BILLION

百宏實業控股有限公司
BILLION INDUSTRIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2299

2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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Environmental, Social and Governance Report

Billion Industrial Holdings Limited (the "**Company**", the "**Group**" or "**We**") issues the 2025 Environmental, Social and Governance ("**ESG**") Report (the "**Report**"). The Environmental, Social and Governance Report is an important part of the Group's sustainable development and we have been committed to achieving good performance in environmental, social and governance aspects.

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

The specific assessment process and results are set out below in this Report. Details of the Company's ESG issues including sustainable development, green production, safe operation, quality assurance and responsible operation have been disclosed in this Report. In 2025, the Company had made continuous improvements and set relevant environmental goals, and the establishment and progress of such goals had been reviewed and discussed by the Board.

1. ABOUT THIS REPORT

The Report is the 2025 Environmental, Social and Governance Report published by Billion Industrial Holdings Limited, which aims to disclose the Group's annual ESG performance in response to stakeholders' expectations for disclosure of information about the Group and to understand our performance and direction of our sustainability strategies. The Board of the Company has reviewed this Report and undertaken that there are no false records, misleading statements or material omissions. The Board is responsible for the truthfulness, accuracy and completeness of the contents.

1.1 Reporting Reference

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

Environmental, Social and Governance Report

1.2 Scope of Report

The Report covers the period from 1 January 2025 to 31 December 2025 (the "**Reporting Period**") in respect of the overall performance at the environmental and social levels. This Report covers the Group's subsidiaries in Fujian Province, China and Vietnam for the year 2025. The key performance indicators ("**KPIs**") disclosed in this Report are based on the data collected from the Group's subsidiaries, mainly including:

Company	Address	Main Business
Fujian Baihong Polyfiber Technology Industry Co., Ltd.(福建百宏聚纖科技實業有限公司)	3 factory areas, located in Fenglin Industrial Zone, Longhu Town, Jinjiang City, Fujian Province, China, Jinnan Industrial Zone, about 2 kilometers	Polyester filament, ES fiber, polyester industrial yarn
Fujian Baihong High-tech Materials Industry Co., Ltd.(福建百宏高新材料實業有限公司)	away from Fenglin Industrial Zone, Jinjiang Textile Intelligent Manufacturing (Longhu) Industrial Park	Polyester film
Baihong Industrial (Vietnam) Co., Ltd.	Phuoc Dong Industrial Zone, Gia Loc Commune, Tinh Tây Ninh, Vietnam	Polyester filament, polyester bottle flakes

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

1.3 Reporting Principles

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

1. Principle of Materiality. The Group conducts stakeholder engagement and materiality assessments every year. By setting a series of issues related to the environment, society and governance, collecting and reviewing the opinions of internal and external stakeholders, and assessing their relevance and materiality, we have identified issues of materiality, and defined the content and scope of the Report with reference to our identified results in compliance with the requirements of the Environmental, Social and Governance Reporting Code of the Stock Exchange. For specific details, please refer to the "Stakeholder Engagement" of the Report.

2. Principle of Quantitative. The sources of the standards, methods, assumptions and conversion factors used in the calculation of relevant data in this Report are disclosed.

3. Principle of Balance. The Report includes the disclosures of both positive and negative information, which ensures the impartial report on the ESG performance of the Company during the Reporting Period in its content.

4. Principle of Consistency. The extent of disclosures of the Report has not been materially adjusted as compared with that of the ESG report of the previous year, and consistent calculation methods have been used within reasonable limits to facilitate comparability of ESG performance between years. If the calculation methods change, the Group will explain them in the corresponding chapter.

1.4 Feedback

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

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

Billion Industrial Holdings Limited
Address: Unit 1501, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong
Tel: 852-3171-9999
Fax: 852-3174-9932

2. Statement of the Board

2.1 Governance Structure

The Group has established a systematic ESG framework. At the board level, the strategic oversight of ESG initiatives is the responsibility of the Board. To effectively implement relevant strategies and objectives, the Group established a dedicated Environment, Social and Governance Working Group (the "**ESG Working Group**") which is specifically responsible for the Company's ESG matters.

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

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

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

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

Environmental, Social and Governance Report

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

ESG Management Body	Responsibilities
ESG Working Group	1. Takes the responsibility for the construction of ESG management system, and establishes and improves ESG work system and indicator system. 2. Promotes the implementation of ESG strategic planning, work plans or measures and major resolutions of the top executives of the Group. 3. Organizes the materiality assessment of ESG issues. 4. Organizes the formulation of ESG target plans and ESG management implementation plans. 5. Collects and tracks the KPIs regularly. 6. Coordinates the collection and collation of the Group's ESG information and the daily maintenance of the ESG indicator system. 7. Monitors the Group's ESG management status, responds promptly to relevant risks and opportunities, and regularly reports to the top executives of the Group on the implementation of the Group's ESG work and provides recommendations. 8. Guides units at all levels to carry out ESG work, promotes ESG projects, and organizes daily management work such as ESG-related training, communication, collaboration, resource coordination and dissemination. 9. Organizes and prepares annual ESG report.

2.2 ESG Strategy

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

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

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

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

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

The Group focuses on corporate talent strategy and provides multiple incentives to "recruit talents". We improve the "training and employment" mechanism and build a team of high-quality talents. We strengthen the construction of corporate culture and create a soft environment to "retain employees".

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

2.3 Substantive issues

2.3.1 Stakeholder Engagement

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

Environmental, Social and Governance Report

Stakeholders	ESG Issues of Concern	Communication and Response Methods
Government and regulatory agencies	◈ Environmental protection ◈ Discharge of pollutants ◈ Waste disposal ◈ Water resources consumption ◈ Energy consumption ◈ Occupational health and safety ◈ Greenhouse gas emission reduction ◈ Address Climate Change ◈ Public welfare and charity	✔ Regular reports or announcements, transparent operation information ✔ Email and phone channels ✔ On-site inspection
Shareholders and Investors	◈ Intellectual property protection ◈ Anti-commercial bribery and anti-corruption ◈ Operational compliance	✔ Annual/interim results announcements and reports ✔ Company website ✔ Email and phone channels
Customer	◈ Product quality ◈ Data security and customer privacy ◈ R&D and innovation ◈ Operational compliance	✔ Email and telephone channels ✔ Field visits ✔ Social media platforms ✔ Exchange meeting ✔ Open tender
Suppliers	◈ Supply Chain Management ◈ Anti-commercial bribery and anti-corruption	✔ Supplier evaluation ✔ Email and phone channels ✔ Social media platforms
Employee	◈ Employment compliance ◈ Equal recruitment ◈ Employee compensation and benefits ◈ Talent management ◈ Occupational health and safety ◈ Training and education ◈ Recyclable materials utilization	✔ Internal publications ✔ Employee activities ✔ Daily communication ✔ Regular training and meetings ✔ Notice board and suggestion box
Community public	◈ Environmental Protection ◈ Public welfare and charity	✔ Charity activities ✔ Social media platforms

2.3.2 Materiality Assessment

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

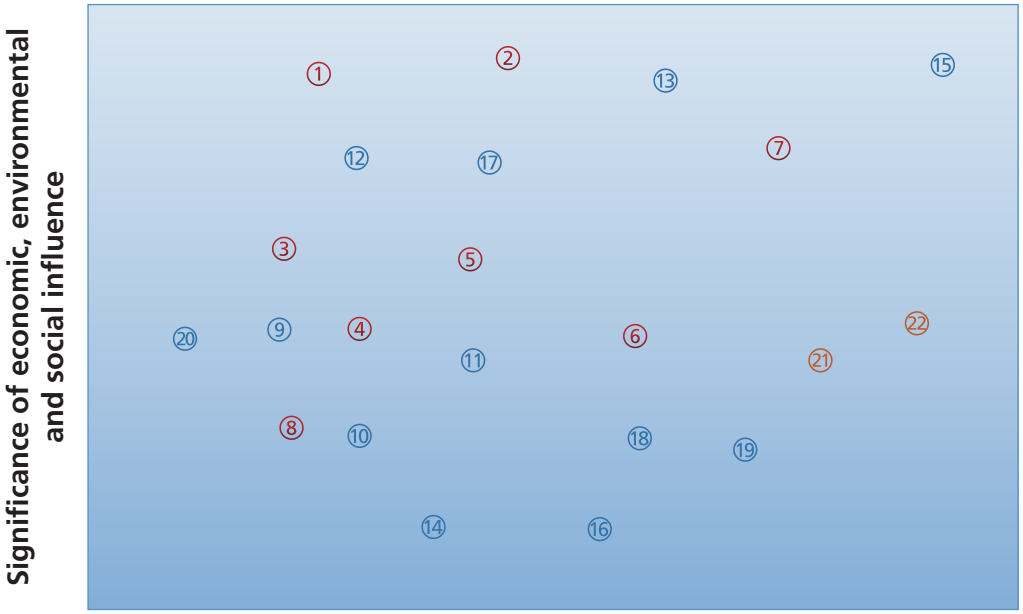
1. Identify the main environmental, social and governance issues: Refer to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code, national policies, industry trends and past ESG reports to identify a number of environmental, social and governance issues related to the Group.

2. Establish priorities: Understand the views of each of the stakeholders, conduct a materiality assessment based on the opinions of all parties, and sort them by priority based on the assessment results.

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

According to this assessment results, the Company continues to recognize internally that all investigation topics are vital for the Company and the stakeholders, among which a total of 3 topics including climate change response, occupational health and safety, and product quality have gained more prominent attention. Based on the results of this survey, we have made disclosure of the Group's management approach and performance on the relevant issues in the Report as much as possible in an endeavour to make our efforts in continuous development visible to our stakeholders.

Environmental, Social and Governance Report



Environmental

① Environmental protection
② Discharge of pollutants
③ Waste disposal
④ Water resources consumption
⑤ Energy consumption
⑥ Greenhouse gas emission reduction
⑦ Addressing climate change
⑧ Recyclable materials utilization

Social

⑨ Employment compliance
⑩ Equal recruitment
⑪ Employee salary and benefits
⑫ Talent management
⑬ Occupational health and safety
⑭ Training and education
⑮ Product quality
⑯ Data security and customer privacy
⑰ R&D and innovation
⑱ Supply chain management
⑲ Intellectual property protection
⑳ Public welfare and charity

Governance

㉑ Anti-commercial bribery and anti-corruption
㉒ Operational compliance

3. GREEN PRODUCTION MODEL

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

In 2025, the Group conscientiously implemented the emission permit system. The main production wastewater discharge outlet and boiler exhaust gas discharge outlet of subsidiaries in the PRC were connected to the supervision platform of Jinjiang Municipal Ecological and Environment Bureau(晋江市生態環境局), to ensure that the emissions meet the standards. The Company encouraged employees to actively offer ideas and put forward measures and suggestions on clean production. Through continuous optimization of the internal energy structure, we gradually increased the ratio of photovoltaic use, strengthened internal water consumption and energy management, improved environmental protection efforts, to achieve the Group's objectives of "energy saving, consumption reduction, pollution reduction and efficiency increase(節能、降耗、減污、增效)", thus ensuring that the Group operates in compliance with the law and is determined to follow the path of green development and is committed to creating healthy and green products for the society.

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

Environmental, Social and Governance Report

3.1 Optimize the Management Model


中联认证中心（北京）有限公司
环境管理体系认证证书
注册号：01425E10147RSL
兹证明
福建百宏聚纤科技实业有限公司
环境管理体系符合：
GB/T24001-2016/ISO14001:2015
通过认证范围如下：
涤纶长丝、PET 聚酯切片的设计、生产和相关管理活动
证证日期：2025 年 07 月 10 日　　有效期至：2028 年 06 月 28 日
总经理（签字）：
IAF
CNAS

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

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

3.2 Address Climate Change

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

3.2.1 Governance

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

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

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

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

3.2.2 Strategy

(1) Identification and Assessment of Climate-related Risks and Opportunities

In 2025, the Group established an inventory of climate-related risks and opportunities, identifying a total of 10 risks and 3 opportunities, and conducted an impact assessment of these climate risks and opportunities.

Risk factors	Potential business impacts	Potential financial impacts	Probability of occurrence	Impact level
Physical risk				
Increased severity of extreme weather events	1. Heavy rainfall/floods/typhoons may cause leaks in production workshops and warehouses. Regional voltage fluctuations or power outages can lead to extension of construction period, damage to equipment and goods, decreased production output, increased work-related injuries and disruptions to logistics. 2. Extreme heat affects employee productivity and increases the risk of heatstroke, pyrexia, cardiovascular and cerebrovascular diseases, etc. The risk of fire in factory areas increases, and cooling demands lead to increased energy consumption and water consumption.	Capital expenditure Increase in costs Decrease in revenue	Short-term	Medium
Changes in rainfall patterns and extreme shifts in climate patterns	Climate change leads an increased frequency of extreme weather events such as floods and typhoons, resulting in extension of construction period, damage to equipment and goods, regional voltage fluctuations, increased work-related injuries and disruptions to logistics.	Capital expenditure Increase in costs Decrease in revenue	Medium and long-term	Medium
Average temperature rise	Global warming leads to a rise in average temperatures, affecting employee productivity and increasing the risk of heatstroke, pyrexia, cardiovascular and cerebrovascular diseases, etc. The risk of fire in factory areas increases, and cooling demands lead to increased energy consumption and water consumption.	Capital expenditure Increase in costs Decrease in revenue	Medium and long-term	Medium
Rising sea levels	Rising sea levels pose a flooding risk to our assets.	Capital expenditure	Long-term	Small

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Risk factors	Potential business impacts	Potential financial impacts	Probability of occurrence	Impact level
Transition risks				
Energy structure adjustment	Global warming drives companies to continuously increase R&D and investment in areas such as renewable energy and energy-saving and emission-reduction technologies.	Capital expenditure Increase in costs Decrease in revenue	Short-term	Large
Increase in green tax system/carbon trading	As the scope of green tax system coverage increases and the scope of carbon trading expands, the operating costs of enterprises may increase.	Increase in costs	Short-term	Small
New economic policies for low-carbon transition	Climate change and resource constraints place higher demands on technological, managerial and product innovation, requiring enterprises to continuously invest in new technology R&D.	Increase in costs	Medium and long-term	Medium
Litigation risk	Governments continuously introduce stricter environmental policies and emission reduction targets. The Company needs to adapt to these policy changes and invest in equipment upgrades and technological advancements, otherwise it may face litigation risks and financial penalties for non-compliance.	Capital expenditure Increase in costs	Long-term	Small
Shifts in consumer preferences	Downstream customers and consumers show a preference for green products. Failure to meet these demands may result in the loss of specific customers.	Decrease in revenue	Long-term	Medium
Negative public opinion/investor concerns	With growing public concern over climate change and green and low-carbon development, the Group's reputation may be damaged if its business model is not aligned with the low-carbon economy.	Decrease in revenue	Long-term	Medium

Opportunities	Potential business impacts	Potential financial impacts	Probability of Occurrence	Impact level
Utilization efficiency of energy and resource	There is application of more energy-efficient equipment and low-carbon, environmentally friendly green technologies. The Group can achieve a comprehensive improvement in utilization efficiency of energy and resource through the development and application of energy-saving technologies and equipment, the optimization of production processes and management procedures, and increased use of clean energy.	Decrease in costs	Short-term	Large
New policies for low-carbon transition	Government policies encourage corporate innovation. By actively developing green and low-carbon technologies, the Group has the opportunity to receive incentive-based policy support such as government subsidies and tax benefits.	Decrease in costs	Medium and long-term	Small
Development of new technologies	With the development of photovoltaic projects, electric vehicles and energy storage, the demand for high-value-added film products is increasing.	Increase in revenue	Medium and long-term	Medium

(2) Climate Scenario Analysis

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

Analysis scope	The Group's production and sales companies in the PRC and Vietnam
Scenarios used	Physical risks: SSP5-4.5 scenario, SSP5-8.5 scenario Transition risks: NGFS Nationally Determined Contribution (NDC) scenario, 2050 Net Zero Emission scenario Reasons: 1. The scenarios developed refer to IPCC physical risks and NGFS transition risks 2. The selected scenarios help the Group assess the intensity of the influence of physical and transition risks faced by it.
Time frame	Short-term: 2030 Medium-term: 2040 Long-term: 2050

Scenario description	SSP5-4.5 scenario	1. The temperature rise is estimated to be 1.2°C-1.8°C in 2021-2040, and the temperature rise is estimated to be 1.6°C-2.5°C in 2041-2060. 2. In 2100, the sea level is estimated to rise by 0.56 m. 3. The ongoing warming will result in an increase in the frequency and intensity of extreme heat events and heavy precipitation events in the future, and the proportion of strong tropical cyclones and the peak wind speed of the strongest tropical cyclones will increase globally. (Very likely/high confidence) 4. When the temperature rises by 1.5°C-2°C, the risk of extreme weather rises to high risk.
	SSP5-8.5 scenario	1. The temperature rise is estimated to be 1.3°C-1.9°C in 2021-2040, and the temperature rise is estimated to be 1.9°C-3.0°C in 2041-2060. 2. In 2100, the sea level is estimated to rise by 0.77m. 3. The ongoing warming will result in an increase in the frequency and intensity of extreme heat events and heavy precipitation events in the future, and the proportion of strong tropical cyclones and the peak wind speed of the strongest tropical cyclones will increase globally. (Very likely/high confidence) 4. When the temperature rises by more than 3°C, the risks faced by many industries and regions will rise to high or very high levels.
	NGFS Nationally Determined Contribution scenario	China's predicted total carbon dioxide (CO_2) emissions will approach the "carbon peaking and carbon neutrality" target in 2060.
	2050 Net Zero Emission scenario	1. Climate policies are introduced early and gradually become more stringent, and emission reduction technologies are fully utilized. 2. China's predicted total CO_2 emissions will approach the "carbon peaking and carbon neutrality" target in 2060. 3. During the period of 2025-2050, global carbon prices and the proportion of renewable energy will increase significantly, and global carbon dioxide emissions will show a downward trend.

(3) Climate Scenario Analysis Results and Response Strategies

The following table sets out our assessment of the climate scenario analysis results:

Physical risks	**Risk exposures under different scenario assumptions**					
	SSP5-4.5 scenario			SSP5-8.5 scenario		
	2030	2040	2050	2030	2040	2050
Increased severity of extreme weather events	Low risk	Medium risk	Medium risk	Low risk	Medium risk	Medium risk
Changes in rainfall patterns and extreme shifts in climate patterns	Low risk	Medium risk	Medium risk	Low risk	Medium risk	High risk
Average temperature rise	Low risk	Low risk	Medium risk	Low risk	Low risk	Medium risk
Rising sea level	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk

Transition risks	**Risk exposures under different scenario assumptions**					
	NGFS Nationally Determined Contribution scenario			2050 Net Zero Emission scenario		
	2030	2040	2050	2030	2040	2050
Energy structure adjustment	Medium risk	High risk	High risk	High risk	High risk	High risk
Increase in green tax system/carbon trading	Low risk	Medium risk	Medium risk	Medium risk	Medium risk	Medium risk
New economic policies for low-carbon transition	Low risk	Low risk	Low risk	Low risk	Medium risk	Medium risk
Litigation risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Changes in consumer preferences	Low risk	Low risk	Medium risk	Low risk	Medium risk	Medium risk
Negative public opinion/ investor attention	Low risk	Low risk	Medium risk	Low risk	Medium risk	Medium risk

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The Group has formulated corresponding response strategies to address climate-related risks and opportunities.

Climate-related risks	Response strategies
Increased severity of extreme weather events Average temperature rise	1. The Group has formulated regulations on high temperature subsidy management. 2. The Group has organized "complimentary iced tea" activities for workshops during the high temperature period in summer over the years, and each workshop is equipped with heatstroke medicines. 3. Each production department of the Group conducts fire safety drills every year, and each department has sufficient emergency supplies. 4. The Group has formulated relevant regulations on the use of air conditioners to maximize energy conservation.
Changes in rainfall patterns and extreme shifts in climate patterns	1. Pay close attention to weather forecasts and obtain extreme weather information in a timely manner. 2. Formulate a "Special Emergency Plan for Typhoon Prevention" and each workshop is equipped with emergency supplies. 3. Increase employees' awareness of prevention and response capabilities through emergency drills and training. 4. Purchase insurance to reduce the property losses caused by various disasters to the Group.
Rising sea level	Obtain early warning information issued by the government in a timely manner.
Energy structure adjustment	1. Replace 10 small boilers with 5 new circulating fluidized bed boilers, which are expected to be put into operation in 2026. 2. Vigorously develop photovoltaic projects. 3. Adopt low-energy-consumption equipment and developing energy- and water-saving process technologies.
Increase in green tax system/carbon trading	Continuously monitor updates to policies and regulations, and reduce pollutant emissions by rationally arranging production schedules, optimizing production processes, and enhancing the efficiency of pollution control facilities.

Climate-related risks	Response strategies
New economic policies for low-carbon transition	Maintain vigilance over policy and regulatory updates to ensure the Company's business operations comply with the latest requirements. We also vigorously promote measures for "energy conservation, pollution reduction, and carbon reduction".
Litigation risk	1. The Group actively conducts environmental protection training and hazard identification. 2 Online monitoring equipment is installed at wastewater discharge outlet and boiler exhaust gas discharge outlet. Dedicated personnel are assigned to operate and maintain such online monitoring equipment, ensuring that discharge data meets the required standards.
Changes in consumer preferences	The Company actively promotes technological innovation and develops environmentally friendly and low-carbon products. It implements "energy conservation, pollution reduction, and carbon reduction" measures in production processes.
Negative public opinion/ investor attention	Actively respond to the market and customer expectations for green and low-carbon development.

Climate-related opportunities	Response strategies
Utilization efficiency of energy and resource	1. Increase the proportion of photovoltaic area installed on roofs. 2. Increase the Company's waste recycling rate.
New policies for low-carbon transition	The Company actively explores opportunities to align new projects with policy support to secure incentives such as government subsidies and tax benefits.
Development of new technologies	We closely monitoring development trends in our principal business sectors and relevant policies, while actively adjusting our industrial footprint and increasing investment in product research and development.

3.2.3 Risk Management

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

3.2.4 Indicators and Goals

To monitor the progress of the Company's climate change response actions, in 2025, the Company established greenhouse gas emission management targets with 2024 as the base year. The Company will continue to pursue these targets through greenhouse gas emission reduction initiatives, specifically including:

Target Type	Management Target	Progress
2030	It is expected that by 2030, the Group's carbon emission intensity per unit of output value will decrease by 5%.	In progress.
2060	It is expected that by 2060, the Group's carbon emission intensity per unit of output value will decrease by 10%.	

Moving forward, we will further refine our strategy development, risk management, and the identification and management of metrics and targets. We will work with partners upstream and downstream in our value chain to address climate change and jointly achieve green development.

Type		Unit	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Greenhouse Gas	Total Emissions	Tons of CO_2 Equivalent	1,536,163.044	420,840.231	**1,500,204.665**	**383,506.617**
	Scope 1	Tons of CO_2 Equivalent	537,835.059	204,649.393	**573,219.679**	**168,361.84**
	Scope 2	Tons of CO_2 Equivalent	998,327.985	216,190.838	**926,984.986**	**215,144.777**

The Scope 1 and Scope 2 data for 2025 in the Report are calculated based on the following accounting methods.

Scope 1 greenhouse gas emissions refer to carbon emissions from the combustion of direct energy sources such as natural gas, gasoline, and diesel. The coal carbon dioxide emission factor at the Jinjiang Factory Area refers to the "Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial)" (《省級溫室氣體清單編制指南(試行)》) and the General Rules for Calculating Comprehensive Energy Consumption (GB/T2589-2020)(綜合能耗計算通則(GB/T2589-2020)), and the value is 1.74174957 tCO_2/t coal; diesel carbon dioxide emission factor refers to the "Guidelines for the Preparation of Provincial Greenhouse Gas Inventories (Trial)" (《省級溫室氣體清單編制指南(試行)》) and "China Energy Statistical Yearbook 2021" (《中國能源統計年鑒2021》), diesel density is 0.85 t/m^3, 3.09590963733333 tCO_2/t diesel.

Scope 2 greenhouse gas emissions refer to carbon emissions from purchased electricity. For the emission factor of purchased electricity, the Group adopts the national average carbon dioxide emission factor of 0.5306 $kgCO_2$/kWh for electricity in 2023 issued by the Ministry of Ecology and Environment in 2025. The carbon dioxide emission factor for this year has changed compared with 2024.

For the Vietnam Factory Area, 2023 grid emission factor of 0.6592 $kgCO_2$/kWh is adopted for calculation. The carbon dioxide emission factors per ton of coal and diesel are based on the data from the "2006 IPCC Guidelines for National Greenhouse Gas Inventories". The carbon dioxide emission factor for bituminous coal is 94,600 $kgCO_2$/TJ, with a heating value of 25.8 TJ/Gg, resulting in carbon dioxide emissions per ton of coal of 2.44068 tCO_2/t coal; the carbon dioxide emission factor for diesel is 74,100 $kgCO_2$/TJ, with a heating value of 43 TJ/Gg, resulting in carbon dioxide emissions per ton of diesel of 3.1863 tCO_2/t diesel. The carbon dioxide emissions of the Vietnam Factory Area in 2024 were recalculated in accordance with the aforementioned factors.

The carbon dioxide emissions from the Jinjiang Factory Area: carbon dioxide emissions in 2025 are 1,500,204.665 tons of CO_2 equivalent (a decrease of 2.34% from 1,536,163.044 tons in 2024), of which direct energy (scope 1) is 573,219.679 tons, accounting for 38.21%, and indirect energy (scope 2) is 926,984.986 tons, accounting for 61.79%.

The carbon dioxide emissions from the Vietnam Factory Area are approximately: 383,506.617 tons of CO_2 equivalent (a decrease of 8.87% from 420,840.231 tons in 2024), of which direct energy (scope 1) is 168,361.84 tons, accounting for 43.9%, and indirect energy (scope 2) is 215,144.777 tons, accounting for 56.1%.

3.3 Pollutant Emission Reduction

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

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

3.3.1 Wastewater Treatment

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

The Group actively responded to the national policy of energy conservation and emission reduction, and set up an advanced treatment system of "multi-media filtration+UF+RO" of 2,400 m^3/d in the Jinnan Factory Area to realize the recycling of wastewater, reduce the discharge of sewage and increase the reuse rate of wastewater, creating economic, environmental and social benefits for the Group.

In 2025, the main discharge of wastewater pollutants from the Group's Jinjiang Factory Area and Vietnam Factory Area were as follows:

Type		Unit	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Wastewater	Ammonia nitrogen	Tons	0.129	0.019	**0.082**	**0.017**
	Chemical oxygen demand	Tons	2.9	0.61	**2.282**	**0.59**

In 2025, the discharge of wastewater pollutants from the Group included 0.099 tons of ammonia nitrogen and 2.872 tons of chemical oxygen demand, representing a decrease of 33.11% and 18.18% compared to 0.148 tons and 3.51 tons in 2024 respectively.

The Group actively responds to local environmental protection policies and continuously improves the Company's environmental protection facilities to ensure the Group's compliance operations.

3.3.2 Waste Gas Treatment

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

The Group constructed a boiler flue gas online monitoring system to conduct real-time detection and analysis of different factors to monitor emissions and ensure compliance with discharge standards. In 2025, the discharge of main waste gas pollutant from Jinjiang Factory Area and Vietnam Factory Area of the Group were as below:

Type		Unit	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Waste gas	Sulfur dioxide	Tons	127.15	25.08	**139.239**	**24.06**
	Nitrogen oxides	Tons	242.171	65.04	**226.714**	**63.02**
	Particles	Tons	17.351	10.25	**17.261**	**9.85**

The main waste gas pollutants emitted by the Group in 2025 included 289.734 tons of nitrogen oxides (a decrease of 5.69% from 307.211 tons in 2024); 163.299 tons of sulfur dioxide (an increase of 7.27% from 152.23 tons in 2024); 27.111 tons of soot and dust (a decrease of 1.78% from 27.601 tons in 2024).

In 2024 and 2025, the Group implemented the "Technical Upgrade Project for Heat Supply at Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.*(福建百宏聚纖科技實業有限公司)", which involved constructing two new circulating fluidized bed boilers, each with a capacity of approximately 60 MW, at the Fenglin Factory Area to replace the three original 12.5 million kcal coal-fired thermal oil boilers; and constructing three new circulating fluidized bed boilers, each with a capacity of approximately 57.4 MW, at the Jinnan Factory Area to replace the ten original 20.8 t/h coal-fired thermal oil boilers. The total investment for the project amounted to RMB320 million, with completion and commencement of operations expected in 2026.

According to the environmental impact assessment report, upon completion of the technical upgrade, carbon dioxide emissions are expected to be reduced by approximately 47,129 tons, strongly supporting the company's low-carbon transition and climate goals. In addition, the project will also bring significant improvements to the emission of atmospheric pollutants. Following the Group's boiler technical upgrade, it is expected that carbon dioxide and nitrogen oxides emissions will be reduced by approximately 37% and 45%, respectively. These measures will effectively contribute to the improvement of regional air quality.

The Group strives to mitigate its impact on the surrounding environment and the health of residents and employees, fulfilling its corporate social responsibility. Through enhanced management of online monitoring equipment, the Company aims to improve the effective transmission rate of online monitoring data. At the same time, the Company carries out standardized rectification of exhaust outlets and commissions third-party monitoring units to conduct self-monitoring, ensuring that exhaust gas discharge meets standards and mitigating the impact on the surrounding environment.

3.3.3 Waste Disposal

The Group adopts a waste disposal approach aiming to achieve the reduction and recycling of wastes, and all general and domestic waste generated in the Company has been harmlessly treated or recycled. In 2025, our Jinjiang Factory Area's production generated a total of 14,083 tons of non-hazardous waste and Vietnam Factory Area's production generated a total of 3,600 tons of non-hazardous waste. For the Group's non-hazardous waste, which includes wasted filament, wasted films and wasted packing bags, we conduct internal recycling and reuse or sell them to downstream manufacturers as raw materials. The Group collects its domestic waste at designated locations in accordance with the local sanitary requirements and entrusts local sanitation department for cleaning, transportation and disposal.

In 2025, Jinjiang Factory Area generated a total of 17.61 tons of hazardous waste and disposed of 15.56 tons. Vietnam Factory Area generated a total of 29.3 tons of hazardous waste and disposed of 29.3 tons. Hazardous waste was entrusted to a hazardous waste disposal unit with a hazardous waste operating permit.

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

3.4 Resources Conservation

The Group formulated the goal of energy saving for 2025, strongly promoted clean production and focused on controlling resources utilization to conserve resources from the source as far as possible and to achieve resources reuse at the same time. During the year, the Company continued to improve and optimize its production processes by using advanced and energy-saving production equipment. We encourage employees to choose bus shuttle to and from work, all districts to adopt off-peak power consumption, recycling of industrial wasted filament, wasted films and waste products, advocating green offices and keeping the room temperature at 24 to 26 degrees Celsius in the summer.

Type of resources	**Unit**	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Jinjiang power grid electricity consumption (indirect energy)	kWh/MWh	1,860,469.595	327,959.402	**1,747,050.483**	**326,372.538**
Solar photovoltaic electricity consumption	kWh/MWh	53,648.842	/	**31,915.620**	**/**
Coal (direct energy)	0'000 ton	30.88	8.37	**32.88**	**68.850**
Diesel (direct energy)	Litre	/	105,224	**188,160**	**118,368**

The power grid electricity consumption, coal (direct energy) and diesel (direct energy) consumption of the Group's factories in 2025 were:

Jinjiang Factory Area: Power consumption of 1,747,050.483 MW, coal consumption of 328,800 tons and diesel consumption of 188,160 liters.

Vietnam Factory Area: Power consumption of 326,372.538 MW, coal consumption of 688,500 tons and diesel consumption of 118,368 liters.

Energy consumption	**Unit**	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Municipal water	0'000 ton	236.76	65.03	**249.45**	**67.71**

In 2025, the municipal water resources consumed by the Group were as follows:

Jinjiang Factory Area consumed approximately 2,494,500 tons of municipal water resources (increased by 5.36% from 2,367,600 tons in 2024).

Vietnam Factory Area consumed approximately 677,100 tons of municipal water resources (increased by 4.12% from 650,300 tons in 2024).

3.5 Packing Materials Consumed

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

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

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

Packaging material types	Unit	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Paper rolls	0'000 piece	17,422.09	3,002.48	**14,892.16**	**2,968.96**
Paper boxes	0'000 piece	1,945.35	368.41	**1,598**	**1,571.26**
Foam boards	0'000 piece	766.09	47.52	**654.16**	**17.83**
HD bags	kg	749,999	22,770	**638,728**	**123,623**
EPE foam (Foam boards)	0'000 piece	54.42	/	**730.49**	**/**
Bubble films	kg	132,940.76	/	**125,648.9**	**/**
Composite bubble films	kg	500,930.8	/	**542,062.8**	**/**
Compound bubble film dome	0'000 piece	226.78	/	**224.12**	**/**
Plywood	PC	1,101,005	216,369	**1,120,915**	**164,362**
Wood	PC	512,438	/	**636,914**	**/**
Wooden frames	PC	460,135	4,330	**480,014**	**1,682**
Slice bag	0'000 piece	24.87	2.35	**29.69**	**1.47**
Hand stretch film	kg	22,300	/	**20,620**	**/**
Plastic head covers	0'000 piece	272.86	/	**285**	**/**
PET plastic steel belt	kg	149,100	/	**177,660**	**/**
Packaging film	kg	236,486.54	/	**265,608.2**	**/**
Woven bags	kg	119,822.9	/	**121,934.4**	**/**
Tapes	0'000 piece	25.72	/	**33.28**	**1.54**
Mylar tape	0'000 piece	3.22	/	**1.62**	**/**
Double-sided tape	0'000 piece	12.39	/	**12.58**	**/**
Round cover paperboard (paperboard)	0'000 piece	2.44	/	**1.2**	**/**
Wooden strips	0'000 piece	29.81	/	**34.57**	**/**
Wooden decking	PC	4,077	/	**4,680**	**/**
Paper corner protectors	0'000 piece	50.38	/	**50.29**	**/**
Tape (KG)	kg	23,758.5	17,914	**3,283**	**17,676.7**
Stretch film	kg	178,800	15,450	**191,730**	**10,065**
Cardboard	0'000 piece	67.41	4.47	**70.27**	**7.08**
ES fibre packaging bag	kg	47,000	/	**60,900**	**/**
Plastic steel belt	kg	19,000	/	**27,000**	**/**
Packing tape (kg)	kg	327,425	60,930	**270,200**	**58,000**
Bottle flakes bags	kg	303,334	380,254	**272,294**	**347,819**
Kraft linerboard (paper rolls)	kg	/	/	**906**	**/**

3.6 Environment-friendly Industry

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

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

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

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

In 2025, the Group's Jinjiang Factory Area and Vietnam Factory Area constantly recycled wasted filaments and wasted films, and following amounts were recorded:

Jinjiang Factory Area: 8,728 tons of wasted filament reuse (a decrease of 16.02% as compared to 10,393 tons in 2024); 5,010 tons of wasted film reuse (an increase of 83.99% as compared to 2,723.00 tons in 2024); sales volume for wasted films was 775 tons (an increase of 46.23% as compared to 530.00 tons in 2024).

Vietnam Factory Area: 280.32 tons of wasted filament reuse (a decrease of 88.09% as compared to 2,353.73 tons in 2024); 7,395,500 pieces of recycled paper rolls (an increase of 31.19% as compared to 5,637,300 pieces in 2024).

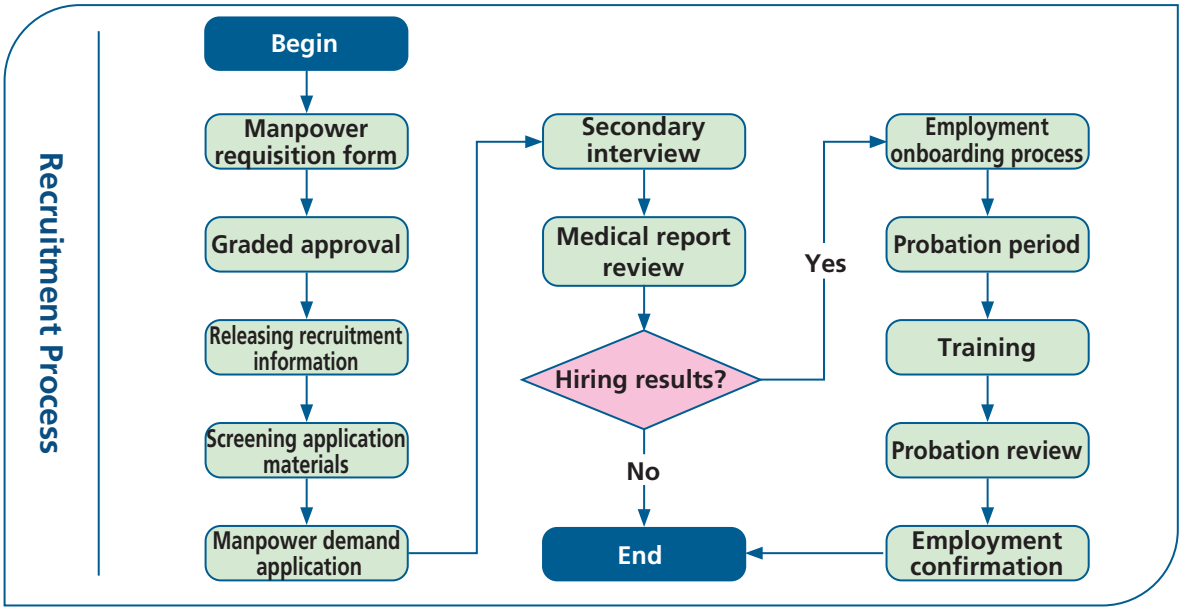
Indicators	**Unit**	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Internally recycled wasted filaments	Ton	10,393.00	2,353.73	**8,728.00**	**280.32**
Recycled wasted films	Ton	2,723.00	/	**5,010.00**	**/**
Wasted film sales	Ton	530.00	/	**775.00**	**/**
Recycled paper rolls	0'000 piece	/	563.73	**/**	**739.55**

4. HUMAN-BASED MANAGEMENT

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

The Group stringently complies with national laws and regulations and local labor laws and industry codes, including the "Labor Law of the People's Republic of China (《中華人民共和國勞動法》)", the "Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)", the "Employment Promotion Law of the People's Republic of China (《中華人民共和國就業促進法》)", the "Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》)", the "Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》)", the "Regulations on Work-Related Injury Insurance (《工傷保險條例》)", the "Regulations on the Employment of Persons with Disabilities (《殘疾人就業條例》)", the "Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》)" and the "Special Provisions on the Labor Protection of Female Employees (《女職工勞動保護特別規定》)". The Group has formulated and implemented an internal system of rules and regulations, including the "Recruitment Management Regulations (《招聘管理規定》)", "Management System for Labor Contract Signing and Renewal (《簽訂(續簽)勞動合同管理制度》)", "Management System for Referral and Joining Fees for Front-line Production Workers (《生產一線普工介紹費、加盟費管理制度》)", "Interim Management Measures for Return-to-Work Subsidies for Front-line Employees (《一線員工返廠補貼暫行管理辦法》)", "Management Measures for Subsidies for Recruiting Marketing Talents from 211 and 985 Universities (《招錄211、985院校營銷人才補貼管理辦法》)", "Management Measures for Employee Social Insurance (《員工社會保險管理辦法》)", "Relevant Regulations on Management of Work-related Injuries (《工傷管理的相關規定》)", Management Regulations on Employee Seniority Awards (《員工工齡獎管理規定》)", "Management Regulations on Selection of Annual Advanced Managers and Outstanding Employees (《年度先進管理者、優秀員工評選管理規定》)", "Management Regulations on Process Control for Employee Promotion (Demotion) and Salary Adjustment (《員工晉(降)職流程管控及薪資調整管理規定》)", "Management Regulations on Process Control for Employee Status (On-duty, Leave, Resignation) (《員工動向(在崗、休假、離職)流程管控管理規定》)", "Management Regulations on Employee Resignation Salary Settlement Process (《員工離職工資結算流程管理規定》)", "Management Regulations on Employee Public Holidays (《職工公休管理規定》)", and "Management Regulations on Leave of Absence (《請假管理規定》)", covering the entire employment cycle, including recruitment, contract management, remuneration and benefits, career development and termination settlement.

4.1 Employment Compliance



The Group prohibits the employment of child labor, forced labor, black market labor or any form of illegal labor, and protects the rights, freedoms and dignity of employees from infringement, so as to ensure compliance and fairness. The Human Resources Department strictly complies with relevant laws and regulations. During the recruitment process, it is required to carefully check all necessary qualifications of workers, including verifying identity and age information with the candidate's consent and while ensuring personal privacy and data security, to make sure that no child labor is employed by the Company. We also truthfully inform worker of the work content, requirements, location, remuneration and other information requested by the worker, ensuring that all employees employed by the Group hold legally authorized work permits and comply with local standards for legal work.

The Group will terminate the recruitment process immediately if any violation of employment laws or standards is found during recruitment. If child labor is discovered during employment, the Group will immediately implement emergency measures, such as stopping the minor from working and contacting their emergency contact. If forced labor is discovered, the Group will take remedial actions, including ending the forced situation, ensuring personal freedom, and providing wage subsidies and compensation for losses. In addition, the Group has a labor union to ensure the rights and interests of employees.

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

During the Reporting Period, no employment irregularities were found.

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4.1.1 Talent Recruitment

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



Signing ceremony for school-enterprise cooperation

In 2025, the Group continued to advance its talent cultivation and employment promotion initiatives as part of its social responsibility. A new school-enterprise cooperation agreement for order-based talent cultivation was signed with Fujian Electric Power Vocational and Technical College to strengthen the targeted training of skilled talents and enhance the alignment between vocational education and industry needs. Meanwhile, the Group actively expanded its recruitment channels by visiting various universities including Henan University of Science and Technology, Henan University of Engineering, Zhongyuan University of Technology, Liming Vocational University, Tiangong University and Tianjin University of Technology. The Group systematically conducted campus recruitment to attract a wide range of professional talents, supporting the sustainable development of the enterprise and actively promoting social employment.



University research activities

To further promote industry-university-research synergy, the Group actively hosted university research teams, establishing a normalized platform for exchange between the enterprise and universities. Through practical technical challenges raised by the enterprise and the corresponding research focused by universities, the Group promoted the deep integration of theory and practice, which facilitated technological progress and innovative breakthroughs in relevant fields, and expanded channels for talents recruitment and research cooperation. These initiatives systematically demonstrated the Group's continuous investment in and contribution to talents cultivation and educational synergy.

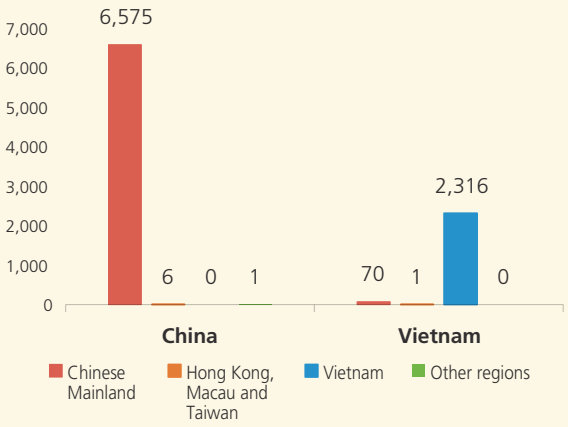
4.1.2 Equality, Diversity and Inclusion

During our recruitment and employment, we adhere to the conventions of the International Labor Organization and applicable local laws and regulations, oppose any form of employment discrimination, fully respect employee diversity, and follow the principle of equal opportunity. We provide open, fair and impartial opportunities in recruitment, promotion, remuneration and benefits for individuals regardless of nationality, ethnicity, race, gender, age or religious belief. Furthermore, we give priority to hiring persons with disabilities for suitable auxiliary positions to help meet their employment needs.

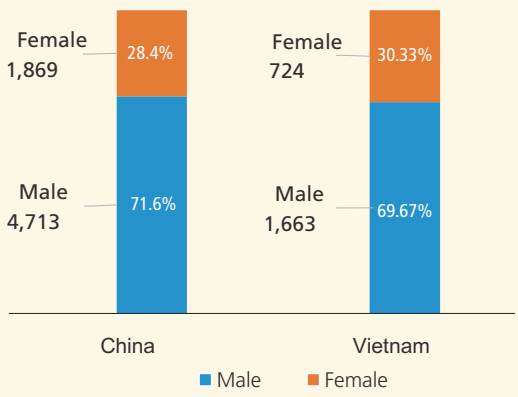
All employees of the Group are full-time and there are no part-time employees. As of the end of 2025, there were 6,582 employees in China and 2,387 employees in Vietnam. During the year, the total employee turnover rates in China and Vietnam were 34.34% and 57.97%, respectively.

As of the end of 2025, the employee breakdown by region, gender and age group, and the employee turnover rate were as follows:

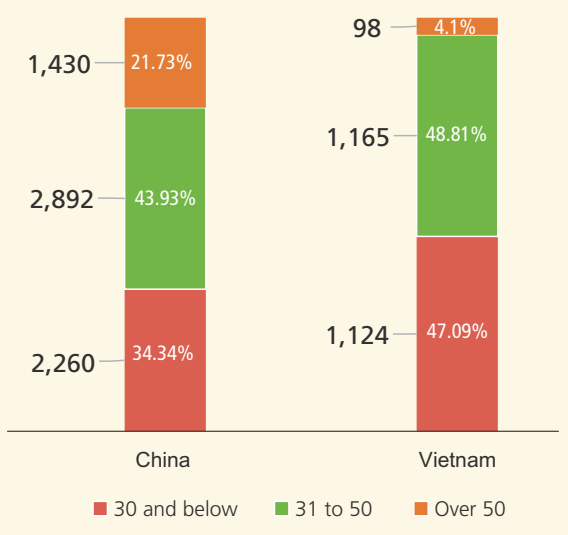
By employees in different regions



By gender



By age group



Employee turnover rate for the year

	Turnover rate (%)	Turnover rate (%)
By region	**China**	**Vietnam**
Chinese Mainland	34.38	5.56
Hong Kong, Macau and Taiwan	0	0
Vietnam	0	59.65
By gender		
Male	34.45	57.56
Female	34.07	58.88
By age group		
30 and below	53.55	73.06
31 to 50	26.28	47.86
50 and above	19.13	12.90

4.2 Employee Benefits

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

The Group has established a full-cycle, multi-category holiday and leave benefit system. This system covers various types of leave, including personal leave, sick leave, work-related injury leave, marriage leave, maternity leave, bereavement leave, home leave, statutory holidays, compensatory leave, shift leave and paid annual leave, comprehensively responding to the reasonable needs of employees at different life stages and in special circumstances. Relevant policies have been incorporated into the "Management Regulations on Leave of Absence" (《請假管理規定》) to promote work-life balance for employees and create a more supportive and inclusive workplace environment.

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

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

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



Distribution of gifts on statutory holidays



Holiday gifts

4.2.1 Comfortable Living Environment

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

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

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

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

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

4.2.2 Employees' Children Education

The Group has implemented a host of people-oriented measures, including supporting "husband-and-wife workers", opening kindergartens with "Caring School Bus", organizing "summer and winter camps", holding various parent-child activities, and providing a platform for after-school counselling for employees' children. These initiatives not only contribute to children's education but also enrich employees' leisure time, further enhancing their sense of belonging and family cohesion. This reflects the Group's emphasis on employee well-being and a family-friendly work environment, and actively contributes to community integration and the promotion of sustainable development values.

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

During the Reporting Period, the Group, through its kindergartens and labor union, organized a series of parent-child activities such as "Family Fun Sports Day" and "Parent-Child Flower Lantern Making".



Summer camp



Parent-child flower lantern making

4.2.3 Cohesion Building

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

On 8 March 2025, the Group's Labor Union organized a "Women's Day Flower Arrangement Activity". A floral arrangement instructor was invited to provide on-site guidance for this activity, which aimed to enrich the spiritual and cultural lives of our female employees and create an inclusive, caring and respectful workplace atmosphere.



Women's Day flower arrangement activity



Women's Day flower arrangement activity

In 2025, in order to commend the old employees who have worked with the Group for 10, 15, 20 or more glorious years, the Group held a heartwarming awards ceremony. This ceremony was not only the highest tribute to their hard work and selfless dedication, but also a profound interpretation of the Group's culture and spirit.

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



Award ceremony for 10th, 15th and 20th year honorary employees

4.3 Employee Communication

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

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

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

5. TALENT DEVELOPMENT

5.1 Comprehensive Training System

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

The Group actively creates a learning enterprise, enhances employees' enthusiasm for on-the-job learning, strengthens and improves the academic structure of employees.

In 2024, Billion Group officially obtained the pilot qualification for professional skill level certification. It has the right to independently certify the four professional fields of spinners, electricians, fitters, and chemical testing. In April, May and September 2025, the Group organized professional skill level certification for assembly fitters, spinners and electricians. In the future, the Group will continue to promote professional skill level certification in the four professional fields of spinners, electricians, fitters and chemical inspectors. It will further establish and improve the internal skills evaluation system, support employees' career development, enhance their professional capabilities, and provide talent support for the high-quality development of the enterprise.

In August 2025, the Group organized workplace etiquette training to enhance employees' professionalism, communication skills and teamwork abilities, thereby strengthening the overall corporate image and customer service standards. In addition, the Group held training seminars on topics such as "Lean Production – A Powerful Tool for Corporate Cost Reduction and Efficiency Enhancement". These introduced lean production concepts and methods to management personnel, helping them master key skills for process optimization and efficiency improvement, providing solid support for sustainable operations.

During the year, the Group also organized various skills competitions and incentive schemes, such as the mechanical and electrical equipment installation and commissioning skills competition and the new employee labor skills competition, to encourage employees to learn professional skills and cultivate practical operational abilities and innovative thinking.



Professional skill level certification



Training seminar on "Striving for Excellence"

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

In 2025, the employee training coverage rates at the Jinjiang Factory Area remained relatively stable compared to the previous year, while the average training hours decreased by 1.06 hours year-on-year. At the 2025 Vietnam Factory Area, employee training coverage rates increased, and the average training hours rose by 1.64 hours year-on-year.

Indicators	Category	Unit	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Employee Training Coverage Rate		%	87.92	74.67	**87.5**	**95.18**
Average Training Hours		Hour	17.59	5.97	**16.53**	**7.61**
Employee Training Coverage Rate	Male	%	86.56	69.49	**88.33**	**94.23**
	Female	%	91.27	86.40	**85.39**	**97.38**
Average Training Hours	Male	Hour	19.98	5.56	**16.79**	**7.54**
	Female	Hour	19.81	6.91	**15.85**	**7.79**
Employee Training Coverage Rate	Management	%	92.23	50.00	**93.41**	**91.24**
	General Staff	%	87.73	80.60	**87.33**	**96.36**
Average Training Hours	Management	Hour	45.66	4.00	**44.84**	**7.30**
	General Staff	Hour	16.34	6.45	**15.72**	**7.71**

Note: In this Report, the Group's 2024 data is presented separately for the Jinjiang Factory Area and the Vietnam Factory Area.

Environmental, Social and Governance Report

5.2 Equal Development Opportunity

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

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

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





Promotion training

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

6. IMPLEMENTATION OF SAFETY OPERATION

In order to constantly implement the annual safety and environmental protection work of the Group, the Safety and Environmental Protection Department of the Company has continued to introduce safety and environmental protection specialists since 2025, which has played an important role in realizing the safe operation of the Company. During the year, the safety and environmental protection management objectives were basically accomplished with the full cooperation of the Safety and Environmental Protection Department and other production departments and units.

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

6.1 Occupational Health and Safety

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

The Group strictly abides by the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》)", the "Regulations on Work-related Injury Insurance (《工傷保險條例》)", and the laws and regulations of the locations where it operates, based on which the Group has formulated the "Occupational Health and Safety Management System (《職業健康安全管理制度》)", the "Relevant Regulations on the Management of Work-related Injuries (《工傷管理的相關規定》)" and other management measures and has clearly regulated the occupational health management, work-related injury declaration and compensation management of employees, so as to effectively protect the legitimate rights and interests of employees. At the same time, we have also purchased the five mandatory insurances for all regular employees, including medical insurance and work-related injury insurance, etc., to provide employees with comprehensive multiple protection and safety support.

Environmental, Social and Governance Report


中联认证中心（北京）有限公司
职业健康安全管理体系认证证书
职业健康安全管理体系符合：
GB/T 45001-2020/ISO 45001:2018

In 2025, the Group continued to advance the development of its occupational health and safety management system, with some subsidiaries successfully obtaining ISO45001 Management System Certification. To safeguard the health and safety of our employees, the Group has appointed full-time occupational health management personnel to coordinate the regular detection of occupational hazard factor in the workplace and the health surveillance of employees during their employment. The Group continues to invest in multi-level, full-coverage safety training and occupational health knowledge dissemination, with the Safety and Environmental Protection Department leading their organization and implementation. The Group also actively encourages employees to participate in professional emergency rescue training, with a cumulative total of 32 employees obtaining the "Certificate For Red Cross First Aider". By regularly conducting practical drills of "self rescue and rescuing others" and instructing employees to master emergency skills such as cardiopulmonary resuscitation and Heimlich Manoeuvre, the Group has systematically enhanced employees' occupational safety literacy and on-site emergency response capabilities, effectively strengthening the safety net for our employees.

In 2025, the Group recorded zero occupational hazard accidents, achieved 100% coverage in occupational health and safety education, and maintained 100% compliance in the provision, good condition, and proper use of personal protective equipment.

6.2 Stringent Safety Management

The Group's safety and environmental protection work strictly abides by national laws and regulations such as the "Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)", the "Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》)" and the "Environmental Protection Law (《環境保護法》)". In 2025, under the guidance of the Level 1 Production Safety Committee of the Group, the Safety and Environmental Protection Department presided over the implementation of the specific work items of the Company's safety and environmental protection, and the workshops of each department were equipped with part-time safety administrators to cooperate with the Safety and Environmental Protection Department to implement the production safety work, with their respective division of labor, thus ensuring the rapid implementation and effective operation of the Company's safety and environmental protection work.

6.2.1 Safety Work Implementation

In 2025, with the support of leaders at all levels and Level 1 Production Safety Committee of the Group, the Safety and Environmental Protection Department fully presided over and implemented all safety and environmental protection work of the Company, as follows:

1. Continuously improve, formulate and revise all kinds of the internal information in safety and environmental protection;

2. Handle the safety management of special equipment and special operators;

3. Organize employees of the Company to carry out various safety and environmental protection education and training and emergency drills;

4. Organize production for workshop employees to watch and learn various safety and environmental protection education videos;

5. Formulate on-site action plans and emergency plans according to emergencies and assist workshops of various departments to strengthen in safety and environmental protection;

6. Organize various meetings related to safety and environmental protection and implement specific safety and environmental protection work;

7. Check the safety production situation of the Company and implement the safety management measures for major hazard sources of the Company;

8. Take charge of the examination and approval of the Company's work-related injury accidents declaration and organize relevant departments to analyze safety production accidents;

9. The safety management work of outsourcing units of outsourced projects of the Company includes safety briefing, training, monitoring, and hidden danger investigation, etc.;

10. Continue to carry out various safety inspections in production areas, maintenance site, construction site and public area, including comprehensive inspection, special inspection, daily inspection, inspection before holidays and inspection before special weather;

11. Coordinate all kinds of inspections on safety and environmental protection with governments and regulatory units at all levels and take charge of implementing rectification;

12. Organize activities such as Safety Production Month and Fire Safety Month;

13. Complete other work related to safety and environmental protection as assigned by executives at all levels.

6.2.2 Emergency Response

The Group has incorporated production safety into its daily management and established an emergency management and safety capacity building system throughout the year. In response to various emergencies, the Group's Safety and Environmental Protection Department prepared emergency plans and on-site action plans according to the actual situation, such as the "Special Emergency Plan for Typhoon Prevention (《百宏實業防颱風專項應急預案》)", the "Special Emergency Plan for Production Safety Accidents (《生產安全事故應急專項預案》)" and the "On-site Action Plan for Production Safety Accidents (《生產安全事故現場處置方案》)".

In response to seasonal climate risks, special emergency drills for typhoon prevention are organized for all workshops each year before the typhoon season. Preventive measures such as facility reinforcement, drainage clearing and material stockpiling are deployed in advance to strengthen our practical capabilities in responding to extreme weather. A month-long "Safety Production Month" campaign is held every June, featuring activities such as safety knowledge training, accident case studies and multi-scenario emergency drills, to continuously raise the safety awareness and emergency response capabilities of all employees. In terms of fire safety, the Group conducts fire drills for all staff in June and November each year, and carries out joint emergency drills with local fire rescue agencies annually. Through professional guidance and coordinated operations, the Group continuously optimizes its internal emergency response processes, significantly enhancing its comprehensive capabilities in extinguishing initial-stage fires and organizing evacuation and escape. These institutionalized and multi-dimensional safety practices collectively constitute an important line of defense for the Group's production safety, providing a systematic guarantee for stable production and employee safety.



Fire drill



Fire drill

6.2.3 Deploying Safety and Health Devices

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

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

6.3 Comprehensive Safety Education

In 2025, the Group formulated an annual safety and environmental protection training plan and implemented it as required. During the year, the Safety and Environmental Protection Department organized various induction trainings, including safety training for promoted personnel, safety training for outsourced units, safety training for management personnel, and various fire and emergency training for employees. Human Resources Department, departments and workshops carried out three-level safety education training and special skills training for new staff. Different training methods were adopted for different positions. Each workshop team conducted daily safety training and safety operation briefings through summary meetings, class meetings and on-site meetings, held analysis meetings for production safety accidents, and formulated preventive measures.



Workshop staff watching a safety warning video



Holding a safety consultation open day

In accordance with the law, the Group granted all employees the "right to stop work", which means when facing a serious threat to life, employees are entitled, based on reasonable judgment, to take temporary measures (such as stopping operations or activating an alarm) and safely evacuate the workplace, without being subject to any form of reprisal or discrimination. Such right was reinforced through training and clear operational guidelines, aiming to foster a "safety first" culture and enhance employees' engagement and trust.

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

In 2025, the total number of hours of occupational health and safety education and training for all employees of the Group was 93,504 hours for the Jinjiang factory and 5,872 hours for the Vietnam factory. During the year, the employee induction training coverage rate was 100%, the participation rate of new employees in three-level safety training was 100%, and the certification rate for principal persons in charge and work safety management personnel was 100%.

6.3.1 Troubleshooting Hidden Dangers

In 2025, based on the actual situation of the Company and the requirements of higher authorities, the Group compiled a list of safety inspection for each department and workshop, specifying the responsibilities of inspections at each level, the frequency of inspections and their rectification requirements.

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

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

In addition, the Group continued to build and improve an occupational health and safety management mechanism centered on full employee participation, encouraging every employee to fulfill their safety supervision duties and proactively report potential hazards in the workplace. At the same time, a labor union was in place to protect the rights and interests of employees. The Group strictly prohibited any form of retaliation against those who report issues, ensuring that feedback channels remain open and credible.

From January to December 2025, the Safety and Environmental Protection Department organized comprehensive inspections, special inspections (including fire safety in living areas, special equipment, and gas safety in canteens and shops), pre-statutory holiday safety inspections, and routine inspections. More than 12 inspections were conducted, identifying a total of 469 hidden dangers, all of which have been rectified, achieving a 100% rectification rate.

6.4 Work-related Injury Accidents

The Group has formulated and strictly implements the "Relevant Regulations on Work-related Injury Management" (《工傷管理的相關規定》) and the "Work Safety Accident Management System" (《生產安全事故管理制度》), which are periodically updated to ensure the compliance and forward-looking nature of our safety management.

In the event of a safety accident, the Group will immediately establish an accident investigation team to investigate the cause and determine accountability. The investigation focuses not only on the direct causes of the accident but also on identifying potential deficiencies in the management system, and formulates corrective and preventive actions. Through such mechanism, the Group systematically applies the investigation findings to the continuous improvement of the occupational health and safety management system, effectively enhancing its overall risk prevention and control capabilities.

In 2025, the Group achieved the safety production management objectives of no major casualties, no fire accidents, no environmental pollution incidents and no occupational diseases for the whole year, and no work-related fatal accidents was recorded in the past three years including this reporting year.

In 2025, work-related injury accidents at the Group's Jinjiang factory decreased by 26.6% year-on-year, while those at the Vietnam factory decreased by 34.29% year-on-year. The primary types of accidents during the year were other injuries and mechanical injuries. The significant year-on-year increase in lost days due to work-related injuries at the Jinjiang factory area in 2025 was mainly related to the nature of the injuries sustained during the year: the proportion of fracture-related injuries was relatively high, and such injuries typically require longer treatment and recovery periods, directly leading to an increase in lost days.

Indicators	**Unit**	2024 Jinjiang Factory Area	2024 Vietnam Factory Area	**2025 Jinjiang Factory Area**	**2025 Vietnam Factory Area**
Number of work-related fatalities	Person	0	0	**0**	**0**
Work-related fatalities rate	%	0	0	**0**	**0**
Work-related injury accidents	Case	94	35	**69**	**23**
Injury rate per 1,000 employees	%	13.57	15.2	**10.48**	**9.64**
Lost days due to work injury	Day	900	732	**4,205**	**796.5**

Note: In this report and subsequent annual reports, "injury rate per 1,000 employees" will be used instead of "minor injury rate per 1,000 employees". The number of lost days due to work injury at the Jinjiang Factory in 2025 was calculated with reference to the Determination of Lost Workdays for Work Safety Accidents Injury (GBGB 15499-2025).

7. PRODUCT RESPONSIBILITY

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

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



中联认证中心（北京）有限公司

质量管理体系认证证书

注册号：01425Q10182R5L

兹证明

福建百宏聚纤科技实业有限公司

福建省泉州市晋江市龙湖镇枫林工业区，福建省泉州市晋江市龙湖镇湖光村湖光东路59号

（注册地址：福建省泉州市晋江市龙湖镇枫林工业区）

邮编：362241

（统一社会信用代码或组织机构代码：91350500754966661S）

质量管理体系符合：

GB/T19001-2016/ISO9001:2015

通过认证范围如下：

涤纶长丝、PET聚酯切片、ES复合短纤维的设计、生产和服务

颁证日期：2025年07月10日 有效期至：2028年06月28日

在国家规定的各行政、资质许可范围及有效期内使用有效。

获证组织在证书有效期内须按期接受监督审核，监督审核合格后此证书方为有效。

本证书信息可在国家认证认可监督管理委员会官方网站（www.cnca.gov.cn）上查询。

总经理（签字）：

地址：北京市海淀区首体南路2号 邮编：100044

Address:No.2 Capital Gymnasium South Road,Haidian,Beijing 100044,China



中联认证中心（北京）有限公司

质量管理体系认证证书

注册号：01423Q10302R1M

兹证明

福建百宏高新材料实业有限公司

福建省泉州市晋江市龙湖晋南工业区

邮编：362241

（统一社会信用代码或组织机构代码：91350500581124000L）

质量管理体系符合：

GB/T19001-2016/ISO9001:2015

通过认证范围如下：

双向拉伸聚酯薄膜的设计、生产和服务

颁证日期：2023年11月03日 有效期至：2026年10月11日

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7.1 Improving Product Quality

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

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

In 2025, the Group received numerous honors, including but not limited to "2025 Top 500 Manufacturing Enterprises in China", "2025 Top 500 Private Enterprises in China", "2025 Top 500 Enterprises in the Manufacturing Sector in China", "Provincial Green Factory 2025", "Advanced Level Smart Factory 2025" and "Excellence Level Smart Factory 2025".

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

In 2025, the Group participated in various international trade fairs, attracting many new and old customers in China and overseas to approach for discussion and visit. We showcased our professionalism and patience in our advices, our outstanding service and the high quality of our products. This greatly enhanced the Company's image, and improved customers' awareness and the market competitiveness of our products. We will continue to promote cooperation with other enterprises to achieve a win-win result. We believe that with the joint efforts of all parties, the industry will usher in a better future.

The Group will uphold the mission of "providing healthy and green products for the people and becoming a global high-quality supplier of raw materials for consumer goods" and implement the business philosophy of "producing green products". We will strive to build a century-old brand, and provide high-quality products and services to customers all over the world with professional technology and serious attitude.

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

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

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

Type of Complaints	Unit	Jinjiang Factory Area	How to Handle	Vietnam Factory Area	How to Handle
Stripe/stripe discrepancy	Time(s)	50	Friendly negotiation	25	Friendly negotiation
Wrong order placed	Time(s)	6	Friendly negotiation	1	Friendly negotiation
Bruise	Time(s)	2	Friendly negotiation	4	Friendly negotiation
Fuzzy filament	Time(s)	3	Friendly negotiation	1	Friendly negotiation
Broken filament	Time(s)	22	Friendly negotiation	2	Friendly negotiation
Color difference for stripes	Time(s)	29	Friendly negotiation	15	Friendly negotiation
Stained filament	Time(s)	7	Friendly negotiation	5	Friendly negotiation
Stiff filament	Time(s)	5	Friendly negotiation	14	Friendly negotiation
Color/chroma difference	Time(s)	20	Friendly negotiation	13	Friendly negotiation
Barre mark	Time(s)	1	Friendly negotiation	0	Friendly negotiation
Mixed batch	Time(s)	2	Friendly negotiation	10	Friendly negotiation
Total	Time(s)	147	/	90	/

Jinjiang factory area: Received 147 complaints in 2025, representing a 30.33% decrease from 211 times in 2024.

Vietnam factory area: Received 90 complaints in 2025, representing a 9.09% decrease from 99 times in 2024.

7.1.1 Automatic Operation

Taking the development of intelligent manufacturing as the strategic focus of the enterprise, the Group undertook the first new mode project of intelligent manufacturing in the textile industry, developed an online inspection system for the quality of polyester filament products, and was honored as an "intelligent manufacturing benchmark enterprise". The Group built scientific research and innovation platforms such as national enterprise technology centers, national laboratories and academician workstations, promoted independent scientific and technological research and development, jointly developed new products with national key universities, and created core competitiveness, with more than 80 invention patents. At the same time, it has been recognized by departments at all levels, with our subsidiaries in China obtaining certifications such as the "High and New Technology Enterprise Certificate" and the "Certificate of Manufacturing Single-item Champion Enterprise in Fujian Province".







In 2025, the Group's automated production lines ran smoothly, and we will continue to carry out technical transformation to upgrade automatic production so as to satisfy the increasing demands from customers.

7.1.2 Reliable Procurement

As a brand trusted by consumers, we always purchase raw materials with strict standards, carefully select high-quality contractors and suppliers, and strive to ensure the quality of our products. To strengthen supply chain management, the Group has formulated and improved the "Regulations on the Management of Customer and Supplier Files" (《關於客戶和供應商檔案管理規定》), providing standardized guidance for the management of domestic and international suppliers, optimizing management processes for supplier admission, auditing and evaluation, and refining management requirements to achieve precise and effective supplier management.

The Group has established a clear admission mechanism for suppliers and service providers. All potential suppliers and service providers must complete their profile in our system before they can enter the procurement process. Procurement personnel are required to upload the "Supplier Investigation and Evaluation Form" to assess a supplier's business qualifications, ISO9001 Quality Management System Certification, ISO14001 Environmental Management System Certification and other relevant certifications, quality assurance capabilities, supply capacity, production and operational status, credit standing, and any economic disputes to conduct a risk assessment. At the same time, suppliers are required to submit a "Letter of Undertaking" explicitly committing to comply with the code of business ethics and prohibiting any form of commercial bribery, corruption, or unfair competition. This process is reviewed by the procurement department. Only upon approval may the supplier be included in the supplier database, thereby ensuring the compliance throughout the procurement and supply processes.

In assessing and regulating the environmental and social responsibility performance of suppliers, the Company encourages suppliers to actively participate in safety and environmental protection work and requires suppliers to comply with relevant national and local government's environmental protection and energy-saving laws and regulations.

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ESG Dimension	Specific Requirements
Environmental	1. Suppliers shall strictly comply with the prevailing environmental protection laws and regulations of the place where they operate, incorporate environmental impact into their business activities, and take effective measures to eliminate or mitigate such impacts. Suppliers are encouraged to obtain ISO14001 Environmental Management System Certification to promote continuous improvement in environmental performance. 2. The Group requires all chemical suppliers to provide an MSDS or SDS report when selling products. By reviewing the CAS numbers of the Group's raw and auxiliary chemical materials and implementing environmental risk control measures in accordance with the management requirements for the relevant chemicals, the Group ensures the non-use of chemicals expressly prohibited by the government, while prioritizing the use of more environmentally friendly raw and auxiliary materials. 3. The Group assesses suppliers' ability to use environmentally friendly materials and comply with green procurement requirements as needed, including reviewing third-party verified test reports.
Social	1. Product Quality: Suppliers shall establish an effective quality management system, and they are encouraged to obtain and effectively implement internationally recognized quality system certifications such as ISO9001. The system shall cover the entire process from procurement and production to delivery and after-sales service, including clear quality objectives, control procedures, inspection standards, non-conforming product management, and a continuous improvement mechanism. 2. Labor Standards: Suppliers shall strictly comply with labor-related laws and regulations of the place where they operate, as well as internationally recognized standards. 3. Logistics and Efficiency: Suppliers shall formulate and implement reliable production and delivery plans to ensure that delivery is completed within the agreed time. At the same time, they shall assess vulnerabilities within their supply chains and formulate appropriate measures to mitigate the impact of unforeseen events (such as natural disasters, epidemics, or transportation disruptions) on delivery capabilities. 4. Unfair Competition and Commercial Bribery: Suppliers shall adhere to the principles of business ethics and integrity and are strictly prohibited from engaging in any form of unfair competition or corrupt practices, including but not limited to offering or accepting kickbacks, cash gifts, bribes, and other illegal remuneration to influence business decisions or obtain improper benefits.

We require suppliers to establish effective management and supervision mechanisms to ensure compliance with this standard both within their own operations and throughout their supply chains. We also encourage them to proactively identify, rectify, and report relevant risks to continuously fulfill their environmental and social responsibilities. If suppliers have any opinions, they can communicate with the Group at any time through various channels to ensure that the measures and requirements are practical and feasible to further maintain our good relationship with the suppliers.

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

During the Reporting Period, the Group implemented management processes including supplier admission, auditing, and assessment for all suppliers and service providers, ensuring 100% compliance with the Group's evaluation criteria by the selected suppliers.

During 2025, there were 115 major suppliers of the Group, including suppliers from Germany, Japan, Vietnam, Taiwan, Hong Kong and Chinese Mainland. Among them, there were 108 suppliers in Chinese Mainland and 7 suppliers in other countries or regions.

7.2 Achieve Efficient Innovation

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

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

During the year, we were granted 7 new utility model patents. Patents obtained in 2025 are:

No.	Name of Invention	Patent Number	Type of Patent
1	Tail yarn processing device	ZL202411112289.6	Invention Patent
2	A composite puncture-resistant polyester bottle	ZL202422577805.4	Utility Model
3	A high-pressure resistant polyester bottle	Z 202422644397.X	Utility Model
4	An anti-UV, easy-open-and-close polyester bottle	ZL202422772151.0	Utility Model
5	A shrinkage-resistant packaging bottle	ZL202422835911.8	Utility Model
6	A low-yellowing water bottle made of polyester	ZL202422923004.9	Utility Model
7	A thermos made of high-temperature resistant, double-layer polyester	ZL202422880336.3	Utility Model

7.2.1 Information Privacy

Our products are oriented towards the end market, so our customer data and information sources are vital to the Company. To effectively protect the Group's core trade secrets and intellectual property and maintain its competitive advantage in the market, the Group has rules and regulations to protect the Company's trade secrets in accordance with the "Contract Law (《合同法》)", the "Regulations of the People's Republic of China on the Security Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》)", and the "Consumer Protection Law (《消費者權益保護法》)". Trade secrets include customer data, customer credit limits, customer purchase quantities, prices, core technology information, and intellectual property of the Company. All employees are strictly prohibited from using or distributing the Company's customer data or disclosing its intellectual property without the authorization of the Group. At the same time, we prohibit employees from accessing unnecessary personal data in the course of sales, and we do not allow unauthorized access to customer data.

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

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

During the Reporting Period, no leakage of customer data or privacy was identified.

7.3 Ensure Integrity of Operations

In order to create a business environment of fair competition and strictly legal transactions, the Group aims at keeping high transparency, probity and accountability, and strives to ensure non-occurrence of any incident that is harmful to the interests of shareholders, investors, customers and the public. We do not tolerate bribery, extortion, fraud or money laundering. We have not received any report of legal cases regarding corrupt practices from the Group or the employees in 2025.

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

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

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

In 2025, the Group conducted anti-corruption training for the management. The number of employees trained was 730, each of them were trained for 2 hours. The cumulative participation rate of management was 100%.

8. HARMONIOUS COMMUNITY

8.1 Care for Community Development

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

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

In 2025, the Group donated a total of approximately RMB128,600 to schools and social organizations in the surrounding communities, and organized employees to participate in voluntary and caring activities, accumulating a total of approximately 7,500 hours of voluntary work.

9. Annual Key Performance

Environmental	Unit	2024		2025	
		Group China	Group Vietnam	**Group China**	**Group Vietnam**
Total GHG emissions	tons of CO_2 equivalent	1,536,163.044	420,840.231	**1,500,204.665**	**383,506.617**
Scope 1 emissions	tons of CO_2 equivalent	537,835.059	204,649.393	**573,219.679**	**168,361.84**
Scope 2 emissions	tons of CO_2 equivalent	998,327.985	216,190.838	**926,984.986**	**215,144.777**
Energy consumption					
Jinjiang power grid electricity consumption	kWh/MWh	1,860,469.595	327,959.402	**1,747,050.483**	**326,372.538**
Solar photovoltaic electricity consumption	kWh/MWh	53,648.842	/	**31,915.620**	**/**
Coal consumption	0'000 ton	30.88	8.37	**32.88**	**68.850**
Diesel consumption	litre	/	105,224	**188,160**	**118,368**
Water resources					
Municipal water consumption	0'000 ton	236.76	65.03	**249.45**	**67.71**
Pollutant emissions					
Ammonia nitrogen emissions	ton	0.129	0.019	**0.082**	**0.017**
Chemical oxygen demand emissions	ton	2.9	0.61	**2.282**	**0.59**
Sulfur dioxide emissions	ton	127.15	25.08	**139.239**	**24.06**
Nitrogen oxides emissions	ton	242.171	65.04	**226.714**	**63.02**
Particles emissions	ton	17.351	10.25	**17.261**	**9.85**
Waste					
Total hazardous waste	ton	44.108		**17.61**	**29.30**
Total non-hazardous waste	ton	14,261.00	3,875.00	**14,083.00**	**3,600.00**

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Environmental	Unit	2024		2025	
		Group China	Group Vietnam	**Group China**	**Group Vietnam**
Packaging					
Total paper rolls	0'000 piece	17,422.09	3,002.48	**14,892.16**	**2,968.96**
Total paper boxes	0'000 piece	1,945.35	368.41	**1,598**	**1,571.26**
Total foam boards	0'000 piece	766.09	47.52	**654.16**	**17.83**
Total HD bags	kg	749,999	22,770	**638,728**	**123,623**
Total EPE foam (foam boards)	0'000 piece	54.42	/	**730.49**	**/**
Total bubble films	kg	132,940.76	/	**125,648.9**	**/**
Total composite bubble films	kg	500,930.8	/	**542,062.8**	**/**
Total compound bubble film dome	0'000 piece	226.78	/	**224.12**	**/**
Total plywood	PC	1,101,005	216,369	**1,120,915**	**164,362**
Total wood	PC	512,438	/	**636,914**	**/**
Total wooden frames	PC	460,135	4,330	**480,014**	**1,682**
Total slice bag	0'000 piece	24.87	2.35	**29.69**	**1.47**
Total hand stretch film	kg	22,300	/	**20,620**	**/**
Total plastic head covers	0'000 piece	272.86	/	**285**	**/**
Total PET plastic steel belt	kg	149,100	/	**177,660**	**/**
Total packaging film	kg	236,486.54	/	**265,608.2**	**/**
Total woven bags	kg	119,822.9	/	**121,934.4**	**/**
Total tapes	0'000 piece	25.72	/	**33.28**	**1.54**
Total mylar tape	0'000 piece	3.22	/	**1.62**	**/**
Total double-sided tape	0'000 piece	12.39	/	**12.58**	**/**
Total round cover paperboard (paperboard)	0'000 piece	2.44	/	**1.2**	**/**
Total wooden strips	0'000 piece	29.81	/	**34.57**	**/**
Total wooden decking	PC	4,077	/	**4,680**	**/**
Total paper corner protectors	0'000 piece	50.38	/	**50.29**	**/**
Total tape	kg	23,758.5	17,914	**3,283**	**17,676.7**
Total stretch film	kg	178,800	15,450	**191,730**	**10,065**
Total cardboard	0'000 piece	67.41	4.47	**70.27**	**7.08**
Total ES fibre packaging bag	kg	47,000	/	**60,900**	**/**
Total plastic steel belt	kg	19,000	/	**27,000**	**/**
Total packing tape	kg	327,425	60,930	**270,200**	**58,000**
Total bottle flakes bags	kg	303,334	380,254	**272,294**	**347,819**
Total kraft linerboard (paper rolls)	kg	/	/	**906**	**/**

Social	Unit	2024		2025	
		Group China	Group Vietnam	**Group China**	**Group Vietnam**
Employees – breakdown of staff					
Total staff	person	6,929	2,302	**6,582**	**2,387**
Number and proportion of staff by gender					
Number of male staff	person	4,924	1,596	**4,713**	**1,663**
Number of female staff	person	2,005	706	**1,869**	**724**
Proportion of male staff	%	71.06	69.33	**71.60**	**69.67**
Proportion of female staff	%	28.94	30.67	**28.40**	**30.33**
Number and proportion of staff by age group					
Number of staff aged 30 and below	person	2,502	1,014	**2,260**	**1,124**
Number of staff aged 31 to 50	person	2,929	1,200	**2,892**	**1,165**
Number of staff aged over 50	person	1,498	88	**1,430**	**98**
Proportion of staff aged 30 and below	%	36.11	44.05	**34.34**	**47.09**
Proportion of staff aged 31 to 50	%	42.27	52.13	**43.93**	**48.81**
Proportion of staff aged over 50	%	21.62	3.82	**21.73**	**4.1**
Number and proportion of staff by region					
Number of staff in Chinese Mainland	person	6,922	74	**6,575**	**70**
Number of staff in Hong Kong, Macau and Taiwan	person	6	1	**6**	**1**
Number of staff in Vietnam	person	0	2,227	**0**	**2,316**
Number of staff in other regions	person	1	0	**1**	**0**
Proportion of staff in Chinese Mainland	%	99.90	3.21	**99.89**	**2.93**
Proportion of staff in Hong Kong, Macau and Taiwan	%	0.09	0.05	**0.09**	**0.04**
Proportion of staff in Vietnam	%	0	96.74	**0**	**97.03**
Proportion of staff in other regions	%	0.01	0	**0.02**	**0**
Number and proportion of staff by education					
Number of staff with university degree or above	person	731	74	**761**	**70**
Number of staff with less than university degree	person	6,198	2,228	**5,821**	**2,317**
Proportion of staff with university degree or above	%	10.55	3.21	**11.56**	**2.93**
Proportion of staff with less than university degree	%	89.45	96.79	**88.44**	**97.07**
Number and percentage of staff by position					
Number of managerial staff	person	296	446	**182**	**548**
Number of general staff	person	6,633	1,856	**6,400**	**1,839**
Proportion of managerial staff	%	4.27	37.17	**2.77**	**22.96**
Proportion of general staff	%	95.73	154.67	**97.23**	**77.04**
Employees – turnover of staff					
Total number of departing staff	person	2,673	2,183	**2,320**	**1,359**
Total turnover rate	%	39.26	90.81	**34.34**	**57.97**
Number of staff and turnover rate by gender					
Number of departing male staff	person	1,570	1,508	**1,660**	**938**
Number of departing female staff	person	1,103	675	**660**	**421**
Turnover rate of male staff	%	32.50	91.53	**34.45**	**57.56**
Turnover rate of female staff	%	55.78	89.23	**34.07**	**58.88**

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Social	Unit	2024 Group China	2024 Group Vietnam	**2025 Group China**	**2025 Group Vietnam**
Number of staff and turnover rate by age group					
Number of departing staff aged 30 and below	person	1,594	945	**1,275**	**781**
Number of departing staff aged 31 to 50	person	790	1,150	**765**	**566**
Number of departing staff aged over 50	person	289	88	**280**	**12**
Turnover rate of staff aged 30 and below	%	62.61	84.26	**53.55**	**73.06**
Turnover rate of staff aged 31 to 50	%	27.26	95.71	**26.28**	**47.86**
Turnover rate of staff aged over 50	%	21.19	108.64	**19.13**	**12.90**
Turnover rate of staff by region					
Turnover rate of staff in Chinese Mainland	%	39.25	3.97	**34.38**	**5.56**
Turnover rate of staff in Hong Kong, Macau and Taiwan	%	66.67	0	**0**	**0**
Turnover rate of staff in Vietnam	%	0	93.66	**0.00**	**59.65**
Turnover rate of staff in other regions	%	0	0	**0**	**0**
Health and safety					
Number of work-related fatalities	person	0	0	**0**	**0**
Work-related fatalities rate	%	0	0	**0**	**0**
Work-related injury accidents	case	94	35	**69**	**23**
Injury rate per 1,000 employees	%	13.57	15.2	**10.48**	**9.64**
Lost days due to work injury	day	900	732	**4,205**	**796.5**
Development and training					
Total training coverage rate	%	87.92	74.67	**87.5**	**95.18**
Training coverage rate by gender					
Male	%	86.56	69.49	**88.33**	**94.23**
Female	%	91.27	86.40	**85.39**	**97.38**
Training coverage rate by position					
Management	%	92.23	50.00	**93.41**	**91.24**
General staff	%	87.73	80.60	**87.33**	**96.36**
Average training hours per staff	hour	17.59	5.97	**16.53**	**7.61**
Average training hours by gender					
Male	hour	19.98	5.56	**16.79**	**7.54**
Female	hour	19.81	6.91	**15.85**	**7.79**
Average training hours by position					
Management	hour	45.66	4.00	**44.84**	**7.30**
General staff	hour	16.34	6.45	**15.72**	**7.71**
Number of suppliers					
Chinese Mainland	number	110		**108**	
Other countries or regions	number	7		**7**	
Product responsibility					
Percentage of products recalled for safety and health reasons	%	0	0	**0**	**0**
Number of complaints	case	211	99	**147**	**90**
Anti-corruption					
Number of concluded legal cases regarding corrupt practices	number	0	0	**0**	**0**

10. CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirement	Section/Remark
A. Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Optimize the Management Model Pollutant Emission Reduction
KPI A1.1	The types of emissions and respective emissions data.	Pollutant Emission Reduction
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Pollutant Emission Reduction
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Pollutant Emission Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Pollutant Emission Reduction

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KPIs	HKEX ESG Reporting Guide Requirement	Section/Remark
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation Packing Materials Consumed
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resources Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Conservation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resources Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resources Conservation
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Packing Materials Consumed
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment-friendly Industry
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment-friendly Industry
Aspect A4	**Climate Change**	Address Climate Change

KPIs	HKEX ESG Reporting Guide Requirement	Section/Remark
B. Social		
Aspect B1	**Employment**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Human based Management Talent Development – Equal Development Opportunity
KPI B1.1	Total work force by gender, employment type (for example, full- or part-time), age group and geographical region.	Human-based Management – Equality, Diversity and Inclusion Annual Key Performance
KPI B1.2	Employee turnover rate by gender, age group and region.	Human-based Management – Equality, Diversity and Inclusion Annual Key Performance
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Implementation of Safety Operation

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KPIs	HKEX ESG Reporting Guide Requirement	Section/Remark
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	Implementation of Safety Operation – Work-related Injury Accidents
KPI B2.2	Lost days due to work injury.	Implementation of Safety Operation – Work-related Injury Accidents
KPI B2.3	Description of occupational health and safety measures adopted, and how they are being implemented and monitored.	Implementation of Safety Operation
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development

KPIs	HKEX ESG Reporting Guide Requirement	Section/Remark
Aspect B4	**Labour Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Human-based Management – Employment Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human-based Management – Employment Compliance
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, there was no recorded incidents
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Reliable Procurement
KPI B5.1	Number of suppliers by geographical region.	Reliable Procurement
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Reliable Procurement
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Reliable Procurement
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Reliable Procurement

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

KPIs	HKEX ESG Reporting Guide Requirement	Section/Remark
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ensure Integrity of Operations
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	During the Reporting Period, there was no reporting of corrupt practices
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Ensure Integrity of Operations
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ensure Integrity of Operations
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Care for Community Development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Care for Community Development
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Care for Community Development