# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024

### DNGSIANIA 股有 控 BĘ 約 (incorporated in the Cayman Islands with limited liability) Stock Code : 196

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#### **ABOUT THE GROUP**

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

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

Hong Kong, China			
Company Name	Principal Activities		
H. W. Textiles Company Limited ("HWT") Kingstead Industrial Limited ("Kingstead Industrial")	Design and trading of denim fabrics Trading of denim fabrics		
Mainland China			
Company Name	Principal Activities		
Zhongshan Hing Tak Weaving and Dyeing Limited 中山興德紡織漿染有限公司 ("Hing Tak") Zhongshan Hing Shing Finishing and Dyeing Limited 中山市興盛漿染整理有限公司 ("Hing Shing")	Handling weaving process of denim fabric manufacturing and trading of denim fabrics Handling dyeing and finishing processes of denim fabric manufacturing		

The Group will further leverage our strengths in product innovation and market development to maintain our leading position in a highly competitive market and will continue to drive us to achieve sustained growth. For product innovation, we will continue to invest in research and development and focus on developing more innovative and environmentally friendly products. To expand its quality product portfolio, the Group added two large finishing and dyeing machines imported from Germany and Italy respectively, featuring advanced technologies enhance the competitiveness of its products. From 1 January to 31 December 2024 (the "Year"), the Group continued to conduct research and development, including the development of environmentally friendly products and the introduction of sustainable materials such as recycled cotton and recovered cotton.

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

#### **ABOUT THE REPORT**

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

#### **Reporting Scope**

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

#### **Reporting Standard**

This Report is prepared in accordance with the "comply or explain" provisions of the ESG Reporting Guide (the "Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange on the basis of the four reporting principles (i.e. materiality, quantitative, balance and consistency). The following table summarises how the Group has applied these four principles in the preparation of the Report. A complete content index is appended in the last chapter of this Report for easy comprehension with reference to the Guide.

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

#### **Confirmation and Approval**

All information cited in this Report is sourced from the official documents, statistical data of the Group, as well as the management and operation information collected according to the policies of the Group. The Report was approved by the Board on 17 April 2025.

#### Feedbacks

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

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### **BOARD STATEMENT**

As governments around the world have been vigorously promoting environmental protection and low-carbon development in recent years, various industries, including the textile and garment industry, have identified sustainability as a key concern and are actively undergoing green transformation. The textile and garment industry not only has a huge global demand for production, but its traditional manufacturing model also leads to a large amount of greenhouse gas emissions and the consumption of water, energy and resources during the production process, resulting in serious environmental impacts. According to the latest data from the World Bank, the textile industry has so far accounted for one quarter of the world's manufactured chemicals. In the face of global climate change and market demand for environmental protection, the Group is aware of the importance of promoting sustainable operations and is committed to developing environmentally friendly products and improving production methods, with a view to minimising the negative impact on the environment and ecology while sustaining the Group's business development.

As an important member of the supply chain, it is our responsibility to participate in and further promote the development of a circular economy and to take the lead in the research and development and application of environmentally friendly materials. Therefore, the Group has been exploring the feasibility of using recycled materials in recent years. As of the Year, more than 50 types of fabrics produced and used by the Group incorporated a certain proportion of pre-consumption or post-consumption recycled materials and have been certified by the RCS Recycling Declaration Standard. At the same time, the Group attaches great importance to the responsible sourcing of raw materials. We are aware that commercial farming of raw materials such as cotton may lead to environmental problems such as soil erosion. In order to minimise the negative environmental impacts of our production, the Group prioritises the use of raw materials from plants grown under sustainable farming practices, such as cotton received regenerative agriculture certification by Regenagri, with the aim of supporting plantations of sustainable farming to protect biodiversity and soil quality.

For the production process, as the market demand for product quality continues to rise, we need to increase our investment in technological innovation and product research and development. The Group has installed two large finishing and dyeing machines imported from Germany and Italy respectively in the previous year, and both entered the testing phase during the Year. We will put the machines into the production process as soon as possible and expect to utilise the advanced technology to increase the energy efficiency of production, quality, functionality and competitiveness of our products.

As a member of a workforce-intensive industry, the Group has always adhered to the core belief of building a mutually beneficial and symbiotic relationship with its employees and is committed to growing alongside them. We continue to invest in building an inclusive and fair workplace ecosystem so that every employee can grow in a supportive environment. The Group actively plans a diversified training system and career development blueprint to help employees break through their limits and realise their career aspirations and life values through professional skills upgrading and leadership cultivation.

At the value creation level, we have conducted a comprehensive review of all parts of the industry chain and have upheld our three-fold commitment to providing customers with premium products and services, offering shareholders with robust investment returns, and creating sustainable well-being for the community. Through the establishment of a cross-dimensional dialogue mechanism, we actively engage with key hubs such as employees, consumer groups, communities and the government to build a resilient and inclusive society by embedding the sustainability ethos into the core of our business operations through an innovative model of collaboration.

#### STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

#### **Communication with Stakeholders**

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

#### Key Stakeholders Methods of Communication

Employees Establish employee grievance mechanism and channel to understand employees' opinions and suggestions about the Group.

- Customers Maintain regular communication with customers and collect feedback and handle complaints through our feedback collection channel and handling mechanism.
- Suppliers Regularly communicate with suppliers and conduct audits to ensure that their performance and operation model meet the requirements of the Group.
- Community Create a positive impact on community development through community investment and donations.

#### Material ESG Issues

The Group believes that through interaction with our stakeholders, we can gather valuable feedback to review our own performance and potential risks, so as to continuously improve our business strategy and management. Therefore, the Group commissioned independent consultants to conduct questionnaire surveys with various stakeholders to obtain effective and independent feedback analysis in 2023. The Group invited employees and directors to complete a questionnaire survey to rate the Group's impact on external environment and the impact of the external environment on the Group's value, in order to gain a more comprehensive and holistic understanding of the relationship between various sustainability issues and the Group's development and operations. During the Year, the Group reviewed material ESG issues by benchmarking against peer sustainability trends and updated the materiality matrix. The Group's Board of Directors reviewed the scores for each of the ESG related issues to ensure their authenticity and accuracy and confirmed the results for the purposes of ESG reporting disclosure and performance improvement. The Group identified 4 most material issues and 13 relatively material issues, which are highlighted in this Report.



The Group's impact on the economy, environment and society

### **Most Material Issues**

- Responsible Supply Chain Management
- Labour Standards
- Occupational Health and Safety
- Waste

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#### Relatively Material Issues

- Anti-corruption
- Product and Service Quality and Safety
- Climate Change and Resilience
- Use of Sustainable Raw Materials
- Greenhouse Gases and Air Pollutants
- Wastewater Discharge Management
- Responsible Marketing and
   Labelling
- Employment System
- Intellectual Property Protection
- Community Engagement and Investment
- Conservation of Water
   Resources
- Energy Efficiency
- Privacy and Data Security

- Less Material Issues
  - Training and Development
  - Risk Management

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

### SUSTAINABLE DEVELOPMENT GOVERNANCE

The Group has always adhered to high standards of corporate governance because we believe that strong corporate governance enables us to establish and realise long-term strategies and provides effective guidance for achieving our goals.

#### Sustainable Development Governance Structure

As the highest governance body of the Group, the Board undertakes the role of leadership, control and management of the Company and ensures the effective operation of our business and compliance with all applicable regulations. Meanwhile, the Board also undertakes the responsibility of overseeing sustainable development, supervising and reviewing related matters, including strategies, policies, measures and performance. In order to further integrate sustainable development into the Company's decision-making and operation, a task force on sustainability (the "Task Force") has been established to oversee the implementation and operation of various relevant policies and measures. The Task Force is comprised of directors and assisted in its development and daily operation by senior executives and plant supervisors, forming a rigorous management system. The main responsibilities of the Task Force are to assist in formulating and optimising strategies and policies related to environmental protection, operation management, business ethics, employment system, community investment and other sustainability issues, while implementing and reviewing relevant measures, targets and performance, and reporting and providing recommendations to the Board on an annual basis to create long-term value. In addition, the Group has set up an environmental team to support the work of environment-related projects within the Group. Its responsibilities include the collection and auditing of energy, water, waste and chemical data, recording the use and storage of chemicals, and the procedures and quantities of waste disposal, as well as monitoring the various environmental targets, including energy, water conservation and waste reduction.

#### ESG Risk Management

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

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

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

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

### SUSTAINABLE DEVELOPMENT HIGHLIGHTS

#### Quantitative Environmental Targets

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

Unit	Quantitative Targets	Progress	Key Measures
Hing Tak and Hing Shing	Using 2018 as the base year, 10% carbon reduction in total amount and intensity by 2025 and 40% carbon reduction in total absolute amount and intensity by 2030	<ul> <li>Absolute total carbon emission in 2024 reduced by 64% compared with 2018, and carbon emission intensity reduced by 24%</li> </ul>	<ul> <li>Replace traditional fluorescent lamps with more energy efficient and environmentally friendly LED</li> <li>Retrofit the dust removal system of the weaving workshop to achieve dual savings of water and electricity</li> <li>The insulation treatment of pipes, tanks, cylinders, tools, etc. using steam was completed on 23 June 2023. The intensity reduction of steam in 2024 reduced by 37% compared with 2018</li> <li>Reform the air compressor and adopt frequency converter and timer switch to reduce the waste caused by the long-term working condition of the air compressor</li> <li>Install timers for the office central air conditioner to automatically turn it on and off at regular intervals every day</li> </ul>
	Reduce the proportion of fresh water input, aim to achieve water recycling, and improve the utilisation rate of water resources	• After Hing Shing implemented condensate water reuse and sewage pretreatment for wastewater reuse, reused water accounted for 12% of total water consumption in 2021, 17% in 2022, 19% in 2023 and 17% in 2024. Water consumption reduced from 32 litres per metre of fabrics in 2021 to 23 litres per metre of fabrics in 2024	<ul> <li>Add air flotation devices to wastewater station, to further treat sewage after pretreatment to reduce COD in sewage</li> <li>Implement rainwater and sewage diversion in the factory area to avoid contamination of groundwater to a greater extent</li> </ul>

Unit	Quantitative Targets	Progress	Key Measures
	40% reduction in energy consumption per yard of fabrics by 2030, using 2018 as the base year	<ul> <li>Compared with energy consumption in 2018, energy intensity (MWh per thousand yards of product) of the Group dropped by more than 26%</li> </ul>	<ul> <li>Replace LPG and kitchen diesel with natural gas</li> <li>Use condensate heat to heat up hot water for dormitory shower</li> <li>Add insulation pads on both sides of the baking barrel</li> <li>Adopt variable frequency air compressor</li> <li>Convert air conditioning system into cooling system</li> </ul>

• Combine two factory kitchens into one

### **Future Action Plan**

In order to achieve the Group's environmental objectives, we are developing a range of possible action plans. First, we are evaluating the possibility of installing solar photovoltaic equipment to further improve our energy efficiency and reduce carbon emissions. During the Year, we purchased 817 MWh of International Renewable Energy Certificates (IRECs) for carbon offsetting, which was equivalent to 11% of the Group's electricity consumption in 2024. In addition, we will focus on technological innovation, especially in the use of chemicals. We aim to develop and adopt more environmentally and water-friendly chemicals. This will require assessing investments in machinery and talent, and we are committed to actively investing in these two aspects. At the same time, we will invest more resources in wastewater treatment measures to ensure that the impact of our operations on the environment is minimised.

The Group believes that appropriate investment of resources to improve its operations is crucial for expanding market share and securing more orders. We will persist in our efforts to achieve our sustainability goals and create long-term value for our customers, employees and shareholders.

### **CARE FOR EMPLOYEES**

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

In order to increase employee satisfaction and sense of belonging to the Group, we organise regular staff activities, such as quarterly birthday parties and sports events for our staff, which effectively promote co-operation and interaction among staff and create a pleasant working atmosphere.

### **Employment System**

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

Recruitment and dismissal	In the process of recruitment and dismissal, the Group adheres to the principles of openness, fairness and impartiality. According to the principle of "merit-based recruitment", we hire employees who meet the requirements of the position based on their academic qualifications and experience. If employees need to terminate their labour contracts, they can follow the negotiation dismissal process. We will handle and provide corresponding compensation in accordance with established procedures. All recruitment and dismissal decisions and procedures are based on objective factors such as employee performance, attitude and career development direction.
Remuneration, holidays and other benefits	The Group is committed to creating an environment that attracts and retains talent. We offer market-competitive remuneration, while ensuring that employees are awarded full attendance awards, allowances, overtime pay and performance bonuses based on their performance as required by the Zhongshan Minimum Wage Standard.
	In terms of Leave Policy, we offer a variety of leaves in accordance with the provisions of the Employee Handbook, including personal leave, sick leave, injury leave, marriage leave, bereavement leave, maternity leave, paternity leave and annual leave, and employees who have served more than a year are also entitled to 5 to 15 days' annual leave. In addition, we provide medical benefits to ensure that employees are protected in the event of work-related injuries, illnesses, or pregnancy. We also offer flexible working hours based on individual needs, such as pregnant women or staff with family in need. For factory staff, we offer free accommodation and canteen benefits. We are committed to promoting work-life balance, and therefore, we adjusted the working days of our employees to an average of three to four days per week.
Diversity, equal opportunity and anti- discrimination	The Group is committed to establishing a fair working environment and providing equal opportunities to all employees and candidates. We have established the Anti- discrimination Policy, which clearly specifies that discrimination against employees or candidates on the basis of gender, age, appearance, disability, race, religion, language, geographical region and culture are prohibited. We believe that multiculturalism can facilitate a more holistic approach to business decisions and sustainable development. Moreover, we have formulated a Board Diversity and Promotion Policy. The Staff Promotion Scheme clearly stipulates that staff will be promoted fairly on the basis of performance, commitment and seniority. Meanwhile, we will regularly review our current employment policies and review how to further improve the employment guidelines and measures related to diversity and fair promotion.

Labour Standards The Group has clear policies and practices in the establishment of labour standards. We strictly prohibit the employment of anyone under the age of 16 and this is clearly set out in our Prohibition of Child Labour Policy and the Procedures for Saving Child Labour. We require all candidates to submit identification documents, recent photos and other documents for verification by the Human Resources Department. If a person under the age of 16 is found to be hired by mistake, we will immediately stop him/ her from working and ensure that his/her health is not affected by his/her work and escort him/her back to his/her guardian. We will report to the local labour department and investigate and handle the cases according to relevant regulations and factory rules. In addition, our Staff Handbook clearly prohibits employees from being forced to work in any way, and regulates working hours, overtime work, overtime pay and other arrangements in accordance with established procedures to ensure respect and protection of the rights and interests of all employees. According to the Procedures for Employees' Voluntary Overtime Work formulated by the Group, in the event that a violation of forced labour is identified, an employee representative may report the situation to a management representative or the Administration and Human Resources Department. We will handle the issue in accordance with the Anti-forced Labour Policy and jointly mediate the dispute.

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

During the Year, Hing Shing and Hing Tak had a total of 307 employees, including 169 male employees and 138 female employees, of which general staff accounted for approximately 93.5% of the total number of employees. All employees were from mainland China.



### Work Safety and Employee Health

The Group attaches great importance to the occupational health and safety of its employees and has developed a series of management systems and safety measures. In our management system, we have established the Organisation and Responsibilities of Safe Production, implemented the principle of "safety management is necessary for production management" and regulated the occupational safety and health measures for its employees. We have established Occupational Health Management Policy, Safety Management Plan, Occupational Disease Hazard Prevention Promotion, Education and Training Policy and other management policies to improve the safety of the work environment.

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

In response to the occurrence of accidents, the Group has prepared the Production Safety Accident Emergency Plan, the Emergency Response Plan and the Accident Emergency Rescue Plan to provide relevant guidance in handling emergencies to ensure that employees can respond appropriately when natural disasters and man-made accidents occur. In addition, we organise regular fire drills to enhance our staff's awareness of fire safety and preparedness in case of emergency. On this basis, we conducted comprehensive hazard source identification and risk assessment when formulating the Emergency Response Plan. We regularly engage third parties to carry out inspections and maintenance of plant equipment and fire safety facilities to ensure their safe and effective operation. During the Year, we conducted labelling, planning and maintenance work for all electrical installations and wiring. We firmly believe that only through these measures can we ensure that our employees are adequately protected at work and create long-term value for our customers, employees and shareholders.

During the Year, neither Hing Shing nor Hing Tak had any work-related fatalities. The Group will strive to improve its internal management system and working environment to provide a safe workplace and protect the personal safety of its employees. Moreover, a total of 14 employees were involved in work-related injuries during the Year, which were mainly due to improper operation of machinery or accidents at work. All cases have been handled in accordance with established procedures and mechanisms. In view of this, the Group has taken measures to enhance its employees' safety awareness to ensure that its employees have sufficient labour protection items and maintain a clean and tidy working environment.

Total number of work-related injuries <sup>1</sup>	Work injury rate <sup>2</sup> (per 100 employees)	Lost days due to work injury	Number of work-related fatalities in the past three years (including the reporting year)
14	4.6%	114 days	0

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

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

#### **Development and Training**

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

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

Training Category	Target	Training Content
Induction training	New employees	<ul> <li>Induction training from the Human Resources Department: to understand company policies and working environment</li> <li>Job training during probation period: job guidance will be given by immediate supervisors to understand duties and functions, responsibilities as well as rules and regulations</li> <li>New employees are required to pass the job training assessment before they become formal employees</li> </ul>
On-the-job training	Formal employees	<ul> <li>Special job qualification training: professional personnel who have passed the examination and obtained corresponding qualifications</li> <li>Training for the purpose of updating knowledge or improving skills: operating procedures of hazardous chemicals, training on hazardous wastes and general wastes, regulations on wearing labour supplies</li> <li>Education and training on production safety: regular training on fire prevention and production safety</li> </ul>
External training	Formal employees	• To participate in external training programmes to learn new knowledge and skills
Management training	Middle management or above	• Training for enhancing management skill: to learn management theories and skills

During the Year, a total of 179 employees of Hing Shing and Hing Tak received training, accounting for approximately 58% of the total number of employees and the overall training hours per capita was 13.6 hours. Among the employees who received training, 113 were male and 66 were female; 159 were general staff, 18 were middle management and 2 were senior management.



#### **OPERATIONAL MANAGEMENT**

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

#### Product Responsibility

In terms of product responsibility, the Group insists on maintaining long-term relationships with key customers such as international apparel brands and garment manufacturers by providing quality products and services. Therefore, in order to ensure good product quality, both Hing Shing and Hing Tak factories have obtained ISO 9001 quality management system certification, and have developed quality control measures covering manufacturing, inspection and testing in accordance with relevant laws and regulations and quality management systems. During the Year, Hingtex has been awarded the OEKO-TEX<sup>®</sup> Standard 100 certification by the International Council for Environmentally Friendly Textiles, which certifies that the denim fabrics and accessories have been examined and tested to be free from known hazardous substances that may cause adverse effects on human health.

In protecting intellectual property rights, the Group respects the rights of creators and therefore prohibits employees from using other people's works without approval. If it is needed to use copyrighted works, we will first obtain the consent of the copyright holder, and protect our own rights by applying for patents. In addition, the Group will strictly protect the data collected in accordance with the established regulatory mechanisms and internal policies, including setting access permissions for confidential documents, keeping records of relevant access and destroying information that exceeds the prescribed storage period to ensure that the relevant information is not leaked or improperly used. The Company will take appropriate and stringent measures to deal with serious violations of the protection of confidential information of the Company. Legal action will be pursued against those who commit serious violations. As Hingtex is mainly engaged in the manufacturing and sales of denim fabrics and is not involved in handling any important confidential information of its customers, the risks and impacts related to privacy are relatively low.

During the Year, Hing Tak has successfully applied for 36 patents to protect its intellectual property rights.

#### Product Quality and Recall Procedures

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

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

#### Product Labelling and Customer Communication

The Group attaches great importance to effective communication with customers and the accuracy of product labelling. We print product labels in accordance with our customers' requirements and relevant labelling guidelines, and regularly communicate with our customers through different channels such as telephone, email and interview to identify and meet their needs. We have established the Customer Engagement Management Procedures to specify relevant responsibilities and processes. Meanwhile, the Group adheres to the principle of responsible marketing and strictly complies with the laws and regulations including the Trade Descriptions Ordinance to ensure that the product information on the Group's promotional website and other promotional materials are true and accurate and will not make any misrepresentation, exaggeration or overstatement.

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

During the Year, Hing Shing and Hing Tak did not have any product recalls due to safety and health reasons. The Group received a total of 21 customer complaints about product quality, among which, quality issues were mainly related to the quality of yarn produced by Hing Shing. All complaints have been properly handled and improvement methods have been adopted. The Group will continue to improve its product quality-related policies and measures according to its business development and needs.

#### Anti-corruption

The Group has implemented strict anti-corruption policies and procedures concerning its operations. We have established the Supplier Integrity Agreement which mandates that all suppliers adhere strictly to the Anti-Unfair Competition of the People's Republic of China, the Criminal Law and other relevant laws and regulations, and prohibit any form of bribery. Should a supplier breach this agreement, they will receive a warning and be required to pay liquidated damages. In the event of repeated violations, all cooperation will be terminated, and all losses will be borne by the supplier.

Employees of Hing Shing and Hing Tak are required to sign an Anti-Bribery and Anti-Corruption Undertaking, in which they are strictly prohibited from accepting any gifts from suppliers, co-operative partners, contractors, etc. This prohibition covers soliciting or accepting, directly or indirectly, money, items, securities, and gift money in any form, including but not limited to cash, cheque and credit card spending limit, in the name of the Group or their own name during their employment. In the event of any breaches of the Undertaking, the employee in question will be responsible for compensating the Group for any losses caused to the Group and bear any legal liabilities arising therefrom. In addition, we provide our staff and directors with regular anti-corruption information to ensure that they have a full understanding of the latest requirements. We prohibit all forms of bribery, extortion, fraud and money laundering, and explicitly prohibit employees from accepting or soliciting any advantage or engaging in any conduct that may lead to a conflict of interest. The Company has implemented effective measures to prevent bribery crimes in all its work, enhancing whistleblowing campaign outreach and establishing a reward mechanism for valid reports, so as to increase the motivation of employees to report corruption and bribery offences and to detect and disclose crimes more effectively. Employees can report any corruption through a whistleblowing hotline, and we will provide rewards to whistleblowers, discipline or dismiss those involved in wrongdoing, and report serious violations to government authorities.

During the Year, the Group provided training on anti-corruption and bribery knowledge to directors and employees in various departments, such as administration, finance and sales, to enhance their understanding of the code of discipline and to emphasise the importance of ethics to the Group. The Group provided an average of one hour of anti-corruption training to its employees and directors. In the future, the Group will provide various training activities according to operational needs to enhance the anti-corruption awareness of its insiders. During the Year, the Group has not received any anti-corruption reports and cases.

#### Supply Chain Management

In order to ensure a stable and high-quality supply of raw materials for the manufacturing of denim fabrics, the Group has formulated the Supplier Control Procedures, the Procurement Control Procedures, the Manufacturing Substances Management Procedures and relevant mechanisms to regulate the procedures of supplier selection, evaluation and approval. Among other things, the Group requires all suppliers to comply with all environmental, employment and governance related laws and regulations to reduce environmental and social risks in the supply chain, otherwise partnership will not be established. For chemicals, we prioritise the selection of suppliers that meet the Zero Discharge of Hazardous Chemicals (ZDHC) qualification and replace unqualified suppliers. Our goal is to maintain all suppliers as ZDHC-qualified to ensure that the supply chain follows a compliant and sustainable chemical management and to reduce the negative impact on the environment. In respect of cotton yarn, we require cotton yarn suppliers to confirm and sign a warranty regarding the source of cotton supplied to the Group to further enhance the traceability of the origin of raw materials such as cotton and avoid the use of raw materials from unknown sources or involving unethical production. During the Year, the Group engaged, managed and monitored all suppliers in accordance with this process.

Review and selection	• Pre-review qualified product certification information and previous supply records of suppliers and inspect samples provided by them.
	• Conduct supplier on-site inspection to evaluate product quality, supply capacity, technological level, improvement capability and other performances.
	• Rate candidate suppliers according to the Supplier Assessment checklist and those who meet the requirements will be included in the Qualified Supplier List for selection.
	• For chemical suppliers, the Group will select suppliers who can provide the "Production Restricted Substances List 3.1" and avoid the use of substandard chemicals in order to reduce the burden on the environment.
Regular evaluation	• Conduct annual assessments for suppliers according to the Supplier Performance Evaluation Checklist, covering aspects such as supply quality, supply record and price.
	• Suppliers are required to sign an annual Integrity Agreement to ensure their compliance with anti-corruption regulations. The agreement clearly states important provisions such as suppliers are not allowed to engage in commercial bribery and that they should promptly file complaints if the Group's staff are found to have demanded bribes.

The Group is extremely cautious in its strategy and measures in respect of supply chain management. The number of our suppliers during the Year was 155, of which 146 were from mainland China, 5 from Hong Kong and 4 from overseas. These suppliers primarily provide cotton yarn, accessories, packaging materials, chemicals, parts and trimmings, chemical dyes, labour protection products required for production as well as office and daily necessities. We select and manage our suppliers in accordance with the relevant guidelines and plan to review the existing supplier management system in the future and improve related policies to implement a comprehensive supply chain management system to ensure the smooth and efficient operation of our business.

#### **ENVIRONMENTAL PROTECTION**

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

#### Air Pollutants and Greenhouse Gas Emissions

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

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

During the Year, the overall greenhouse gas emissions of Hing Tak and Hing Shing were 11,859.4 tonnes of carbon dioxide equivalent (tonnes of  $CO_2$ -e), and the greenhouse gas emission intensity was 1.53 tonnes of  $CO_2$ -e per thousand yard of products. The overall emissions increased by about 20% compared to last year due to the increase in Group production. However, the greenhouse gas emission intensity for the Year slightly decreased from that of last year.

Greenhouse Gas Emissions	2024	2023	Unit
Scope 1 <sup>3</sup>	285.8	244.1	tonnes of CO <sub>2</sub> -e
Scope 2 <sup>4</sup>	11,572.3	9,204.7	L
Scope 3⁵	1.2	1.5	tonnes of $CO_2$ -e
Total greenhouse gas emissions	11,859.4	9,450.3	tonnes of $CO_2$ -e
Greenhouse gas intensity	1.53	1.67	tonnes of CO <sub>2</sub> -e/thousand
			yard of products

In addition, the air pollutants during the Year were mainly from natural gas combustion in kitchen equipment and construction machinery, diesel combustion in transport vehicles and generators and gasoline combustion in vehicles. Due to the increased production activities, the amount of nitrogen oxides, sulphur oxides and respirable suspended particulates produced during the Year slightly increased, amounting to 297.4 kg, 0.2 kg and 32.9 kg respectively.

Air Pollutant Emissions	2024	2023	Unit
Nitrogen oxides	297.4	246.9	kg
Sulphur oxides	0.2	0.2	kg
Respirable suspended particulates	32.9	27.6	kg

<sup>&</sup>lt;sup>3</sup> Scope 1 includes emissions from plant production equipment, kitchen equipment, vehicle fuel emissions, refrigerant runaway emissions and acetylene consumption.

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

<sup>&</sup>lt;sup>5</sup> Scope 3 includes emissions from business travel.

#### Waste Management

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

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

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

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

During the Year, Hing Shing and Hing Tak produced 8.6 tonnes of hazardous waste and 837.4 tonnes of non-hazardous waste, and the intensity of hazardous and non-hazardous waste were 1.1 and 107.8 kg per thousand yards of products. Hazardous waste produced during the Year included waste light tubes, waste yarn, waste oil, waste packaging barrels, hazardous packaging and hazardous waste rags, and the total waste increased by 12% over last year. In terms of non-hazardous waste, production during the Year increased by about 25% compared with last year, mainly due to the increases in the number and types of orders in 2024.

Waste Consumption	2024	2023	Unit
Total hazardous waste	8.6	7.7	tonnes
Intensity of hazardous waste	1.1	1.4	kg/thousand yard of products
Non-hazardous waste consumption			
Total non-hazardous waste	837.4	668.0	tonnes
Recycled	596.3	417.5	tonnes
Others	241.1	250.4	tonnes
Intensity of non-hazardous waste	107.8	118.0	kg/thousand yard of products

### **Packaging Materials**

The source of packaging materials during the Year included water-free paper, sealing glue, paper tubes, plastic bags, PE shrink film and sheets. During the Year, total consumption of packaging material was 70.0 tonnes, an increase of 60% compared to the previous year, mainly due to the increases in the number and types of orders of the Group leading to the increase in packaging material consumption.

Consumption of Packaging Materials	2024	2023	Unit
Total consumption of packaging material	70.0	43.7	tonnes
Packaging material intensity	9.0	7.7	kg/thousand yard of products

### **Energy Management**

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

During the Year, the total energy consumption of Hing Shing and Hing Tak was 27,443 MWh. The energy intensity was 3.5 MWh per thousand yards of products. Major energy use included purchased steam and electricity (18,960 MWh and 7,202 MWh). As a result of higher production in 2024, the energy intensity increased by approximately 27% compared with the previous year but the energy intensity decreased by approximately 7%.

Energy Consumption	2024	2023	Unit
Petrol	71.6	66.8	MWh
Diesel	64.9	54.8	MWh
Natural gas	1,144.0	900.1	MWh
Acetylene	0.1	0.3	MWh
Purchased electricity	7,202.7	6,026.3	MWh
Purchased steam	18,960.4	14,565.3	MWh
Total energy consumption	27,443.7	21,613.7	MWh
Energy intensity	3.5	3.8	MWh/thousand yard of products

Considering that energy consumption is one of the main factors in carbon emissions, in order to reduce energy use and improve its efficiency, the Group has established and review regularly the Environmental Target Indicator Management Plan. We have implemented a series of energy-saving measures, including the replacement of LED lights in offices and staff quarters, as well as the use of heat exchange systems to collect waste heat to provide hot water for staff quarters and canteen. In addition, we have modified the air circulation system in the weaving mill to effectively distribute the temperature and humidity in the room evenly, avoiding energy wastage due to localised overheating or overcooling, and reducing the operating time of heating or cooling equipment, further reducing electricity consumption.

#### Water Resources Use

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

The wastewater generated by the Group mainly includes industrial wastewater and domestic wastewater. Hing Tak and Hing Shing factories of the Group has obtained the pollutant discharge permit in accordance with the Measures for the Administration of Pollutant Discharge Permits (For Trial Implementation) issued by the Ministry of Ecology and Environment of the People's Republic of China and the relevant requirements in Zhongshan. The Group hires testing companies to test the discharge of sewage every year. The industrial wastewater of the plants was discharged into the municipal sewage treatment plant in accordance with the pollutant discharge standards, and the domestic wastewater was discharged into the municipal sewage pipe network. During the Year, we commissioned a third-party certified organisation to carry out wastewater testing under the Zero Discharge Hazardous Chemicals Guidelines version 2.1 and volatile organic compounds were found in the untreated wastewater of the Hing Shing plant. In this regard, we will conduct notarised tests on all dyes and auxiliary slurries and replace them immediately if they fail. In response to the trace amounts of heavy metals found in the sludge sold to the construction materials company, we have conducted additional sludge leachate testing at a notary firm and the results were satisfactory.

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

During the Year, the total water consumption of Hing Shing and Hing Tak was 182,344 cubic meters and the water consumption intensity was 23.5 cubic meter per thousand yards of products. As compared with last year, the water consumption of the Group decreased by approximately 21%. The Group draws water from the municipal water supply network and has no issues in sourcing water that is fit for purpose during the Year.

Total Water Consumption	2024	2023	Unit
Total water consumption	182,344	167,948	cubic meter
Water intensity	23.5	29.7	cubic meter/thousand yard of products

### Natural Environment and Natural Resources

In carrying out its ongoing business activities, the Group is committed to protecting the surrounding environment and natural resources, and strives to reduce the environmental impact of its production activities. To this end, we have formulated the Procedures for Identification, Evaluation and Control of Environmental Factors to identify and assess the environmental factors that we can control and exert influence, and determine the extent of their impact on the environment, and further identify significant environmental factors. To further minimise the environmental impact of product production, the Group prioritises the use of cotton that received regenerative agriculture certification by Regenagri as a raw material, with the aim of supporting plantations that practice sustainable farming to protect biodiversity and soil quality. In addition, we have established the Emergency Plan for Environmental Emergencies to provide the necessary emergency response guidance in case of environmental emergencies, including preventive measures, early warning systems, emergency response measures, information reporting and emergency organisation structure, in order to reduce the impact on the surrounding environment and community.

Environmental Impact	Regulatory Measures		
Air pollution	<b>Greenhouse gas emissions</b> Generators and equipment used in operation emit different greenhouse gases and air pollutants that affect air quality. In addition, the refrigerant used at the operating point may leak, increasing greenhouse gas emissions.	•	Regularly check and repair generators to reduce unnecessary air pollutants caused by aging units and improve equipment standards and emission requirements. Fully changed the cooking equipment in the kitchen from diesel to natural gas to reduce carbon emissions. Regularly check the operation of the refrigeration system to avoid leakage of refrigerant. In the event of any system damage or equipment aging, the equipment will be repaired or replaced as soon as possible.
	Dust emissions The use of production equipment will generate a corresponding degree of dust. If the relevant emissions are not collected or treated, the generated dust will bring potential risks to air quality.	-	Install a filter or dust collection system at the discharge port of the equipment to prevent untreated dust from being released into the air.
	Fume emissions The Group has a catering service in the factory to provide lunch for employees. When using the relevant cooking equipment, the Group will generate corresponding cooking fumes, which will be discharged into the atmosphere through the extraction system and range hood, causing potential air pollution problems.	•	The kitchens of Hing Tak and Hing Shing plants were combined to centralise the management of fume emissions. Install compliant electrostatic oil fume purifiers to reduce the emission of fumes into the air. In addition, the effectiveness of the treatment system is ensured through regular cleaning and maintenance of related equipment.
	Odour emissions The use of chemicals and production processes emit odours, especially during dyeing. The odour emitted will not only affect nearby residents and ecology, but will also pose a negative impact on air quality and may spread to other areas.		Install effective ventilation and odour management systems to reduce odour emissions. At the same time, use materials and procedures with low impact as far as possible to avoid odour and impact on the surrounding environment.
	<b>Fire</b> Equipment used in operation may cause fire due to dust generated, aging lines or improper operation, resulting in the emission of a large amount of air pollutants and greenhouse gases. At the same time, the use of fire extinguishing systems in the process will generate different levels of carbon emissions or air pollutants, increasing air pollution and climate change.		Regularly check and repair production equipment to detect wear and tear, aging or malfunctioning of equipment at an early stage, reduce overheating and short-circuiting, and clean up flammable materials such as dust and oil to prevent fires and reduce carbon emissions and air pollutants from the use of fire suppression systems.

Environmental			
Impact	Regulatory Measures		
Water pollution	<b>Chemical discharge</b> Depending on business operations, different types of chemicals and dyes are involved in the production process. If the use of related chemicals is not properly handled, it may lead to chemical leakage and water pollution.	•	Establish procedures for the operation and handling of chemicals and dyes to ensure that the relevant departments or employees understand and comply with the procedures. Also, install recycling and treatment systems to ensure that discharged water resources meet relevant standards.
	<b>Domestic water discharge</b> Daily operations generate a certain amount of water for office, dormitory and cafeteria use, which is treated and discharged to the appropriate sites. Although the environmental impact of domestic water use is relatively low, there is a risk that improper treatment practices and aging channels may lead to water not meeting relevant standards or being improperly discharged or leaked.	•	Regularly check and repair to prevent leakage or environmental pollution due to aging channels. At the same time, water saving slogans are posted at conspicuous places to remind employees to save water resources.
	<b>Production wastewater discharge</b> Industrial water used in the production process is contaminated by washing and dyeing processes, and may contain chemicals to varying degrees. If the produced water is not properly recycled and treated, the discharged wastewater will pollute water resources and pose environmental and health risks.	•	Establish guidelines and procedures for recycling and treating production wastewater to ensure that all relevant industrial water is recycled and treated in accordance with the procedures after use to avoid environmental and health problems caused by improper discharge or leakage.
Waste discharge	Non-hazardous and hazardous waste Regardless of daily operations or product production, non-hazardous and hazardous wastes must be recycled and disposed of. If the waste generated is not properly handled and disposed of, it may lead to environmental impacts such as soil pollution and water pollution.	•	Formulate clear guidelines for the recycling and disposal of hazardous and non-hazardous wastes to ensure that the generated wastes can be fully recycled or disposed of in accordance with relevant procedures to avoid polluting the environment.
Noise pollution	Noise pollution The use of machinery and equipment will cause different levels of noise pollution, which will negatively affect the surrounding residents and ecology.	•	Regularly check and repair the equipment used in the production process, and ensure that the environmental requirements of the relevant machinery and equipment comply with relevant laws, regulations or guidelines. At the same time, ensure that relevant operations comply with established procedures and guidelines to avoid unnecessary noise caused by improper operation.

### **Climate Change**

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

As the Group's geographical location is subject to the impact of typhoons, Hing Shing and Hing Tak have set up a typhoon and flood prevention and control working group and formulated a Typhoon and Flood Prevention and Control Contingency Plan, which clearly states the responsibilities of the members of the working group and provides staff with guidelines on emergency response to extreme weather conditions and post-disaster situations. The typhoon and flood prevention working group, including a general commander, team leaders, team members, logistics support, power group and equipment group, is responsible for deploying staff and materials, maintaining normal power supply and equipment operation, and assisting in the safe evacuation of staff during typhoons. At the same time, the team will liaise with the government to ensure the flow of information.

In the face of extreme weather, we will take measures in advance, such as:

- Clean and dredge drainage ditches during the rainy season to ensure smooth drainage in production and living areas
- Raise the level of materials that are susceptible to dampness and deterioration to prevent them from being soaked by water
- Check the roofs of office buildings, warehouses, workshops and dormitories for timely repair of leakage and water seepage
- Regularly inspect factories and enclosure walls to identify and repair potential safety hazards in time

In addition, we provide emergency response knowledge and skills training to our staff and conduct emergency drills on typhoon and flood prevention and control, and conduct timely review afterwards to ensure the safe evacuation of our staff in times of typhoons. These measures will ensure the continued stability of our business operations and protect the safety of our employees.

### **COMMUNITY INVESTMENT**

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

During the Year, Hing Shing and Hing Tak participated in the Red Cross' village revitalisation activities, donating a total of RMB40,000 to help improve the quality of life of local residents. Hing Shing and Hing Tak further contributed to the community by organising 43 staff members to dedicate a total of 77 hours on cleaning the river bank and planting trees in Gaoping Village, Zhongshan City, contributing to the beautification of the community and helping to build a more stable living environment in the local area.





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

#### **COMPLIANCE PERFORMANCE**

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

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

Aspects	Relevant laws and regulations that have a significant impact on the Group
Labour Standards	Labour Standards Labour Law of the People's Republic of China Labour Contract Law of the People's Republic of China Social Insurance Law of the People's Republic of China Production Safety Law of the People's Republic of China Provisions on the Prohibition of Using Child Labour Order No. 364 of the State Council
Product Responsibility	Product Quality Law of the People's Republic of China Contract Law of the People's Republic of China Advertising Law of the People's Republic of China Patent Law of the People's Republic of China Tort Liability Law of the People's Republic of China Trademark Law of the People's Republic of China Instruction for Use of Products of Consumer Interest — Part 4: Textiles and Apparel (GB5296.4–2012) National General Safety Technical Code for Textile Products (GB18401) Code for Maintenance and Labeling of Textile Products Technical (GB/T 8685) Guidelines for Exports of Knitwear Trade Descriptions Ordinance
Anti-corruption	Criminal Law of the People's Republic of China Anti-money Laundering Law of the People's Republic of China Anti-corruption and Anti-commercial Bribery Regulations Bidding Law of the People's Republic of China

### **KEY PERFORMANCE INDICATORS OVERVIEW**

**Environmental Performance** 

Environmental Key Performance Indicators <sup>6</sup>	2024	2023	Unit	
Air pollutant emissions				
Nitrogen oxides	297.4	246.9 <sup>7</sup>	kg	
Sulphur oxides	0.2	0.27	kg	
Respirable suspended particulates	32.9	27.67	kg	
Greenhouse gas emissions	·			
Scope 1	285.8	244.1	tonnes of CO <sub>2</sub> -e	
Scope 2	11,572.3 <sup>8</sup>	9,204.7	tonnes of CO <sub>2</sub> -e	
Scope 3	1.2	1.5	tonnes of CO <sub>2</sub> -e	
Total greenhouse gas emissions	11,859.4 <sup>8</sup>	9,450.3	tonnes of CO <sub>2</sub> -e	
			tonnes of $CO_2$ -e/thousand	
Greenhouse gas intensity	1.53	1.67 <sup>9</sup>	yard of products	
Hazardous waste consumption				
Total hazardous waste	8.6	7.7	tonnes	
Intensity of hazardous waste	1.1	1.4 <sup>9</sup>	kg/thousand yard of products	
Non-hazardous waste consumption				
Total non-hazardous waste	837.4 <sup>10</sup>	668.0	tonnes	
Recycled	596.3	417.5	tonnes	
Others	241.1	250.4	tonnes	
Intensity of non-hazardous waste	107.8	118.0 <sup>9</sup>	kg/thousand yard of products	

<sup>6</sup> Emissions and energy consumption were calculated with reference to the Environmental Key Performance Indicators Reporting Guidelines published by the Hong Kong Stock Exchange, the Benchmark Emission Factors published by the Ministry of Ecology and Environment of the People's Republic of China and National Bureau of Statistics of the People's Republic of China, the Guidelines on Greenhouse Gas Accounting Methodology and Reporting published by the National Development and Reform Commission of the People's Republic of China and the U.S. Environmental Protection Agency Emission Factor Manual.

<sup>7</sup> The emission factors used in this Report have been updated in accordance with international standards, including the Ministry of Ecology and Environment of the People's Republic of China and the U.S. Environmental Protection Agency Emission Factor Manual. Therefore, the 2023 emission data has been recalculated to ensure consistency and accuracy of the report.

<sup>8</sup> Scope 2 emissions increase in 2024 due to higher production and consequent increase in energy consumption (including natural gas, acetylene, electricity and steam).

<sup>9</sup> Data has been adjusted to reflect the actual situation.

<sup>10</sup> Due to the increases in the number and types of orders in 2024, more non-hazardous waste were generated and more wastes were recycled.

Environmental Key Performance Indicators <sup>6</sup>	2024	2023	Unit	
Energy consumption				
Petrol	71.6	66.8	MWh	
Diesel	64.9	54.8	MWh	
Natural gas	1,144.0 <sup>8</sup>	900.1	MWh	
Acetylene	0.1 <sup>8</sup>	0.3	MWh	
Purchased electricity	7,202.7	6,026.3	MWh	
Purchased steam	18,960.4 <sup>8</sup>	14,565.3	MWh	
Total energy consumption	27,443.7 <sup>8</sup>	21,613.7	MWh	
Energy intensity	3.5	3.8 <sup>9</sup>	MWh/thousand yard of products	
Water consumption				
Total water consumption	182,344	167,948	cubic meter	
Water intensity	23.5	29.7 <sup>9</sup>	cubic meter/thousand yard of produc	
Consumption of packaging materials				
Total consumption of packaging material	<b>70.0</b> <sup>11</sup>	43.7	tonnes	
Packaging material intensity	9.0	7.7 <sup>9</sup>	<sup>9</sup> kg/thousand yard of products	

<sup>11</sup> Due to the increases in the number and types of orders in 2024, the consumption of packaging materials increased accordingly.

### **Social Performance**

Social Key Performance Inc	licators	2024	2023
Number of employees <sup>12</sup>			
Gender	Male	169	158
	Female	138	123
Age group	Below 30	11	9
	30–50	164	154
	Above 50	132	118
Employment type	Full-time	307	281
	Part-time	0	0
Rank	General staff	287	261
	Middle management	18	18
	Senior Management	2	2
Total		307	281
Turnover rate (percentage)	13		
Gender	Male	20%	24%
	Female	12%	26%
Age group	Below 30	27%	33%
	30–50	13%	30%
	Above 50	19%	18%
Total		<b>16%</b> <sup>14</sup>	25%
Ratio of new employees (p	percentage) <sup>15</sup>		
Gender	Male	30%	16%
	Female	19%	15%
Age group	Below 30	55%	22%
	30–50	20%	21%
	Above 50	28%	8%
Total		25% <sup>16</sup>	16%

<sup>&</sup>lt;sup>12</sup> All employees were from China.

<sup>&</sup>lt;sup>13</sup> Turnover rate (percentage)= Number of lost employees in the category/total number of employees in the category at the end of the reporting year x 100%

<sup>&</sup>lt;sup>14</sup> In 2024, the Company made adjustments to employee salaries and increased employee activities, which effectively reduced employee turnover.

<sup>&</sup>lt;sup>15</sup> Ratio of new employees (percentage)= number of new employees in the category/total number of employees in the category at the end of the reporting year x 100%

<sup>&</sup>lt;sup>16</sup> Increase in the number of employees due to higher demand for employees as a result of the increase in production in 2024.

Social Key Performance Indic	ators	2024	2023
Health and safety			
Number of work-related injuries	5	14	18
Lost days due to work injury		114 <sup>17</sup>	40
Work injury rate (per 100 emplo	byees) <sup>18</sup>	4.6	6.4
Number of work-related fatalitie	es	0	0
Percentage of work-related fata	lities	0%	0%
Percentage of employees tra	ined <sup>19</sup>		
Gender	Male	67%	60%
	Female	48%	50%
Rank	General staff	55%	52%
	Middle management	100%	100%
	Senior Management	100%	100%
Total		58%	56%
Average training hours of en	nployees (hours) <sup>20</sup>		
Gender	Male	17.6	17.3
	Female	8.6	8.7
Rank	General staff	13.2	13.2
	Middle management	17.8	17.1
	Senior Management	26.0	31.0
Total		13.6	13.6

<sup>&</sup>lt;sup>17</sup> Two employees took longer leaves in 2024 due to work injuries, resulting in an increase in the number of lost days due to work injury.

<sup>&</sup>lt;sup>18</sup> Work injury rate (per 100 employees)= Number of work injuries/total number of employees in the category at the end of the reporting year x 100%

<sup>&</sup>lt;sup>19</sup> Ratio of trained employees (percentage) = Number of trained employees in the category/total number of employees in the category at the end of the reporting year x 100%

<sup>&</sup>lt;sup>20</sup> Average training hours of employees =Total hours of trained employees in the category/total number of employees in the category at the end of the reporting year

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