EAGLE NICE (INTERNATIONAL) HOLDINGS LIMITED
鷹美(國際)控股有限公司 *

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司
Stock Code 股份代號: 02368

2025 Environmental, Social and Governance Report
環境、社會及管治報告

ESG REPORT

*僅供識別
*For identification purposes only

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Chapter 1 About this Report

1.1 Foreword

Established in 1993, Eagle Nice (International) Holdings Limited (the "Company") and its subsidiaries (collectively as the "Group" or "we") have evolved through 32 years of dedicated development into a pioneering force in the international garment manufacturing industry. We regularly collaborate with progressive global sports brands to jointly advance sustainable development in this industry.

Committed to our mission of "Leading Innovation, Dedication to Customers, Employee Empowerment and Remuneration to Shareholders", the Group has achieved international standards in products, services and technologies, while placing strong emphasis on environmental protection and community involvement and engagement, with "sustainable development and dedication to the society" guiding our path for continuous growth.

During the Year, the Group continues to revise its human resources policy, occupational health and safety ("OHS") policy and environmental policy, with the objectives of deepening safety culture, strengthening environmental awareness, and actively advancing green procurement. Our headquarters and factories actively pursue environmental certification programs to fulfill our sustainability commitments.

1.2 Basis for the Compilation of the Report

This Environmental, Social and Governance Report (the "Report") is compiled in accordance with The Environmental, Social and Governance Reporting Guide (the "ESG Guide") set out in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), taking into account the conditions of the Company as applicable. The Report is published annually for each financial year.

1.3 Reporting Period and Scope

This Report discloses the Group's environmental, social and governance ("ESG") performance during the period from 1 April 2024 to 31 March 2025 (the "Reporting Period" or the "Year"). The Group is principally engaged in sportswear manufacturing. The reporting scope of this Report covers ten locations of operation set out below which accounted for the majority of the Group's operating income during the Reporting Period and were materially related to the environment. Compared to the previous year, the reporting scope of the Year has expanded to include an additional manufacturing facility in Vietnam.

GROUP OPERATION BASES

- Hong Kong headquarters
- Yumei (Shantou) Garments Co., Ltd. ("Shantou")
- Maitex Co., Ltd of Huilai ("Huilai")
- Eagle Nice (Yifeng) Garments Co., Ltd. ("Yifeng")
- Hubei LPV Sports Co., Ltd. ("Hubei")
- Eagle Nice (Foshan) Garments Co., Ltd. ("Foshan")
- PT. Eagle Nice Indonesia ("ENI")
- PT. Gelindo Garmentama ("PGG")
- Pro Kingtex Vietnam Company Limited ("PKI")
- Eagle Nice Vietnam Company Limited ("EAV")

1.4 Reporting Principles

Materiality

The Group regularly draws reference from sustainability standards of local and international industry peers to align with such standards. Through stakeholder surveys, we identify critical sustainability issues of highest concern and integrate them into the Group's sustainability roadmap provided that it is conducive to the Group's operations.

Quantitative

The Group commits to quantifying and disclosing its key performance indicators and data in environmental and social aspects and, where appropriate, explaining data collection methodologies and computation principles to enhance data transparency.

Balance

To ensure impartiality in the Report, the Group provides equitable disclosure of both sustainability achievements and challenges relevant to the Group and its stakeholders, delivering unbiased information to the public.

Consistency

The Group discloses information in accordance with the ESG Guide issued by the Stock Exchange. This consistent framework enables the Company to compare past performance year-on-year and provide timely updates on data computation and comparison principles.

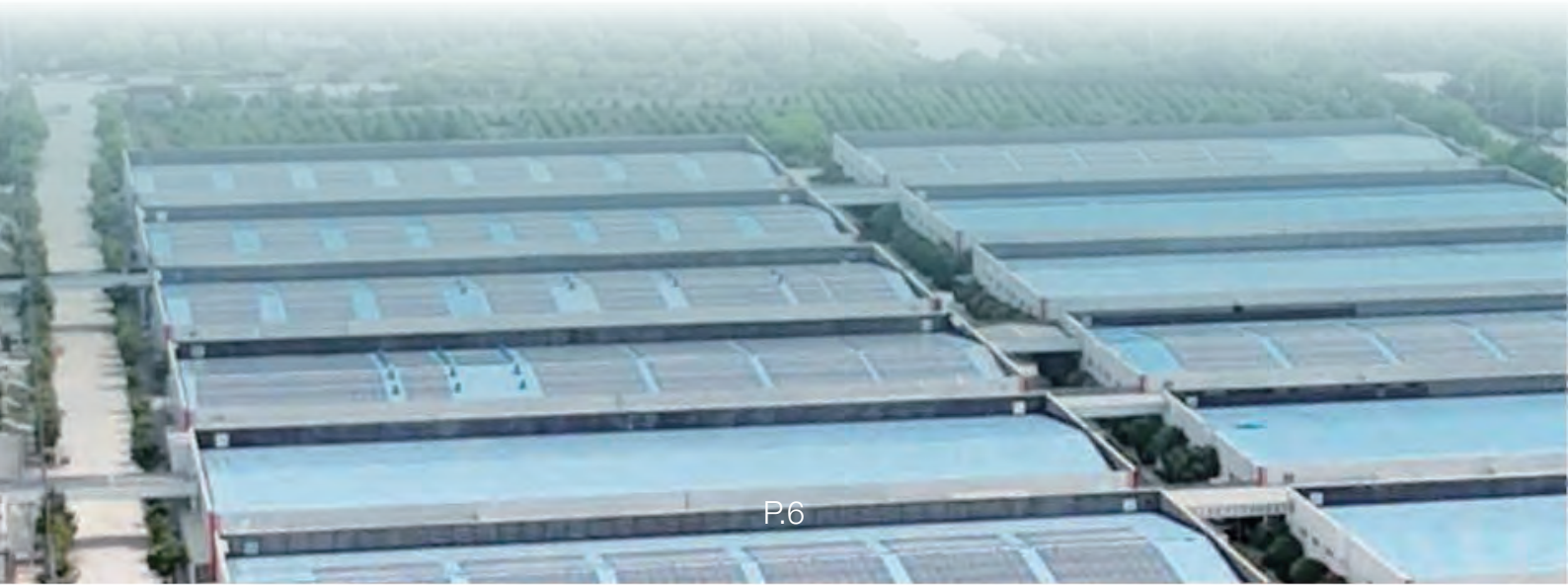
Chapter 2 Governance Structure

2.1 Board Supervision of Environmental, Social and Governance Matters

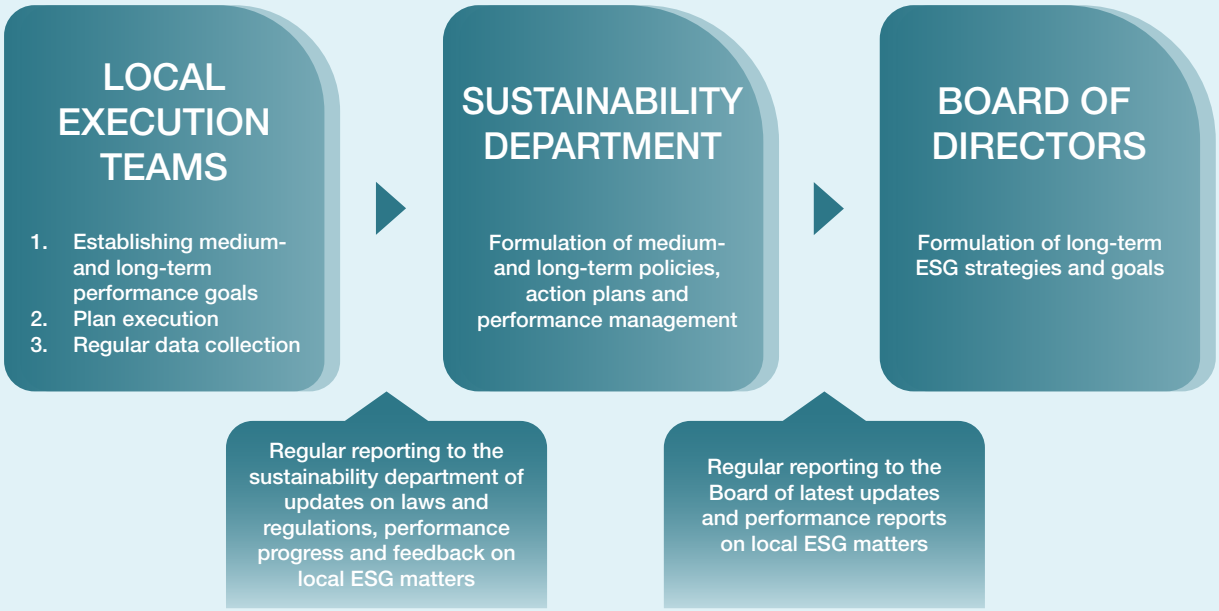
Although the global economy showed a mild recovery during the Year, factors such as geopolitical conflicts, rising trade protectionism and subdued consumer demand continued to pose challenges to the sportswear market. Despite these uncertainties, the Group upheld its customer-centric philosophy, proactively addressing operational challenges through enhanced strategic planning and dynamic adjustments. Meanwhile, the board of directors of the Company (the "Board") maintained rigorous oversight of ESG matters within the existing business framework. It established long-term strategies and objectives to ensure compliance with regulatory requirements, safeguard the interests of the Group and its stakeholders, and steadily advance our sustainability roadmap. In response to the latest amendments to ESG Code contained in Appendix C2 to the Listing Rules – particularly the requirements for climate-related disclosures – the Group has begun preparations to ensure future ESG reports comprehensively cover the identification, assessment, and management of climate-related risks and opportunities.

The Sustainability Department collaborated closely with leadership teams at all manufacturing facilities to implement performance targets and action plans, regularly tracking progress and reviewing outcomes. The Sustainability Department has established a systematic risk assessment mechanism that regularly provides the Board with professional analysis reports serving as an important basis for strategic decision-making.

The Board holds dedicated annual meetings to holistically review ESG performance and compliance disclosed in the Report. Based on feedback from stakeholder surveys and recommendations by the Sustainability Department, the Board effectively identifies material sustainability issues and promptly develops corresponding strategies to address them.



ESG Governance Structure



In the Board's assessment for the Year, geopolitical and economic uncertainties were identified as key business risks. To address this, the Group has continued to implement its production base diversification strategy. Leveraging the distinct geographical, policy, labour, and technological advantages of its manufacturing facilities in the Chinese Mainland, Indonesia, and Vietnam, the Group can allocate orders flexibly to maximise benefits and fulfill customers' business requirements. Another key focus of the Board is to optimise production planning and management models and advancing smart manufacturing initiatives to enhance product design flexibility and adaptability. The Group has invested additional resources in digital management and initiated a new era of AI-powered production management, which will be critical for the Group to stay ahead of fierce market competition.

The Group has adopted a multi-pronged approach to promote green manufacturing. This includes installing PV systems at its Shantou and Yifeng facilities and procuring renewable energy for its Indonesian facility to increase the use of clean energy. In addition, the Group will continuously optimise production equipment and introduce energy-saving devices to further reduce energy consumption. These measures not only effectively lower carbon emissions but also strengthen strategic readiness for climate challenges and the transition to a low-carbon economy.

The Board is committed to social responsibility and actively promotes community welfare. During the Year, the Eagle Nice Volunteer Teams organised several charity events. In Hong Kong, the volunteer team visited Sze Tian Rhenish Home for the Elderly and held a “Preserved Flower Workshop” for the elderly to enhance their sense of well-being. During the Mid-Autumn Festival, they held a lantern-making event at the Kiangsu Chekiang and Shanghai Residents (Hong Kong) Association Kwai Tsing Hostel for the Elderly to celebrate the festival together with the elderly; and at Christmas, they held a party for students from the SAHK Kwai Shing Early Learning and Training Centre at Jumpin Gym U.S.A.. In the Chinese Mainland, the volunteer team visited welfare homes and schools, distributing lucky bags and daily necessities to the elderly and children, promoting respect for the elderly and care for the young. In Indonesia, the volunteer team participated in community tree-planting and clean-up activities, and donated livestock and supplies to local disadvantaged groups, promoting caring actions. In Vietnam, the volunteer team promoted environmental awareness through tree-planting activities. These volunteer initiatives embody the Group’s core values of “Loving, Caring, and Sharing” and help foster positive social development.

Sustainability Awards

The Group remains committed to advancing sustainability and received external recognition for these efforts during the Year.

Hong Kong Headquarters

- awarded the logo of "Happy Company 5 years plus" by the Promoting Happiness Index Foundation
- awarded the "Good MPF Employer Award" by the Mandatory Provident Fund Schemes Authority

Huilai Factory

- awarded "Top 100 Industrial Enterprises in Jieyang City" title by Jieyang Hi-Tech Enterprises Association
- awarded the "Model Workers Pioneer" title by Guangdong Provincial Federation of Trade Unions

Yifeng Factory

- conferred "Municipal Water-saving Enterprise" title by Yichun Water Resources Bureau
- awarded the "Outstanding Organiser Award" title for "2024 Striving to be Occupational Health Experts Activity" by Yichun Federation of Trade Unions
- awarded the "Model Workers' Home of Yichun" title by Yichun Federation of Trade Unions
- awarded the "Vice President Member" title by Yifeng County Federation of Enterprises

Hubei Factory

- awarded the "Contribution Award for Sustainability" title by Li-Ning Company
- awarded the "Excellent Award for R&D" title by Li-Ning Company
- awarded the "Special Support Award in Olympics" title by Li-Ning Company
- conferred the "Caring Organization" certificate by the Charity Association of Duodao District, Jingmen City
- awarded the "High-Quality Development Contributor Award" title by the Duodao District Committee of the CPC and Duodao District People's Government

ENI Factory

- awarded "Merak Award (Best Bonded Zone)" title by Banten Merak Customs Office

2.2 Engagement with Stakeholders

The Group emphasises on maintaining transparent and close communications with its stakeholders. The Board engages in close interaction with customers, suppliers, and stakeholders through in-person visits and exchanges, social media, and regular customer meetings. Regular shareholders' meetings are also convened to keep communications and exchange views with stakeholders. These efforts aim to enhance stakeholders' confidence in the Group and gain insights into their expectations regarding the Group's business direction.

2.3 Materiality Assessment

To identify sustainability-related risks and opportunities, the Group actively evaluates the impact of various ESG aspects on our business and stakeholders. In 2022, the Group conducted a materiality assessment to review the significance of ESG issues and prioritise them based on their relevance. Through comparison from 2022 to the Year, we confirmed no material changes to the scope of this Report or key stakeholders. Consequently, following internal evaluation, it was determined that the materiality assessment results applied since 2022 would continue to be used for the Year. The Group will review the materiality assessment results every two to three years to determine whether a renewed materiality assessment is required.

The assessment conducted in 2022 primarily comprised the following three steps:

Step One

Identifying ESG topics

Using the Stock Exchange's ESG Guide as the framework for materiality assessment, and considering factors such as the Company's development strategy, industry trends, regulatory requirements and market demands, a stakeholder questionnaire was developed. The questionnaire focused on four main areas: environmental protection, employment and labour management, operating practices, and community investment, identifying 18 ESG topics.

Step Two

Confirming stakeholders and setting survey questionnaires

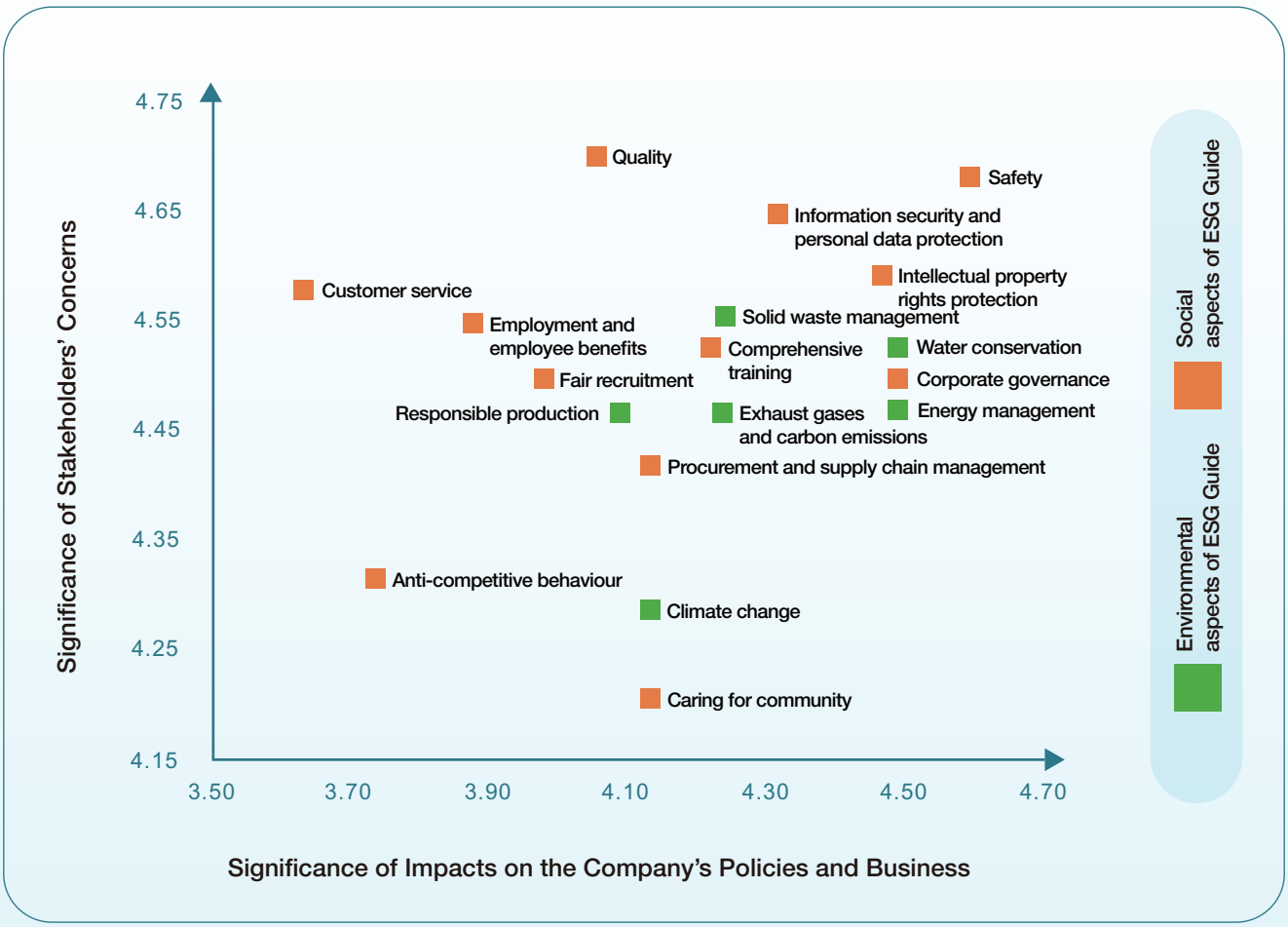
Customers, suppliers and employees were identified as key stakeholders of critical importance to the Group. Survey topics were tailored to reflect expectations of each group. Questionnaires were distributed to sampled stakeholders and collected within a specified timeframe.

Step Three

Assessing and confirming material topics

A correlation analysis was performed to assess stakeholder concerns alongside management's evaluation of the significance of their impact on corporate policies and business operations so as to identify the priority order of materiality among the 18 ESG topics.

ESG Materiality Analysis Matrix for the Year



Materiality	Topics	Environmental Protection	Employment and Labour Management	Operating Practices	Community Investment
High	Extremely material topics		• Safety	• Information security and personal data protection • Intellectual property rights protection • Quality	
	Material topics	• Exhaust gases and carbon emissions • Energy management • Solid waste management • Water conservation	• Comprehensive training	• Corporate governance • Procurement and supply chain management • Responsible production	
Low	General topics	• Climate change	• Employment and employee benefits • Fair recruitment	• Customer service • Anti-competitive behaviour	• Caring for community

Chapter 3 Environmental Aspects

3.1 The Environment and Natural Resources

The Group is committed to fostering a high-quality and sustainable environment for society and our future generations. We monitor the environmental impact of our operations on a continuous basis while actively enhancing staff awareness and skills in environmental matters, enabling them to fulfill the Group's sustainability goals and advance towards low-carbon cultures, habits, and lifestyles.

3.1.1 Management of the Environment and Natural Resources

The Group's environmental policy sets the direction and foundation for sustainable development and responsible environmental management at our factories. Each factory has also developed a sound environmental management system based on this environmental policy, which not only ensures ongoing regulatory compliance of factory operations, but also incorporates environmental concepts into daily business operations.

To fulfill our corporate social responsibility, we regularly assess and review the environmental impact of our factory operations. We strictly implement internal environmental tests and inspections on boundary noise levels, discharge of wastewater, exhaust gas, dust and specified pollutants, among others, in accordance with laws and regulations to ensure all emissions are within standard limits to reduce pollution to the environment.

The Group discloses environmental management and related emissions through multiple platforms. For eight consecutive years, we have utilised the Higg FEM platform for annual inspection and information disclosure. This entails third-party assessment and verification of our factories' environmental management systems, energy and GHG emissions, air emissions, water consumption, wastewater discharge management, waste management and chemical management, thereby identifying opportunities for continuous improvement. Additionally, our factories in Chinese Mainland disclose their carbon emissions and pollutant emission volumes through the Institute of Public & Environmental Affairs (IPE).

The Group monitors its supply chain partners on environmental governance and hazardous substances. Not only do we request them to share their Higg FEM annual report, but we also regularly monitor environmental compliance status on the IPE monitoring platform. In addition, for raw material suppliers, we strictly limit the use of substances that are harmful to humans and the environment in accordance with the requirements of the Restricted Substances List. In our manufacturing operations, we also strictly limit the use of chemicals on the Manufacturing Restricted Substances List to ensure that no chemicals with negative impacts on health and the environment are used in our production processes and routine maintenance.

ISO14001 Certification

PKI and PGG factories actively strengthened relevant environmental systems and practices by obtaining the internationally recognised ISO14001 environmental management system certification

Higg FEM Verification

Shantou, Huilai, Yifeng, Hubei, ENI, PGG, PKI, and EAV factories completed Higg FEM verification and disclosure

3.1.2 Directional Targets for Environmental Protection

The Group is committed to reducing the environmental impact of its manufacturing processes and has set the following objectives to prevent pollution and reduce resource consumption.

Environmental Targets	Directional Statements	Measures Implemented during the Year
Emissions Reduction	1. Adopting equipment that reduces exhaust/GHG emissions	1a. Replacing fuel-powered vehicles with electric forklifts at factories
	2. Using suitable filtration equipment to reduce the environmental impact of emissions during the production process	2a. Exhaust gases go through relevant equipment for dust removal, filtration and purification before being discharged to the environment, such as the use of activated carbon filtration devices to control exhaust gas emission at Yifeng Factory, and the use of photocatalytic oxidation air purifier at Hubei Factory
	3. Formulating emission reduction plans with suppliers in relation to transportation	3a. Requiring shuttle bus service contractors to replace their fuel-powered vehicles with electric vehicles; all 52 vehicles providing shuttle services to employees of Yifeng Factory and Hubei Factory were replaced with electric vehicles
Waste Reduction	1. Reducing scrap material at source by using automated equipment	1a. Utilizing automated cutting machines and automatic pattern-making equipment in cutting sections, combined with optimal pattern arraying, to minimise the generation of residual material (offcuts); new automated suspension systems were installed in production areas to save conveying time, enhance product quality control, and reduce non-value-added activities
	2. Reusing waste	2a. Encouraging the reuse of paper and plastic bags, the use of cartons as returnable containers, recycling plastic bags, and using recycled paper for printing, etc.

Environmental Targets	Directional Statements	Measures Implemented during the Year
Energy Efficiency	1. Adoption of equipment with better energy efficiency	1a. Replacing standard single-phase motors with direct-drive servo motors 1b. Using evaporative air conditioning systems and direct-drive ventilation fans to reduce electricity consumption 1c. Installing energy-saving variable-frequency air compressors to reduce power usage 1d. At Huilai Factory, in addition to energy-efficient air-source heat pumps, air compressor heat recovery exchangers were installed to reclaim waste heat. These two systems supply hot water for dormitories, saving approximately 27,000 kWh of grid electricity annually
	2. Purchasing renewable energy	2a. Purchasing Renewable Energy Certificate (REC): ENI Factory continued to purchase REC from local utility company during the Year, and PGG Factory purchased REC from local utility company starting from January 2025 (please refer to the REC shown in Section 3.2.4.2 of this Report)
	3. Installing solar photovoltaic power generation systems	3a. Installing photovoltaic power systems: Yifeng Factory installed a 1.1 MW photovoltaic system, which saved approximately 994,000 kWh of grid electricity for the Reporting Period, and Shantou Factory installed a 0.6 MW photovoltaic system, which saved approximately 634,000 kWh of grid electricity for the Reporting Period 3b. Adopting solar-powered streetlamps to replace conventional lighting: Huilai and Hubei Factories installed solar-powered streetlamps, collectively saving approximately 8,600 kWh of grid electricity during the Reporting Period, and Yifeng Factory commenced the replacement of streetlamps with solar alternatives in December 2024, projected to save approximately 71,000 kWh of grid electricity annually

Environmental Targets	Directional Statements	Measures Implemented during the Year
Water Efficiency	1. Utilizing treated wastewater that meets required standards for non-production purposes	1a. Reusing treated domestic wastewater for gardening and toilet flushing, thus reducing the use of fresh water
	2. Installing water-saving equipment	2a. Installing timers on water supply equipment and shutting off water supply at production areas during non-working hours to avoid any wastage of water resources caused by leakage or water taps not properly turned off 2b. Using equipment compatible with recycled water, such as evaporative air conditioning system

3.1.3 Environmental Training

The Group actively promotes a green culture with a variety of environmental training sessions and activities organised at factories, covering topics such as general environmental knowledge, waste segregation, hazardous waste management, energy conservation measures, chemical spillage handling and drills, among others. During the Year, the average number of participants and total training hours of our environmental training programs reached 1,832 individuals and 24,334 hours, respectively. This represents an increase of 475 participants and 10,212 hours compared to the previous year, demonstrating the Group's commitment to enhancing employees' environmental awareness.

Environmental Training

Number of participants in training for the Year [1]
1,832

Total training hours for the Year
24,334

[1]The figure represents the average number of participants in training for the Year, calculated by taking the monthly average number of training participants across all operating locations during the Reporting Period.

3.2 Emissions

The Group is committed to addressing climate change and progressively advancing toward the goal of carbon-neutral operations. We regularly review and revise our environmental policies to ensure alignment with international standards and regulations. The newly acquired factory in Vietnam (EAV) currently does not fully align with the Group's existing ESG strategy. To uphold our commitment to responsible and sustainable business practices, we plan to gradually incorporate the Group's ESG standards into the facility's operations in the coming year.

3.2.1 Waste Management

The Group seeks to mitigate impact on the environment based on the principle of "waste reduction at source and recycling". In addition to adopting more environmental friendly waste disposal methods, we also conduct annual inspections of our recycling vendors to ensure that waste is properly disposed.

3.2.1.1 Hazardous Waste Management

Hazardous waste managed by the Group includes mainly waste chemicals and their containers, waste machine oil, and sludge from wastewater treatment. All our factories have designated specific areas in accordance with laws and regulations to store sorted waste, which is regularly collected and processed by qualified suppliers. Irresponsible disposal is strictly prohibited.

3.2.1.2 Non-hazardous Waste Management

Waste generated during the Group's manufacturing process comprises mainly non-hazardous waste, including fabric scraps, cotton waste, paper waste and plastic waste (such as plastic bags, plastic wiring cores and plastic boards) and domestic waste (such as kitchen waste). Our factories have been engaged in active effort to reduce the volume of waste generated, advocating "waste reduction at source and recycling" whilst reducing waste by enhancing precision through automated technologies. We have implemented the following waste reduction measures in respect of different types of waste:

Fabric Scraps and Cotton Waste

1) Automated computerised cutting table
2) Automated cutting machine
3) Cotton template cutting machine

Paper Waste

1) Reusing paper boxes as turnover boxes
2) Recycling paper rolls for reuse by suppliers
3) Increasing use of electronic filing and storage
4) Reusing single-side printed eco-friendly paper

Plastic Waste

1) Rewiring used cores with the reel
2) Encouraging employees to bring their own water bottles

Statistics on the weight and emission intensity of waste generated during the Year are shown in the table below:

	Annual emission volume	
Type of Waste	**2025**	**2024**
Hazardous waste (tonne)	35.31	24.52
Non-hazardous waste (tonne)	1,898.51	1,634.91
Annual production volume (piece)	27,878,322	27,210,848
Emission intensity of hazardous waste (per production unit) (gram/piece)	1.27	0.90
Emission intensity of non-hazardous waste (per production unit) (gram/piece)	68.26	60.08

3.2.2 Wastewater Management

Wastewater discharged by the Group's factories comprises mainly domestic sewage and a small volume of industrial wastewater generated from the printing process. Our industrial wastewater undergoes treatment and purification via on-site facilities, and is then processed by the industrial zone's sewage treatment plant before being discharged outside the factory areas.

3.2.3 Exhaust Air Management

The Group manages emissions of air pollutants in accordance with local regulations. To reduce air pollution, our factories have installed filtration devices at relevant exhaust outlets and have engaged third-party testing service providers to conduct compliance inspection and test on the exhaust outlets to ensure that filtered emissions meet the applicable emission standards. During the Year, the Group's manufacturing facilities adopted the following types of exhaust treatment equipment:

- Filtration devices using activated carbons and negative ion high voltage technologies;
- Photocatalytic equipment for decomposing volatile organic compound (VOC);
- Electrostatic oil and fume purifier installed at the exhaust pipes of the cafeteria;
- Laser exhaust UV photolysis.

3.2.4 GHG Emission Reduction Strategy

The Group has been dedicated to environmental protection and making resolute efforts to address climate change. We have put in place environmental measures to reduce our GHG emissions.

3.2.4.1 Direct GHG Emissions (Scope 1)

Our direct GHG emissions are mainly generated by transport fuel consumed in operations. We have implemented the following measures to reduce emissions:

- Fuel consumption control by reducing the deployment of corporate vehicles and encouraging the use of public transport;
- Use of electric forklifts in place of fuel-powered tools at factories;
- Enhancing air-conditioning maintenance and using refrigerants with lower global warming potential.

3.2.4.2 Energy Indirect GHG Emissions (Scope 2)

The Group's GHG emissions comprise mainly energy indirect GHG. Thus, reducing grid electricity consumption is our foremost reduction focus. We have been actively studying the feasibility of various energy-saving and emission reduction projects, and have successfully implemented the following projects at our factories:

Energy Efficiency

Our factories actively employ energy-saving equipment with higher energy efficiency, such as LED lighting and IE3 motors, among others. Sensor lights are installed where appropriate to save unnecessary power consumption.

Huilai Factory has installed air-source heat pumps at its staff quarters. Unlike conventional electric water heaters, these systems absorb heat from the outside air and thus consume less electricity to generate hot water. Additionally, air compressor heat recovery exchangers were installed in the Year to reclaim waste heat, further reducing electricity consumption.

To identify emission reduction opportunities, our factories in Vietnam (PKI and EAV Factories) engaged third-party consultants to conduct energy audits. During the Year, these factories adopted recommendations set out in the audit reports and implemented a number of energy-saving and emission-reduction measures.

Renewable Energy

In recent years, the Group has been actively adjusting its energy mix by substantially reducing the use of fossil fuel and introducing various types of green energy, including solar projects and green power agreements in various regions. As a result of these continued efforts, renewable energy usage accounted for approximately 15.7% of the Group's total energy consumption[2] for the Year.

[2] Total energy consumption is calculated as the sum of the Group's purchased electricity and renewable energy consumed during the Reporting Period.

Solar-powered water heater

Yifeng Factory has installed solar water heating equipment, saving approximately 53,000 kWh of grid electricity annually.

Solar-powered streetlamps

Hubei and Huilai Factories have installed solar-powered streetlamps in their factory areas, collectively saving approximately 8,600 kWh of grid electricity for the Year.

Yifeng Factory also replaced its streetlamps with solar alternatives in December 2024, which is expected to save approximately 71,000 kWh of grid electricity annually.

Rooftop solar power facility

The 0.6 MW rooftop solar power facility at Shantou Factory was commissioned in mid-2022, which saved approximately 634,000 kWh of grid electricity for the factory during the Reporting Period.

The 1.1 MW rooftop solar power facility at Yifeng Factory was commissioned towards the end of 2022, which saved approximately 934,000 kWh of grid electricity for the factory during the Reporting Period.

Signing power purchase agreements (PPA)

ENI Factory entered into a long-term PPA with a local utility company in 2022 to supply green electricity with REC for all the electricity consumed in its factory area. During the Reporting Period, ENI Factory purchased approximately 3,010,000 kWh of geothermal energy in aggregate.

PGG Factory entered into a PPA with a local utility company in January 2025 to supply green electricity with REC for all the electricity consumed in its factory area. During the Reporting Period, PGG Factory purchased approximately 348,000 kWh of hydraulic energy in aggregate.

ENI

PGG

The Group was not aware of any material emissions in violation of pertinent environmental laws and regulations during the Reporting Period. Major GHG sources and their emission volumes for the Year are summarised in the following table:

	Total annual consumption	
Major sources of GHG emissions	**2025**	**2024**
Diesel consumption (litre)	55,127	49,925
Gasoline consumption (litre)	89,736	91,451
Electricity consumption (kWh)	26,779,529	22,208,157
Annual production volume (piece)	27,878,322	27,210,848
Total GHG emission (tonne of CO_2 equivalent)	14,473	13,898
GHG emission intensity (gram of CO_2 equivalent/piece)	519.13	510.77

Direct GHG (Scope 1) [3] emissions

445
(tonnes of CO_2 equivalent)

Energy Indirect GHG (Scope 2) [4] emissions

14,028
(tonnes of CO_2 equivalent)

Total GHG emissions [5]

14,473
(tonnes of CO_2 equivalent)

[3] Direct GHG was mainly generated from gasoline/diesel consumption of vehicles; the calculation method was based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

[4] Energy indirect GHG was mainly generated from indirect emissions of purchased electricity; electricity indirect emissions in Chinese Mainland were computed by reference to the "Benchmark Emission Factors for Regional Power Grids" published by the National Development and Reform Commission (NDRC) of the People's Republic of China; emissions in Hong Kong were computed by reference to emission factors published by the power company in its sustainability report; and emissions in Vietnam and Indonesia were computed by reference to the average emission factors for the region published by the Institute for Global Environmental Strategies (IGES).

[5] The global warming potential (GWP) values used in GHG calculations are based on those in the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC).

3.3 Use of Resources

The Group has been dedicated to reducing the consumption of resources in an effort to promote green and sustainable development.

3.3.1 Energy Management

The Group continually monitors energy conservation performance across all factories through an internal platform. We regularly analyse and compare electricity consumption in various production processes or areas of our factories to identify opportunities for improvement, striving to maximise energy savings.

The Group has established an energy management policy. Regular maintenance is carried out on existing equipment to improve energy efficiency. To minimise unnecessary consumption, we not only continuously monitor the operating hours of energy-consuming equipment to ensure that devices are powered off before leaving work, but also promote energy-saving and environmental initiatives among employees – requiring them to switch off idle equipment and incorporate energy conservation into their routine workflows.

When procuring new equipment, we give priority to models with energy-efficiency features.

3.3.2 Water Conservation

Water consumed by the Group is sourced from municipal water supply and mainly used for domestic purposes. Water-consuming equipment is under the supervision of dedicated personnel of the Group, who are responsible for the regular cleaning, maintenance, and inspection of such equipment. If leakage or deterioration in water supply facilities and fittings are detected during inspections, immediate repairs or replacements will be executed to prevent water wastage.

The Group's factories have implemented different water conservation measures according to their respective conditions to reduce consumption of fresh water:

- Reuse of reclaimed water;
- Air-conditioning system with evaporative cooling pads designed with the use of recycled water;
- Enhanced maintenance and inspection of water pipes.

3.3.3 Statistics on Resource Consumption

Following the implementation of conservation measures described above, the major resources consumed by the Group's factories during the Reporting Period are summarised in the table below:

	Total annual consumption	
Resources	**2025**	**2024**
Purchased electricity (kWh)	26,779,529	22,208,157
Renewable energy consumed[6] (kWh)	4,987,007	4,481,757
Water (cubic metre)	559,471	509,265
Packaging materials (paper) (tonne)	1,890	1,935
Packaging materials (plastic) (tonne)	375	353
Annual production volume (piece)	27,878,322	27,210,848

	Intensity of consumption per unit of production	
Resources	**2025**	**2024**
Purchased electricity (kWh/piece)	0.96	0.82
Water (litre/piece)	20.07	18.72
Packaging materials (paper) (gram/piece)	67.95	71.11
Packaging materials (plastic) (gram/piece)	13.49	12.96

[6] The renewable energy consumed includes electricity from solar power facilities at the Group's Shantou and Yifeng Factories and REC purchased by ENI and PGG Factories.

3.4 Addressing Climate Change

To address the challenges of global climate change collaboratively, the Group conducts regular assessments of climate-related risks and develops effective contingency plans and corresponding strategies accordingly.

Risk Assessment

The Group regularly assesses the potential impact of extreme weather events and climate-related disasters on its factories, infrastructure and production processes.

- Whether factories and infrastructure are located in areas threatened by typhoon and torrential rain caused by climate-related impact;
- The impact of potential heat wave on production processes (e.g., the operation of air conditioners and automated machines);
- Whether climate change disrupts the supply chains of specific materials, affecting the availability of raw materials (e.g. prices and quantities);
- Whether resource scarcity driven by climate change necessitates backup plans for alternative resources;
- Proactively considering budgets for facility/technology upgrades to reduce GHG emissions or pollution;
- Increasing the use of renewable energy (e.g., solar power) where feasible.

Preparedness Plan for Disaster Management

To address emergencies that could be caused by identified extreme weather (such as floods caused by torrential rain), we have developed documented disaster risk management strategies and measures to manage the risk of floods near our production and warehouse facilities and formulated contingency plans. The following measures are in place to prevent damage caused by extreme weather:

- Installing anti-flood barriers that could withstand flood water at a higher level;
- Reinforcing plant structures to withstand super typhoons;
- Replacing windows with those made of ultra-strong wind-resistant glass for operating facilities located in typhoon-prone areas;
- Securing outdoor equipment or machinery (e.g., with ropes) prior to the hoisting of super typhoon signals;
- Introducing protective measures (e.g., debris flow dams) at factories close to natural or artificial slopes to mitigate the damage caused by landslides.

Other Response Measures

The Group's other strategies to cope with climate disasters include the purchase of insurance to cover possible losses caused by natural disasters, and the development of business continuity plans for resumption of production and continuity of operations in the event of disruption of operations due to extreme weather events.

In addition, the Group provides training and drills on disaster preparedness and contingency measures to ensure that our employees are equipped with preventive and reactive knowledge, for example, ensuring all windows are tightly closed prior to typhoon threatening, and conducting regular window inspections to prepare for extreme weather.

The Group is preparing an implementation plan for climate-related disclosures and expects to complete its first climate risk scenario analysis in 2025, covering both physical risks (e.g., extreme weather impacts on production facilities) and transition risks (e.g., policy-driven cost increases). Currently, the Group is actively collecting relevant data and establishing internal processes to ensure future disclosures comply with the requirements of the Environmental, Social and Governance Reporting Code contained in Appendix C2 to the Listing Rules.

Chapter 4 Social Aspects

4.1 Employment

The Group regards its employees as its most valuable core asset. On top of strict compliance with applicable employment laws, the Group has also established policies to ensure that each employee is treated on an equal basis and that his/her choices and rights are duly respected, in an effort to foster a vibrant workplace and a strong sense of belonging for employees, as well as to attract talents to join. It is worth noting that during the Reporting Period, the Group was not aware of or brought to the attention of any incidents of non-compliance or cases of complaint regarding discrimination or recruitment.

4.1.1 Recruitment and Promotion

The Group does not require a job applicant to disclose personal information irrelevant to the job position or not legally required, such as his/her religious belief, in the course of recruitment. The Group decides to hire an employee solely based on his/her professional competence, strictly prohibiting any form of discrimination due to gender, ethnic origin, race, background, religious belief, marital status, sexual orientation, nationality or political views, etc.

All employees are treated on an equal basis. Matters concerning recruitment, wages, benefits, rewards, promotion and termination are considered solely on the basis of the employee's educational background, professional qualifications and competence. Male and female employees are treated equally.

As a responsible employer, the Group is committed to protecting all employees and to comply with related international conventions, such as International Labor Organization (ILO) Convention No. 190: Eliminating Violence and Harassment in the World of Work, ratification and implementation of the ILO Convention 111: Discrimination in Employment and Occupation, and support for CEDAW: Convention on the Elimination of all Forms of Discrimination Against Women, and so on. This commitment applies to all operating locations of the Group worldwide.

Intertek WCA Workplace Conditions Assessment

Hubei Factory was granted the "Achievement Award for Social Responsibility Compliance Management" under the Workplace Conditions Assessment (WCA) standard, ensuring that its workplace conditions meet the international human rights standards.

4.1.2 Remuneration and Benefits

The Group ensures that the remuneration of an employee is reasonably commensurate with his or her competence, and the remuneration and benefits are structured irrespective of gender.

In accordance with local employment regulations, the Group pays an employee a salary not less than the minimum wage prescribed under the applicable laws. Overtime wages are calculated and paid in accordance with relevant regulations. In addition, employees are entitled to statutory paid holidays, such as festive holidays, annual leaves and work-related injury leaves. The Group also provides employees with mandatory benefits, such as social insurance and labour insurance, in accordance with local regulations.

In addition to statutory benefits, the Group goes beyond legal requirements by offering additional employee benefits to demonstrate its care for employees. These benefits vary based on employee needs and may include additional paid leaves, supplementary employee insurance, incentive bonuses (such as full attendance bonus), free accommodation, free lunch on work days, commuting shuttle services, training allowances, and other relevant non-statutory holidays. Each operating division regularly reviews its benefits policy and makes timely optimizations. For instance, the Hong Kong division has revamped its annual leave scheme this year, not only increasing the number of basic annual leave days but also revising the seniority-based increment mechanism.

4.1.3 Staff Employment Statistics

The total number and distribution of the Group's staff as at 31 March 2025 are as below:

	Headcount of Employees	
Gender	**2025**	**2024**
Male	3,305	3,106
Female	12,265	11,368
Employment Type		
Full-time	15,570	14,474
Part-time	0	0
Age group		
18 – 30	3,299	3,106
31 – 45	8,915	8,108
46 – 60	3,319	3,234
> 60	37	26
Location		
Hong Kong, China	81	83
Chinese Mainland	7,638	7,441
Indonesia	4,805	4,757
Vietnam	3,046	2,193
Total	**15,570**	**14,474**

The employee turnover rate for the Year, analysed by gender, by age group and by location, is summarised in the table below:

	Average Monthly Employee Turnover Rate (%)	
Gender	**2025**	**2024**
Male	2.36	2.41
Female	2.20	1.93
Age group		
18 – 30	4.27	4.55
31 – 45	2.07	2.01
46 – 60	1.68	1.38
> 60	0.69	0.45
Location		
Hong Kong, China	1.35	1.33
Chinese Mainland	2.69	2.58
Indonesia	0.59	0.82
Vietnam	3.11	2.34
Overall average	**2.22**	**2.03**

4.2 Health and Safety

4.2.1 OHS Management

Safe production represents a core value for the Group which believes that sound OHS management is the cornerstone to success. We operate in persistent compliance with all pertinent laws and regulations and endeavour to incorporate health and safety factors into all business operations, consistently enhancing our OHS performance in a committed effort to foster a safe and healthy workplace for employees.

To supervise and effectively prevent the occurrence of dangers during work, the Group has established an OHS system. Our factories have established safety goals and implementation plans for multiple years based on their business requirements. Independent safety teams have been formed to improve safety management in all aspects, monitoring on a regular basis and reporting to management to ensure smooth completion of these goals and plans.

The Group believes that digital management can enhance safety management at the factories, saving time on significant safety tasks while providing valuable data for management. We continuously optimise our internal data platform to enable the factories to track their safety performance and conduct work injury data analysis to identify improvement opportunities. We have also introduced a third-party law and regulation management tool to allow our factories to track legal requirements in a more comprehensive manner, including pending laws and regulations to mitigate the risk of non-compliance with safety regulations. The Group was not aware of any cases of violation of pertinent local OHS laws during the Year.

The Group's commitment to safety goes beyond compliance with laws and regulations. We firmly believe that all work injuries are preventable. We are determined to strengthen our safety culture and encourage our factories to optimise their processes and enhance their employees' safety awareness on an ongoing basis, making safety an integral part of daily work for all employees. We have also appointed a third-party safety consultant to provide assessment and professional guidance in connection with the sophistication of our factories' safety culture, covering aspects such as management support, standardised processes and build-up of safety talents. Four of our factories (Shantou, Yifeng, Hubei, and ENI factories) passed the verification.

ISO45001 Certification

bsi.
Certificate of Registration

Yifeng and PKI factories attained ISO45001 Occupational Health and Safety Management System certification, reflecting the Group's safety management in line with international standards.

"Class III Enterprise (Textile) in Work Safety Standardization" Certificate

Hubei Factory was awarded "Class III Enterprise (Textile) in Work Safety Standardization" Certificate by Jingmen Emergency Management Bureau in recognition of the factory's work safety efforts.

4.2.2 Workplace Safety

To foster a safe workplace environment, the Group has adopted a preventive strategy which seeks to eliminate the occurrence of hazards through source management.

Safety Setup

We strictly comply with relevant laws and regulations in the planning and installation of fire prevention and electrical equipment at our factories, and designated personnel are assigned to carry out regular safety patrols and rectification. Our factories conduct risk assessments on the plant areas and their surrounding areas and third-party suppliers are hired to inspect the safety and integrity of the buildings on a regular basis. To further reduce preventable safety hazards relating to structure, fire incidents and electricity supply, three of the Group's factories (PKI, EAV, and ENI factories) participated in the Life and Building Safety Initiatives (LABS), an industry-driven programme aimed at improving factory safety standards, helping identify potential hazards and providing sustainable solutions to enhance workplace conditions. Through on-site examinations and professional instruction by third-party consultants, our factories are able to deploy their safety facilities according to a better standard than legally required. In particular, PKI Factory attained graduation certificate after successfully completing all processes.

Environmental Hygiene

In accordance with laws and regulations, the Group engages third-party testing and inspection service providers on a regular basis to conduct various environmental tests and inspections, such as noise level, air quality and drinking water quality, to ensure that all environment factors comply with relevant standards such that employees could feel at ease at work. To identify potential health risks, the Group arranges mandatory health examinations for employees in hazardous positions in full compliance with relevant regulations. The hazardous positions include those exposed to high noise levels, dusty environment, laser operations, chemicals and waste, typically involving processes such as down filling, cutting, embroidering and patterning (operation of laser template machines), among others. During the Year, health screenings were conducted for 1,262 employees in hazardous positions, with no cases of occupational diseases detected. Apart from potentially hazardous positions, some factories (such as the factories in Indonesia and Vietnam) implemented universal health checks for all staff in accordance with relevant local laws and regulations.

Prevention of Job Hazards

The Group reviews the safety risks associated with each job position on a continuous basis and requires employees to work safely in compliance with the standard operating guide. Machinery purchased by the Group must fulfill safety requirements and meet specific standards before being put into operation. We also conduct various risk assessments on a regular basis, such as job hazard analysis, machinery risk assessment and chemical risk assessment, among others. Employees have been provided with appropriate personal protective equipment (PPE) free of charge. Employees at work must put on the PPE required by their positions correctly in accordance with the standard operating guide.

Safety Behavior Observation

In addition to eliminating environmental hazards, the Group is committed to reducing unsafe behaviors of employees to foster a safer workplace. To enhance safety awareness among employees, we piloted the Safety Behavior Observation Programme at our factories in Chinese Mainland during the Year. A total of 182 on-site behavior observers were appointed to record and correct unsafe practices of employees. We also combined job hazard assessments and unsafe behavior analysis to further strengthen our organization-wide safety culture by posting and promoting the potential consequences of unsafe behaviors.

4.2.3 Health and Safety Training

The Group actively promotes the safety culture in a joint effort with its employees to build a safe workplace. To maintain safe production in a consistent manner, we review our safety training programmes on a regular basis and endeavour to train relevant talents and generally enhance the safety awareness of employees through various internal as well as external training programmes.

4.2.3.1 Grooming Safety Management Personnel

The Group provides a diverse range of external training to enable employees to learn professional safety knowledge and best practices in the industry. Some of the training topics include machinery safety, occupational hygiene, safety culture, workplace safety and safe conduct, among others.

To support the Group's directive of achieving modernisation in production, its factories have been actively grooming talents to advance machinery safety management. As at 31 March 2025, the Group has 10 certified mechanical safety experts (CMSE) who conducted regular risk assessments for the factories' machinery as well as participated in safety training.

To enhance the management of chemicals, the Group also encourages its factories to participate in occupational hygiene courses organised by third parties on preventing risks associated with improper use of chemicals. As at 31 March 2025, 13 employees of the Group completed training and obtained relevant certificates.

4.2.3.2 General Enhancement of Safety Awareness among Employees

Our factories provide appropriate safety training for employees based on the safety requirements of individual job positions and leveraging on external resources to ensure that employees have a clear understanding of safety matters relevant to themselves. Moreover, on-site safety instructors have been stationed at the factories to provide employees with updates and relevant safety training on a regular basis, to enhance employees' safety awareness and make safety an important cornerstone of sustainable development decisions.

Our factories arrange training for both incumbent and newly recruited staff in accordance with local laws and their operational requirements. Health and safety training organised by our factories during the Year can be broadly classified into four categories as follows:

Fundamental Management on Health and Safety

Training on production safety knowledge and environmental hygiene precautions of factories, including learning to identify job hazards, proper use of personal protective equipment (PPE), and personal health management practices.

Safe Operation of Equipment

Providing training on safe machine operation and guidelines on risk mitigation. For some special positions (such as electricians, forklift operators), training must be completed, and qualification certificates must be obtained in a timely manner in accordance with local regulations.

Handling of Chemicals and Other Hazardous Substances

Providing safety training on waste and chemicals management, covering the procurement, transportation, storage, use, and final disposal of relevant items. As a precaution, regular chemical spill drills are held to ensure that employees are capable of responding to such situations.

Fire and Emergency Measures

Providing fire safety education and emergency response procedures. In addition, regular firefighting drills are conducted in compliance with local regulations to ensure that employees are capable of responding to relevant situations and using relevant emergency equipment.

During the Year, the average number of participants and total training hours of our OHS training programs reached 6,918 individuals and 75,900 hours, respectively. This represents an increase of 3,602 participants and 33,694 hours compared to the previous year, demonstrating the Group's commitment to enhancing employees' safety awareness.

OHS Training

Total number of participants in training for the Year [7]

6,918

Total training hours for the Year

75,900

[7] The figure represents the average number or participants in training for the Year, calculated by taking the monthly average number of training participants across all operating locations during the Reporting Period.

4.2.3.3 Safety Initiatives

In addition to safety training, our factories share safety information in engaging and creative ways and organise a wide range of safety campaigns to promote a vibrant workplace environment.

Health & Safety Knowledge Quiz

Health Consultation and Basic Examination

Mental Health Seminar

Safety Pioneer Awards Ceremony

International Women's Day Celebration

4.2.4 Interaction and Communication with Staff

The Group is concerned about the health and safety of employees. Our factories establish various channels for communication to assist employees in dealing with difficulties encountered in daily life and at work as well as safety issues. Employees may file complaints or request counselling via phone calls or in writing to voice their discontent regarding current work allocation, management measures and reward system, among others, as well as any psychological distress resulting therefrom.

4.2.5 Safety Performance

During the Reporting Period, the Group did not identify any violations of local occupational health and safety laws and regulations. No incidents of employees' fatality caused by work-related reasons occurred during the past three years including the Year.

During the Reporting Period, the Group's loss of work days due to work injuries sustained by employees are as follows:

	2025
Number of fatality caused by work-related reasons	0
Loss of work days due to work injuries	993

4.3 Development and Training

The Group has established standardised procedures for designing staff training programmes, supervising the implementation process and assessing staff competence development and training effectiveness. All employees are provided with equal access to career development and promotion opportunities.

To enhance employees' professional knowledge and working skills, the Group developed tailored training courses based on specific role requirements, such as:

- For management personnel: laws and regulations on quality as well as management theories and practices;
- For technical personnel: technical knowledge and standardised operational procedures;
- For quality control personnel: quality control techniques and inspection methods.

Induction training for new employees is subject to flexible adjustment depending on the ability and experience of the new recruits, who will undergo appraisal upon conclusion of the probation period to ensure compatibility of his/her abilities with the position.

Training implementation may take one or a combination of the following forms: internal training sessions with mentoring by veteran staff; external training, and internal training delivered by externally engaged experts. Candidates for specialised positions (such as electricians, pattern makers and quality control staff) must obtain relevant certificates or qualifications before they are officially appointed.

The Group conducts a comprehensive assessment of the effectiveness of training implementation and appraisal results each year. Based on operational development priorities (such as technological innovation, equipment upgrades, and higher quality standards from customers), the Group formulates training plans for the following year, to support both employee career growth and business development for the Group.

The following tables present statistics for the Reporting Period, including the total annual staff training enrolment and total number of training hours, broken down by gender and employee category. They also provide the average monthly proportion of employees trained as a percentage of the total employee headcount and the monthly average of training hours per employee:

Number of trained employees for the Year[8]		
Gender	**2025**	**2024**
Male	1,626	1,407
Female	7,223	5,515
Employee Category		
Senior Management	77	44
Middle Management	745	640
Junior Employees	8,026	6,238
Total enrolment	**8,848**	**6,922**

Average monthly percentage of employees trained (%)		
Gender	**2025**	**2024**
Male	48.44	49.03
Female	49.14	46.29
Employee Category		
Senior Management	44.68	34.88
Middle Management	56.46	54.53
Junior Employees	48.22	48.18
Overall average	**48.72**	**46.99**

[8] The figure represents the average number of participants in training for the Year, calculated by taking the monthly average number of training participants across all operating locations during the Reporting Period.

Total hours of employee training (hour)		
Gender	**2025**	**2024**
Male	23,094.64	19,671.26
Female	99,998.41	75,571.69
Employee Category		
Senior Management	1,068.98	665.05
Middle Management	8,873.46	8,882.43
Junior Employees	113,190.60	85,695.47
Total hours	**123,133.04**	**95,242.95**

Monthly average of training hours per employee		
Gender	**2025**	**2024**
Male	0.77	0.55
Female	0.59	0.46
Employee Category		
Senior Management	0.84	0.49
Middle Management	0.59	0.59
Junior Employees	0.61	0.47
Overall average	**0.61**	**0.48**

4.4 Labour Standards

The Group strictly complies with relevant labour laws and regulations and prohibits the employment of labor below the legal working age. All job applicants must provide legally valid age verification documents and complete authentication during the recruitment process.

The Group prohibits the use of forced labour of any kind (including but not limited to prison labour, indentured labour, bonded labour, etc.). Under no circumstances will the Group withhold the original identity card of an employee or require an employee to pay deposits or deduct an employee's wages against employment related costs and expenses, such as work visa, medical examination, work permit and fees charged by agents/recruitment agencies.

Employees may work overtime if they wish. Any overtime work beyond normal working hours is requested by the employees on a voluntary basis subject to the daily overtime limits imposed by local regulations. The Group closely monitors any potential violations and ensures that employees have the right to move freely within the work premises during working hours.

In the unlikely event that any child labour or forced labour incident is identified, the Group will address and rectify such violations in compliance with the local laws of the respective regions.

Upon verification, no instances of illegal child labour or forced labour were identified within the Group during the Reporting Period.

4.5 Supply Chain Management

The Group requires all suppliers to strictly comply with the Code of Conduct for Suppliers, which clearly stipulates compliance requirements for suppliers in terms of service performance, product safety, and quality standards.

4.5.1 Distribution of Suppliers

During the Reporting Period, the Group engaged 581 suppliers distributed in the following geographical regions:

Number of Suppliers		
Geographical Regions	**2025**	**2024**
Chinese Mainland	287	371
Hong Kong, China	75	67
Taiwan	58	64
Other Asian regions	141	140
Europe	13	9
North America	6	11
Oceania	1	–
Total	**581**	**662**

4.5.2 Assessment of Suppliers

The Group implements a rigorous supplier management mechanism and continuously monitors key performance indicators, including product quality, on-time delivery rate, exception handling efficiency, customer feedback responsiveness, and service levels. Except for customer-designated suppliers, we have established a systematic evaluation process that covers multi-dimensional supervision measures, such as product sampling inspection, historical quality data analysis, and dynamic compliance reviews, to ensure the supply chain partners' consistent compliance with the Group's standards.

Other than those designated by customers, all new suppliers must pass our primary evaluation, which generally covers quality, service and timeliness of delivery, by means of materials testing and examination of documentation to ensure their consistent compliance with the Group's specified requirements. The Group has coordinated procedures with new suppliers and monitors relevant raw materials and semi-finished products in accordance with the quality and technical requirements of customers. The Group has assessed the performance of existing suppliers using a consistent assessment mechanism during the Year. With the exception of those designated by customers, all suppliers deemed to have a significant impact on product quality were subject to review. Suppliers which do not meet the assessment requirements are suspended by the Group until corrective actions are completed and compliance is achieved. In exceptional circumstances, the Group may discuss with customers the performance of suppliers and adjust the criteria for the selection and supervision of suppliers.

4.5.3 Control of Environmental and Social Risks in the Supply Chain

The Group gives priority to suppliers that meet environmental standards, and thoroughly assesses their emission, pollution levels, and other potential environmental impacts. At the same time, operational compliance of business partners in the supply chain is reviewed in a rigorous manner and assessment is made on their relevant social risks, such as employment compliance and safety compliance of employees, among others. During the Reporting Period, the Group adopted the following methods to manage risks in the supply chain:

- Using testing methods to ensure compliance of materials provided by suppliers with relevant environmental or safety standards (such as OEKO-TEX relating to the ecological safety of products, the EU REACH regulations for registration, evaluation, authorisation and restriction of chemicals and the requirements of Restricted Substances List (RSL));
- Investigating suppliers' environmental compliance on the internet (such as the IPE website);
- Giving priority to suppliers who have attained environmental or energy management certification (such as ISO14001 and ISO50001);
- Giving priority to suppliers who have attained qualification relating to social responsibility (such as ISO45001, BSCI, RBA, SA8000, SLCP and WRAP);
- Conducting survey with questionnaire or on-site assessment on the environmental performance and social responsibility of those engaged suppliers.

4.5.4 Green Procurement

Other than production materials and equipment designated by customers, subject to operational requirements, the Group gives preference to materials and equipment with eco-friendly features. Materials are considered eco-friendly given that they are natural, non-hazardous, environmentally certified, or made of eco-friendly materials. Currently, green procurement covers fabric and accessories. Examples of accessories include the Ecodown made of 100% recycled polyester fibres used as filling cotton. Moreover, all solvents used by Hubei Factory in its printing process are eco-friendly materials which have passed testing on hazardous substances, including level of formaldehyde, heavy metals, octylphenol ethoxylate (OPEO), octylphenol (OP) and organotin compounds contained. Some production contracts signed with customers include terms stipulating the use of suppliers and materials that comply with the GRS/Global Recycled Standard and the Bluesign environmental standard for textile products, among others.

When selecting energy-consuming equipment, priority is given to products which have attained energy-saving certification or high-efficiency energy labels, such as energy-saving machinery and LED lighting. Subject to the availability of viable alternatives, we only purchase new equipment with Class I energy efficiency. Several factories have adopted eco-friendly refrigerants in their air-conditioning systems, such as the use of R32, R410a, and R407c at both Indonesian (ENI, PGG) and Vietnamese (PKI, EAV) facilities.

Apart from the procurement of materials, the Group has also modified the method of handling orders with suppliers by adopting the Electronic Data Interchange (EDI) mode for placing orders via electronic documents in replacement of traditional paper-based order documents to avoid undue paper consumption.

Moreover, the Group has formulated a local procurement policy as a part of its green procurement. Given equivalent quality, priority is given to products and services provided by local suppliers, with a view to reducing the generation and emission of GHG in the process of procurement and transportation. During the Reporting Period, the number of local suppliers accounted for 52% of the total supply base.

4.6 Product Responsibility

Through the employment of state-of-the-art technologies and effective quality control techniques, the Group ensures that every product manufactured fulfills the functional requirements of its customers and relevant product safety/quality standards, such as AATCC158, AATCC135, AATCC179, AATCC8 and ISO1308. Finished products are kept in a securely guarded location to prevent theft or smuggling.

ISO9001 quality management systems accreditation

Shantou, Yifeng, Hubei, Foshan, PGG and EAV factories have obtained the ISO9001 certification, implementing quality management system in line with the international standards, and ensure end-to-end compliance with customers' requirements and applicable national and industry standards for product quality from the stages of incoming materials to product dispatch.

Responsible Down Standard (RDS) Certificate

Apart from ensuring compliance of products with relevant safety and quality standards, the Group is committed to conducting procurement and production management in a responsible manner, as well as stringent compliance with environmental and ethical operational codes. Factories recorded animal well-being information and ensured the traceability of down products in accordance with the certification requirements of the Responsible Down Standards (RDS), aiming to reduce the pain suffered by ducks and geese when they have their feathers removed, in a bid to fulfill their due responsibility for animal protection.

AEO Certificate

The Group is committed to obtaining certification relevant to its products and processes for recognition of its compliance. Examples of our certifications include the continued qualification of "AEO Advanced Certified Enterprise" awarded by the Customs of the People's Republic of China to the Group's factories at Shantou, Yifeng, Hubei and Huilai.

A comprehensive mechanism for handling complaints has been established. Upon receipt of a customer's complaint or request to return defective products, the case would be passed to the department in charge of investigation and analysis. Upon verification, rectifications would be formulated and implemented within a stipulated time frame. Customer will be informed of the outcomes and corresponding solutions.

The Group was not aware of any legal violation pertinent to product responsibility or customer complaints during the Reporting Period. Also, no cases of product recall necessitated by product safety and health reasons have been identified out of the total number of products sold.

4.6.1 Quality Control for Raw Materials

Inspections of raw materials are carried out based on approved samples and in accordance with the sampling standards of customers. Only materials endorsed by third-party certification will be purchased. Raw materials with metal contents will undergo testing for verification of such contents. Raw materials meeting required standards would be dispatched for use in production, while non-conforming materials would be processed and handled according to designated procedures.

4.6.2 Quality Control for Semi-finished Products

All semi-finished products are subject to quality control procedures and all cut pieces are required to undergo 100% inspection. Non-conforming cut pieces are promptly rectified with colour-matched replacements.

4.6.3 Quality Control for Finished Products

Prototype samples are developed for all products prior to mass production. A meeting is held for all production lines prior to mass production to confirm the manufacturing requirements. The first prototype sample of a product must be approved by both the quality manager and the production manager before mass production. Every finished product from mass production process is subject to inspection by quality control personnel and remedies are promptly made in case of any defects. After rectification, the products would be re-inspected by the quality control personnel. Data of non-conforming products are systematically analysed and continuous improvements are made to product quality through the application of reliable quality control tools.

Upon completion of the manufacturing process, finished products are sent to testing agencies or customer-approved internal laboratories for verification of their safety and quality criteria. After inspection, finished products are packed and stored in the warehouse. Prior to shipment, products are inspected in accordance with the sampling standards as specified by customers. Products would only be dispatched for shipment after their quality has been confirmed by test results.

4.6.4 Monitoring of Product Safety

To prevent the leftovers of any residual sharp metallic elements in the products, a metal restricted area where the use of unauthorised metal tools is prohibited has been set up for all key production processes. Metal tools are registered and kept under lock. The use and delivery of such tools in daily operations is managed by designated personnel and the replacement of broken needles is recorded. The products stored in warehouse must pass metal detection tests before packaging.

4.6.5 Protection of Intellectual Property Rights

The Group ensures that customer information would only be circulated internally within the Group. The disclosure of customers' design information and product specifications to external parties by the staff is prohibited. The following measures have been adopted by the Group to prevent the leakage of customer information:

Restrictions have been set for e-mail accounts to allow correspondence with designated customers and suppliers only. Access is granted, to the extent appropriate, to personnel of specialised departments based on differing requirements. The downloading of information from the Group's computers to external devices such as universal serial bus ("USB") drives or mobile phones/laptops are prohibited, as data transmission between computers and USB drives and external e-mail correspondence are under stringent control. Devices not registered with the Group are prohibited to connect to its internal network.

An authorisation mechanism has been implemented to restrict access to relevant information exclusively to authorised personnel. Access to customers' drawings is centrally authorised and managed by the Information Technology Department. Information of customers' products is centrally managed through the ERP system and accessible only by authorised personnel only. The design information, approved fabric and samples of all customers are received by dedicated personnel of the Group, who will encrypt such information upon receipt.

Confidentiality agreements binding both the Group and its employees have been formulated. Training on information security is provided to personnel allocated with computers, and the training topics include instructions on computer logins and change of login passwords, permission to access shared directories and related precautions, document management, and rules for sending and receipt of emails, among others. Unauthorised employees and visitors are not allowed to take photographs of the products while any relevant photographs taken must not be distributed to unauthorised personnel.

The Group respects the intellectual property rights of other parties and ensures that all commercial software is legally in use and properly licensed.

4.6.6 Privacy Protection of Consumers' Information

The Group is not required to formulate a policy on consumer privacy, given that its products are not delivered to end-consumers directly.

4.7 Anti-corruption

The Group has established an anti-corruption management system to regulate the conduct of all employees. They are prohibited from taking advantage of their positions to receive gifts, bribes or any payment in kind; embezzling properties or funds; soliciting gifts from suppliers; or taking advantage of the procurement process to seek personal gains. No gifts can be accepted unless they have been authorised in accordance with the Group's policy and criteria.

4.7.1 Staff Training Related to Anti-corruption

To ensure effectiveness of the aforesaid systems and measures, the Group has arranged anti-corruption training for staff. Such training has been designed for staff at all levels. The themes of training are not limited to anti-corruption related topics such as education on integrity and anti-corruption awareness, business ethical behaviour, measures for fraud prevention and management measures for whistleblowing.

The Directors of the Group are responsible for supervising the Company's compliance and participating in corporate governance related training each year with topics including updates on the Listing Rules in 2024, Corporate Governance Code and related anti-corruption rules and regulations, to deepening understanding of the impact and implications of the new regulations on corporate development.

New employees are required to complete anti-corruption training and sign an anti-corruption pledge before employment commencement. In addition, the Group also provides the latest anti-corruption information and training for incumbent staff on a regular basis to remind them of ongoing compliance with the integrity code.

Anti-corruption training

Number of participants in training for the year [9]	Total number of training hours for the year
238	2,427

[9] The figure represents the average number of participants in training for the Year, calculated by taking the monthly average number of training participants across all operating locations during the Reporting Period.

Employees involved in the procurement process must avoid any conflict of interests that may compromise the integrity of their decisions. They are strictly prohibited from leveraging their positions to unduly restrict the pool of suppliers or contractors. All selection processes must follow proper procedures, such as conducting price comparisons and open tenders.

For items not designated by customers, procurement is generally carried out through a comparison of three suppliers, evaluating credibility, qualification, product quality and price of each supplier based on the procurement principle of fairness and impartiality.

The approval procedure for service contracts is based on the Group's delegated authority framework, and the contracts are reviewed and approved according to the contract value.

The Group assesses its internal governance/corruption risks across all production and management processes, as well as other non-financial internal controls and risk management on a regular basis.

To safeguard shareholders' interests, an independent third-party agency has been engaged to audit the Group's financial accounts to ensure a true and fair view of the accounts.

4.7.2 Whistle-blowing Procedure

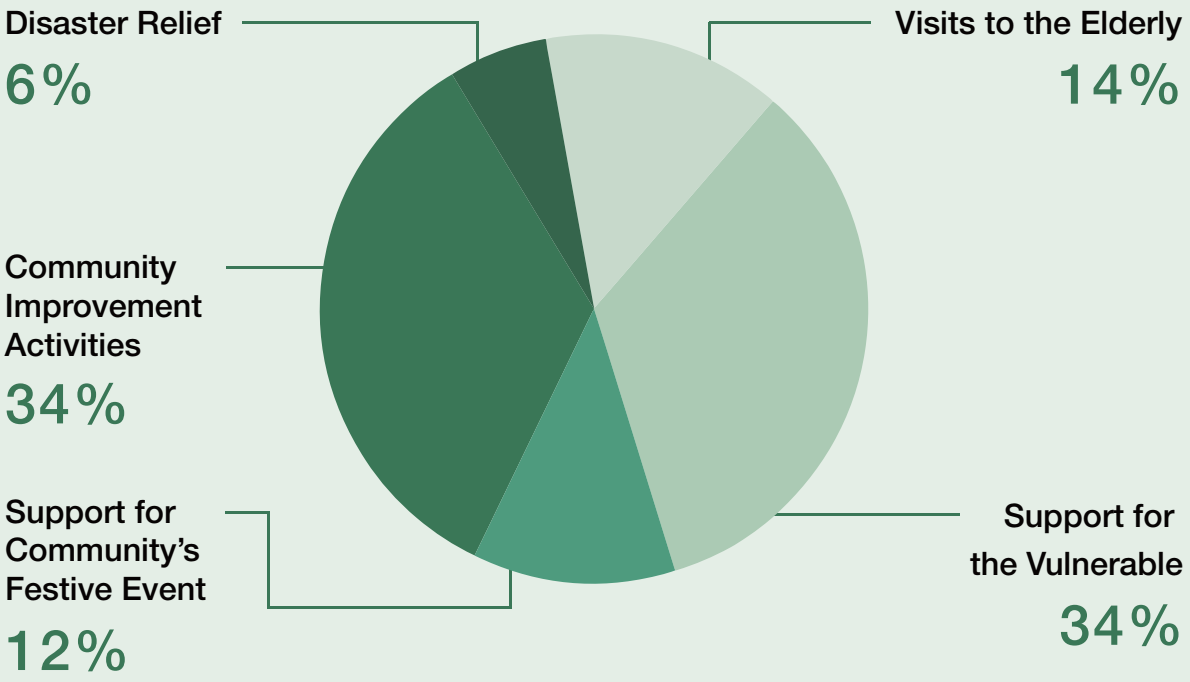
The Group has established an internal communication mechanism to receive employees' opinions and complaints through multiple channels. Employees can lodge cases with the management through e-mail, hotline, WeChat, among others. The management will investigate the case on a confidential basis, update and report to senior management and stakeholders, and rectify as appropriate in time.

During the Reporting Period, the Group was not aware of any cases of legal non-compliance or complaints relating to corruption.

4.8 Contribution to the Community

The Group has always upheld the corporate social responsibility. Leveraging their own advantages and communication network, all operating locations contact the stakeholders in the communities through various channels, learn about their needs, offer help and assist them in overcoming difficulties and achieving development. Over the years, community contributions made by the Group have covered extensive aspects such as poverty alleviation, supporting disaster relief, education sponsorships, community outreach, and volunteer services. The Group will continue to uphold its commitment and actively support charitable initiatives through its employee-formed Eagle Nice Volunteers Teams as well as the Group's resources available for community support.

During the Year, Eagle Nice Volunteers Teams in various regions organised or participated in 35 community activities, mobilizing approximately 390 volunteers who contributed approximately 10,373 service hours.



Community Investment and People Benefiting in the Year

Over 1,400	Approximately HK$180,000
People benefiting	Donation of cash and supplies

During the Year, our Eagle Nice Volunteers Teams organised and participated in

35 community activities

Number of volunteers for the Year: approximately **390**

Contributed approximately **10,373** service hours