



2024 Environmental, Social And Governance Report

Tungtex (Holdings) Company Limited
同得仕(集團)有限公司

Stock Code : 00518

Contents

PRINCIPLES	2
ABOUT THIS ESG REPORT	3
Scope of the ESG Report	3
Principle of the ESG Report	3
ABOUT TUNGTEX	4
The Business	4
The Vision	4
The Mission	4
Board of Directors	4
AWARDS	5
BOARD STATEMENT	7
STAKEHOLDER ENGAGEMENT	8
MATERIALITY ASSESSMENT	10
SECTION A: ENVIRONMENTAL	11
A1 Emissions	11
A2 Use of Resources	14
A3 The Environmental and Natural Resources	19
A4 Climate Change	19
SECTION B: SOCIAL	21
B1 Employment	21
B2 Health and Safety	23
B3 Development and Training	25
B4 Labour Standards	26
B5 Supply Chain Management	26
B6 Product Responsibility	27
B7 Anti-corruption	28
B8 Community Investment	29

Tungtex (Holdings) Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) have been dedicated in the manufacture of fine ladies’ fashion. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability. The Group are constantly capturing opportunities to create long-term value for the shareholders and environment.

The Group understands its responsibility to be accountable to all its stakeholders, including shareholders, government and regulatory bodies, employees, customers, suppliers, communities and the public, etc. Understanding the needs and expectations of the stakeholders is the key to the Group’s success. As each stakeholder requires a different engagement approach, the Group has established a sound communication method in order to better meet each stakeholder’s expectations (Please refer to section of Stakeholder Engagement below for details).

For the sake of striking a balance among business needs, social demands and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities existed in the daily operation, and embracing transparent corporate culture to ensure the sustainability strategies are well communicated to the employees, clients, the communities and other stakeholders.

To implement sustainability strategies to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support the employees
5. To sustain local communities



The Company is pleased to present the Environmental, Social and Governance (“ESG”) report. The content contained herein focuses on providing an overview of the ESG performance and the continual efforts in the area of sustainable development of the major operations in the People’s Republic of China (the “PRC”) and the Socialist Republic of Vietnam (“Vietnam”) from 1 April 2023 to 31 March 2024 (the “Reporting Year” or “Year 2024”). It allows us to conduct thorough performance review and evaluation for enhanced results in the future. The Reporting Year is consistent with the financial year. The Board of Directors (the “Board”) of the Company is responsible for the reliability, truthfulness, objectivity, and completeness of the information disclosed in this ESG report. This ESG report was approved by the Board of the Company on 19 July 2024.

SCOPE OF THE ESG REPORT/REPORTING BOUNDARIES

The present scope of the ESG report covers the principal operating activities of the Group’s manufacturing and sales of garment products divisions and retail division which are operating in the PRC and Vietnam.

PRINCIPLE OF THE ESG REPORT

This ESG report follows the requirements of the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The two ESG subject areas, namely Environmental and Social, are disclosed separately and under the “comply or explain” provisions of the ESG Reporting Guide set out in Appendix C2 of the Listing Rules. Corporate Governance has been disclosed in the Company’s annual report based on Corporate Governance Code contained in Appendix C1 to the Listing Rules.

Materiality

The content of the ESG report is determined based on the stakeholder engagement and materiality assessment. The Group has identified ESG related issues, gathered and reviewed the opinions from internal management and various stakeholders, assessed the relevance and materiality of the issues, and prepared and validated information of the ESG report. The ESG report provides comprehensive coverage of the key ESG issues of concern to the Group’s stakeholders.

Quantitative

The Group has disclosed the qualitative environmental and social Key Performance Indicator (“KPI”) in the ESG report. The criteria, methods, references and conversion factors used to calculate the KPIs are stated whenever possible in order to provide stakeholders with a comprehensive understanding of the Group’s ESG performance.

Consistency

For comparative purposes of ESG performance from year to year, the Group adopts consistent approaches for data collection, calculation and reporting, where reasonable, across all financial years, and records significant changes in detail for the relevant components. The intensities of the relevant performance indicator data in the ESG report are calculated per thousand output units, unless otherwise indicated. The data and information used in this ESG report are referenced from the archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group’s audited consolidated financial statements for the year ended 31 March 2024.

Balance

An unbiased and balanced picture of the performance has been disclosed in a transparent manner.

THE BUSINESS

The Group's principal operating activities are the provision of manufacturing and sales of garment products and retail of garment products of its own brands in the PRC and Vietnam.

THE VISION

- To be a leader in providing fashion solution to global apparel buyers, leading in terms of reliability, superb product quality, customised solutions, and maximising value and satisfaction.
- To achieve continuous economic growth and enhance the effectiveness of our sustainability strategy in order to meet the expectation of different stakeholders.

THE MISSION

- To fulfill the objectives and needs of the customers, employees and long-term shareholders.

- To dedicate the support to long-term development of the global fashion apparel industry.
- To act in a socially responsible way, leading the way in corporate governance, charitable giving and a commitment to the environment.

BOARD OF DIRECTORS

The Company has actively advanced board diversity by selecting appropriate candidates for the Board in a comprehensive and impartial manner in accordance with the specific needs of the Company. The Company considers a number of factors when deciding on appointments of directors and continuation of the appointments of existing directors, including but not limited to gender, age, race, cultural and educational background, length of service, skills, professional experience, regional and industry experience and any other factors that the Board deems appropriate from time to time.

In the Reporting Year, the Group has carried on its achievement in environmental protection and continued to receive the recognitions under various organisations.

10 YEARS PLUS CARING COMPANY LOGO

The Company has been presented with the Caring Company Award by The Hong Kong Council of Social Service in recognition of the Company's commitment in Caring for the Community, Caring for the Employees and Caring for the Environment. The distinguished honour recognises the various efforts and contributions to community building, employee recognition and environmental protection. This is a clear proof of the Company's persistence in sustainable development and contribution to the community.

GLOBAL SECURITY VERIFICATION

During the Reporting Year, the Zhongshan factory participated in the Global Verification Program provided by the Intertek, an industry leader who provides assurance service on the quality and safety of products, processes and systems. The Global Security Verification has been presented to our Zhongshan factory to verify that appropriate minimum security measures on various aspects of supply chain security are implemented and maintained throughout our Zhongshan factory.

As a member of the Global Security Verification, the security operation and anti-terrorism management in the supply chain management, covering security vision and responsibility, risk assessment, business partner security, cyber security, conveyance and instruments of international traffic security, seal security, procedural security, agricultural security, physical access controls, physical security, personnel security and education, training and awareness, are all in compliance with the security requirements. By obtaining the certificate, the Group promotes best practices in the industry, enables importers and suppliers to mitigate risks associated with the cross-border transport of goods while simultaneously expediting the arrival at designated markets and is able to provide customers with safer supply of products and speed up shipping and handling process.



10 Year Plus Company Logo
The Hong Kong Council of Social Service



Global Security Verification
Intertek

BLUESIGN® STANDARD

In the Reporting Year, the Group has continued receiving the recognition under the bluesign® system governed by the Bluesign Technologies AG, a company founded in Switzerland in 2000, which set out to change the standard mentality within the manufacturing industry. As a solution provider, bluesign® system acts as an independent verifier to ensure trust and transparency. The bluesign® system supports the industry in its efforts to improve its sustainable processes, step by step. Tungtex International Limited, an indirectly wholly owned subsidiary of the Company, has been being a bluesign® system partner since 19 November 2019. The Group is committed to applying the bluesign® system, demonstrating the sustainability performance and providing proof of the minimal impact on people and the environment so as to improve the environment performance and build a sustainable future. The Group ensures that bluesign® system approved chemical products and raw materials are used in all steps of the manufacturing process. On-site inspections verify the proper application of such chemical products and raw materials in controlled processes and ensure the responsible use of resources.

HIGG INDEX

The Sustainable Apparel Coalition, a global and multi-stakeholder non-profit alliance for the fashion industry, focused on building and advocating the adoption of the Higg Index and launched the Higg Index in 2011, a standardised value chain sustainability measurement tool for industry participants which measures the environmental, social and labour impacts across the value chain. The restriction of the use of polluted or harmful materials at the initial stage of the supply chain leads to better control of the whole production process. The Zhongshan factory has adopted Higg Index Facility Environmental Module (FEM) as a standardized environmental assessment to measure the performance on environmental and social responsibility as well as seeking opportunities on continuous improvement, and the Group has successfully achieved the targets in 2021, 2022 and 2023. Further demonstrating the commitment to exceeding minimum operating standard requirements, the Group applies the Higg Index assessment tool to benchmark the Company against industry best practices for sustainability performance.



Bluesign® STANDARD
Bluesign Technologies AG



Higg Index Facility Environmental Module
The Sustainable Apparel Coalition

The Company understands that the importance of efficient ESG for corporate sustainability, at the same time, the Company endeavours to ensure that the Board has an appropriate balance of skills, experience, as well as the diversity of perspectives that are required to support the execution of its business strategy and ensuring the effectiveness of the Board. As such, the Board is involved in overseeing ESG related matters and the effective implementation of relevant ESG policies in its operations. A three-tier ESG governance structure, which comprises the governance tier, the management tier and the execution tier, has been established as a part of the efforts to ensure the smooth implementation of ESG strategies.

The Board holds the overall accountability for the Group's ESG management approach, strategy and performance. The Board's responsibilities include assessing and identifying the Group's potential ESG impacts, opportunities, and the related risks concerning its operations. Upon the materiality assessment and the formulation of ESG-related goals, the Board integrates ESG risk management into its business strategy to ensure that the ESG approaches in line with the overall direction and objectives of the Group. The management is responsible for overseeing the risk management framework and reports to the Board on the ESG-related matters, including risks and opportunities, through evaluating the Group's sustainability performance regularly.

In the view of supporting the Board's oversight and management towards the ESG issues, with the top-down approach towards the risk management framework of the Group, the ESG performance of the Group against the goals and KPIs are monitored and reported to the Board by the employees of management tier and execution tier. On an operational level, the ESG working team, including the execution tier and management tier, is responsible for the execution of ESG-related projects accordingly and reports the project progress while any potential ESG-related and risks identified from the execution process will be reported in a timely manner.

Looking ahead, the Board will continue its commitment to driving sustainability in all aspects of its operations with the concept of sustainability integrating into its operations among its business. Furthermore, the Board will also ensure close collaboration among all business units to achieve the goal of operational compliance, shoulder on social responsibility and develop clearer ESG strategies and targets for the Group to strive better performances and better aligning with stakeholders' expectations.

Additionally, the Group is committed to building a greener world and working together to be more environmentally friendly in the direction of reducing its carbon footprints and is committed to achieve carbon-neutrality by 2060, in hopes to contribute to the national carbon emission reduction plan.

STAKEHOLDER ENGAGEMENT

The Company strongly believes that the stakeholders play a crucial role in sustaining the success of the business in the challenging market. The Group actively maintains a close tie with its stakeholders. The Group strives to better understand and engage the stakeholders to balance the opinions and interests, and to understand the needs and expectations through constructive communications to determine the directions of the sustainable development. Besides, the Group regularly assesses and determines the ESG risks, and ensures that the relevant risk management measures and internal control systems are operating effectively. The following table shows the means of communication with the stakeholders and the management response to the stakeholders' expectations and concerns:

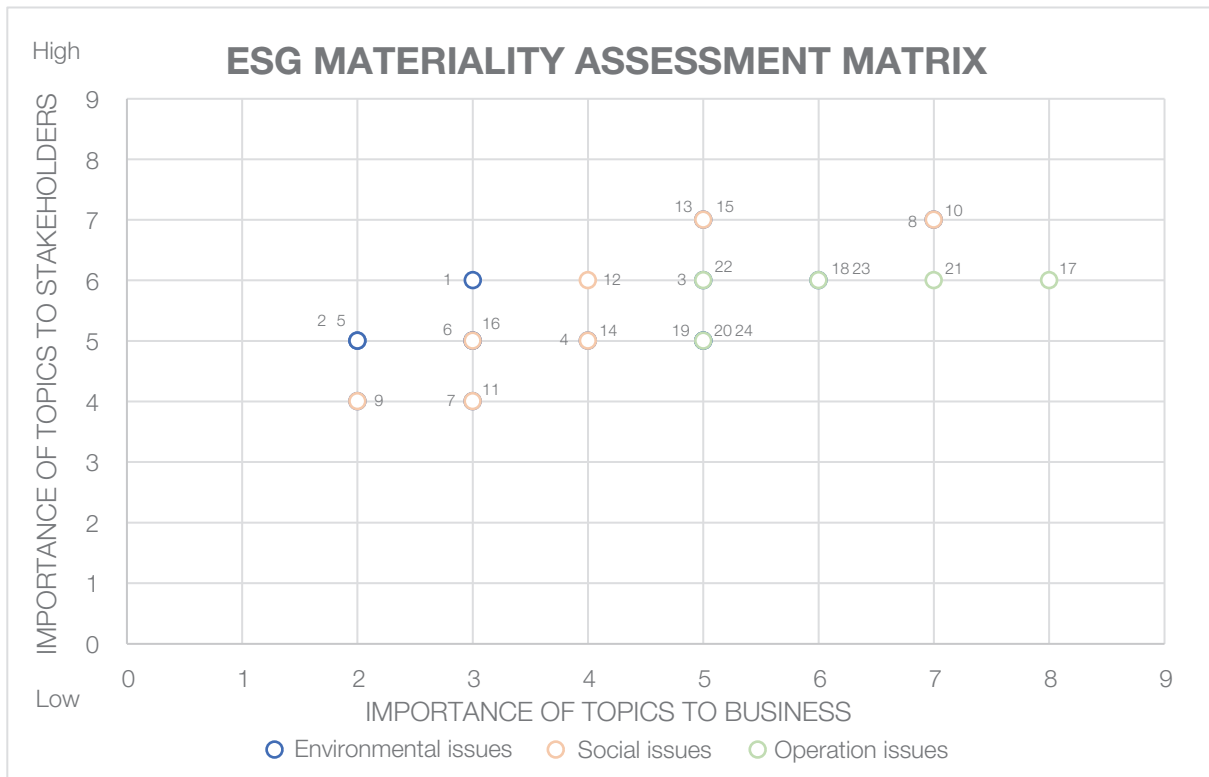
Major Stakeholders	Expectations and concerns	Means of communication	Management response
Government/ regulatory authorities	<ul style="list-style-type: none"> ➤ Compliance with laws and regulations ➤ Fulfil tax obligation 	<ul style="list-style-type: none"> ➤ Regular declaration ➤ Onsite inspection ➤ Laws and regulations 	<ul style="list-style-type: none"> ➤ Uphold integrity and compliance in operations by establishing comprehensive and effective internal control system ➤ Pay tax on time and in full
Shareholders/ investors	<ul style="list-style-type: none"> ➤ Return on investment ➤ Good corporate governance system ➤ Transparency and disclosure of corporate information ➤ Sustainability strategies and development 	<ul style="list-style-type: none"> ➤ Shareholders' meetings ➤ Interim and annual reports ➤ Announcements ➤ Official company website ➤ Email 	<ul style="list-style-type: none"> ➤ Management possesses relevant experience and professional knowledge in business sustainability ➤ Ensure transparent and effective communications by dispatching information on the websites of Hong Kong Exchanges and Clearing Limited and the Company ➤ Continue to improve the internal control system and focus on risk management
Employees	<ul style="list-style-type: none"> ➤ Labour rights ➤ Equal employment ➤ Career development ➤ Health and workplace safety 	<ul style="list-style-type: none"> ➤ Workers' union ➤ Staff activities ➤ Performance management ➤ Staff handbook ➤ Trainings ➤ Employee suggestion mailbox 	<ul style="list-style-type: none"> ➤ Set up contractual obligations to protect labour rights ➤ Encourage employees to participate in continuous education and professional trainings ➤ Establish a fair and reasonable employment scheme ➤ Pay attention to occupational health and safety

Major Stakeholders	Expectations and concerns	Means of communication	Management response
Customers	<ul style="list-style-type: none"> ➤ High quality products and services ➤ Timely delivery ➤ Service value ➤ Labour protection and work safety 	<ul style="list-style-type: none"> ➤ Business visit ➤ E-mail, telephone connection and communication apps ➤ On-line and in-store shopping experience ➤ Sample products exhibition 	<ul style="list-style-type: none"> ➤ Ensure proper contractual obligations are in place ➤ Improve the quality of products and services continuously to maintain customer satisfaction ➤ Deliver the best quality fashion apparel at comprehensive price to our customers on time ➤ Provide the quickest response to satisfy the requirements of our customers ➤ Formulate comprehensive quality assurance process
Suppliers	<ul style="list-style-type: none"> ➤ Environmentally friendly supplier ➤ Demand stability 	<ul style="list-style-type: none"> ➤ Business visit ➤ E-mail, telephone connection and communication apps ➤ Supplier performance evaluation 	<ul style="list-style-type: none"> ➤ Ensure proper contractual obligations are in place ➤ Apply most-updated information technology on the supply chain processes ➤ Establish policy and procedures in supply chain management ➤ Select suppliers with due care ➤ Green procurement practice
Communities, media and public	<ul style="list-style-type: none"> ➤ Environmental protection ➤ Community contribution ➤ Economic development ➤ Transparent information 	<ul style="list-style-type: none"> ➤ Official company website ➤ Community engagement ➤ Employee voluntary activities ➤ Announcements 	<ul style="list-style-type: none"> ➤ Pay attention to climate change ➤ Encourage employees to actively participate in charitable activities and voluntary services ➤ Charitable donations ➤ Employ people with disabilities to help them participate in the society ➤ Publishing of the latest news and announcements on the websites of Hong Kong Exchanges and Clearing Limited and the Company

MATERIALITY ASSESSMENT

In the Reporting Year, the Company conducted a comprehensive materiality assessment. This involved conducting interviews and/or surveys with internal and external stakeholders to identify which areas have the most significant operating, environmental and social impacts towards their business.

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Company has identified and confirmed 24 issues, which cover environmental, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption and community investments and so on. Details are shown in the chart and table below:



No. ESG Topics Environmental issues	No. ESG Topics Social Issues	No. ESG Topics Operational Issues
1. Greenhouse gas emissions	9. Community investment and engagement	17. Economic value generated
2. Air pollutant emissions	10. Occupational health and safety	18. Corporate governance
3. Energy consumption	11. Labour standards in supply chain	19. Anti-corruption
4. Water consumption	12. Training and development	20. Supply chain management
5. Waste management	13. Employee rights and welfare	21. Customer satisfaction
6. Paper consumption	14. Inclusion, equal opportunities and anti-discrimination	22. Customer privacy
7. Use of raw materials and packaging materials	15. Talent attraction and retention	23. Product quality and safety
8. Compliance with environmental laws and regulations	16. Preventive measures for child and forced labour	24. Operational compliance

In addition to compliance with the ESG Reporting Guide, the Group will include more focus on the ESG issues which the stakeholders pay greater attention. Meanwhile, the materiality assessment results will provide the Group with guidance on formulating strategic objectives and plans to resolve the ESG issues for the coming years, as well as on continuing to push forward the sustainability development.

SECTION A: ENVIRONMENTAL

With growing concerns of climate change and environmental degradation, sustainable environment protection has become a strategic priority for various industries globally. The Group is committed to upholding the high environmental standards to fulfill relevant requirements throughout the operation and will continue to devote resources for environmental conservation, reduction of carbon footprint and environmental compliance as required under applicable laws and ordinances. While optimising the environmental policy, the Group also hopes inspiring the employees to strive for environmental sustainability and hence further minimises the environmental impacts from operations.

Unless otherwise stated, the intensity calculated for the Reporting Year as well as the last corresponding year (from 1 April 2022 to 31 March 2023, or “2023”) in this report is per thousand units of output of the manufacturing division (“Output Level”) or per thousand pieces of products sold of the retail division (“Sales Level”). In the Reporting Year, the total output of the manufacturing division was 1,419,000 pieces (2023: 2,421,000 pieces) and the total sales of the retail division were 1,499,000 pieces (2023: 1,483,000 pieces).

A1: EMISSIONS

Air Pollutant Emissions

The Group always complies with the applicable provisions of the national and the local laws, regulations and standards of the operating locations and established related internal policies and procedures. The Group demands the employees to strictly follow the operating procedures of the production equipment and environmental protection equipment and provide suitable labour supplies to the employees, so as to effectively

control and manage the air emissions and reduce its environmental impacts and harms to the employees.

The Group has implemented an environmental protection policy to reduce air pollutant emissions. All machinery and vehicles are under frequent and regular checks and maintenance to minimise energy inefficiencies and to reduce fuel consumption and air emissions due to parts failures. Besides, for transportation logistics, the drivers are required to plan the route ahead with the shortest distance and prohibit idling of automobile engines to reduce unnecessary consumption of fuel. The use of electricity-based forklift instead of diesel-based forklift in the factories has also reduced the exhaust air emissions significantly from burning fossil fuel.

In addition, in order to further reduce the exhaust air emissions, the Group has replaced biomass fuel boiler with electric boiler in Vietnam factory since November 2022, and have used it in conjunction with the installed Solar PV system.

The Group will actively participate in the green electricity procurement plan in Vietnam and PRC continuously and increase the green energy consumption in the Group’s factories to ensure sustainable development in energy use.

During the Reporting Year, the air pollutant emissions by the Group mainly arose from the usage of gasoline and diesel oil for automobiles, and the usage of natural gas for the boiler that caused air pollutant emissions, including nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”) and particulate matter (“PM”).

The key environmental performance indicators of the Group’s emissions in the Year 2024 are shown in the table below:

Air emissions ^(Note 1)	Unit	Year 2024	Year 2023
Nitrogen oxides (NO _x) emissions	KG	757.8	1,006.4
Sulphur oxides (SO _x) emissions	KG	5.1	174.4
Particulate matter (PM) emissions	KG	57.5	246.7

Note 1: The emission factors used to calculate the NO_x, SO_x and PM are sourced from: (i) the Hong Kong Environmental Protection Department’s (“EPD”) EMFAC-HK Vehicle Emission Calculation model; and (ii) the United States Environmental Protection Agency’s Vehicle Emission Modeling Software – MOBILE6.1 with the assumptions of 80% relative humidity, a temperature of 25 degrees Celsius, an average speed of 30 km/h, and including running exhaust emissions only.

The use of natural gas in the boilers to produce steam and heat for the production process also generates air pollutant emissions. All waste gas has to go through three level pollutants absorbing processes in the treatment facility before being discharged into the atmosphere. The Group regularly entrusts third-party professional inspecting agencies to test the pollutants at each discharge outlet in the factories in accordance with the emission standards and methods of the local environment protection government departments.

It is to prevent any excessive emission left unaware of which may lead to non-compliance with the local emission standards, and protect the atmospheric environment. During the Reporting Year, the test results were in compliance with the national "Emission standard of air pollutants for boiler" and "National Technical Regulation on Ambient Air Quality".

Reduction target of air emissions

Air emissions	Reduction target	Baseline Year	Status
NO _x emissions intensity	Reduce 5% by Year 2029	Year 2024	In progress
SO _x emissions intensity	Reduce 5% by Year 2029	Year 2024	In progress
PM emissions intensity	Reduce 5% by Year 2029	Year 2024	In progress

Greenhouse Gas ("GHG") Emissions

The Group's operation of machineries and vehicles directly contributes to the emission of greenhouse gases, which is the main culprit of global warming. Alongside the direct emission sources, there are also several indirect emission sources noted as the purchase of electricity from

electricity providers, electricity used in freshwater and sewage processing and paper waste disposal at landfills.

The key environmental performance indicators of the Group's GHG emissions in the Year 2024 are shown in the table below:

GHG emissions	Unit	2024	2023
Direct emissions (Scope 1)	Tonnes CO ₂ e	1,003.0	1,191.4
Indirect emissions (Scope 2) <i>(Note 1)</i>	Tonnes CO ₂ e	1,715.6	1,661.8
Other indirect emissions (Scope 3)	Tonnes CO ₂ e	254.7	113.4
Total GHG emissions <i>(Note 2)</i>	Tonnes CO ₂ e	2,973.3	2,966.6
GHG emissions intensity	Tonnes CO ₂ e (per thousand Output Level)	2.1	1.2

Note 1: The emission factors of electricity consumed are sourced from the Southern China Power Grid in 2021 and Vietnam's power grid in 2022. The figures are calculated in accordance with the "Reporting Guidance on Environmental KPIs". The figures are restated for consistent comparison purpose.

Note 2: GHG emissions (direct and indirect) and its removal can be divided into the following three separate areas:

Scope 1: It represents mainly the usage of natural gas for the boilers, gasoline and diesel oil consumed by motor vehicles.

Scope 2: It represents mainly the electricity purchased from power suppliers in China and Vietnam.

Scope 3: It represents mainly the paper waste disposed at landfills, water used and other indirect emission.

During the Reporting Year, the total electricity generated from the Solar PV in Vietnam factory amounted to 560.5 MWh, accounting for 39% of the total electricity consumption of Vietnam factories and reducing the greenhouse gas emissions of 379.2 tonnes which are equivalent to the greenhouse gas reduction of planting 16,487 new trees.

Several measures to reduce the greenhouse gas emissions were implemented to demonstrate the determination to maintain environmental sustainability. As the main greenhouse gas emissions of the Group were attributed to its electricity consumption, the Group encouraged its staff to switch off all idle electronic appliances. Besides, electricity saving labels were also posted at the factories and offices to advocate the reduction of energy consumption. Given the reduction of the Group's greenhouse gas emissions comparing to the last corresponding year, the Group considers its measures are effective and will continue to develop new measures as needed for lowering its adverse environmental impact from its operation.

In the Reporting Year, the "Greenhouse Gas Emissions Reduction Plan" implemented by Zhongshan factory continued further strengthening and standardising the management of the Group's greenhouse gas reduction visions in accordance with relevant provisions, such as the "Kyoto Protocol" of the United Nations Framework Convention on Climate Change ("UNFCCC") and the "Clean Development Mechanism Project Operation and Management Measures" of the PRC.

Reduction target of GHG emissions

GHG emissions	Reduction target	Baseline Year	Status
GHG emission intensity (Scope 1)	Reduce 3% by Year 2029	Year 2024	In progress
GHG emission intensity (Scope 2)	Reduce 3% by Year 2029	Year 2024	In progress
GHG emission intensity (Scope 3)	Reduce 3% by Year 2029	Year 2024	In progress

Waste Management

In compliance with the “Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste” and other applicable environmental laws and regulations of the local government, the Group has formulated related internal policies and procedures to manage and monitor the process in solid wastes collection, storage and disposal. Besides, the Group is committed to conserving

the use of various resources, encourages employees to recycle and reuse different materials as much as possible, and actively adopts different measures to reduce the generation of solid wastes. The solid wastes generated by the Group during its operation mainly include hazardous waste and non-hazardous waste.

Waste	Unit	2024	2023
Total non-hazardous waste produced <i>(Note 1)</i>	Tonnes	593.5	583.4
Non-hazardous waste produced intensity	Tonnes (per thousand Output Level)	0.42	0.24
Total hazardous waste produced	Tonnes	0.3	0.4
Hazardous waste produced intensity	Tonnes (per thousand Output Level)	0.00021	0.00015

Note 1: The figures are restated for consistent comparison purpose.



Hazardous wastes

The Group’s hazardous wastes are mainly attributed to production, sewage treatment and repair and maintenance of equipment, which include dye contained sludge, fluorescent lamps, waste fabric and waste containers for oil or chemicals. The Group follows the local government’s laws and regulations of the PRC and Vietnam and sets up temporary storage warehouses for hazardous wastes and takes anti-scattering and anti-leakage measures to prevent any environmental pollution events. The containers loaded with hazardous solid wastes have been affixed with labels and stored in the designated locations by categories.

Each factory regularly inspects the storage area of hazardous wastes and takes appropriate measures if any leakage or hidden safety hazard is found so as to prevent secondary pollution. The Group entrusts qualified recyclers to handle the hazardous waste. The Group reports to the local environmental protection department prior to any hazardous wastes to be transferred. All hazardous wastes must be stored in the factories before obtaining approval from the local environmental protection department, to prevent random dumping and improper disposal. Besides, all workers are provided with appropriate labour supplies and training on handling of hazardous wastes to prevent any environmental pollution and work injury.

Non-hazardous wastes

Non-hazardous wastes generated during the operation mainly include living waste, wastepaper, waste fabric, metal, and plastic. In order to achieve the objectives of resources saving, environmental pollution control and maximising the use of wastes, the Group actively promotes “Recycling” in waste treatment, such as selling recyclable waste materials to recyclers or suppliers and reasonable use of packaging materials to avoid over-packaging, in order to reduce the generation of solid wastes, bring revenue and reduce costs to the Group. Non-recyclable wastes (such as food residue, domestic garbage, etc.) are passed to the local sanitation department for handling. Besides, the Group has also implemented the following waste reduction measures in the office to reduce the environmental impact of the Group’s operations at all levels:

- Set up microwaves in the office and encourage employees to bring the own lunch and reduce ordering takeaway food;

- Reduce the use of disposable consumables, such as food packaging boxes, paper cups, paper plates, plastic bags, etc.;
- Encourage employees to reuse wastepaper or stationery, such as single-sided printed paper, envelopes, folders, etc.;
- Encourage employees to use environmental friendly shopping bags, water bottles and metal tableware instead of disposable cutlery; and
- Encourage employees to use electronic communication as far as possible and advocate a paperless work environment.

The Group has also set up recycling collection points in the office for recycling paper and old batteries. Old batteries and recycling paper are then put into the recycling bin in the office building and recycled by the building management company.

Reduction target of hazardous and non-hazardous waste produced

Environmental indicators	Reduction target	Baseline Year	Status
Non-hazardous waste produced intensity	Reduce 3% by Year 2029	Year 2024	In progress
Hazardous waste produced intensity	Reduce 3% by Year 2029	Year 2024	In progress

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the “Environmental Protection Law of the PRC”, “Atmospheric Pollution Prevention and Control Law of the PRC”, “Water Pollution Prevention and Control Law of the PRC”, “Law on Environmental Protection of Vietnam” and other applicable laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the Reporting Year. No fines or non-monetary sanctions for non-compliance were incurred during the Reporting Year.

wastage. The Group implements internal procedures for low-carbon processes and reduce emissions in production and operation, so as to reduce the use of various resources while maximising its efficiency and prevent waste of resources. “Energy Saving and Consumption Reduction Plan” and “Water Conservation Implementation Plan” have been established by the Zhongshan factory since 2021, which set out the 5-years improvement plans about the usage of different resources from 2021 to 2025. These provide a clear vision towards the employees with an aim to minimise the use of natural resources and thereby reducing the Group’s carbon emissions to protect and sustain the environment.

During the Reporting Year, the Group has invested approximately HK\$258,000 in various kinds of environmental protection measures, including:

- purchasing of automatic sampler for sewage monitoring in the Zhongshan factory;
- installation of the wastewater recycling system in the Zhongshan factory;
- purchasing of electric boiler to replace the biomass boiler in the Vietnam factory;

A2: USE OF RESOURCES

With the view of the increasing attention in climate change and environmental protection and energy conservation, the Group has taken into account the environmental factors in mapping the sustainable development strategies and has actively responded to changes in the government’s environmental policies. The Group establishes measures to conserve natural resources and promotes the conservation culture in environmental protection. The Group has set up various measures and demanded the employees to pay attention to resources conservation, to make full use of resources and to avoid

- cleaning of solar panel in the Vietnam factory; and
- installation of digital meter for monitoring and analysing the solar system in the Vietnam factory.

Electricity Consumption

The electricity consumed in the office, production and retail premises was one of the major contributors to the greenhouse gas footprint.

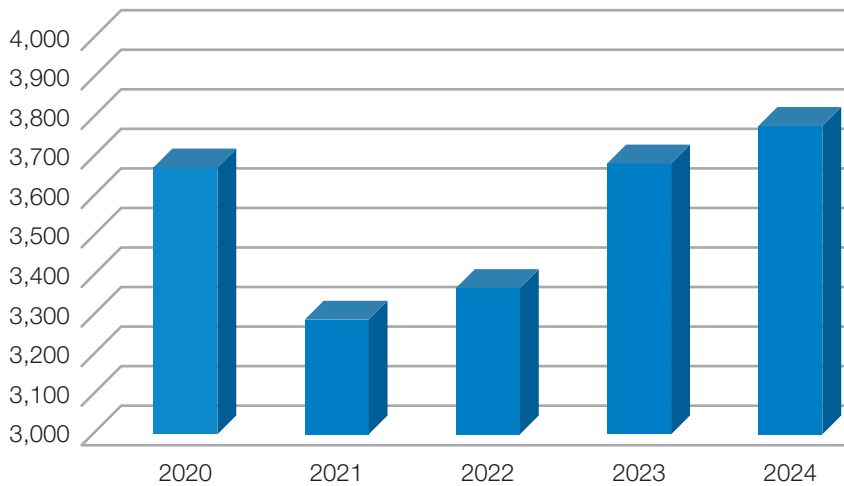
To reduce the energy consumption in the offices and factories, the Group actively adopts different kinds of technically feasible and economically reasonable measures as follow:

- encouraging employees to use natural light for daily operations, restricting the use of air conditioners according to seasonal and temperature changes, cleaning regularly the air conditioner’s filter and turning off the unnecessary electrical equipment after work, phasing out old equipment, using the

nationally recognised equipment or equipment with the energy-efficient labels, focusing on the repair and maintenance or transformation of the electrical equipment, etc;

- arranging production shifts reasonably and adjusting the operation modes of production equipment, thereby increasing productivity and maximising production power consumption;
- strictly forbidding to leave production equipment idle;
- monitoring electricity consumption and performing analysis by the administration department;
- investigating the cause of and taking a rectification plan for abnormalities; and
- organizing energy-saving training and activities in the factories and offices, posting energy-saving labels at a prominent location to promote energy-saving and carbon-reduction message and enhance employees’ skill and knowledge on energy saving.

Electricity consumption (MWH)



Solar Energy and Electricity

As aforementioned in the Greenhouse Gas Emission section of the report, the Group endeavours to reduce its main source of greenhouse gas emissions, which is its

Scope 2 indirect emission from purchased electricity consumption. To further this advocacy in addition to the Group’s devotion to investing in green strategies, a Solar PV System has been installed at the Vietnam factory since 2022 and enhanced in the Reporting Year.

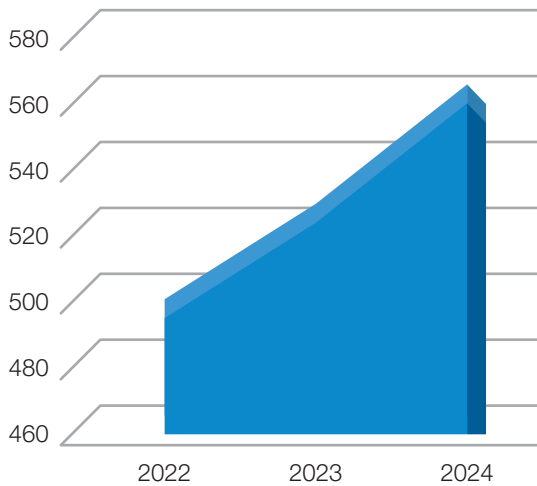


New solar PV panel installed in Vietnam factory



Maintenance of solar PV panel in Vietnam factory

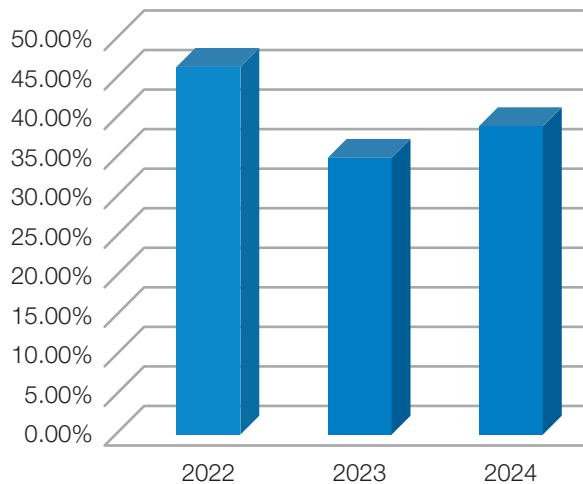
Solar PV generated (MWH)



During the Reporting Year, the total electricity generated from the Solar PV in Vietnam factory amounted to 560.5 MWh, accounting for 39% of the total electricity consumption of Vietnam factories and reducing the greenhouse gas emissions of 379.2 tonnes which are equivalent to the greenhouse gas reduction of planting 16,487 new trees.

Regarding the power production efficiency of the Solar PV in the Vietnam factory, the Group is committed to maintaining more than 30% of the total electricity consumption in the Vietnam factory as a long-term target.

Solar PV generated (MWH) to total electricity consumption (MWH) in Vietnam factory



Given the high energy efficiency of the Solar PV, the Vietnam factory has achieved to greatly reduce the reliance on purchased electricity except under situations when physical constraints such as inadequate sunlight arise. In the meantime, the Solar PV is regularly cleaned, inspected and maintained, and the data is monitored and analysed to maximise the contribution and benefits to the environment. With the remarkable emissions amount saved by the Solar PV as mentioned above, the Group believes the Solar PV equipment can help reduce the greenhouse gas emissions to the environment, which can foreseeably alleviate the climate risk that the Group is currently facing.

Gasoline, Diesel Oil and Natural Gas consumption

Gasoline and diesel oil are mainly used in automobiles for business travelling and goods delivery. The Administration Department records the fuel consumption of each vehicle and performs analysis to identify any abnormal usage of vehicles. In case of abnormalities are found, follow-up actions would be taken immediately. If passengers are going to the same or close destinations, they will be

arranged to use the same vehicle to shorten the driving distance and reduce the consumption of gasoline and diesel. The Group actively promotes the advocacy of green travel to encourage the employees to minimise greenhouse gas emissions and air pollutant emissions by commuting via environmentally friendly modes of transport such as eco-friendly vehicles. Moreover, the Group also offers vehicles to pick up employees collectively to minimise air pollutant emissions and greenhouse gas emissions from using own vehicles.

Natural gas is mainly used in boilers to generate steam for production. Burning natural gas for energy results in fewer emissions of nearly all types of air pollutants and CO₂ emissions than burning coal or petroleum products to produce an equal amount of energy. The use of natural gas not only can generate energy efficiency to the Group, but also greatly reduce the adverse impacts on the environment during operation.

In order to maximise the efficiency of energy use, the maintenance department inspects the boilers and pipelines regularly to prevent any energy inefficiency caused by parts failure or leakage during the steam delivery.

The total units of energy and water consumed by the Group and the amount of total packaging material used for finished products in the Year 2024 are shown in the table below:

Total energy consumed	Unit	2024	2023
Fuel consumed ^(Note1)			
– Diesel oil	MWh	86.1	425.1
– Gasoline	MWh	329.8	133.1
– Natural gas (Boiler) ^(Note2)	MWh	4,436.9	5,190.0
– Biomass fuel (Boiler)	MWh	–	1,014.6
Energy consumed by fuel	MWh	4,852.8	6,762.8
Purchased electricity consumed	MWh	3,217.7	3,280.3
Generated electricity consumed	MWh	560.5	407.0
Total energy consumed	MWh	8,631.0	10,450.1
Energy consumption intensity	MWh (per thousand Output Level)	6.1	4.3

Note 1: The conversion factor used to convert data in other units to MWh is sourced from the Energy Statistics Manual issued by the International Energy Agency.

Note 2: The figures are restated for consistent comparison purpose.

Total use of resources	Unit	2024	2023
Fuel consumed			
Diesel oil (automobile)	Litres	8,044.0	39,716.7
Gasoline (automobile)	Litres	34,025.5	13,736.9
Natural gas (Boiler)	m ³	420,559.0	491,942.9
Biomass fuel (Boiler)	Kg	–	243,510.0
Water consumption	m ³	113,769.8	125,349.9
Water consumption intensity	m ³ (per thousand Output Level)	80.4	51.8
Total packaging material consumption (Production)	Tonnes	140.5	161.5
Total packaging material consumption intensity (Production)	Tonnes (per thousand Output Level)	0.10	0.07
Total packaging material consumption (Retail)	Tonnes	87.4	72.4
Total packaging material consumption intensity (Retail)	Tonnes (per thousand Sales Level)	0.06	0.05

In the future, the Group will continue to actively implement the resource-saving plans and measures while furthering its current monitoring practices, aiming to raise the overall efficiency in resource consumption and avoid unnecessary wastages as much as possible. Additionally, the Group will also strive to better keep track of its performance for developing more specific quantitative environmental goals and corresponding measures to keep up with the pace of energy conservation and reducing its energy consumption.

Water Consumption

During the Reporting Year, although the Group does not encounter any water supply issues, the Group still shoulders the responsibility of environmental protection and sustainable development, strives to increase the utilisation efficiency of water resources to reduce the pressure on the environment. Since water is one of the most precious resources in the world, cherishing water consumption is a fundamental target of the Group.

The water consumption for production stationed in the scouring and bleaching process as well as the spinning process. To minimise water consumption, the Group actively adopts different kinds of technically feasible and economically reasonable measures as follow:

- strengthening its daily repair and maintenance of water equipment, pipes, valves, etc;
- regularly recording and analyses the water consumption of each water usage point in the factories;

- in case of abnormal water usage or water pipe leakage being found, prompt notification is given to the Maintenance Department for repair and remediation and prompt inspection of the water pipes for the leakage at night; and
- actively implementing various water conservation measures and providing training to educate employees to save water from the daily lives to build up good habits of water usage and enhance employees' environmental awareness.

Packaging Materials

With decreasing availability of suitable land for landfill and increasing environmental impacts of waste disposal, waste reduction and reducing the environmental impact of waste are both the priority objectives of the Group. The Group uses degradable packaging materials for the finished goods. The plastic bags for product packaging are tested and certified by the third-party inspection agency to contain no Butylated Hydroxytoluene ("BHT"). BHT is an antioxidant which inhibits or delays the oxidative degradation of plastic and prolongs the service life. The carton boxes for product packaging are tested and certified by the third-party inspection agency and conformed with the RoHS directive. These greatly reduce the adverse impact of packaging on the environment and marine life. Furthermore, the Group has adjusted the procurement procedure of packaging materials and implemented localised procurement, in order to further reduce the adverse impact on the environment caused by the transportation process.

The Group recognises that packaging waste, especially plastic, continues to be one of the top environmental issues facing the apparel industry. The Group has always used packaging materials carefully to reduce unnecessary waste and enhance recycling capacity across the operations. The Group actively takes different measures to reduce the use of packaging materials. For example, the Group optimises packaging design as much as possible, adopts more suitable packing material specifications

according to the packing needs of products to achieve waste reduction from the source, guides the staff to avoid waste of packaging materials due to human error, and gives priority to using recyclable materials as packaging materials. At the same time, the Group strictly controls on the supplier selection and adopts just-in-time procurement to prevent the use of materials that cause serious pollution to the environment.

Reduction target of resource consumed

Environmental indicators	Reduction target	Baseline Year	Status
Energy consumption intensity	Reduce 5% by Year 2029	Year 2024	In progress
Water consumption intensity	Reduce 5% by Year 2029	Year 2024	In progress
Packaging material consumption intensity	Reduce 3% by Year 2029	Year 2024	In progress

A3: THE ENVIRONMENTAL AND NATURAL RESOURCES

The Group believes that corporate development should not come at the expense of the environment. By integrating environmental considerations into the business strategies, the Group aims to be an environmentally sustainable enterprise. The Group minimises its potential adverse impacts on the environment through the establishment of effective environmental control policies, and continuously identify, assess and manage the environmental risks.

Based on the national and local laws and regulations, the Group made reference to the operating environment, structure, production capabilities and human resources to develop a unique environmental management system and established regulations and guidelines on pollutant management to regulate waste gases, sewage, noise and different types of solid wastes generated from operation and production. The Group adheres to the enterprise culture of focusing on environmental protection and energy conservation, with an aim of setting up a comprehensive internal environmental management system to monitor, manage and dispose of various pollutants generated from the operations of the plants and offices, and to strictly follow the standards and requirements of the local government.

In the future years, the Group will continue promoting greenhouse gas emissions reduction, energy and water resource conservation, and efficient use of natural resources. The Group will also refer to the guidelines of the international environmental management system to enhance the internal environmental management system which can save various natural resources and costs, and can further reduce the environmental impacts from business operations. With its well-established governance structure and a team of experienced dedicated, and diligent employees, the Group is definitely able to reduce the potential negative effects of its operation on the environment.

A4: CLIMATE CHANGE

Climate change refers to the long-term shifts in temperatures and weather patterns. While it could be a natural phenomenon, human activities have been the main cause of climate change primarily due to the intensified burning of fossil fuels such as oil and gas which produces heat-trapping gases that intensifies the greenhouse effect for accelerating global warming.

Among the ESG risks identified in the Group’s materiality assessment, global warming is one of the issues that concerns the Group and its employees. The Group acknowledges the potential impacts of climate change that could affect its sustainability, and is also aware of the market trend of transitioning into a lower carbon footprint economy. The Group has begun to look in to climate-related risks and opportunities in its decision-making process and strategic business planning, so that better preparation and management could be arranged in response to adapting to the potential climate-related uncertainties that may affect the Group.

In terms of the more immediate climate-related risk posed on the operation of the Group along with its employees, higher frequency and severity of extreme weather events such as extreme rainfall and extreme cyclones endanger the safety of employees working at the premises including offices and factory premises and retail shops, and increase the risk of damages brought to the Group's properties and the disruption to its supply chain and logistic functions. The Group has formulated Emergency Plans for Extreme Weather by providing guidelines regarding work arrangements and safety precautions to its employees so as to minimise the potential risk of injuries and accidents. Moreover, the Group also keeps informed about the latest updates to weather conditions in the case of bad weather events, and suitable preventive measures could be enforced to avoid damages to properties and plan ahead its logistics and warehousing arrangements to minimise potential disruptions and losses as much as possible.

On the other hand, the Group may experience other transitional risks concerning policy changes, innovative technology, and reputation damage. In relation to the PRC Government's commitment to Carbon Neutrality by 2060 as well as other international climate change agreements, more stringent climate policies and regulations regarding environmental protection are foreseeable, where more resources and investment may be required to fulfill these requirements. As a response, a series of action plans have been formulated by the manufacturing divisions of the Group towards the initiatives in lowering the emission and resource consumption from its operation for achieving sustainability progressively. The Group will also keep track of the latest policy trend and development to formulate corresponding plans and actions as needed. To keep up with environmental protection, the Group may need to delegate more resources to novel technologies and new equipments to meet higher expectations and standards in terms of efficiency in the industry. Regarding this, the Group has been expanding its reliance towards renewable energy, in which the investment in the Solar PV project in its Vietnam energy has raised the energy efficiency objective. The Group also aims to reduce the greenhouse gas emissions produced and makes the best endeavor to benefit society in the capability of the Group such as providing excess electricity generated by the Solar PV. As for reputation risk, the Group may face reputation loss if it fails to keep up with the expectation in environmental standards. Regarding this, the Group has been adopting best practices as far as possible in order to maintain its environmental performance. In addition, the Group has also been striving to meet the standards of various certifications to demonstrate its competence with specified requirements regarding best practices and performance expectations. In the Reporting Year, the Group has achieved recognition from the 10 Year Plus Caring Company Logo and is prepared to meet other standards in the future.

The uncertainties from climate change may bring different risks and opportunities. As an environmentally responsible corporation, the Group will continuously optimise its business strategies and enhance its corporate strength while progressing towards achieving sustainability gradually.

B1: EMPLOYMENT

In the ever-changing, challenging and competitive business environment, an effective strategy in human resources management can systematically, efficiently and effectively support a corporation to perform well. The Group upholds the principle of “TUNGTEX ARMS”, to embrace each individual employee and corporation together and work cohesively towards the Group’s goals, objectives and expected results.

The Group takes pride in the dedication and effort of the employees and hence aims to grow with the employees and groom the employees into future leaders. The Group considers the employees as the valuable assets and strives to provide a non-discrimination, equal, harmonious and safe workplace. The Group believes that quality talents are important assets of an enterprise and the cornerstone for sustainable corporate development. Incorporating sustainability into strategies, favourable conditions are created for attracting, developing, retaining and rewarding talents. The Group provides commensurate remuneration, personal growth and career development training and other fringe benefits. The Group’s human resources policies vary by location to comply with the local labour laws and regulations.

Employees Benefits

The Group has established a set of comprehensive human resources management policies, namely the “Tungtex Employees Handbook” and “Tungtex Code of Conduct” to provide guidance for employee behaviour. The “Tungtex Employees Handbook” has stated the areas of compensation and dismissal, recruitment and promotion, working hours, appraisal, training and benefits. The Group has always strictly observed the relevant legislations in the offices and factories locations regarding equal employment opportunities, labour and forced labour.

The Group has fair and comprehensive policies on recruitment and dismissal processes. For recruitment, equal opportunities are provided to all applicants with regard to the considerations of the experience, knowledge and skills. For dismissal, those employees acting improperly, or breaching contract terms and code of conduct will be terminated.

The Group offers competitive employee benefits packages for all level of employees. The pay rate and benefits packages are benchmarked against the market standard to ensure fair and equitable compensation practices and competitive salaries. The welfare benefits include study fund, marriage leave, maternity leave, paternity leave, compassionate leave, retirement benefits, occupational injury insurance, medical scheme, etc. The Group implements effective target management, sets up annual goals for departments and employees, and fairly assesses the level of awards, salary increments and promotion based on a number of criteria, including working experience, seniority, knowledge and skills, performance, contributions, etc.

The Employees

To meet the future challenges of the business, the Group believes that it must continue to attract qualified applicants who share its vision and values. The Group hires people based on experience, expertise and values and regardless of their race, colour, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age or sexual orientation. The Group has also formulated equal opportunities and diversity policies for all employees. The Group strives to establish harmonious labour relationships and stands no tolerance on any discrimination events.

Employees Work-life Balance

The Group strives to follow the local labour laws and regulations to formulate employees’ working hours, forced labour is strictly forbidden. Overtime needs employees’ consent and compensation hours and pay are in line with local laws and regulations. All employees are entitled to have annual leave according to their job positions. To foster a harmonious work culture, the Group also organises employees’ activities regularly and sets up an entertainment room and gym room in Zhongshan factory.

Distribution of work force classified by different categories as follows:

Social Performance	Unit	2024	2023
By Gender			
Male	Person	369 (25.6%)	336 (25.4%)
Female	Person	1,072 (74.4%)	987 (74.6%)
Total	Person	1,441 (100%)	1,323 (100%)
By Employment Type			
Long-term contracts	Person	1,043 (72.4%)	1,191 (90%)
Short-term contracts	Person	292 (20.3%)	40 (3.0%)
Employed after retirement	Person	93 (6.5%)	81 (6.1%)
Disabled	Person	13 (0.8%)	11 (0.9%)
Total	Person	1,441 (100%)	1,323 (100%)
By Age Group			
Below 30 years old	Person	369 (25.6%)	336 (25.4%)
31 – 50 years old	Person	892 (61.9%)	847 (64.0%)
Over 50 years old	Person	180 (12.5%)	140 (10.6%)
Total	Person	1,441 (100%)	1,323 (100%)
By Geographical Region			
Hong Kong	Person	12 (0.8%)	12 (0.9%)
The PRC	Person	748 (51.9%)	792 (59.9%)
Vietnam	Person	681 (47.3%)	519 (39.2%)
Total	Person	1,441 (100%)	1,323 (100%)

During the Year, annual employee turnover rate classified by different categories is shown as follows:

Employee turnover rate	2024	2023
By Gender ^(Note 1)		
Male	4.7%	8.2%
Female	5.7%	6.5%
By Age Group ^(Note 1)		
Below 30 years old	7.1%	9.8%
31 – 50 years old	5.3%	6.4%
Over 50 years old	2.0%	4.1%
By Geographical Region ^(Note 1)		
Hong Kong	0.7%	1.3%
The PRC	6.0%	7.0%
Vietnam	4.4%	6.6%

Note 1: Employee turnover rate is calculated based on the average monthly percentage for the Year. The monthly percentage is calculated based on the number of employees in a specified category who resigned during the month divided by the total number of employees in the specified category at the end of the month.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the “Labour Law of the PRC”, the “Labour Contract Law of the PRC”, the “Social Insurance Law of the PRC”, the “Regulation on Management of Housing Provident Fund”, the “Employment Ordinance (Chapter 57 of the Laws of Hong Kong)”, the “Mandatory Provident Fund

Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)”, the “Labour Code of the Socialist Republic of Vietnam” and other applicable laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions in the Reporting Year.

B2: HEALTH AND SAFETY

The Group regards occupational health and safety as one of the first priority responsibilities. The Group is committed to complying with the requirements of applicable laws and management principles on health and safety. The Group has established policies and procedures in production safety and set up a production safety committee and safety management organisation structure. These provide effective safety management systems and emergency

incident guidelines to prevent, control and eliminate losses that might be caused by unexpected incidents, and to protect staff safety. The Group's production safety departments of each factory are responsible to perform daily safety inspections in the factory area and review the implementation status of the safety measures among the different departments. If any threat of safety hazard is found, rectification measures will be performed by the production safety department in order to minimise or eliminate the risk of work injury.



The fire protection equipment in factory area



Free body check day in Vietnam factory

The Group has established a production safety management committee in the Zhongshan factory, which is responsible for managing issues related to environment protection, such as the examination and approval of the planning on environmental protection development, policies and procedures to ensure the factory is operating in full compliance with the national and local environmental related laws and regulation. On the other hand, the production safety department carries out different environmental protection training to educate the employees to understand the importance of impact caused by human to the environment and reduce carbon footprint in the factory.

Besides, the Group enhances the employees' awareness of occupational health and safety, raises the consciousness and improves the professional skills, especially for those job positions with significant potential safety hazards, and enables them to perform the duties in a safe environment by providing an all-round safety training program. Employees are required to report to the safety production department immediately when an

incident occurs or be aware of any potential hazards. New hires of production staff must join a variety of practical training to understand the workflow, guidelines and equipment operation techniques of the production department. The Group provides frequent training to instill safety values, knowledge and skills in employees to ensure that its staff are well-prepared mentally and have adequate knowledge and skills to meet the Groups' safety standards. All staff are required to follow the operation manual, safety instructions and equip with appropriate labour supplies to operate every production equipment, in order to prevent any of the employees suffer from work injury due to negligence and oversight.

According to the law and regulation, the factories have equipped proper fire-fighting facilities such as fire extinguishers, and escape lights. Designated staff conducts firefighting facilities inspections from time to time and ensures the exit passageways are clear and unblocked. The Group has implemented comprehensive emergency fire drills on a semi-annually basis to enhance employee risk prevention and crisis management.

The below table shows the work-related fatalities and recordable injury for the three years ended 31 March 2022, 2023 and 2024:

Notification of accident	2024	2023	2022
Number of work-related fatalities	–	–	–
Rate of work-related fatalities	–	–	–
Number of work injuries by person	9	6	9
Lost days due to work injuries	27	34	88



Fire drill in Vietnam factory



Fire drill in Zhongshan factory

In compliance with the standards of chemical hazards and physical factors in the “Occupational Exposure Limits for Hazardous Agents in the Workplace”, the Group regularly entrusts a professional testing company to conduct inspection and evaluation of occupational disease hazards at each production position in the Zhongshan factory and the Vietnam factory. The testing mainly includes dust, poison, noise and high temperature that some of the production positions are exposed to. During the Reporting Year, the Group was not involved in any confirmed

violations that were related to the above laws and regulations and no employee is suffered from occupational disease. Besides, the Group offers free body checks to the new employees. The Group will re-arranges the working position if the result shows that they are no longer suitable to perform the relevant work. During the Reporting Year, the Group offered free body checks to 586 employees and free breast cancer checks to 243 female employees in the Zhongshan factory.



Signs in Zhongshan factory to remind employees the risks of occupational disease hazards



Zhongshan factory assessed the level of risk for the specific production area of the factory

The Group recognises the danger of chemicals. Therefore, chemicals are handled under rigorous means. To protect the employees, all chemicals with proper labels are stored under good ventilation must be handled by well trained workers. Volatile chemicals are separately placed, and flammable chemicals must be stored with a “No Smoking” warning sign. During the Reporting Year, Zhongshan factory performed a chemical leakage handling drill with an aim to provide the basic knowledge to the employees when handling chemicals and prevent the employees from work injury due to inappropriate handling of leaked chemicals. In addition, the Group also performed environmental accident drills and fire drills.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the “Law of the PRC on Work Safety”, the “Regulations on Work-Related Injury Insurance of the PRC”, the “Law on Occupational Safety and Health of

Vietnam” and other applicable laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions in the Reporting Year.

B3: DEVELOPMENT AND TRAINING

Empowering employees is the number one priority. Not only aim at sharpening the skill set and knowledge of its employees, but the Group is also eager to shape every single employee into a future leader. The Group encourages its employees to exert the potential and to align the personal development with the growth of the Group, so as to promote mutual development between individual employees and the Group.



First aid training

The Group has established various policies in relation to the employee’s education and training to ensure that employees pursue continuous self-development in line with the Group’s business needs. At the same time, the Group also encourages employees to maintain constant communication and dialogue with the department heads and managers so as to obtain timely support and advice.

During the Year, the Group’s employee training rate is as follows:

	2024	2023
Total number of employee trained	1,165	1,178
Percentage of employees trained <i>(Note 1)</i>	81%	89%
Percentage of employees trained by gender <i>(Note 2)</i>		
Male	26.6%	43.6%
Female	73.4%	56.4%
Percentage of employees trained by employment category <i>(Note 2)</i>		
Entry level	84.3%	86.2%
Middle management	13.0%	12.4%
Top management	2.7%	1.4%

Note 1: It is calculated by dividing the number of employees who took part in training by the number of employee as at the end of the financial year.

Note 2: It is calculated by dividing the number of employees trained in specified category by the total number of employees trained.

The average training hours per employee grouped by gender and employee category in the Year are as follows:

	2024	2023
Total number of training hours	6,805	7,330
Average training hours per employee trained <i>(Note 1 & 3)</i>	5.8	6.2
Average training hours per employee by gender <i>(Note 2 & 3)</i>		
Male	4.5	6.0
Female	6.3	6.4
Average training hours per employee by employment category <i>(Note 2 & 3)</i>		
Entry level	6.4	6.8
Middle management	3.0	2.4
Top management	2.6	2.2

Note 1: It is calculated by dividing the total number of training hours by the total number of employees trained as at the end of the financial year.

Note 2: It is calculated by dividing the total number of training hours for specified category by the number of employees trained as at the end of the financial year in specified category.

Note 3: The Year 2023 figures are restated for consistent comparison purpose.

B4: LABOUR STANDARDS

With reference to the relevant law and regulations in Hong Kong, PRC and Vietnam, the Group adopted strict procedures to safeguard human rights. No employee is paid below the minimum wage specified by the local government regulations.

The Group cherishes human rights and protects labour rights. The Group prohibits any unethical hiring practices. The Group established the “Anti-Human Trafficking Policy” in accordance with the “The Universal Declaration of Human Rights”, all employees are required to report to the supervisor in sight of any suspected human trafficking issues and take prompt reaction and report to the related government departments. Before entering into any labour contract relationship, the Group conducts background checks and reviews the identity documents of the applicants in its hiring process strictly according to the human resource policy to prevent any non-compliance events.

Monthly salary payments, mandatory provident fund scheme payments and social insurance are made on time. The Group is delighted to announce that the Group has not encountered major risks in human rights matters so far. The Group guarantees that no employee is made to work against his/her will, work as forced labour, or be subject to coercion related to work. The human resources department will verify the actual age of the applicants by checking the identification documents during the recruitment process. Through the whistle-blowing mechanism, employees are able to voice out the injustice they face. For any reported cases, the management will

investigate the case immediately, and take further follow-up actions if necessary.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the “Labour Law of the PRC, the “Provisions on the Prohibition of Using Child Labour”, the “Law on the Protection of Minors of the PRC”, the “Labour Law of Vietnam” and other applicable laws and regulations that have a significant impact relating to preventing child or forced labour on the Group in Vietnam and the PRC during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions in the Reporting Year.

B5: SUPPLY CHAIN MANAGEMENT

The Group places great emphasis on procurement principles. In purchasing materials, equipment, and services, the Group promotes fair and open competition based on established procurement policies and procedures to ensure that the price, quality, delivery and services are in line with the best economic benefits. As a responsible organisation, the Group adheres to the spirit of the contract and abides by the principle, purpose and content of the contract with the supplier. The Group also serves to maintain long-term, stable and strategic cooperative relationships with leading suppliers and co-develop with its suppliers on the basis of equality and win-win situation.

The Group also encourages suppliers to promote corporate social responsibility activities and comply with corporate social responsibility codes for the business ethics, workplace operations, marketing activities, social contacts and environmental responsibility. The suppliers should maintain a high standard of ethics; bribes or other improper interests cannot be provided or accepted; according to applicable laws and regulations. The Group believed that the strategic alliance with suppliers could help the Group consolidate its market shares and facilitate supply chain management.

To reduce adverse environmental impacts, the Group also considers environmental factors when considering suppliers as far as possible. In terms of packaging materials, the Group acknowledges the environmental impacts and takes a step ahead for its procurement of packaging materials for taking into account if the materials are environmentally friendly and have a satisfactory test

report certificate. The Group will look into possible green procurement practices when engaging suppliers in the future as applicable, so that its environmental risks along the supply chain can be minimised and its supply chain management sustainability is ensured.

During the Year, the number of suppliers categorised by geographical regions are as follows:

Social KPI	2024	2023
The PRC	466	390
Vietnam	251	190

All the suppliers have gone through and passed the internal vendor assessment process of the Group.

B6: PRODUCT RESPONSIBILITY

With its core value being to provide hassle-free sourcing solutions, the Company has supplied a wide range of renowned designer labels and international retail stores with quality apparel. The Company’s expertise lies in silk apparel, and its fine workmanship also extends to other product lines, including silk-blended, linen, cotton, and synthetic items.

The Group places a high priority on promoting customer satisfaction in terms of its products and services. Strenuous efforts are made to ensure compliance with the laws and regulations relating to product health and safety, advertising, labelling, and privacy matters of the jurisdictions in which the Group operates. The Group requires its employees to comply with the applicable

governmental and regulatory laws, rules, codes, and regulations. On the basis of continuous technological innovation, the concept of green environmental protection is integrated into the design and manufacturing of products. By improving efficiency in product resources and operation, carbon emissions have been reduced and better ecological civilisation has been achieved.

Quality Assurance

To ensure that quality is a major factor at each stage of its operations, each department is tasked with achieving its own quality-based targets devised in consideration of both the industry and market standards. Records are kept at every stage to ensure both the efficiency and maintenance of product criteria.

Before the products are dispatched, they must pass through a series of internal quality control procedures, such as the procedure named “Needle Detecting Procedure”. The Group also takes the added initiative on follow-up on every purchase with consumers to ensure that all products are inspected before delivery. If there be any issues with its products after delivery, those products will be initiated on both due compensation and recall. The Group has also stipulated a set of guidelines for handling complaints to ensure all matters are properly handled and resolved in a timely manner.



The needle detector for the safety of products

Product quality and safety are stated in employees' manuals and are clearly communicated to the employees. In addition, the Group maintains good communication with the employees, suppliers, and business partners in respect of product responsibilities. Thus, in the selection of the suppliers, the measure of protecting the surrounding environment is one of the selection criteria. During the Reporting Year, there was no product sold that was recalled or complained about due to health and safety reasons. The Group will seek to further enhance the design and product development processes to look for opportunities for creating sustainable products in the coming years. The Group will continue to place the quality and safety of its products and services as the top priority, so as to deliver the best to the customers.

Customer Privacy

The Group believes that trust is one of the key elements of the success, on top of providing professional and quality services to the valued customers, and the Group also attaches great importance to protecting the privacy. The Group has established an internal policy on handling customers' information, which stipulated the procedures for collecting, transferring, using, and keeping customer property. All employees strictly follow the Group's policy and code of conduct and require handling all types of customer information confidentially and with integrity.

Intellectual Property

The Group is committed to compliance with relevant laws and regulations in relation to intellectual property right ("IP rights") by valuing and protecting its intellectual properties through renewals of patent and trademark. It is the Group's policy to respect IP rights during its daily operations and not to use any infringing articles including computer software. The Group enters standard employment contracts with its employees who contain provisions on IP rights and confidentiality. In the Reporting Year, the Group has 20 registered trademarks. The Group also actively monitors any cases of infringement of the intellectual properties of the Group to protect the intellectual property rights of the Group.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the "Product Quality Law of the PRC, "Law on Quality of Products and Goods of the Vietnam" and other applicable laws and regulations that have a significant impact relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress on the Group during the Reporting Year. In addition, there was no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions in the Reporting Year.

B7: ANTI-CORRUPTION

Anti-corruption is one of the main ESG issues that concerns the Group. It is the Group's long-standing attitude to combat corruption and money laundering with integrity. Corruption and bribery are not entirely the question of morals and ethics, but also questions of legal litigation and reputation damage. As part of the commitment, all forms of bribery and corruption are unacceptable and will not be tolerated. To uphold the highest standards and commitment, all staff must abide by the code.

The Group has continued to place a strong emphasis on all forms and levels of bribery and corruption, and the established policy named "Anti-Corruption Policy" has been clearly disseminated to all staff. In addition, the policy sets out the requirements and practices as regards the prevention, identification, and handling of any instances of alleged or proven bribery or corruption.

Whistleblowing Procedures

The "Whistle-Blowing Policy" was adopted, which sets out the approach for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns on any possible misconduct, violation of anti-corruption practices, or suspected corruption activities. The designated hotlines and emails are available on the Company's website. The Group conducts regular reviews of its business practices, anti-corruption measures, guidelines as well as reported improprieties investigations. The Group also continues to improve its internal control and monitoring system. If any irregularities are identified, the Group takes immediate action and adopt a zero-tolerance approach to corruption.

Anti-Corruption Trainings

In the Reporting Year, the Group has arranged anti-corruption training for its directors and employees held by the Hong Kong Business Ethic Development Centre (HKBEDC) of the Independent Commission Against Corruption (ICAC) to promote and reiterate the importance of business integrity. In the future, the Group will provide more training regarding anti-corruption and business integrity as needed to further perpetuate the status of the Group as an ethical and responsible business in the industry.

Compliance with relevant laws and regulations

During the Reporting Year, the Group did not encounter any legal cases regarding corrupt practices brought against the Company or its employees nor noticed any material non-compliance with the “Prevention of Bribery Ordinance (Cap. 201) of the Laws of Hong Kong”, “Anti-Unfair Competition Law of the PRC”, “Law on Competition in Vietnam” and other applicable laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.

B8: COMMUNITY INVESTMENT

Being a responsible and engaged business corporation, the Group cares about the community in which the Group

works and lives. The Group is dedicated to acting in a socially responsible way, leading the way in corporate governance, charitable giving, and a commitment to the environment. Throughout the years, the Group supports the social measures and policies of the government and the community. The Group is committed to conducting the business with the highest standards of business ethics and integrity in accordance with trade practices. These have become the Group’s core values which are incorporated into the day-to-day business considerations.

On 31 January 2024, the 40 employees of the Zhongshan factory participated 《2024年火炬開發區(中山港街道)慈善萬人行》and made donations to the activity.



The certificate of 《2024年火炬開發區(中山港街道)慈善萬人行》



Charity walk of Zhongshan factory employees

During the Year, the community investment are as follows:

	2024	2023
Corporate charitable donation	16,000	29,400
Number of employees participated in voluntary activities	54	219
Total number of service hours	194	539



Donation of mask to 火炬開發區健康
基地集團公司總工會 on 28 July 2023



Employees of Zhongshan factory have
participated the voluntary work – Plant
festival



The volunteer team of Zhongshan factory
represents the Company in its
condolences and care for poor children.



TUNGTEX (HOLDINGS) COMPANY LIMITED

Registered Office
Office A, 26/F., EGL Tower, 83 Hung To Road,
Kwun Tong, Kowloon, Hong Kong
Tel: 2797 7000
Fax: 2343 9668