employees. During the Reporting Period, no employment irregularities were found.

A labor contract and confidentiality agreement will be entered into between the Group and all of its employees. The remuneration of all employees comply with local regulations of the relevant country. We ensure that the salary of new employees during the probationary period will not be lower than the minimum wage required by the local government. We will determine staff salary by reference to the importance, technical requirements and skills level of the position. We will also give additional remuneration to employees who work beyond the prescribed scope to ensure that employees are motivated to work.

In the context of industrial transformation and old and new energy transformation, the fundamental way for the private economy to achieve high-quality development lies in innovation, and the key support is talents. Quanzhou City, where the Group is located, as a major city of the national private economy, has always placed talent attraction and cultivation in an important position for private enterprises, comprehensively seek talents through the "Harbor Plan", implemented the "Spring" action, perfected the talent incentive mechanism throughout the entire chain, attracted talents from all fields, and stimulated new vitality for the development of the private economy.

In order to comprehensively implement the decision-making and deployment of the CPC Central Committee and the State Council on the employment of graduates from colleges and universities, fully implement the work requirements of the provincial party committee and the provincial government, and make every effort to promote the high quality and full employment of graduates, the Group responded positively by strengthening school-enterprise cooperation and expanding the scope of talent attraction.

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In 2024, the Group signed school-enterprise strategic cooperation agreements with the School of Electronic and Electrical Engineering of Minnan University of Science and Technology, the School of Energy of Quanzhou Vocational University, and Quanzhou Engineering Vocational and Technical College. Meanwhile, a practice base cooperation agreement was signed with Yangxi School. By continuously strengthening exchanges and cooperation between schools and enterprises, we provide students with a real working environment and practical opportunities to help them better apply the knowledge they have learned to actual work and improve their professional qualities and comprehensive abilities. At the same time, strengthening cooperation between schools and enterprises also provides the Group with more outstanding talents with practical experience, helping the Company's innovation and development.





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All employees of the Group are full-time and there are no part-time employees. As of the end of 2024, there were 6,929 employees in China and 2,302 employees in Vietnam. The breakdown of employees by age, gender, education and position is as follows:

The Group has employed 6,929 employees in China, of which, 4,924 are male staff and 2,005 are female staff, representing approximately 71.06% and approximately 28.94% respectively. In respect of ages, 2,502 of our employees are below 30 years old, 2,929 are between 30 to 50 years old and 1,498 are over 50 years old, representing approximately 36.11%, approximately 42.27% and approximately 21.62%, respectively. As for educational background, approximately 1,837 employees possess tertiary education qualifications or above accounted for 26.51% of the total staff. In terms of positions, we have 296 managerial staff, representing about 4.27% of the total staff. As of the end of 2024, the Group experienced a turnover of 2,673 employees in China, of which, 1,570 are male staff and 1,103 are female staff, representing approximately 58.74% and approximately 41.26% respectively. In respect of ages, 1,594 of our employees are below 30 years old, 790 are between 30 to 50 years old and 289 are over 50 years old, representing approximately 59.63%, approximately 29.55% and approximately 10.82%, respectively.

The Group has employed 2,302 employees in Vietnam, of which, 1,596 are male staff and 706 are female staff, representing approximately 69.33% and approximately 30.67% respectively. In respect of ages, 1,014 of our employees are below 30 years old, 1,200 are between 30 to 50 years old and 88 are over 50 years old, representing approximately 44.05%, approximately 52.13% and approximately 3.82%, respectively. As for educational background, approximately 74 employees possess tertiary education qualifications or above, accounting for 3.21% of the total staff. In terms of positions, we have 446 managerial staff, representing about 37.17% of the total staff. As of the end of 2024, the Group experienced a turnover of 2,183 employees in Vietnam, of which, 1,508 are male staff and 675 are female staff, representing approximately 69.08% and approximately 30.92% respectively. In respect of ages, 945 of our employees are below 30 years old, 1,150 are between 30 to 50 years old and 88 are over 50 years old, representing approximately 43.29%, approximately 52.68% and approximately 4.03%, respectively.

4.2 Employee Benefits

The Group strives to create a friendly home-like working environment for staff and the corporate culture of “Billion as My Home (百宏我家園)” has penetrated into the hearts and minds of all Billion employees. The Company places great importance on the welfare of its employees. In addition to providing basic medical and social security and worker's compensation insurance, the Company has also purchased group commercial insurance for its employees.

In line with the spirit of the notice of “Measures for Identification and Filing Management of Workers with Difficulties in Fujian Province” (《福建省困難職工家庭認定和檔案管理辦法》), the Billion Labour Union of the Group timely establishes files for the management and assists of the staff in difficulty in accordance with the provisions of the Measures, and provide practical and helpful assistance and solutions to their difficulties, striving to promote the steady development of the assistance work. The Group also carries out caring work in various forms, such as Paired-Up Assistance in Poverty Alleviation and Golden Autumn Student Assistance, encouraging the workers in need to lift up their spirits and overcome their difficulties, and making efforts to improve the living and working conditions of the workers in need, helping the workers in need to feel the care and kindness of the Company. Every year, the Group's “Charitable Fund” helps to resolve the financial difficulties of our staff in need.

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The Group organizes training for the staff and holds operating skill competitions from time to time. The "Best Employee of the Month", the "Top Three in Monthly Examination" and the "Best Team" are organized every month, and the "Best Advanced Management", the "Best Employee" and the "Honorable Staff Awards for Ten Years, Fifteen Years and Twenty Years" are organized every year.

The Group also provides a series of welfare policies and measures for its staff, including free accommodation, free meals, discounts on work uniforms, free shuttle buses, birthday blessings, festive gifts, labor union activities, overtime subsidies and transport subsidies.

In 2024, in order to promote the excellent traditional culture of the Chinese nation, enhance employees' sense of belonging and happiness, and improve team cohesion, the Group carefully selects holiday gifts before each statutory holiday, and ensures that the gifts can be distributed to every employee on time and in an orderly manner through internal notifications, department coordination and other channels, to express the Company's sincere care and holiday wishes to employees.



In 2024, the Group organized a number of activities including etiquette training and makeup training, in order to enhance employees' etiquette awareness and behavioral norms and create a more harmonious and professional workplace atmosphere. At the same time, these events also provide employees with a platform for learning and communication, help to enhance mutual understanding and friendship among colleagues, and further enrich employees' spare time.





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4.2.1 Comfortable Living Environment

In order to create a comfortable living environment for the staff to live comfortably and peacefully, and constantly improve the cohesion and centripetal force of the enterprise, we have formulated the "Staff Dormitory Management Regulations". All the existing staff of the enterprise and their relatives, workers in canteens and supermarkets, personnel from external units, students working as interns in the Company, business salespersons, experts, technicians and other personnel visiting the factories are entitled to free accommodation with the consent of the Company.

The comfortable dormitory provided by the Group is equipped with double room, couple room, dormitory for supervisor grade (two bedrooms with living room), dormitory for manager grade (two or three bedrooms with living room), and the furniture includes beds, nightstands, wardrobes, computer desks, air conditioners, sofas in the living room, televisions and other supporting facilities.

The Group also provides free parking lots in the factory areas, fresh food supermarket and parcel delivery locker in the living area, various types of shops outside the factory area entrances, including clothing, food and supplies and other aspects to provide a lot of convenience in life. The self-service canteen in the Company also greatly reduces the cost of food for the staff.

At the same time, the Group has equipped a large-scale training centre, library, table tennis room, billiard room, basketball court, gym room, yoga room, karaoke hall and other employee activity centres and entertainment venues to enrich the spare time of our employees.

The Group firmly believes that a safe, comfortable and positive living environment will enhance the health and well-being of the staff and is conducive to the sustainable development of the enterprise.

4.2.2 Employees' Children Education

In 2024, the Group saw an increase in the proportion of "husband-and-wife workers" and "family workers". This is due to the fact that we highlighted "husband-and-wife workers", opened kindergartens with "Caring School Bus", and implemented the humanized measures, such as "summer and winter camps", "4 o'clock school", "Weekend Workshop", "Youth Psychological Counselling Room" in cooperation with the Zhihe Social Work Office (致和社工事務所), to build a platform for after-school counselling for the staff, which greatly enhances their sense of belonging.

In respect of the nine-year compulsory education, under the support of the government policy and the external communication and assistance of the Company, the staff can easily apply for enrolment and transfer of school for their children, which also solves the difficulties in children education. The Group owns school buses that meet national standards and provides free pick-up services for the children of our staff from different factory areas to different schools, and recruited security personnel in school buses to ensure the safety of our staff's children on their way to and from school.

In 2024, the Group's labour union carefully planned and organized summer camps for the children of the Group's employees. Through a variety of courses such as "Ancient Paper-making", "Handmade Rice Cake", "Parent-Child Bamboo Man PK Competition", "Stone Painting", "Outdoor Development", and "Summer Youth Safety and Self-Protection Class", etc., we create a colourful, entertaining and educational summer experience for children.

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4.2.3 Cohesion Building

The Group is equipped with a large training centre, library, table tennis room, billiard room, basketball court, gym, yoga room, karaoke hall and other activity centers and recreational facilities. We set up a basketball team, regularly hold various cultural and sports activities, and organize the staff for travelling, aiming to provide the staff with a colourful living environment and enhance their cohesion.

In 2024, the Group carefully organized a Spring Festival Garden Party with rich content and diverse forms, including writing Spring Festival couplets to send blessings, tug-of-war competitions, ball shaking competitions, three-legged races and other interesting activities, allowing employees to welcome the new year full of hope with laughter and joy.

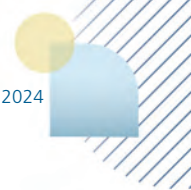


In 2024, in order to commend the old employees who have worked with the Group for 10, 15, 20 or even 25 glorious years, the Group held a heartwarming awards ceremony. This ceremony was not only the highest tribute to their hard work and selfless dedication, but also a profound interpretation of the Group's culture and spirit.

At the ceremony, the award-winning employees came on stage one by one, their faces filled with pride and joy. Relevant town leaders and senior management of the Company personally put on ribbons of honour for them and presented them with exquisite prizes to express the highest respect for their long-term hard work and outstanding contributions.

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4.3 Employee Communication

Effective and direct communication with employees optimizes the Company's management environment, improves relations between management and employees, serves as the basis and guarantee for overcoming management obstacles, and improves staff loyalty, satisfaction, and creativity, which brings better economic benefits for the Company.

The Group employs a range of motivational mechanisms to enable employees to take initiative and be creative, and through continuous communication, it can better understand the actual needs of employees and satisfy those needs to enhance their enthusiasm for working for the Company.

The Group encourages employees to speak freely and put forward rationalization proposals that are beneficial to the Company or the departments, and employees will be rewarded once the proposals are adopted. The Company also established a "Daily Caretaker (生活管家)" account at WeChat, which helps to solve the various difficulties of new employees. The Trade Union organizes employees' symposiums and conversations on different subjects from time to time to listen to the opinions of employees. The suggestion box is set up to collect the voices of the front-line employees. All rational suggestions and opinions, with the consent of the Company, will be supervised by the Performance Division for implementation by the relevant units.

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5. TALENT DEVELOPMENT

5.1 Comprehensive Training System

The Group stresses the importance of employee training. In order to improve the job skills and business quality of the employees, the Safety and Environmental Protection Department and Human Resources Department of the Company formulate the annual training plan of the Company according to the training needs and plans of the Company, each department and workshop, and arrange different types of vocational education and training for employees in different positions. The training content covers national laws and regulations, company rules and regulations, production safety, operation skills, quality and food safety management systems. The Company ensures that its employees receive sufficient training courses each year and has sufficient budgetary funds.

The Group actively creates a learning enterprise, enhances employees' enthusiasm for on-the-job learning, strengthens and improves the academic structure of employees, and jointly founded the "Vocational School 《中專班》" with Fujian Polytechnic of Information Technology; at the same time, the Group cooperates with Tianjin University and founded the "Billion-Tianjin University Online Education College (《百宏 - 天津大學網絡教育學院》)" to cultivate professional and excellent talents.

In July 2024, Billion Group obtained the pilot qualification for professional skill level certification. It has the right to independently certify the four professional fields of spinners, electricians, fitters, and chemical testing, and can independently issue certification certificates to facilitate internal employees to improve their skill levels.



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In April 2024, the Group carefully planned and successfully held the second season of the "First-line Management Leadership Breakthrough Journey" special training camp, with more than 150 first-line managers of the Group participating in the training. During the several-day intensive training, the trainees learned in depth about leadership theory, team building, communication and coordination. This not only broadened their horizons, but also enhanced their understanding and application of leadership in practice.



In August 2024, the Group held the first programmable logic controller (PLC) intelligent control training course in 2024. The course covered multiple aspects including PLC principles, programming, applications, human-machine interface design and communication control, and freight elevator principles. By combining theoretical explanations with practical operations, trainees can quickly master practical skills. This training has enhanced the professional level of the Group's electrician team in the field of PLC, met the Group's ever-evolving technological needs, provided strong guarantees for the Group's efficient production and stable operation of equipment, and helped the Group move towards a new era of intelligent manufacturing.

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In September and October 2024, following the special training camp for "First-line Management Leadership Breakthrough Journey", the Group once again made efforts to organize champion execution lectures for managers and champion execution lectures for team leaders and shift leaders respectively. The purpose of these lectures was to enhance employees' understanding of execution, improve work efficiency and teamwork, and inject new vitality into the Group's sustainable and healthy development.



The Group's training is divided into company training, departmental training, job training and self-study. According to positions, it is divided into human resource training, corporate culture training, production safety training, operation skill training, sales training, responsibility system training, and financial management system training, etc.



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In 2024, the Group organized different types of trainings to staff in batches, and the attendance number was 66,676. Training coverage rates of both male and female staff were above 90%, with per capita training hours of 16.5 hours. By functionalities, the attendance number for general staff was 90,459, with training coverage rate of 86.18% and per capita training hours of 14.18 hours; and the attendance number for managerial staff was 3, with training coverage rate of 66.88% and per capita training hours of 20.62 hours.

5.2 Equal Development Opportunity

As an employer providing equal opportunities, the Group does not discriminate against any person on the basis of sex, age, marital status, race or religion in our recruitment and staff appraisal processes. The salary structure of the Group's employees consists of fixed income and variable income, and the salary level is performance- and job-value-oriented, taking into account the value of the job, performance and skill level, so as to ensure that employees' personal value is maximized.

The Group pays attention to the career planning of the employees, and has established a tiered talent promotion mechanism, which gives priority to internal promotion with equal opportunities, and highlights the cultivation of the employee's personal qualities. The Company follows the principle of fair competition, adopts the mode of "promoting the talented, demoting the unskilled, terminating the unqualified", values the talents of each employee, fully recognizes the value created by each employee in different positions for the Company, and provides a platform for employees to give full play to their talents, and adopts a series of comprehensive assessments to select the most talented and ethical employees for promotion.

The promoted personnel, whether it is a team leader, shift leader or director, is required to undergo professional training and pass the Company's examination before being formally promoted.



The Group promotes a fair and open competitive environment and provides relevant training plans for employees in different positions. During the Reporting Period, the Group has not received any complaints regarding inequality at work.



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6. IMPLEMENTATION OF SAFETY OPERATION

In order to constantly implement the annual safety and environmental protection work of the Group, the Safety and Environmental Protection Department of the Company has continued to introduce safety and environmental protection specialists since 2024, which has played an important role in realizing the safe operation of the Company. During the year, the safety and environmental protection management objectives were basically accomplished with the full cooperation of the Safety and Environmental Protection Department and other production departments and units.

The Group also strictly complies with relevant local laws and regulations, taking the “Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》)” as well as national, industry and local standards as reference indicators for production safety. The Company adheres to the production safety policy of “safety first, prevention as focus and comprehensive management”. On this basis, management measures such as the “2024 Production Safety Target Management System” were formulated to clearly define the management organization, safety duties and scope of work of the relevant departments and personnel regarding production safety of the Company, as well as the assessment criteria for safety management.

6.1 Occupational Health and Safety

In terms of occupational health, the Group did not have any occupational disease hazards this year. The Group promoted the efficient operation of the “Occupational Health Management System” in the areas of occupational health education for employees, production safety management, and emergency prevention and handling. Therefore, the Group has effective elimination of or reduction in hazards in the operation process, and managed occupational health and safety risks that employees and other stakeholders might face during business operations.



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The Group strictly abides by the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》)”, the “Regulations on Work-related Injury Insurance (《工傷保險條例》)”, the “Measures for the Determination of Work-related Injuries (《工傷認定辦法》)” and the laws and regulations of the locations where it operates, based on which the Group has formulated the “Occupational Health Management System (《職業健康管理制度》)”, the “Regulations on the Management of Work-related Injuries of Billion Industrial Holdings Limited (《百宏實業控股工傷管理規定》)” and other management measures and has clearly regulated the occupational health management, work-related injury declaration and compensation management of employees, so as to effectively protect the legitimate rights and interests of employees. At the same time, we have also purchased the five mandatory insurances for all regular employees, including medical insurance and work-related injury insurance, etc., to provide employees with comprehensive multiple protection and safety support.

In 2024, the Group organized occupational health hazard factor detection and personnel health examination. Meanwhile, the Group provided sufficient resources to conduct a series of safety trainings for employees led by the Safety and Environmental Protection Department to popularize occupational health-related knowledge, carried out on-site emergency rescue drills of “self rescue and rescuing others”, guide employees in cardiopulmonary resuscitation, Heimlich Manoeuvre and other first-aid procedures, improve employees’ occupational safety awareness and emergency response capabilities, and protect employees’ safety to the greatest extent.



6.2 Stringent Safety Management

The Group’s safety and environmental protection work strictly abides by national laws and regulations such as the “Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》)”, the “Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》)” and the “Environmental Protection Law (《環境保護法》)”. In 2024, under the guidance of the Level 1 Production Safety Committee of the Group, the Safety and Environmental Protection Department presided over the implementation of the specific work items of the Company’s safety and environmental protection, and the workshops of each department were equipped with part-time safety administrators to cooperate with the Safety and Environmental Protection Department to implement the production safety work, with their respective division of labor, thus ensuring the rapid implementation and effective operation of the Company’s safety and environmental protection work.

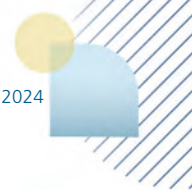


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6.2.1 Safety Work Implementation

In 2024, with the support of leaders at all levels and Level 1 Production Safety Committee of the Group, the Safety and Environmental Protection Department fully presided over and implemented all safety and environmental protection work of the Company, as follows:

1. Continuously improve, formulate and revise all kinds of the intranet information in safety and environmental protection;
2. Handle the safety management of special equipment and special operators;
3. Organize employees of the Company to carry out various safety and environmental protection education and training and emergency drills;
4. Organize production for workshop employees to watch and learn various safety and environmental protection education videos;
5. Formulate on-site action plans and emergency plans according to emergencies and assist workshops of various departments to strengthen in safety and environmental protection;
6. Organize various meetings related to safety and environmental protection and implement specific safety and environmental protection work;
7. Check the safety production situation of the Company and implement the safety management measures for major hazard sources of the Company;
8. Take charge of the examination and approval of the Company's work-related injury accidents declaration and organize relevant departments to analyze safety production accidents;
9. The safety management work of outsourcing units of outsourced projects of the Company includes safety briefing, training, monitoring, and hidden danger investigation, etc.;
10. Continue to carry out various safety inspections in production areas, maintenance site, construction site and public area, including comprehensive inspection, special inspection, daily inspection, inspection before holidays and inspection before special weather;
11. Coordinate all kinds of inspections on safety and environmental protection with governments and regulatory units at all levels and take charge of implementing rectification;
12. Organize activities such as Safety Production Month and Fire Safety Month;
13. Complete other work related to safety and environmental protection as assigned by executives at all levels.



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6.2.2 Emergency Response

In response to various emergencies, the Company's Safety and Environmental Protection Department prepared emergency plans and on-site action plans according to the actual situation, such as the "Special Emergency Plan for Typhoon Prevention (《百宏實業防颱風專項應急預案》)", the "Special Emergency Plan for Production Safety Accidents (《生產安全事故應急專項預案》)" and the "On-site Action Plan for Production Safety Accidents (《生產安全事故現場處置方案》)".

In July 2024, in order to protect ourselves against typhoons, the Group organized employees from various production departments to participate in typhoon prevention emergency plan training, deployed various typhoon prevention measures in advance, and with all precautionary measures we implemented, no casualties were recorded.



In 2024, the Group's Safety and Environmental Protection Department actively responded to the national call for safe production, and was committed to improving the safety awareness and emergency response capabilities of all employees. It carried out a number of emergency training and emergency drills, and jointly organized fire emergency drills with fire rescue agencies, building a solid line of defense for the Group's safe production.

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In 2024, the Group achieved the safety production management objectives of no major casualties, no fire accidents, no environmental pollution incidents and no occupational diseases for the whole year, and no work-related fatal accidents was recorded in the past three years including this reporting year. The number of days lost due to work-related injuries for the year was 900 days in China and 732 days in Vietnam. There were no work-related fatal accidents in the past three years, including this reporting year.

6.2.3 Deploying Safety and Health Devices

All departments and workshops of the Group receive various protective equipment on time every month, including face masks, face shield, eye masks, gloves, ear plugs, working clothes, safety shoes, and first-aid kit and medication. In addition, the Group has a complete fire alarm system, sprinklers, smoke alarms, air conditioning system, indoor and outdoor fire hydrants and other facilities to provide a basic and comprehensive protection for the personnel working in various production processes.

Most workshops of the Group have set up micro fire stations, equipped with reserve emergency and detection items such as air breathing apparatus, fire-fighting equipment, gas masks, face masks, oxygen detectors, and combustible gas detectors. Medicine walls and special water diversion areas are set up in the workshops to provide a safe, healthy and comfortable working environment for employees.

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6.3 Comprehensive Safety Education

In 2024, the Group formulated an annual safety and environmental protection training plan and implemented it as required. During the year, the Safety and Environmental Protection Department organized various induction trainings, including safety training for promoted personnel, safety training for outsourced units, safety training for management personnel, and various fire and emergency training for employees. Human Resources Department, departments and workshops carried out three-level safety education training and special skills training for new staff. Different training methods were adopted for different positions. Each workshop team conducted daily safety training and safety operation briefings through summary meetings, class meetings and on-site meetings, held analysis meetings for production safety accidents, and formulated preventive measures.

In 2024, the Group carried out a comprehensive and colourful production safety and fire safety month activities, including safety culture promotion, safety theme training, production safety and accident education week, safety lectures for middle and senior management personnel, immersive learning experience at the production safety education and training base, self-inspection and self-correction of safety hazards, emergency training and drills, and safety performance ability examinations. By completing this series of activities, not only the safety awareness and emergency response capabilities of all employees were effectively improved, but a solid foundation was also laid for the Group's safe production work.



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In 2024, the total number of hours of occupational health and safety education and training for all employees of the Group was 88,460 hours for the Jinjiang factory Area and 6,064 hours for the Vietnam factory, and the cumulative percentage of new employees participating in safety training was 100%.



Through safety training and education, the Group effectively controlled various types of production safety accidents. Employees' awareness of safety and prevention has been continuously enhanced. As daily managers, our shift leaders and directors led by example and devoted themselves to front-line safety work, starting from minor accident prevention and building up a solid ideological line of defense for safe production. We will continue to emphasize on regular safety education, help us stay alert and prevent problems before they occur.

6.3.1 Troubleshooting Hidden Dangers

In 2024, based on the actual situation of the Company and the requirements of higher authorities, the Group compiled a list of safety inspection for each department and workshop, specifying the responsibilities of inspections at each level, the frequency of inspections and their rectification requirements.

The Safety and Environmental Protection Department organized various safety inspections, formulated the annual safety hazard investigation plan, and refined it to the workshops of various departments, requiring them to strictly implement it. The Safety and Environmental Protection Department is responsible for supervising the rectification of hidden dangers, urging all relevant units to rectify in place, and ensuring there will be no potential issues in the future to minimize the possibility of accidents.

In order to better and more comprehensively investigate all kinds of hidden dangers of the Company, the Company's Safety Committee decided to hire different external experts to investigate the hidden dangers of the facilities and management corresponding to the production areas of the Company every year, in a bid to identify the Company's management defects, constantly improve the safety and environmental protection management level, eliminate the defects of equipment and facilities, and ensure the long-term stable operation of the Company's safe production.

From January to December 2024, the Safety and Environmental Protection Department has organized over 20 inspections, with a 100% rectification rate of usual hidden dangers.



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7. PRODUCT RESPONSIBILITY

On the basis of the original four strategies of “talent, brand, innovation and sharing”, the Group has added and established an intelligent manufacturing strategy as the core driving force to promote the high-quality development of the Company. We are committed to becoming an excellent global supplier of polyester filament yarns and creating healthy and green high-quality products for the society.

The Group has implemented different measures for improving product quality, which include inspection and control on product quality, automatic production and raw materials safety management. During the year, the product quality management of the Group has obtained ISO9001 Quality Management System Certification, and its products have passed spot checks by the quality and technical supervision department.

The Group always takes national laws and regulations as the standard for production and operation and strictly complies with the Product Quality Law of the People’s Republic of China, Law of the People’s Republic of China on Protection of Consumer Rights and Interests, Drawn Textured Yarn (GB/T 14460-2015), Polyester Drawn Textured Yarn (GB/T 8960-2015), Polyester Pre-oriented Yarn (FZ/T 54003-2023), and Polyethylene terephthalate (PET) (GB/T 14189-2015) among other laws and standards. Through systematic compliance management, it ensures that the entire product lifecycle meets national mandatory standards and industry technical requirements. The Group has established a comprehensive quality management system covering the “raw material procurement – production processing – product inspection” process, clearly defining the responsibilities of each department to ensure traceability and controllability at all stages, and continuously improving it. It has formulated regulations and operational procedures such as the Testing Management Measures for Silk Road Equipment and Spinning Aids, Control of Production Colored Yarns, Black Yarns, and Full Matte Yarns Grade Yield for Civil Silk Spinning Pre-injection, and Product Quality Abnormal Return Material Operation Process. The Quality Control Department is established as the core department for quality control, equipped with a laboratory that has testing capabilities for the analysis of raw material components and the physical performance testing of finished products.

Meanwhile, in order to effectively protect the Group’s core trade secrets and intellectual property rights while maintaining its competitive advantage in the market, the Group has established rules and regulations for safeguarding the Company’s trade secrets in accordance with the Anti-Unfair Competition Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China. All employees are strictly prohibited from using or disseminating the Company’s customer information privately without the authorization of the Group.

7.1 Improving Product Quality

According to the international and national standards of brand value evaluation, the brand strength and brand value were calculated according to the “five elements” theory (tangible element, intangible element, quality element, service element and innovation element).

Brand value reflects the core competence of brand competitiveness, and it is also an important index to evaluate the quality of brand products. With the continuous improvement of the modern market system and the increasing competition of products, creating high-quality products has obviously increased the impact on brand value and enterprise development. We will strive to continuously improve the quality and safety of our products, improve the brand development plan, and provide customers with better products.

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With the Group's high quality products and brand benefits, the Group achieved a significant increase in revenue in 2024 and was included in the "Fujian Province Manufacturing Leading Enterprise List".

In 2024, the Group won many honors, demonstrating the high recognition of the Company's products by the industry and consumers. We will continue to improve the quality and safety of our products, and conduct more stringent inspection and quality control on raw materials, semi-finished products and finished products, so as to ensure that every production process is in compliance with the requirements of the Group.

In 2024, the Group participated in various international trade fairs, attracting many new and old customers in China and overseas to approach for discussion and visit. We showcased our professionalism and patience in our advices, our outstanding service and the high quality of our products. This greatly enhanced the Company's image, and improved customers' awareness and the market competitiveness of our products. We will continue to promote cooperation with other enterprises to achieve a win-win result. We believe that with the joint efforts of all parties, the industry will usher in a better future.

The Group will uphold the mission of "providing healthy and green products for the people and becoming a global high-quality supplier of raw materials for consumer goods" and implement the business philosophy of "producing green products". We will strive to build a century-old brand, and provide high-quality products and services to customers all over the world with professional technology and serious attitude. The Group also set up a separate after-sales service team to deal with the problems, feedback and complaints of customers about the product professionally. At the same time, we delegated technological professionals to actively communicate with customers to jointly analyze and find out the cause, carefully verify and timely solve the reported problems.

Product Recall Procedure of the Company: The Group promptly arranges customer service personnel to follow up and address issues when product quality problems, safety and health issues, or other return conditions are identified through customer complaints. They investigate the problems associated with that batch of products, conduct cause analysis and responsibility determination, and negotiate with customers for resolution. The sales staff will report the issues of the batch of products, the analysis of the causes, the determination of responsibilities, and the proposed solutions to the top executives of Group for review and approval. Upon approval by the top executives of the Group, the relevant customers will be notified to retrieve the defective products and we will provide exchange and return services. At the same time, the internal production department of the Company will analyze the causes of problems, formulate and implement rectification measures.

The complaints related to products and after-sales services during the year are as follows:

Type of Complaints	Unit	China Factory	How to handle	Vietnam Factory	How to handle
		Area		Area	
Stripe/stripe discrepancy	Time(s)	58	Friendly negotiation	24	Friendly negotiation
Wrong order placed	Time(s)	5	Friendly negotiation	1	Friendly negotiation
Bruise	Time(s)	5	Friendly negotiation	3	Friendly negotiation
Fuzzy filament	Time(s)	8	Friendly negotiation	2	Friendly negotiation
Broken filament	Time(s)	36	Friendly negotiation	1	Friendly negotiation
Color difference for stripes	Time(s)	38	Friendly negotiation	16	Friendly negotiation
Stained filament	Time(s)	28	Friendly negotiation	6	Friendly negotiation
Stiff filament	Time(s)	11	Friendly negotiation	13	Friendly negotiation
Color/chroma difference	Time(s)	19	Friendly negotiation	16	Friendly negotiation
Barre mark	Time(s)	1	Friendly negotiation	3	Friendly negotiation
Mixed batch	Time(s)	2	Friendly negotiation	14	Friendly negotiation



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7.1.1 Automatic Operation

Taking the development of intelligent manufacturing as the strategic focus of the enterprise, the Group undertook the first new mode project of intelligent manufacturing in the textile industry, developed an online inspection system for the quality of polyester filament products, and was honored as an “intelligent manufacturing benchmark enterprise”. The Group built scientific research and innovation platforms such as national enterprise technology centers, national laboratories and academician workstations, promoted independent scientific and technological research and development, jointly developed new products with national key universities, and created core competitiveness, with more than 60 invention patents. At the same time, it has been recognized by departments at all levels, and has been awarded honorary titles such as “Top 500 Private Enterprises in China's Manufacturing Industry”, “National Technological Innovation Demonstration Enterprise”, “National May Day Labor Medal”, “Key High-tech Enterprises of National Torch Program”, “National Advanced Collective in Textile Industry”, “China Quality Benchmarking Enterprises”, “Excellent Private Enterprise in Fujian Province” and “Meritorious Enterprises in Quanzhou City”.

In 2024, the Group's automated production lines ran smoothly, and we will continue to carry out technical transformation to upgrade automatic production so as to satisfy the increasing demands from customers.

7.1.2 Reliable Procurement

As a brand trusted by consumers, we always purchase raw materials with strict standards, carefully select high-quality contractors and suppliers, and strive to ensure the quality of our products. When selecting suppliers, the Group will investigate the business qualification, product quality, credit rating, criminal proceedings, and other information of the supplier to ensure the compliance of the procurement and supply process. We also conduct a comprehensive assessment of the supplier, including quality of materials, stability of supply, safety, and environmental assessment.

In assessing the social responsibility performance of suppliers, the Company encourages suppliers to actively participate in safety and environmental protection work and requires suppliers to comply with relevant national and local government's environmental protection and energy-saving laws and regulations. If suppliers have any opinions, they can communicate with the Group at any time through various channels to ensure that the measures and requirements are practical and feasible to further maintain our good relationship with the suppliers.

The purchasing team of the Group immediately terminate its cooperation with unsatisfactory suppliers, who would be blacklisted to be excluded for future cooperation. We will continue to evaluate some of the suppliers that have established long-term relationships with the Company, constantly explore new areas, and contact different companies to update our database. During the Reporting Period, most of the Group's suppliers met the Group's evaluation criteria.

During 2024, there were 117 major suppliers of the Group, including suppliers from Germany, Japan, Vietnam, Taiwan, Hong Kong and Fujian Province, Guangdong Province, Jiangsu Province, Zhejiang Province and Hebei Province of Mainland China.

7.2 Achieve Efficient Innovation

In addition to strict quality control, some of the Group's intellectual property rights (including product formula, product technology, and packaging design) contribute to the success of the Company in the retail market. Therefore, the Company prioritizes the protection of its own intellectual property rights and respects the intellectual property rights of our business partners.



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The Group continues to invest in research and development as well as innovation. To protect innovation achievements, the Branding and Intellectual Property Department is responsible for managing the patents of the Company. Also, the Group cooperates with intellectual property service companies and further assures the quantity and quality of future patent applications through means of independent innovation, industry-university-research cooperation and others, so as to develop a sustainable enterprise innovation model.

7.2.1 Information Privacy

Our products are oriented towards the end market, so our customer data and information sources are vital to the Company. To prevent violation of the relevant national or local regulations, we prohibit employees from accessing unnecessary personal data in the course of sales, and we do not allow unauthorized access to customer data.

The Group strictly abides by the “Contract Law (《合同法》)”, the “Regulations of the People’s Republic of China on the Security Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》)”, the “Consumer Protection Law (《消費者權益保護法》)” and relevant laws and regulations of the PRC. During the Reporting Period, no customer information and privacy were leaked.

The Group continues to promote business ethics, maintains good ethics, respects the bottom line and principles, abide by laws, and continuously improves the quality of corporate ethics in order to ensure its own healthy and sustainable development. During the year, all employees of the Group signed a non-disclosure agreement upon joining the Company.

We have rules and regulations to protect the Company’s trade secrets, which include customer information, customer credit limits, customer purchase quantities, prices and core technology information. All employees are strictly prohibited from using and distributing the Company’s customer information without the authorization of the Group.

In terms of data security and cyber security management, the Group gives permission to connect external network for staff who have different needs according to their demand, installs antivirus software that removes virus regularly for each computer and conducts backups for server data and database.

7.3 Ensure Integrity of Operations

In order to create a business environment of fair competition and strictly legal transactions, the Group aims at keeping high transparency, probity and accountability, and strives to ensure non-occurrence of any incident that is harmful to the interests of shareholders, investors, customers and the public. We do not tolerate bribery, extortion, fraud or money laundering. We have not received any report of legal cases regarding corrupt practices from the Group or the employees in 2024.

The Group strictly abides by all relevant anti-corruption laws in the PRC, such as the “Criminal Law of the People’s Republic of China (《中華人民共和國刑法》)”, the “Anti-Unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》)”, and the “Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》)”, which also serve as the basis for formulating internal integrity discipline and administrative rules and regulations.



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The Group has formulated various guidelines and procedures which set out ethical and legal standards to avoid any irregularities related to corruption in its business activities, and fully protect the human rights, property rights, working right, democratic rights, reputation rights and other legal rights of the whistleblowers and complainants, determine the specialized personnel to accept whistleblowing and complaints for the president of the Company or authorized persons and set up an independent investigation team according to the nature of the event, and also they will be engaged to conduct investigation or refer the incident to relevant regulatory authorities of local government.

The Group has abided by the standards of business ethics, organized all employees to conduct business ethics training on a regular basis, and specified the definitions and standards of compliance risks in each operation process of the Group. The Group has continuously improved the integrity education training system to offer employees with general business ethics standard education, and special skills training for internal control and risk management, to strengthen the employees' business integrity awareness, and enhance the study on laws and regulations on integrity for the purpose of promoting the formation of an integrity atmosphere and guaranteeing the operation integrity of the Group.

In 2024, the Group conducted anti-corruption training for the management. The number of employees trained was 678, each of them were trained for 2 hours. The cumulative participation rate of management was 100%.

8. HARMONIOUS COMMUNITY

8.1 Care for Community Development

The Group understands that the well-being of our customers and communities is at the core of our values, and therefore the Company has implemented policies to actively fulfill our social responsibility as a company. In addition to the development of itself and its employees, the Group also focuses on the development of the townships and communities where it operates. When recruiting, priority is given to job seekers from local towns and communities, and those who meet the Company's entry requirements are given priority in providing them suitable jobs, contributing to local employment.

The Group not only provides financial support to those in need, but also organizes its employees to actively participate in voluntary activities such as blood donation, caring for the elderly and caring for the community from time to time, setting an example in building a perfect and harmonious community together.

In 2024, the Group donated a total of approximately RMB267,700 to schools and social organizations in the surrounding communities, and organized employees to participate in voluntary and caring activities, accumulating a total of approximately 9,500 hours of voluntary work.

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9. CONTENT INDEX

KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) 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.	Optimize the Management Model Pollutant Emission Reduction
KPI A1.1	The types of emissions and respective emissions data.	Pollutant Emission Reduction
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Pollutant Emission Reduction
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.	Pollutant Emission Reduction



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KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation Packing Materials Consumed
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).	Resources Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Conservation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resources Conservation
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.	Resources Conservation
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Packing Materials Consumed
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment-friendly Industry
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment-friendly Industry
Aspect A4	Climate Change	
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.	Address Climate Change

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KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
B. Social		
Aspect B1 Employment		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	Human-based Management Talent Development – Equal Development Opportunity
KPI B1.1	Total work force by gender, employment type (for example, full- or part-time), age group and geographical region.	Human-based Management
KPI B1.2	Employee turnover rate by gender, age group and region.	Human-based Management
Aspect B2 Health and Safety		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Implementation of Safety Operation
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	During the past three years, including the Reporting Period, there was no work-related fatality
KPI B2.2	Lost days due to work injury.	Implementation of Safety Operation
KPI B2.3	Description of occupational health and safety measures adopted, and how they are being implemented and monitored.	Implementation of Safety Operation



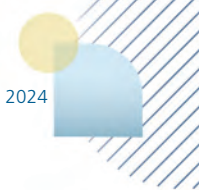
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KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development
Aspect 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.	Human-based Management – Employment Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human-based Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, there was no recorded incidents



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KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Reliable Procurement
KPI B5.1	Number of suppliers by geographical region.	Reliable Procurement
KPI 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.	Reliable Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Reliable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Achieve Efficient Innovation



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KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
Aspect B6	Product Responsibility	
General Disclosure	Information on: <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, there was no recall for safety and health reasons
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Improving Product Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Achieve Efficient Innovation
KPI B6.4	Description of quality assurance process and recall procedure.	Improve Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Privacy

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KPIs	Requirements of HKEX ESG Reporting Code	Section/Remark
Aspect 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.	Ensure Integrity of Operations
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.	During the Reporting Period, there was no reporting of corrupt practices
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Ensure Integrity of Operations
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ensure Integrity of Operations
Aspect 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.	Care for Community Development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care for Community Development
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Care for Community Development