

GXG

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

Mulsanne Group Holding Limited
慕尚集團控股有限公司
(Incorporated in the Cayman Islands with
limited liability)
Stock Code: 1817

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OVERVIEW OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

This ESG Report describes the environmental, social, and governance (“ESG”) performance of Mulsanne Group Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”). This ESG Report illustrates the principal requirements of the Group in fulfilling its corporate social responsibility (“CSR”) and its CSR vision and commitments.

This Report is prepared in accordance with the ESG Reporting Guide (the “ESG Guide”) set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This ESG Report complies with the “Comply or Explain” requirements and follows Materiality, Quantitative, Balance, and Consistency reporting principles during the preparation of the ESG Report.

It is recommended that this ESG Report be read in conjunction with the Company's Annual Report 2024. The calculation methods implemented in this ESG Report are consistent with last year's report. Any choice, omission, or presentation format that may influence readers' decision-making or judgement has been avoided.

This ESG Report covers the period between 1 January 2024 and 31 December 2024 (hereinafter referred to as "FY 2024" or the "Reporting Period"). Unless otherwise specified, the monetary amounts shown in this Report are all presented in RMB. Through this Report, the Group hopes to improve communication and build consensus with its stakeholders on the strategies and performance of the Group's social responsibility and sustainable development.

Reporting Scope

This ESG Report covers the entire group, including the general disclosure of the policies, measures, and compliance of environmental and social issues. The disclosure scope of the environmental key performance indicators ("KPIs") in this ESG Report covers the Group's operations and production bases in the People's Republic of China ("China"). As the manufacturing process of the Group's products is conducted by Original Equipment Manufacturers ("OEMs") and the transportation process is completed by third-party logistics service providers, this ESG Report covers the main business scope of the warehouses, retail stores, headquarters, and branch offices of the Group.

Disclaimer

This Report may contain forward-looking statements that are subject to uncertainties which could cause the actual results to differ materially from those expressed or implied in the forward-looking statements. The Group assumes no obligation to update any forward-looking statements contained in this Report.

Access to this Report

This Report has a traditional Chinese version and an English version for readers’ reference. In case of any differences between the two versions, the traditional Chinese version shall prevail. The electronic edition of this Report is available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website.

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Group (the "Board") bears the important responsibilities of coordinating, leading, and overseeing the Company's sustainable development management and ESG information disclosure. The Company has fully integrated ESG considerations into strategic decision-making and daily operational management. The Board is also responsible for identifying industry trends in sustainable development, formulating sustainable development strategies, and determining key matters for ESG management. The Board regularly convenes meetings with the management to oversee and review the outcomes of ESG-related work.

The Board holds regular meetings annually to listen to reports from the ESG Working Group on the progress of ESG management efforts. Based on a thorough understanding of the Company's current state of ESG management, the Board identifies ESG management risks and monitors and reviews the attainment of ESG targets. It also assumes the duty of reviewing and approving the annual ESG report to ensure that the priorities of annual ESG work and the Company's sustainable development philosophy are fully disclosed.

The Board authorises the ESG Working Group to regulate ESG-related matters, ensuring compliance and sustainable development in these areas. The ESG Working Group is responsible for identifying, assessing, and managing significant ESG issues, and it reports progress and outcomes to the Board. Based on feedback from stakeholders and the results of materiality assessments, the ESG Working Group determines the materiality matrix for key ESG issues, which is ultimately reviewed and confirmed by the Board, to serve as the basis for preparing the ESG report.

During the Reporting Period, the Board actively participated in assessing and determining the materiality and priority order of ESG issues through discussions, questionnaires, and other forms. It provided profound insights and recommendations regarding ESG issues that could impact the Company's long-term sustainable development and assessed their priority ranking. Additionally, the Board examined the Company's progress towards achieving ESG-related targets and indicators by listening to reports from the ESG Working Group, and actively promoted the integration of ESG work with the Company's business strategy. Meanwhile, the Board gradually incorporated climate-related risks and opportunities into the scope of overall risk management and preliminarily established the Company's strategy in response to climate change, to ensure the identification of potential impacts and the implementation of appropriate responses.

The Group is committed to actively advancing ESG practices at every level to ensure the Company's long-term sustainable development aligns harmoniously with social development. We strive to collaborate with all stakeholders to collectively contribute to social and environmental sustainable development.

This Report comprehensively and truthfully discloses the progress and achievements of the Group's ESG work in 2024 and was approved by the Board on March 27, 2025.



ABOUT MULSANNE GROUP

Main Business

Mulsanne Group Holding Limited (the "Company", "Mulsanne or "We", together with subsidiaries, the "Group") is a leading fashion menswear company based in China, which also covers unisex apparel segments. With our experience and execution capabilities in the fashion industry, we have optimized our brands to capture future market opportunities. Our founders first launched our flagship GXG branded products in 2007, and we catered to different menswear styles by launching gxg jeans in 2010. In 2020, we launched MODE COMMUTER, a high-quality commuting apparel brand, which helped strengthen the brand portfolio of our Group. Each of our brands has a uniquely defined design identity and encompasses a range of products, offered in a variety of fits, fabrics, finishes, styles and price points intended to appeal a broad spectrum of customers.

We adopt integrated omni-channel business model that capitalises on online and offline strengths, delivers a seamless customer experience, and increases efficiency in terms of inventory management, supply chain management, product selection and logistics. With our deep understanding of customers, we have adopted a customer-centred model to offer our customers a one-stop shopping experience. For both our online and offline channels, we provide a similar product range and unified pricing, shared inventories, as well as flexible and efficient logistics support. Moreover, by analysing the big data generated from both online channels and offline retail stores through our product lifecycle management system, we can capture the precise level of demand and quickly react to the latest market trends by adjusting our production and inventory plan, which is highly helpful for our inventory control and supply chain management. New retail has become a major trend of the apparel industry in China in recent years, and our Group is a leader in new retail integration among the major fashion apparel brands in China which have adopted the new retail business model with innovative initiatives.

Honors and Recognition



"Outstanding Enterprise Award for ESG Social Responsibility" in "Jinge Award"- ESG Enterprises and Institutions Selection by GuruClub



"Special Award: Diversified Employment for Disabled Employees" of Happy Enterprise in 2024



"Annual Valuable Brand" in the 6th "Jinge Award" Selection by GuruClub



"Golden Reputation Brand" in the 13th Ningbo Brand Double Selection



"Hercules Tripod" Award in Yinzhou District for 2024



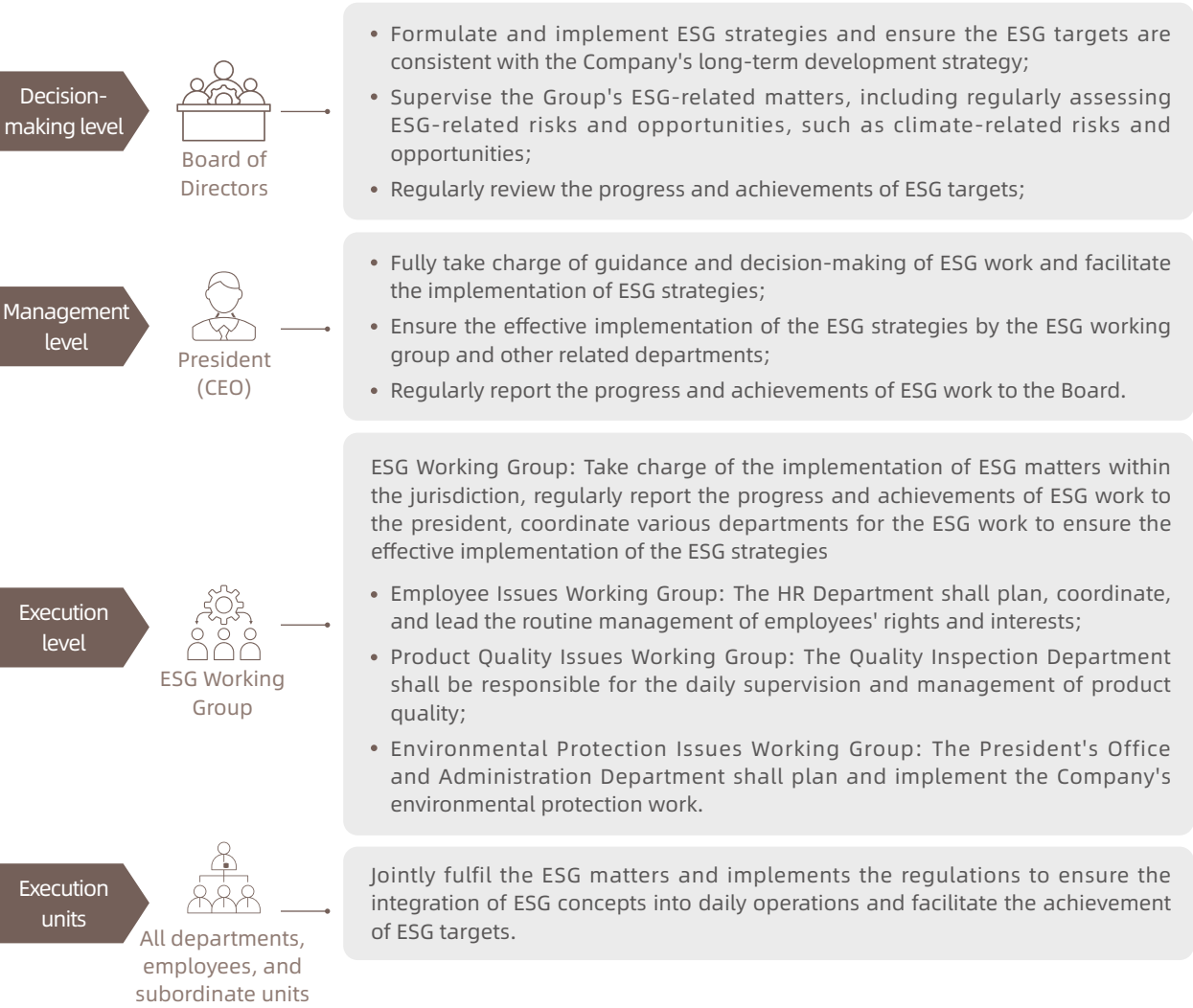
"New Retail Pioneer" by Youzan New Retail

ESG MANAGEMENT

ESG Governance

The Group upholds sustainable development concepts and places significant emphasis on the impact of its business activities on the environment, society, and governance. ESG considerations are core components in assessing a company's long-term viability and non-financial performance. In daily operations, the Group relies on ethics and environmental stewardship to actively promote the green initiatives. Environmental protection criteria are implemented throughout the product life cycle to ensure the effective implementation of the green development strategy. Meanwhile, the Group actively allocates resources to address social concerns, prioritises employee growth, and actively participates in social activities for public good to achieve both economic benefits and social value.







As the core decision-making body for the Group's ESG governance, the Board has fully recognised the importance of ESG measures to the operations and has included such measures in the strategic planning and oversight. The Board is responsible for formulating the ESG development strategy, setting the direction for sustainable development, and supervising the implementation of ESG measures by various departments. Through regular assessments of ESG risks and opportunities, the Board balances business development and ESG obligations and facilitates the implementation of timely and effective corrective measures by various departments to constantly improve the Group's ESG performance. Moreover, by analysing the impact of business activities on the environment and society, evaluating stakeholder concerns, and identifying important issues of the industry, the Board formulated reporting guidelines and action plans in line with the ESG Guide to further improve its ESG management system.



To realise the ESG targets, the Group has formulated the Management Regulations on Environment and Corporate Social Responsibilities to define the responsibilities of the leaders, division of work among departments, and the whole staff participation mechanism. It has also established a comprehensive ESG governance structure, which covers the protection of rights and interests of shareholders, employees, suppliers, customers, consumers, communities, and other stakeholders and emphasises the coordinated development of product quality, environmental protection, and social benefit. Through annual ESG risk assessment and performance analysis, the Group continuously optimises management measures and facilitates the deep integration of sustainable development and social responsibilities, committed to create long-term value for stakeholders.

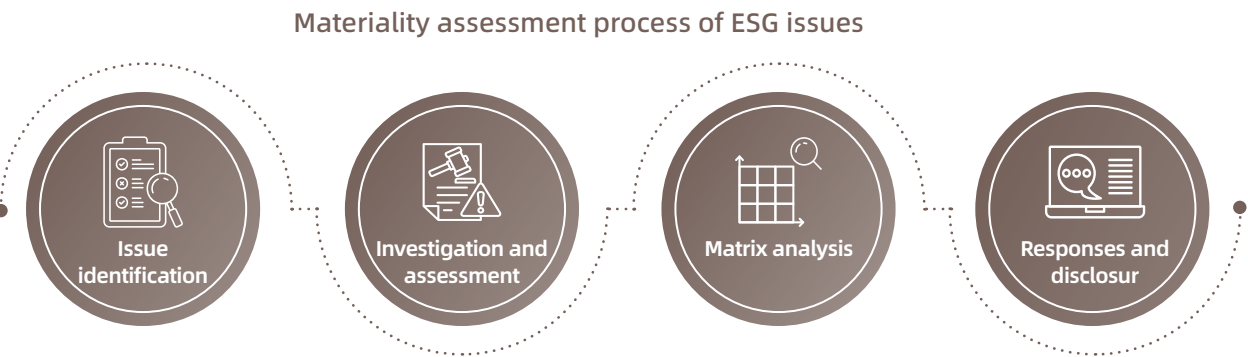
Stakeholder Participation

The Group is committed to sustainable business development and maintains continuous communication with stakeholders, including employees, customers/consumers, suppliers, business partners, investors, governmental bodies, and community organisations. By engaging in constructive dialogues and promoting interactions, the Group endeavours to harmonise diverse viewpoints and interests, protecting the long-term interests of and maintaining a sustainable relationship with all stakeholders.

Type of stakeholder	Stakeholder concerns	Communication channels for stakeholders and the frequency
 Shareholders and investors	<ul style="list-style-type: none">Compliance and risk managementCorporate governanceProduct liability and innovative R&D	<ul style="list-style-type: none">Shareholder meeting (yearly)The Company's official website (in real time)Earnings release conference (Semi-annually)Company announcement (from time to time)
 Customers or consumers	<ul style="list-style-type: none">Customer satisfactionChemical safetyProduct liability and innovative R&DInformation security and privacy protection	<ul style="list-style-type: none">On-site communication (from time to time)Social media (from time to time)Customer service hotline (in real time)
 Employees	<ul style="list-style-type: none">Protection of employees' rights and interestsOccupational health and safetyEmployee development and training	<ul style="list-style-type: none">Regular feedback on performance assessment (yearly)Internal communication platform (in real time)Employee satisfaction survey (yearly)
 Suppliers and business partners	<ul style="list-style-type: none">Supply chain managementProcurement of sustainable raw materialsResource and energy utilisationBusiness ethics	<ul style="list-style-type: none">Daily communication with suppliers (from time to time)Supplier assessment (yearly)Supplier conference (yearly)Communication about cooperation agreements (from time to time)
 Governmental bodies and regulatory bodies	<ul style="list-style-type: none">Compliance and risk managementEnvironmental and natural resourcesOccupational health and safety	<ul style="list-style-type: none">Regular conversation (yearly)Policy seminar (yearly)Compliance report submission (yearly)Dedicated communication meeting (from time to time)
 Community organisations	<ul style="list-style-type: none">Social benefitResponse to climate changeWaste management	<ul style="list-style-type: none">Participation in community activities (from time to time)Cooperation in public welfare programs (from time to time)Special line for community communication (in real time)

Assessment of Material Issues

The Group values the materiality of ESG issues and regularly conducts comprehensive materiality assessments for ESG issues. In 2024, we engaged an independent professional institution to conduct research on stakeholders and widely collect their feedback. Through questionnaire surveys, we collected 118 responses from internal and external stakeholders, and then analysed and prioritised the issues based on their materiality, aiming to provide information for the Group's ESG report and strategies. The integration of issues' materiality analysis into the overall risk management provides a reference for the Company to improve the ESG-related risk management, so that the Company can better respond to the expectations and demands of internal and external stakeholders.



Issue identification

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By comprehensively considering national policies, the Company's development strategy, disclosure standards, the requirements of the capital market, and peer benchmarking, we identified and sorted out this year's material ESG issues based on the existing list of material issues, and established a dynamically updated library of issues.

- Policy trend analysis:
We went deep into the national and local policies and regulations and combined policy orientation of the industry to analyse the sustainable development trend.
- Business relevance analysis:
We regularly checked the alignment between the ESG issue library and the Company's strategic targets and business modes, to ensure the business relevance of issues.
- Disclosure standards analysis of:
We referred to the GRI standards, the TCFD Implementation Guide, the ESG Reporting Code, and SASB Standards to capture the latest disclosure requirements and management trend.
- Capital market analysis:
We summarised the capital market's assessment requirements for ESG rating and indexes and updated rating-related issue library.
- Peer benchmarking analysis:
By benchmarking the practices of excellent peers at home and abroad, we identified issues with major concerns of the industry.



Investigation and assessment

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Based on the preliminary assessment result and combining the daily communications with stakeholders, we went deep into the issues with core concerns through online and offline interviews or questionnaire surveys to further improve the assessment and review of material issues for the year.

Matrix analysis

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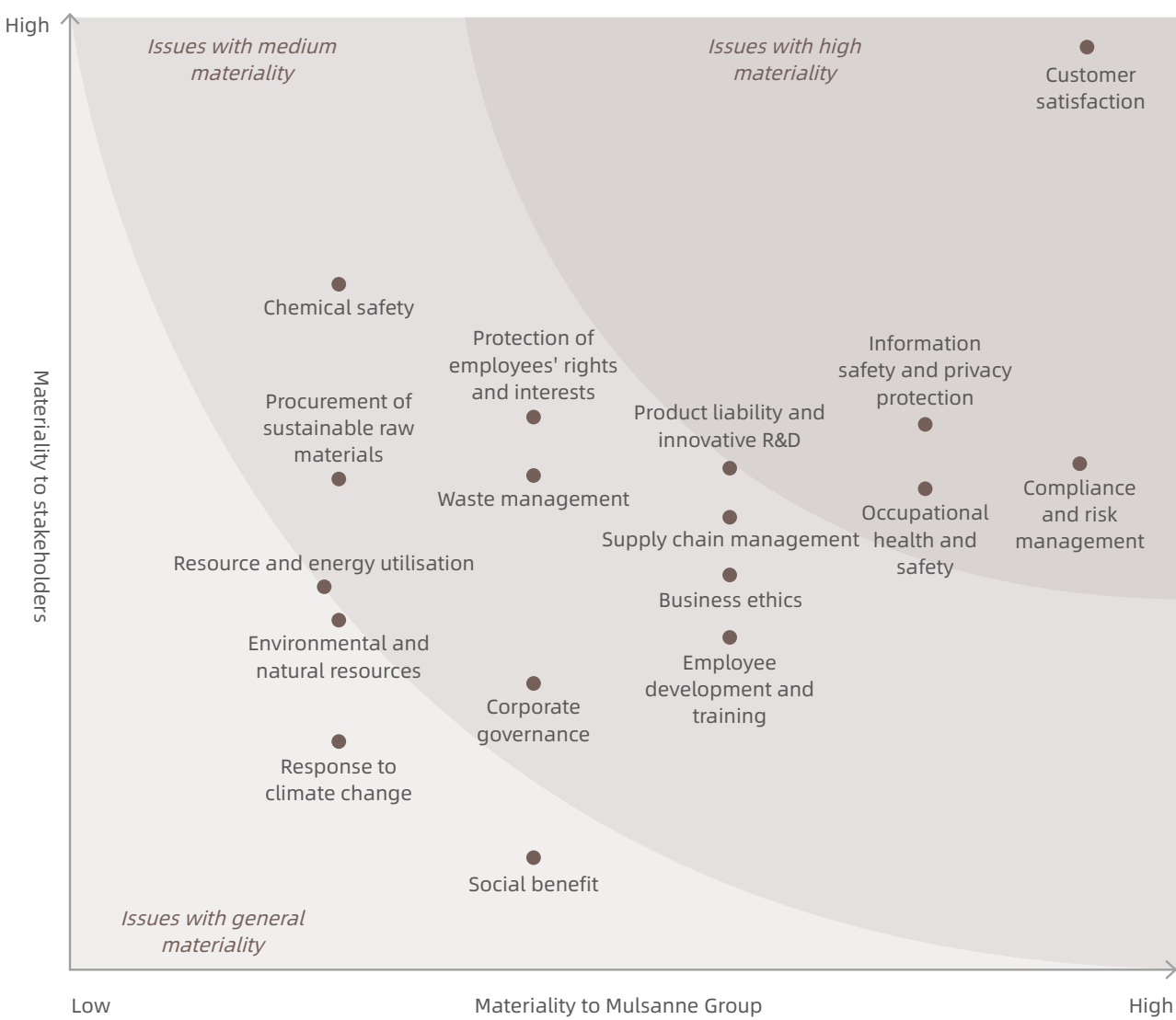
With comprehensive consideration of the management's opinion and demands of stakeholders, we ranked the materiality of ESG issues, which was reviewed by the internal management and external experts to ensure the rationality and reasonableness of the analysis results.

Responses and disclosures

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For the determined material issues, we formulated and implemented action plans, which were submitted to the Board for deliberation and confirmation and made major responses and disclosures in the ESG report to ensure the transparency and accountability.

Mulsanne Group's matrix of material ESG issues in 2024



Materiality	Materiality	Issues
High materiality	Social	Customer satisfaction
		Information safety and privacy protection
		Occupational health and safety
Medium materiality	Governance	Compliance and risk management
		Chemical safety
		Waste management
	Environmental	Resource and energy utilisation
		Product liability and innovative R&D
		Procurement of sustainable raw materials
	Social	Protection of employees' rights and interests
		Employee development and training
		Supply chain management
	Governance	Business ethics
		Corporate governance
		Response to climate change
General materiality	Environmental	Environmental and natural resources
	Social	Social benefit

ESG Risk Management

The Group values the potential impact of ESG-related risks and opportunities on its business operations and has fully incorporated them into the risk assessment and internal control management processes. Through a systematic risk identification and assessment mechanism, we regularly prioritise ESG risks and develop targeted countermeasures to enhance risk management effectiveness and operational resilience. In practice, the Group focuses on risks and opportunities in areas such as product quality, business ethics, and climate change. In response to climate change risks,

the Administration Department is responsible for monitoring climate change on a daily basis and has established a special task force for severe weather. The department formulates emergency plans and strengthens relevant preventive measures to ensure business continuity and employee safety. Additionally, we actively promote the transition to a low-carbon economy, striving to address the challenges and seize the opportunities brought by climate change.



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STICK TO PRODUCT LIABILITY

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Response to ESG issues


- Customer satisfaction •
- Product liability and innovative R&D •



Product Quality


To ensure product quality and safety, the Group has established a comprehensive management framework, including the Production Management Centre, which oversees the Production Follow-up Department and the Order Checking Department. The Production Follow-up Department is responsible for managing the overall quality of bulk production and strictly controlling the production process. Meanwhile, the Order Checking Department specialises in physical and chemical inspections to ensure products meet national standards for clothing. Additionally, in the procurement phase, we have set up a Quality Control Department dedicated to inspecting finished products before acceptance, further reinforcing quality assurance. In terms of management systems, the Group has developed and implemented the Quality Management Regulation and the Quality Management Flowchart, covering the entire lifecycle from design, production, ex-warehouse, sales, to after-sales maintenance. Furthermore, in 2024, we revised the Non-conforming Product Handling Rules, detailing specific measures for addressing various quality issues.

Adhering to the principle of "Quality First, Safety Foremost", the Group enhanced quality risk control, established a comprehensive inspection system, improved the customer complaint handling mechanism, and set up the performance appraisal mechanism to ensure products are up to standard at each phase of design, production, and delivery.




Raw material quality control

We established a strict supplier review mechanism and conducts regular sampling inspections of raw materials to ensure stable quality.




Production process control

We implemented quality management measures for each phase from design to production and to delivery, and promoted quality awareness among all employees to ensure they comply with the quality standards.




Product inspection and testing

We established a complete inspection system to conduct comprehensive product inspections, covering the fabric, sewing quality, flame resistance and other properties, so as to ensure product quality and safety.



After-sales service system

We established a complete after-sales service system to timely address consumers' issues and collect feedback to support product improvement.



Ongoing quality improvement

We adopted PDCA and other quality improvement modes to deeply analyse quality issues and formulate effective corrective and preventive measures.

In 2024, we strengthened our quality risk control, covering product design, source management of key materials, process control, finished product inspection, and product recall processes. We ensured compliance with standards through inspection systems, risk analysis reports, and manuals and reports for bulk goods appearance checks. Our inspection system comprehensively covers raw materials, semi-finished products, finished products, packaging, as well as environmental protection and safety testing to ensure all stages meet production requirements and customer needs. As to customer complaints about product quality issues, customers can provide feedback through store staff, and the Group will respond swiftly by taking appropriate measures such as replacement or repair to ensure customer satisfaction.

In 2024, the Group was granted the "Green Practice Award" by Chinatesta Testing & Certification Services Co., Ltd. Moving forward, we aim to ensure all launched products comply with national standards for the clothing industry, and continuously improve product quality and safety management levels.


Product Innovation

The Group takes "Love, Young, Innovation, Trust, and Vitality" as its core cultural genes, considers innovation as the core driver for development, and continuously boosts product iteration and strategy upgrades. We firmly believe that innovation is not only breakthroughs in technology but also a profound understanding of consumer needs and the creation of sustainable value. In product R&D, we understand the spirit of youth and commuting attire pain points. Being always guided by customer needs, we continuously innovate and upgrade fabrics and quality, take young people's preferences as key points for product innovation, keep making innovations in the field of "young commuter essentials", aiming to create new-generation fashion in men's work outfits and provide fresh fashionable and technological products for the young people. In the future, the Group will focus on the brand positioning of "Better Commuting Menswear for Youth" and anchor the work and life scenarios of the young people to increase investments in the next three to five years, to sustain product innovation iterations, ultimately solidify the brand positioning as the "No.1 Better Commuting Menswear for Youth", and lead industry development.

In addition, the Group has also made breakthroughs in technical fabrics:

The technical " 3D-printed down jacket fabric"


The 3D-printed down jacket fabric is the world's first fabric that uses the layer-added processing and has achieved mass production. Without the restriction of the weaving technology, multiple irregular clothing materials are added to the 3D-printed down jacket fabric to realise new functions. Featuring patented 11-layer overlapping technology, the fabric is superior for the smart temperature control, high flexibility, air permeability, and moisture absorption features.



2024 WINTER
NEW COLLECTION FOR MAN

The eco-friendly fabric SOLOTEX®

SOLOTEX® is a featured fabric product of Teijin Frontier. The fibre in SOLOTEX® has pliable spiral-shaped structure as springs. That's why it's soft, stretchy, well-coloured, and with gentle buffering property. Some polymers in the fibre use raw materials for textile and account for 37% of total polymers, which reduces the consumption of petrochemical resources and makes contribution to the reduction of GHG emissions.



NEW URBAN
2024 SPRING
NEW COLLECTION FOR MAN

In 2024, with the innovation-driven development concept, the Group creatively launched the "Zero-pressure suit rental station" to resolve three common business travel dilemmas: rumpled suits, insufficient preparation of clothes, and poor costume matching skills as a newcomer. In March to April 2024, the Group collaborated with the partner hotel to concurrently conduct campaigns in 30 hotels located in 14 cities. By providing crease-resistant and lightweight suit rental services, we solved dressing troubles in business travel, deepened the brand positioning of Mulsanne Group as "Better Commuting Menswear for Youth", and further expanded service innovation on the basis of product innovation.

Zero-pressure Suit Display Area

One-stop Suit Rental / Freeing up your suitcase



Zero-pressure Themed Room

Zero-pressure Check-in / Lightening your business trip



Customer Satisfaction

The Group has established a comprehensive customer service guarantee management framework, which ensures efficient service processes and rapid response to customer needs through multi-level and cross-functional department collaboration. The management level is responsible for formulating service policies, setting annual targets and KPIs, and supervising the overall performance of the customer service team, thereby promoting the continuous development of the Group in the customer service field. To ensure service quality, the Group has formulated the Management Regulations on Customer Complaints and the Flowchart for the Resolution and Management of Customer Complaints and Issues, which form a customer management system that standardises service processes and continuously improves service quality.

In terms of management measures, the Group implements a "customer-centric" service tenet and enhances its service quality by continuously improving and refining its management. Taking "customer satisfaction first" as the core, we improve service efficiency by establishing an efficient response mechanism, conducting regular training and assessments, and utilising the CRM system and AI technologies. We have also established a regular follow-up and feedback mechanism to deeply understand customer needs and continuously optimise services. In practice, the Group effectively enhances service quality through a sound customer complaint mechanism and satisfaction surveys. The customer complaint mechanism covers multiple communication channels, which shortened the processing time and reduced the number of complaints year-on-year. The Group won the title of "Five-star Store of 2024" from Taobao & Tmall Group.

The Group regularly conducts satisfaction surveys to help identify service issues and drive improvements, and sets customer service guarantee targets, including raising customer satisfaction above 95%, controlling the complaint rate within 5% per month, and achieving a complaint resolution rate of 98%. By optimising service processes, deploying self-service platforms and chatbots, and working closely with other departments, the Group ensures product and service quality from the source, and ensures that complaints are resolved efficiently within 24 hours, thereby effectively enhancing customer trust and loyalty.



including raising customer satisfaction above

95%



Responsible Marketing

The Group strictly adheres to the laws and regulations of the countries and regions where it operates and is committed to implementing responsible marketing strategies, to ensure that our brand promotions are true, transparent, and aligned with social values. We rigorously comply with advertising regulations and avoid excessive beautification or misleading information. In our marketing activities, we advocate sustainable fashion concepts and encourage consumers to choose eco-friendly products. At the same time, we prioritise the protection of consumer privacy to ensure the legality and compliance of data usage. Through active communication and the feedback mechanism, we enhance consumer trust and satisfaction and foster mutual growth for both brand and society. This year, the Group has not been informed of any major violations concerning health and safety of products and services, advertising, labelling, and privacy matters.

Compliant marketing training helps brand development

To enhance the brand image and mitigate complaint risks, the Group hosted a seminar themed "Compliance Guides Development" on the occasion of International Consumer Rights Day (3·15). Experts from regulatory authorities were invited to provide guidance during the event. During the seminar, experts analysed consumer complaint trends over the past three years and interpreted relevant regulations within the context of live-streaming e-commerce development. They highlighted potential risks in advertising, quality, and pricing. Solutions were proposed for issues regarding false advertising, product quality, and after-sales services, which provided compliance directions for departments responsible for design, products, and marketing.

The seminar emphasised the enhancement of legal compliance in design, production, and marketing to prevent the risk of professional complaints, and required the legal department to strengthen the construction of the legal defence line. After the seminar, experts communicated with participants in Q&A sessions, which laid a foundation for compliant operations of retail outlets. This training effectively enhanced employees' awareness of responsible marketing and compliance, supporting the brand's sustainable development.





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Response to ESG issues

- Protection of employees' rights and interests •
- Occupational health and safety •
- Employee development and training •
- Supply chain management •
- Social benefit •



Grow Together with Employees

Compliant employment

The Group rigorously abides by the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China, as well as other pertinent regulations, to ensure fair and equitable recruitment, stamp out discrimination, and offer equal employment opportunities based on professional skills and qualifications. Meanwhile, the Group respects and protects employees' rights and interests, strictly follows labour laws, provides fair salaries and a healthy working environment, and safeguards employees' physical and mental health and legal rights and interests through occupational safety training and periodic policy reviews.

The Group recruits and uses work force in strict accordance with laws and regulations of the countries and regions where its operations are located, and it is resolute in preventing child labour and forced labour. During recruitment, the Group requires proof of identity and age from candidates to verify compliance with local laws and regulations regarding age before employment and conducts stringent background checks to preclude any indication of forced employment. In case of violations involving child labour or forced labour, the Group will promptly enable the emergency response mechanism to ensure the proper resettlement of affected individuals, investigate the processes involved and the responsible person(s), and improve relevant regulations and procedures. In 2024, the Group had no cases of child labour or forced labour across its businesses and operating locations and confirmed the absence of material risks in this regard within its operating locations, suppliers, and cooperating enterprises.



Employee compensation and welfare

The Group strictly abides by national labour laws and regulations and has established a rational compensation system. The compensation structure has comprehensively considered factors such as position value, employee skills, and work performance, to ensure both internal fairness and external competitiveness. Backed by a robust governance framework and internal audit mechanisms, the Group effectively implements various compensation policies. Through optimising the recruitment policies, strictly implementing anti-discrimination and anti-harassment measures, the Group creates a fair and respectful working environment.

In terms of employee management, the Group has implemented appropriate management assessments for each department and established performance assessments for the management level (heads of various departments), which are progressing towards a comprehensive performance assessment system, so that the Group can improve the overall management efficiency through rational assessments.

We always prioritise the protection of employees' rights, interests, and welfare. We pay social insurance for employees in strict accordance with national regulations to fulfil our legal obligations. Furthermore, for employees' physical and mental health, the Group provides not only regular medical check-ups, but also remote psychological counselling services, and introduces flexible work arrangements based on employees' needs to help them maintain good physical and mental health. To facilitate work-life balance, the Group provides female employees with statutory maternity leave and breastfeeding leave, provides lactation rooms, and offers newborn care packages, while providing paternity leave for new fathers to spend time with their families. Additionally, the Group conducts regular employee satisfaction surveys and actively organises diverse holiday celebrations, including traditional festival benefits for ethnic minority employees, to enhance their sense of belonging and participation.



Festival benefits

Occupational health and safety

The Group adheres to the core values of "People-oriented and Safe Development" and prioritises the protection of employees' occupational health and safety, with the target of creating a "zero-accident" workplace. In terms of organisational structure, there is a dedicated Safety Committee responsible for formulating and overseeing occupational health and safety matters, while the trade union participates in policy making and ensures the consideration of employees' rights and interests. The two organisations collaborate closely to implement the safety management measures. To achieve the "zero-accident" target smoothly, the Group links safety performance with management performance through a performance assessment mechanism, thoroughly identifies risks, and ensures a safe working environment and the physical and mental health of employees.

In terms of management philosophy and practices, the Group has established a comprehensive safety management system, strengthened risk control, and continuously improved the management measures for occupational health. In 2024, we actively carried out multiple actions such as upgrading non-motor vehicle parking areas, maintaining elevators, and inspecting equipment in power distribution rooms to effectively reduce potential safety hazards. Meanwhile, we conducted anti-fraud training and drug prohibition campaigns to enhance employees' safety awareness and self-protection capabilities. In addition, the Group organised TCM health lectures, provided medical check-ups and psychological support services to help employees maintain their physical and mental health.



Medical check-up

Employee Development and Training

To meet employees' diversified career aspirations, the Group has implemented a "Dual-Track Promotion System", allowing employees to choose either a professional or managerial development path. Throughout their growth journey, the Group emphasizes hands-on training, leveraging key projects and cross-departmental collaboration to promote career growth through practical development opportunities. Meanwhile, to ensure fairness and transparency in promotions, the Group adopts a performance appraisal mechanism combining KPIs and 360-degree evaluations, providing comprehensive and objective assessments of employees' performance and competencies.

The Group has established a robust training system centered on "self-driven motivation", encouraging employees to proactively engage in performance reviews and make personalised growth plans. A Training Committee is established by the Group to coordinate curriculum development and resource allocation, involving all departments in training needs analysis and effectiveness evaluation to drive continuous optimisation. The Center of Excellence ("COE") under the Human Resources Department, with its professional advantages, provides all-around and targeted support throughout employees' career cycles from onboarding guidance to potential development, facilitating comprehensive professional development.

The Group launches differentiated training programmes targeting diverse groups, including onboarding guidance and basic skill learning package for new hires, leadership development and team management champions for middle-level management, as well as strategic thinking and advanced management courses for managers, so as to meet the training needs for different positions and development pathways. Aligned with talent development planning, the Group implements a "Step-by-step Progression and Cyclical Rotation Training" leadership cultivation mechanism, paving distinct development ways for specific management levels. Such a mechanism, which prioritises cyclical capability building, anchors on one management level to conduct in-depth systematic empowerment on an annual basis, ensuring targeted allocation of training resources. In 2024, the training focus shifted to the leadership development programme for frontline managers titled "Manager Advancement Guide", clarifying role cognition of targeted managers and strengthening core skills like goal management, delegation and motivation, to build a talent-driven organisation.

The Group actively promotes industry-academia-research collaboration to cultivate industry talents and upgrade the talent roster. In 2024, the Group collaborated with Zhejiang Wanli University and Zhejiang Fashion Institute of Technology on the "Tianyi Flagship Store Festival Visual Merchandising" programme, which provided students with practical experience and brought fresh perspectives and talent to the Company.



G-YOUNG Training Programme for New Hires

In 2024, the Group recorded a total of 6,368 training hours, with an average of 17.5 training hours per employee, and a total of 914 training participants, accounting for 55% of the workforce. Moving forward, the training and development objectives for the next year will be set based on employee needs and competency models thereby continuously enhancing employee capabilities and organisational competitiveness.



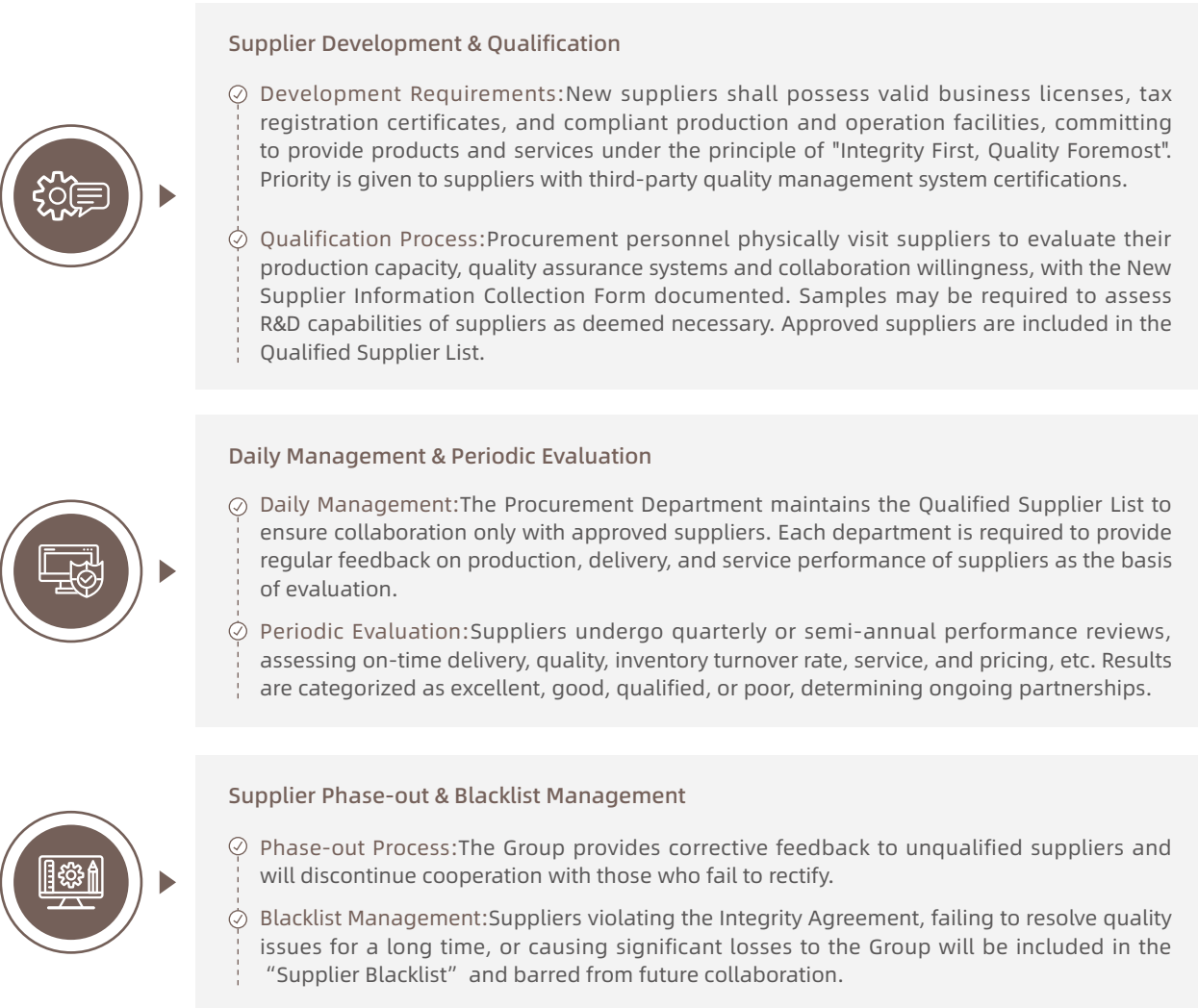
Supply Chain Collaboration

Supply Chain Management System

The Group has established a comprehensive supply chain management framework whereby the Procurement Department coordinates supplier development, evaluation, and daily management in collaboration with the Design Department, Production Department, Commodity Department and After-Sales Department, to ensure supply chain sustainability. To standardise supply chain management, the Group has formulated the Supplier Management Regulation, establishing criteria and procedures for supplier selection, evaluation, performance appraisal, and phase-out. The Regulation covers supplier due diligence, quality assurance, delivery capability, environmental protection, social responsibility and other aspects, requiring suppliers to comply with the Group's ESG policies and applicable laws.

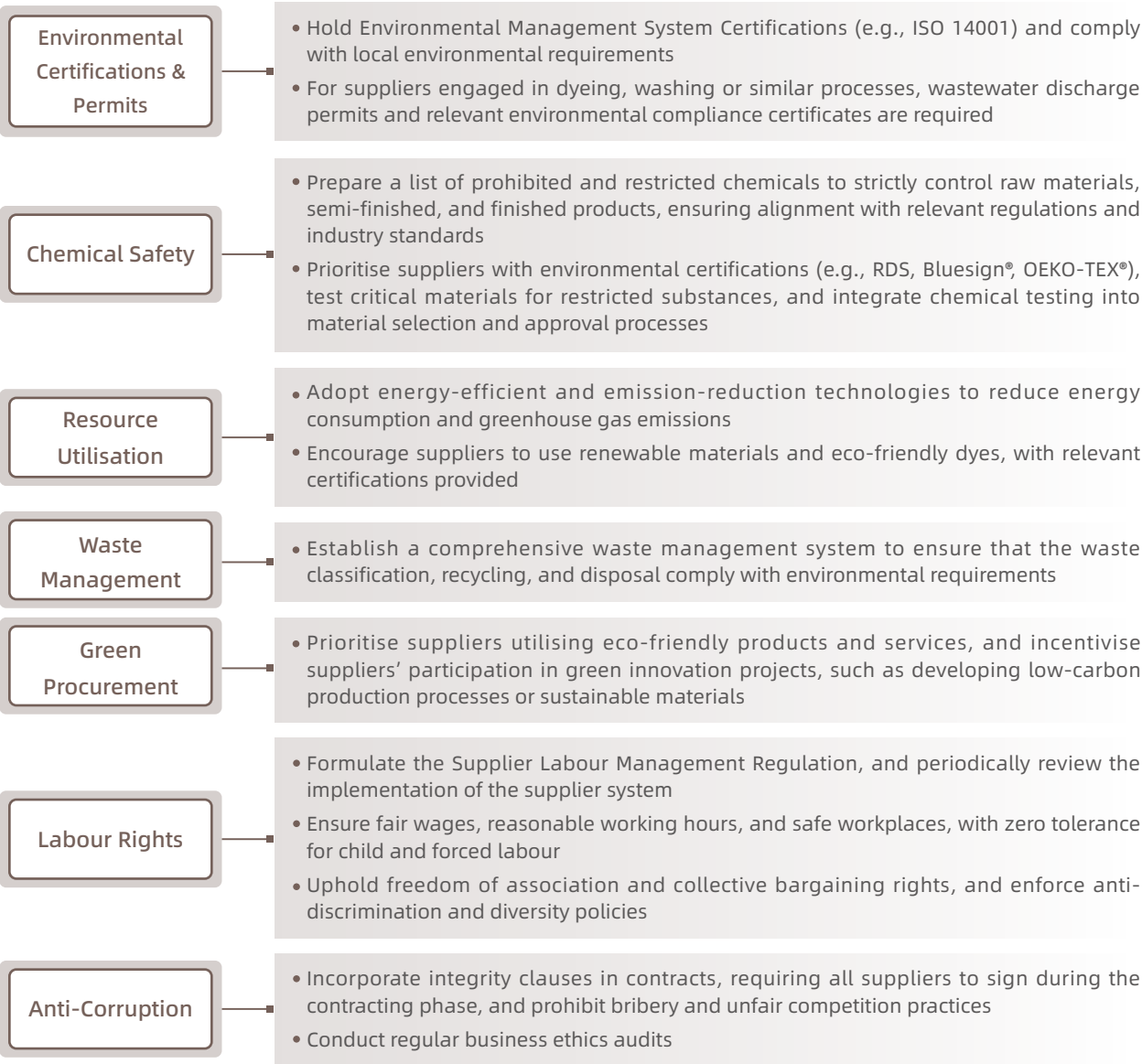
To enhance supply chain management efficiency, the Group implements an online Supply Chain Management ("SCM") system to comprehensively evaluate supplier performance on a quarterly basis. Metrics of the evaluation includes design competence, delivery timeliness, product quality, service, production safety, and environmental compliance. Based on the results, suppliers are categorised as primary or backup suppliers. Primary suppliers enjoy priority payment terms, while backup suppliers shall make necessary improvements within a specified timeframe.

Supplier Management Process of Mulsanne Group



Supply Chain ESG Risk Management

The Group has set clear objectives for supply chain management, including enhancing efficiency, reducing costs, improving supply chain flexibility and elevating customer satisfaction, which are driven by performance-linked assessment and incentives. ESG factors are fully integrated into the Group’s supply chain management, requiring suppliers to comply with standards on environmental protection, labour rights, and business ethics, etc. The Group has established the Supplier Labor Management Regulation to address labour issues such as forced labour, child labour, working hours, paid overtime, minimum wage compliance, non-discrimination, freedom of association, and occupational health and safety. In 2024, the Supplier Labor Management Regulation was revised by the Group to align with local minimum wage policies, introduce wage transparency requirements, strengthen protections for diverse groups, and enhance anonymous grievance mechanisms. Additionally, updated health and safety standards now incorporate mental health support and a finer overall health protection framework.



For labour management, the Group further strengthens the supply chain due diligence mechanisms and increases the frequency of regular inspections to ensure suppliers strictly comply with relevant regulations, thereby safeguarding the compliance and stability of labour management across the supply chain. For environmental compliance, the Group deploys specialists to conduct on-site assessments of suppliers, focusing on the implementation of environmental measures in the course of production, including wastewater treatment, exhaust emissions, and solid waste management. The suppliers who do not meet environmental standards are required to correct with a specified period, and those failing to correct will have their cooperation terminated.

Supplier Capacity Enhancement

The Group prioritises suppliers utilising eco-friendly products and services, and incentivises suppliers’ participation in green innovation projects, such as developing low-carbon production processes or sustainable materials. To enhance the ESG performance of suppliers, the Group launched the “Mulsanne Supply Chain Academy” programme, offering training led by industry professionals and senior experts in the garment industry. Covering environmental technologies, labour rights protection, and business ethics, etc. Additionally, the Group organises an annual supplier conference, inviting top-tier suppliers to share best practices in product quality improvement and explore collaborative opportunities for sustainability.

In 2024, we held dedicated quality meetings with approximately 30 key suppliers, focusing on core product categories such as casual pants, down jackets, coats, and knitwear. The meetings focused on reviewing historical issues and jointly formulating quality improvement goals and directions for the entire year of 2024. The meetings culminated in a quality consensus with the suppliers, and a clear collaborative action plan was established.

Community Welfare Services

The Group actively participates in public welfare initiatives to fulfil its corporate social responsibility. Through the establishment of a charitable endowment fund, the Group donated RMB 3 million under a principal-preserving donation model, donating annual interest at a 6% yield to the Ningbo Jiangbei District Charity Federation for poverty alleviation, education, and medical assistance. Led by the President’s Office, the Group collaborates with local charities and leverages its industry expertise to launch featured projects such as clothing donation campaigns. The Group also builds partnerships with government bodies, the Red Cross, and other NGOs to amplify philanthropic impact. Moving forward, the Group will deepen its public welfare practices by integrating resources to further contribute to societal sustainable development.

Mulsanne Empowers Employment Transformation for Disabled Communities in Ye Village

The "Home for the Disabled" of Ye Village (the “Home”), located in Songyang County, Zhejiang Province, began operations in June 2023 as a Three-Star Accredited Home for Persons with Disabilities housing 46 residents with disabilities. Supported by government policies, corporate partnerships, and community assistance, the institution focuses on enhancing income generation, self-care capabilities, and social adaptability for people with disabilities, fostering employment rehabilitation and inclusion of persons with and without disabilities. Since 2024, Mulsanne Group has actively responded to government policies by providing employment opportunities for the Home, offering wages and social insurance contributions to help residents achieve localised employment.



Mulsanne Group Supported Employment Base for Persons with Disabilities





03

GREEN LEADS VOGUE

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Response to ESG issues

- Waste Management ●
- Chemical Safety ●
- Resource Utilisation and Energy Consumption ●
- Environmental and Natural Resource Stewardship ●
- Climate Change Response ●
- Sustainable Raw Material Sourcing ●



Climate-Related Disclosures

Governance

The Group has established an ESG governance structure with the Board of Directors as the highest decision-making authority. The Board is responsible for formulating ESG strategies and ensuring effective risk management and internal control systems. Climate-related risks and opportunities are integrated into ESG governance.

Board Responsibilities	The Board regularly reviews and oversees the development and implementation of climate strategies and risk management frameworks. A Sustainability Committee, comprising directors with specialized knowledge in environmental and supply chain management, evaluates the operational and financial impacts of climate risks and provides strategic recommendations.
Management Execution	Management has established a cross-departmental climate task force covering production, procurement, and logistics to implement climate strategies, regularly report progress, and allocate resources.
Emergency Mechanisms	An emergency response team has been formed to develop early warning systems, appropriately assign responsibilities, and conduct comprehensive evaluations to ensure policy adherence.

Strategy

Short-Term Strategy (1-2 years)		
<ul style="list-style-type: none">Renewable Energy Adoption:Continuously expand rooftop solar panel installations for renewable energy solutionsGreen Raw Materials:Prioritise low-carbon raw materialsEmployee Training:Conduct climate literacy programmes		
Medium-Term Strategy (3-5 years)		
<ul style="list-style-type: none">Production Process Optimisation: Collaborate with OEM suppliers on energy-saving and emission-reduction projects, optimise production processes and enhance energy efficiency through equipment upgrades and technological transformation;Green Logistics: Explore low-carbon transportation solutions, such as increasing the proportion of electric vehicles.		
Long-Term Strategy (more than 5 years)		
<ul style="list-style-type: none">Set carbon neutrality goals, achieve net-zero emissions through carbon offsetting and carbon capture technologies, etc., and increase investment in sustainable material research and development to drive green transformation across the industrial chain.		

Climate-Related Risks and Opportunities

The Company assesses potential climate-related impacts and opportunities and formulates targeted mitigation strategies after identifying and analysing physical risks and transition risks associated with climate change based on industry characteristics and operational realities. The identified risks, opportunities, and corresponding mitigation measures are outlined below:

Risk Type		Risk Description	Risks and Opportunities	Mitigation Measures
Physical Risks	Acute Risks	Rising sea levels due to climate change, resulting in extreme weather events such as typhoons, floods, droughts, storm, etc.	<ul style="list-style-type: none">Extreme weather events (e.g., typhoons, heavy rainfall) may lead to supply chain disruptions or logistics delays, and affect store operations	<ul style="list-style-type: none">Establish extreme weather early-warning systems and deploy emergency response plans in advanceStrengthen supply chain diversification strategy and reduce risk of single geographic area dependencyPurchase natural disaster insurance coverage for warehouses
	Chronic Risks	Chronic risks including sea-level rise and increasing high-temperature events	<ul style="list-style-type: none">Prolonged high-temperature conditions may necessitate longer air-conditioning usage, leading to increased energy consumption and long-term operational cost escalationElevated occupational health risks for logistics staff during heatwaves may result in productivity decline and higher heat allowance expenditures	<ul style="list-style-type: none">Closely monitor warehouse operations and employee health conditions, and activate heatwave response measures timelyInvest in energy-efficient equipment and technologies for warehouses to reduce energy consumption
Transition Risks	Policy and Regulatory Risks	Stricter carbon emission regulations and environmental standards in response to climate change may be imposed by governments around the world	<ul style="list-style-type: none">Compliance costs and operational pressures increase	<ul style="list-style-type: none">Track policy trends and formulate compliance roadmaps in advancePromote the use of green packaging materials (e.g., biodegradable plastic bags, recycled paper boxes)Introduce eco-friendly processes (e.g. low-carbon dyeing technologies) to reduce product carbon footprints
	Market Risks	Increased consumer awareness of environmental protection may lead to changes in market demand	<ul style="list-style-type: none">Accelerate the adoption of green packaging solutions and eco-friendly manufacturing processes, aiming to capture market leadership and strengthen brand competitiveness	<ul style="list-style-type: none">Increase R&D investment in eco-friendly products and launch a sustainable fashion lineEnhance green branding campaigns to boost consumer recognition
	Reputational Risks	Heightened public awareness of environmental protection requires growing scrutiny of corporate actions in addressing climate change	<ul style="list-style-type: none">Failure to effectively address climate challenges may result in negative evaluations from consumers, investors and regulators, damaging brand reputationProactive responses to climate change may enhance brand reputation and attract ESG investments	<ul style="list-style-type: none">Publish regular ESG reports to transparently disclose progress on climate action initiativesStrengthen communication with stakeholders to showcase achievements in sustainability

The Group implements concrete measures to address extreme weather events. It regularly cleans debris from the roof and inspects drainage outlets to ensure smooth drainage, and also protects property safety through timely repairs of any leaks in the house and enhanced door and window sealing inspections. In addition, the Group organises fire drills to strengthen overall emergency response capabilities, minimising potential losses from climate-related disruptions.

Indicators and Targets

The Group continues to promote the integration of low-carbon environmental philosophy into its business operations by setting carbon reduction targets to support China’s national goals of achieving carbon peaking and carbon neutrality.

Indicators	Unit	Year 2024
Greenhouse Gas (GHG) Emissions(Scope 1 + Scope 2)	tonne(s) of CO ₂ equivalent	1,791.22
GHG Emission Intensity(Scope 1 + Scope 2)	tonne(s) of CO ₂ equivalent/ RMB100 million	78.92
Direct GHG Emissions(Scope 1)	tonne(s) of CO ₂ equivalent	6.24
Indirect GHG Emissions(Scope 2)	tonne(s) of CO ₂ equivalent	1,784.98

Energy Management

To enhance energy management standards, the Group has established detailed usage guidelines covering office areas, conference rooms, shared printing zones, and also established specific regulations for air conditioning and nursing room operations, aiming to optimise resource utilisation, reduce energy consumption, and foster a green office environment. To ensure effective implementation of the policies, the Group regularly reviews and updates policies through the " Mulsanne Knowledge Hub" platform, and enhances employee engagement through awareness campaigns and training to encourage all employees to participate in energy-saving initiatives and advance sustainable development of the Group.



Mulsanne PARK Daily Conduct Guidelines

✓ Regulations for Use of Conference Room

✓ Regulations for Use of Rest Areas

✓ Smoking Room Management Rules

✓ Regulations for Use of Restroom

✓ Cafeteria Dining Regulations

✓ Waste Classification Regulations

For energy conservation initiatives, the Group strictly enforces the regulations for use of office areas, ensuring the timely shutdown of lights and HVAC systems in a timely manner, and monitoring the use of high-power equipment during winter. Energy waste is further reduced by optimising corridor lighting and integrating energy checks into janitorial and security patrol routines. Additionally, the Group has installed a photovoltaic (PV) power generation system at its Xiangshan Logistics Warehouse to advance the application of renewable energy. Through green procurement practices and the implementation of smart lighting controls in fire stairwells and parking areas, the Group achieves energy savings, emission reductions, and efficient resource utilisation, establishing a solid foundation for sustainable development.



PV Solar Power Generation Installation in Xiangshan Logistics Warehouse

Water Resource Management

The Group has established a comprehensive water resource management system. The Group does not face the risk of groundwater supply disruption as groundwater is not used for its water supply. In key areas, the Group has implemented multiple effective measures, including posting water-saving reminders in restrooms, shutting down non-essential water facilities during holidays to reduce unnecessary water consumption, and insulating water supply pipelines in winter to prevent pipeline damage and leakage caused by low temperatures. These measures not only effectively mitigate the risk of water wastage but also minimise water resource losses due to pipeline ruptures.

Waste Management

The waste generated by the Group primarily consists of office waste, including paper and electronic waste. To ensure effective implementation of environmental requirements, the Group has established a clear waste management framework with collaborative responsibility among the Administration Department, Information Technology Department, and Store Operation Department. Additionally, dedicated departments are established to oversee the treatment of waste and emissions, ensuring compliance with all environmental requirements. To regulate waste management processes, the Group has developed and continuously improved relevant policies and systems, including the Mulsanne PARK - Waste Classification Regulations and the Asset Management Regulation. These frameworks provide systematic guidance for waste management, optimising resource utilisation.

The Group actively implements the 5R Principles (Reduce, Reuse, Recycle, Regenerate and Replace), and adopts science-driven waste management practices to advance sustainability.

Reduce

>>>

➤ Reduce

·Optimise production processes and logistics packaging design to reduce waste generation

·Set resource conservation reminders in restrooms to encourage employees to reduce resource waste

Reuse

>>>

➤ Reuse

·Promote reprinting on scrap paper to prolong the life of paper

·Achieve creative waste upcycling by repurposing defective products into Christmas tree for displays

Recycle

>>>

➤ Recycle

·Strictly implement waste classification and guide staff to correctly dispose of waste through the Mulsanne-PARK Waste Classification Regulations

·Professional cleaners are arranged to collect waste in a unified manner and deliver it to designated garbage station, with daily removal by the Park’s waste collection vehicles

Regenerate

>>>

➤ Regenerate

- Utilise recycled zippers and buttons, which are made from biodegradable resin and 30% recycled PET plastic bottles, respectively, in the production process to practice environmental protection
- Classify and review scrapped assets and match them with appropriate disposal methods through the “Application for Disposal of Corporate Assets” system for compliant waste processing and resource recovery

Replace

>>>

➤ Replace

- Use leather cosmetic bags instead of traditional disposal paper packaging in the 2024 Spring Gifts distribution to reduce the use of disposal packaging and promote resource recycling



In 2024, the Company utilised waste materials, repurposing defective products into Christmas tree for displays



Packaging Materials Management

The Group uses packaging materials to protect products from damage during shipping. The packaging materials mainly include plastic bags, paper boxes and paper bags, with material consumption predominantly attributable to product sales. To achieve a balance between environmental sustainability and operational efficiency, the Group has adopted comprehensive management measures. A dedicated Packaging Materials Management Department has been established to manage the procurement, use, and recycling of packaging materials, and collaborates closely with the Procurement Department, Production Department, and Logistics Department to ensure the rational utilisation of materials and adherence to environmental protection standards.



Environmental standards: Prioritise biodegradable and recyclable packaging materials, such as paper boxes and paper bags made from post-consumer recycled (PCR) paper, as well as plastic bags meeting global environmental regulations;

Inventory management: Leverage advanced inventory management systems to monitor packaging material stock levels in real time to prevent over-procurement and waste; Enforce reusable packaging in internal logistics operations, such as multi-cycle utilisation of paper boxes and paper bags.

Packaging design: Reduce the use of unnecessary packaging materials by optimising packaging design. For example, adopt lightweight design paper boxes and plastic bags, minimizing material use while ensuring product integrity during shipping.

Through these initiatives, the Group has significantly reduced the environmental footprint of its packaging materials, strengthened value chain sustainability, and demonstrated unwavering dedication to ecological stewardship.



04

ROBUST GOVERNANCE STEWARDSHIP

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Response to ESG issues

- Compliance and Risk Management ●
- Corporate Governance ●
- Business Ethics ●
- Information Security and Privacy Protection ●



Corporate Governance

The Board of Directors of the Group, as the highest governing body composed of Executive Directors, Non-executive Directors, and Independent Non-executive Directors, is fully responsible for strategic planning formulation, risk management oversight, and operational supervision. The Board has established three specialised committees: (i) the Audit Committee primarily which oversees financial reporting processes, internal control systems, and compliance matters; (ii) the Remuneration Committee, which focuses on formulating executive compensation policies; and (iii) the Nomination Committee, which is tasked with evaluating director appointments and promoting Board diversity. The Board convenes shareholders' meetings and Board meetings regularly in accordance with relevant regulations.

Board Independence and Diversity

Board diversity is a critical initiative for driving balanced and sustainable corporate development and can effectively enhance corporate competitiveness. The Group's Independent Non-executive Directors come from diverse industries with extensive expertise in finance, legal affairs, taxation, and other fields. They fully leverage their professional capabilities and checks-and-balances role to safeguard the interests of shareholders, the Company, and other stakeholders. The Nomination Committee has assessed the independence of Independent Non-executive Directors, confirming their compliance with the independence guidelines under the Listing Rules. Considering each Independent Non-executive Director's tenure and the perspectives, skills, and experience they bring to the Board, they are deemed independent. The Company has received annual independence confirmations from all Independent Non-executive Directors, and the Board has verified their independence. The Board comprises 9 directors, with Non-executive and Independent Non-executive Directors constituting 88.9% of Board membership. Independent Non-executive Directors represent 33.3%, with female representation at 11.1%. All committees are composed entirely of Non-executive and Independent Non-executive Directors (100% composition).



	Audit Committee	Remuneration Committee	Nomination Committee
Number of Committee Members	3	5	3
Convener	Independent Non-executive Director	Independent Non-executive Director	Independent Non-executive Director
Proportion of Non-executive and Independent Non-executive Directors	100%	100%	100%

Board Effectiveness

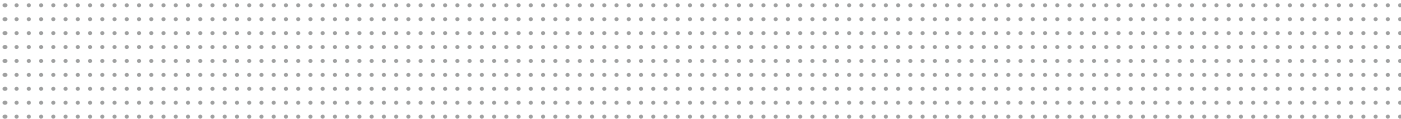
To continuously enhance the Board's governance capabilities and decision-making efficiency, the Group regularly organises director training programmes. In 2024, two Board training sessions were conducted: (i) in February, learning materials were distributed via email, covering the Annual Report Review published by Hong Kong Exchanges and Clearing Limited ("HKEX"); and (ii) in December, a professional institution delivered training during a Board meeting, focusing on the Director Code of Conduct and connected transactions. These training initiatives have further strengthened the professional competencies and compliance awareness of the Board members.

Compliance and Risk Management

The Group has established an internal control team to optimise operational workflows, enhance audit efficiency, and improve work quality. In 2024, the Group introduced and revised a series of management systems, including fund management, budget management, remuneration management, inventory management, store stocktaking, fixed asset management, supplier management, procurement management, and contract management, etc., which have significantly strengthened the Group’s risk management capabilities.

The Group continuously refines its risk management process, covering risk prevention, identification, assessment, response, and monitoring. ESG factors such as environmental compliance, occupational health and safety, product quality, and supply chain risks are integrated into risk evaluations. In 2024, the Group implemented controls over potential risks, detecting vulnerabilities such as improper supplier selection, unreasonable procurement planning, misappropriation of funds, remuneration fraud, loss of assets and contract disputes across 7 critical processes: procurement and payment, budget management, fund management, remuneration management, fixed asset management, contract management and integrated management. In this regard, the Group formulated mitigation measures such as issuing regulations for management of suppliers, procurement and funds, optimising approval workflows, systematising payroll calculations, and enhancing asset inventory rules and authority controls, so as to minimise the adverse impact of potential risks on the Company's business, and improve risk prevention and control capabilities.

Concurrently, the Group conducted compliance risk reviews and formulated specific corrective action plans for identified gaps. All business units actively implemented corrective actions upon receiving rectification notices, ensuring whole staff awareness. The Group assessed the overall risks and implemented specialized risk management across seven key areas, including store expansion risks, cash flow risks, customer credit risks, inventory overstock risks, new building renovation risks, procurement management risks and fixed asset management risks, to ensure that the risks were controllable.



Business Ethics

Business ethics are fundamental to corporate sustainability in the market, directly impacting corporate reputation, long-term development, and the interests of stakeholders. The Group is committed to building a comprehensive and robust business ethics framework, implementing the principles of honesty and integrity across all business dimensions to maintain the highest ethical standards in the complex and volatile market environment.

Anti-Corruption and Anti-Fraud

The Group has steadfastly adhered to integrity principles, strictly complying with laws and regulations such as the Regulations on the Implementation of the Supervision Law of the People's Republic of China and the Interim Provisions on Prohibiting Commercial Bribery. Internally, the Group has established and enforced systems such as the Anti-Fraud and Anti-Corruption Management Rules based on the Company's operational realities, which explicitly defines fraudulent activities, standardises verification procedures and develops disciplinary measures accordingly. Meanwhile, the Group has regularly updated the Integrity and Self-discipline Agreement, mandatory for all employees to sign. Integrity clauses are embedded in all contracts, with established whistleblowing channels that support external reporting and monitoring and ensure whistleblower confidentiality. These mechanisms rigorously prevent corrupt or unethical practices.

Anti-extortion and Anti-money Laundering

The Group is dedicated to establishing a comprehensive and effective anti-extortion and anti-money laundering framework, with a zero-tolerance stance for all employees and affiliates. To mitigate relevant risks, all departments are required to retain customer identification information and transaction records, and prevent unauthorised use of data through continuously oversight and analysis of transaction data. In terms of anti-money laundering, each department shall define clear job responsibilities and operational boundaries, refraining from engaging in activities beyond their authorised scope. Through rigorous review and supervision, the Group combats illicit financial transactions, ensuring full regulatory compliance in business activities.

Anti-unfair Competition

The Group strictly observes the Anti-Unfair Competition Law of the People's Republic of China, safeguarding fair market competition. To prevent unfair competition practices, the Group conducts regular market practice reviews targeting price monopoly, false advertising, commercial defamation and trade secret infringement. Through the establishment of internal monitoring mechanisms, the Group ensures the legality and transparency of marketing activities, proactively preventing all practices that may compromise fair market competition. Furthermore, the Group enforces contractual clauses with suppliers and partners that explicitly prohibit all forms of unfair competition, thus strengthening market order and upholding business ethics.

Whistleblowing Management

The Group has established a robust whistleblowing mechanism with explicit reporting channels incorporated in the Integrity and Self-discipline Agreement. Employees may report business ethics violations, including corruption, bribery, and fraud, by real name or anonymously. The Group attaches great importance to whistleblowers’ confidentiality and has a strict whistleblower confidentiality mechanism in place to safeguard their identity information. At the same time, the Group provides comprehensive safeguards for whistleblowers facing potential retaliation risks to ensure their personal and occupational safety. All reported cases are thoroughly investigated by designated departments, with appropriate actions taken based on findings.



Information Security and Privacy Protection

The Group places paramount importance on safeguarding internal and customer information security and has formulated an information security management system. This comprehensive information security protection framework encompasses server room security management, network system security protection, daily operation and maintenance security management, cloud data governance and server data logic control, electronic document management, billing and reverse billing controls. This system standardises various specific operations including the account and authority management of enterprise information system as well as data governance, to maintain the integration, compliance and effectiveness of enterprise information system, and mitigate potential risks in information system access controls.

The Group enforces stringent security measures for the collection, processing, storage, utilisation, and retention of customer data, including but not limited to names, phone numbers, and addresses. All sensitive customer data are handled under strict confidentiality protocols by assigned personnel. Adhering to governance rules, the Group conducts comprehensive training for staff involved in safeguarding customer data to heighten awareness and shield personal information from loss, unauthorised access, misuse, alteration, or unauthorised disclosure. Access to customer data is restricted based on departmental divisions and job roles to prevent illicit activities, such as the unauthorised disclosure of customer information to third parties.

Furthermore, the Group ensures prompt backup and secure storage of customer data in a designated location. The Information Technology Department conducts routine checks and assessments on customer information, and any data transfers require joint authorisation from the relevant departments and the head of the Information Technology Department to enhance the security management of customer data.



Security Technology Building

During the Reporting Period, the Group adopted a series of comprehensive measures in security technology building, aiming to protect information security and system stability in all aspects. In terms of physical access, the Group segregates servers carrying sensitive user data relatively from other areas on the physical network and controls communications through firewalls; in terms of application system access management, we implements rigorous segregation of permissions by accounts and requires standardised approval process for the opening of special access permissions; in terms of network security, we update the relevant equipment and software of the Company regularly to ensure information security by keeping the virus database and the security threat database up-to-date; at the same time, the Group conducts disaster recovery drills for the business system once every six months to ensure the normal operation of the disaster recovery system in order to cope with unforeseen events.



Security Technology-based Protection

In 2024, the Group enhanced its information security protection capability by taking a number of new measures in security technology building. The latest bastion host system we have introduced logs all access credentials and enforces two-factor authentication in the daily operation and maintenance of the business systems to ensure a segregated account allocated to each user and a unique authentication code used for each login, thus retaining user operation traces to the greatest extent possible and facilitating the traceability of subsequent audits. In the aspect of behaviour management, the Group has activated the light identity verification system to ensure a quick location to the relevant equipment terminals in the event of a network security incident. Meanwhile, we also implemented guest network controls, adding a new standalone guest network which has no access to internal data and is equipped with an independent network exit, to safeguard the security and independence of guests' access to the Internet.



Business System Data and Segregation of Permissions

The Group implements data masking when presenting business system data externally and maximises the masking of user-sensitive information to safeguard user data and privacy security while satisfying the requirements of enterprise data analysis and report presentation.

Regarding the segregation of permissions for business systems, we divide permissions into four levels: system administrator, business administrator, data administrator, and user. We enforce strict process controls for opening administrator-level accounts to ensure the security and compliance of permission management.

Intellectual Property

The Group has formulated the Rules Regarding Intellectual Property Registration Application to protect the Group's intangible assets, such as trademarks, patents, and copyrights, while also ensuring the Group's proper use of design copyrights and trademarks to avoid any damage to rights and interests or infringement risk.

The Group has implemented clear operational policies for managing intellectual property affairs. During the registration process, the head of the Group's Procurement Department reviews and validates the relevant materials before forwarding them to the Legal Department. The Legal Department conducts initial assessments on the logos and graphics, evaluates the likelihood of successful intellectual property registration, provides pertinent feedback, and then submits the registration application to the Administrative Department for final approval. Furthermore, intellectual property clauses have been integrated into all contract versions to safeguard intellectual property security.

The Group conducts annual training sessions on intellectual property-related topics and engages in centralised procurement of copyright products, such as fonts, music, and IT copyrights, to enhance their utilisation frequency and efficiency. We consistently monitor its domain names, ensuring timely renewal before expiration, and also strategically utilise their registered domain names and diverse trademarks over an extended period to effectively protect the intellectual property interests. Moreover, the Group employs an independent legal service agency to assist the Group in addressing and resolving intellectual property-related issues and conflicts, thereby protecting the Group's legal rights. In 2024, the Group conducted irregular review of all external copy and designs currently used and published by the Company, including software, fonts, trademarks, artwork, and music. This initiative aimed to ensure compliance of the Group's intellectual property.



APPENDIX

ESG KPIs

List of Data

ESG Indicators	Unit	2023	2024
Environmental Indicators			
A1.1 Emissions ¹			
Nitrogen Oxides (NOx)	kg	1.23	1.64
Sulphur Oxides (SOx)	kg	0.04	0.04
Suspended Particulate Matter (PM)	kg	0.09	0.12
Total emissions of waste gas	kg	1.37	1.80
Total emission intensity of waste gas	kg/RMB100 million	0.69	0.08
A1.2 Greenhouse Gas (GHG) Emissions			
Total GHG emissions (Scope 1 & Scope 2)	tonne(s) of CO ₂ equivalent	1,495.90	1,791.21
GHG emissions (Scope 1) ²	tonne(s) of CO ₂ equivalent	7.80	6.24
GHG emissions (Scope 2) ³	tonne(s) of CO ₂ equivalent	1,488.10	1,784.98
GHG emission intensity (Scope 1 & Scope 2)	tonne(s) of CO ₂ equivalent/ RMB100 million	64.20	78.92
A1.3 Hazardous Waste ⁴			
Waste batteries	tonne(s)	0.10	0.04
Electronic waste	tonne(s)	2.70	6.30
Total hazardous waste	tonne(s)	2.80	6.34
Hazardous waste intensity	tonne(s)/RMB100 million	0.10	0.28
A1.4 Non-Hazardous Waste ⁵			
Office paper consumption	tonne(s)	3.30	3.00
Retail store refurbishment waste	tonne(s)	3,105.00	2,480.00
Total non-hazardous waste	tonne(s)	3,108.30	2,483.00
Non-hazardous waste intensity	tonnes/RMB100 million	133.50	109.39
A2.1 Total Energy Consumption and Intensity ⁶			
Gasoline	L	2,600	2,400
Diesel oil	L	300	300
Electricity	kWh	2,516,745	3,326,455

ESG Indicators	Unit	2023	2024
Total energy consumption	MWh	2,542.95	3,350.87
Total energy consumption intensity	MWh/RMB100 million	109.18	147.63
A2.2 Total Water Consumption and Intensity			
Natural water	tonne(s)	28,891.00	32,114.00
Water consumption intensity	tonne(s)/RMB100 million	12.40	14.15
A2.5 Use of Resources			
Packaging materials used for products			
Plastic bags	tonne(s)	321.00	308.80
Intensity of plastic bags	tonne(s)/RMB1 million	0.14	0.14
Packaging materials used in the offline retail process			
Paper bags	tonne(s)	220.10	258.00
Paper boxes	tonne(s)	245.52	264.00
Intensity of paper bags	tonne(s)/RMB1 million	0.09	0.11
Intensity of paper boxes	tonne(s)/RMB1 million	0.11	0.12
Packaging materials used in the online retail process			
Paper bags	tonne(s)	172.14	161.50
Paper boxes	tonne(s)	223.25	282.60
Intensity of paper bags	tonne(s)/RMB1 million	0.07	0.07
Intensity of paper boxes	tonne(s)/RMB1 million	0.10	0.12
Social Indicators			
B1.1 Total Number of Employees			
Total number of employees	person(s)	508	467
By form of employment			
Total number of full-time employees	person(s)	508	467
Total number of part-time employees	person(s)	-	-
By gender			
Male	person(s)	204	165
Female	person(s)	304	302
By age			
30 years old and below	person(s)	248	217
31-50 years old	person(s)	257	248
50 years old and above	person(s)	3	2

ESG Indicators	Unit	2023	2024
By education background			
Bachelor's degree and above	person(s)	203	205
College degree	person(s)	201	174
Vocational school and high school degrees	person(s)	83	73
Junior high school degree or below	person(s)	21	15
By region			
Ningbo	person(s)	503	457
Shanghai	person(s)	1	6
Guangzhou	person(s)	1	1
Beijing	person(s)	1	1
Hong Kong	person(s)	2	2
B1.2 Employee turnover rate			
Former employees	person(s)	247	174
By gender			
Male	%	32.4%	46.0%
Female	%	67.6%	54.0%
By age			
30 years old and below	%	57.5%	58.0%
31-50 years old	%	41.7%	40.8%
50 years old and above	%	0.8%	1.1%
By region			
Ningbo	%	97.6%	99.4%
Shanghai	%	2.4%	0.0%
Guangzhou	%	0.0%	0.0%
Beijing	%	0.0%	0.6%
Hong Kong	%	0.0%	0.0%
B2.1 Work-related fatalities			
Work-related fatalities over the past three years (including reporting year)	person(s)	-	-
Ratio of work-related fatalities over the past three years (including reporting year)	%	-	-
B2.2 Number of lost days due to work-related injuries			
Total number of lost days due to work-related injuries	天	17	33

ESG Indicators	Unit	2023	2024
B3.1 Percentage of Trained Employees			
Total number of trained employees ⁷	person(s)	560	914
By gender			
Male	%	39.6%	26.0%
Female	%	60.4%	74.0%
By employee type			
Senior management	%	13.6%	0.8%
Middle management	%	13.0%	10.2%
General employees	%	73.4%	89.1%
B3.2 Average Training Hours of Employees			
Total training hours of employees	hour(s)	4,475.5	6,368.0
Average training hours of employees	hour(s)	8.0	7.0
By gender			
Male	hour(s)	7.5	6.5
Female	hour(s)	8.3	7.1
By employee type			
Senior management	hour(s)	11.8	5.0
Middle management	hour(s)	10.2	6.4
General employees	hour(s)	6.9	7.0
B5.1 Number of Suppliers			
Total number of suppliers	No.	274	267
By region			
East China	%	77.0%	78.3%
South China	%	17.5%	16.1%
Northeast China	%	2.9%	2.6%
North China	%	1.1%	2.2%
Central China	%	1.5%	0.7%
By function			
OEM suppliers	%	70.1%	55.4%
Raw material suppliers	%	24.8%	41.9%
Logistics suppliers	%	3.6%	1.9%
Others	%	1.5%	0.7%

ESG Indicators	Unit	2023	2024
B6.1 Recalls of Products			
Percentage of recalls for safety and health reasons in total products sold or shipped	%	0	0
B6.2 Complaints about Services			
After-sales service or product-related complaints	time(s)	168	160
Governance Indicators			
B7.1 Anti-corruption			
Number of anti-corruption trainings provided to directors and employees	time(s)	2	1
Average anti-corruption training hours accepted by directors and employees	hour(s)	3	3
Coverage of anti-corruption trainings for directors and employees	%	100%	100%
Number of concluded legal cases regarding corrupt practices brought against the Company or employee(s) during the Reporting Period	piece(s)	0	0
B8.1 Community Investment			
Charitable donations	RMB10,000	/	18.00

Notes:

- 1.Emissions (nitrogen oxides, sulphur oxides and particulate matter) are mainly produced from the waste gas emitted during the use of the Group’ s official vehicles. The calculation method of emissions from official vehicles refers to How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEX;
- 2.Scope 1 GHG emissions are mainly direct GHG emissions generated by the consumption of fossil fuels (including gasoline and diesel oil) during the Group’ s operations/production process. The calculation of major GHG emissions from fossil fuel consumption refers to the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Public Building Operation Units (Enterprises) (Trail) issued by the General Office of the National Development and Reform Commission;
- 3.Scope 2 GHG emissions are mainly indirect GHG emissions resulting from the consumption of purchased electricity during the Group’ s operations/production process. The calculation method refers to How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by HKEX, in which emission factors for electricity in 2024 adopts the grid emission factor of 0.5366 kgCO₂/kWh from the Announcement on the Release of the 2022 Electricity CO₂ Emissions Factors issued by the Ministry of Ecology and Environment on 26 December 2024;
- 4.Hazardous waste data come from the disposal volume of waste batteries and electronic equipment generated during the Group’ s operations;
- 5.Non-hazardous waste data mainly come from the disposal volume of non-hazardous wastes in the Group’ s operations and logistics systems;
- 6.Total energy consumption is converted from the consumption of gasoline, diesel oil, and purchased electricity, and is calculated by reference to the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020). In 2024, the purchased electricity increased with the expansion of warehouse area due to the decoration of the new building and the relocation of the Cidong warehouse;
- 7.The total number of trained employees includes former employees and front-line terminal staff (non-regular employees), resulting in the total number of trained employees exceeding the total number of employees at period-end.

Index of the ESG Reporting Guide

Aspects	Major Performance Indicators	Corresponding Report Section
A1	Emissions	
General Disclosures	Information on: (a) the policies; and (b) compliance with laws and regulations that have a significant impact on the issuer relating to waste gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Climate-Related Disclosures; Waste Management
A1.1	The types of emissions and respective emissions data.	ESG KPIs
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG KPIs
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG KPIs
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	ESG KPIs
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate-Related Disclosures; Waste Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and the description of reduction target(s) set and steps taken to achieve them.	Waste Management
A2	Use of Resources	
General Disclosures	Policies on the efficient use of resources (including energy, water, and other raw materials).	Energy Management; Water Resource Management
A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas, or oil) in total (in kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	ESG KPIs
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	ESG KPIs
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Management; Water Resource Management
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.	Water resources are mainly for domestic use in the office and warehouse areas, which are mainly from municipal water supply and there is no problem with water sourcing.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ESG KPIs
A3	The Environment and Natural Resources	
General Disclosures	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Climate-Related Disclosures; Waste Management; Packaging Material Management
A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Climate-Related Disclosures; Waste Management; Packaging Material Management

Aspects	Major Performance Indicators	Corresponding Report Section
A4	Climate Change	
General Disclosures	Policies to identify and respond to significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate-Related Disclosures
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.	Climate-Related Disclosures
B1	Employment	
General Disclosures	Information on: (a) the policies; and (b) compliance with laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, vacation, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Grow Together with Employees
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ESG KPIs
B1.2	Employee turnover rate by gender, age group and geographical region.	ESG KPIs
B2	Health and Safety	
General Disclosures	Information on: (a) the policies; and (b) compliance with laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Grow Together with Employees
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ESG KPIs
B2.2	Lost days due to work injury.	ESG KPIs
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Grow Together with Employees
B3	Development and Training	
General Disclosures	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Grow Together with Employees
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	ESG KPIs
B3.2	The average training hours completed per employee by gender and employee category.	ESG KPIs
B4	勞工準則	
General Disclosures	Information on: (a) the policies; and (b) compliance with laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Grow Together with Employees
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Grow Together with Employees
B4.2	Description of steps taken to eliminate such practices when discovered.	Grow Together with Employees
B5	Supply Chain Management	
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Supply Chain Collaboration

Aspects	Major Performance Indicators	Corresponding Report Section
B5.1	Number of suppliers by geographical region.	ESG KPIs
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Collaboration
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Collaboration
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Collaboration
B6	Product Responsibility	
General Disclosures	Information on: (a) the policies; and (b) compliance with laws and regulations that have a significant impact on the issuer relating to the health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Quality; Responsible Marketing
B6.1	Percentage of recalls for safety and health reasons in total products sold or shipped.	ESG KPIs
B6.2	Number of products and service-related complaints received and how they are dealt with.	Customer Satisfaction
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property
B6.4	Description of quality assurance process and recall procedures.	Product Quality
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Information Security and Privacy Protection
B7	Anti-corruption	
General Disclosures	Information on: (a) the policies; and (b) compliance with laws and regulations that have a significant impact on the issuer relating to prevention from bribery, extortion, fraud, and money laundering.	Business Ethics
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.	ESG KPIs
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
B8	Community Investment	
General Disclosures	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.	Community Welfare Services
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, and sport).	Community Welfare Services
B8.2	Resources contributed (e.g., money or time) to the focus area.	ESG KPIs



Location: #111 Shanshan Road, Haishu District,
Ningbo City, Zhejiang, China

Website: <http://www.gxggroup.cn>

Email: IR@gxggroup.com

Hotline: 0574-83017610