



PACIFIC TEXTILES HOLDINGS LIMITED
互太紡織控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
(Stock Code 股份代號 : 01382)



Environmental, Social and Governance Report **2022/23**
環境、社會及管治報告



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MESSAGE FROM SENIOR MANAGEMENT

During the financial year ended 31 March 2023, the Group continued to work toward enhancing the Environmental, Social and Governance (“ESG”) performance despite the challenging business environment.

As sustainable development has gained increasing importance in recent years, customers, investors, business partners, and general public have been placing greater emphasis on corporate social responsibility. As a pioneer in the industry, we have been dedicated to achieving high quality and innovation while contributing to the sustainability of our communities.

We have implemented measures for reducing emissions, improving resource efficiency, protecting employee rights, optimising internal governance, and enhancing community investment.

As to environment, the Group has invested heavily on state-of-the-art facilities and projects to achieve high standard of environmental performance. The Group’s efforts are demonstrated by many examples, such as, upgrading and improving production equipment, launching a new carbon monoxide monitoring system, and enhancing wastewater reuse rate. In fact, various professional bodies and governments have acknowledged our endeavours and accomplishments in environmental conservation at the Panyu and Vietnam plants. In particular, Pacific Textiles was granted the “Certificate of Merit (Manufacturing and Industrial Services)” in December 2022 in the 2021 Hong Kong Awards for Environmental Excellence, recognised as an “Environmental Integrity Enterprise (Green Label Enterprise)” and received commendation as a “Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing).” The Group’s efforts are also proven to be successful as higher marks have been scored in Higg Facility Environmental Module (“Higg FEM”) for both the production plant in Panyu (rose to 94 from 87) and Vietnam (rose to 88 from 84) as compared with last year.

The Group has always placed great emphasis on social responsibility. We have been committed to providing a safe and healthy working environment for our employees as well as collaborating with the stakeholders in the regions in which we operate to foster mutual growth. In the 2022/23 period, we donated school uniforms to Nansha Qihui School and awarded scholarships to outstanding students in Tongxing Village, China. We also continued our participation in the “National Dewdrop Project” (《國家雨露計劃》) implemented by Guangzhou Vocational School of Textile and Garment, through providing an annual living allowance of RMB10,000 to each eligible student. During the time of pandemic Covid-19, Pacific Textiles actively worked with local governments and communities to contain the pandemic. We also supported the hard work of local frontline healthcare personnels by providing in-kind donation of protective gear.

The Group has implemented various measures to enhance ESG governance. In June 2023, The Group has issued its official policies on sustainable cotton procurement to ensure the raw materials fulfill the prescribed sustainability level. To promote the employee awareness and understanding of the Code of Conduct, the Group has highlighted the key concepts of Code of Conduct to employees through internal training and various communications channels. With a new independent non-executive director joining the board during the financial year, the Group has achieved a more balanced composition of the board of directors in terms of gender, skills and knowledge and independence. The Group is also exploring the possibility of linking its ESG performance with the director’s remuneration to recognise the importance of ESG performance as a key indicator of business success.

The Group regards green manufacturing and environmental protection as critical components not only of responsible corporate citizenship but also of long-term sustainability and growth. Moving forward, Pacific Textiles will strive to enhance its operational efficiency and ESG performance, set an example for the industry, advance our society, and realise our vision of “making the world a more comfortable and better place through our products.”

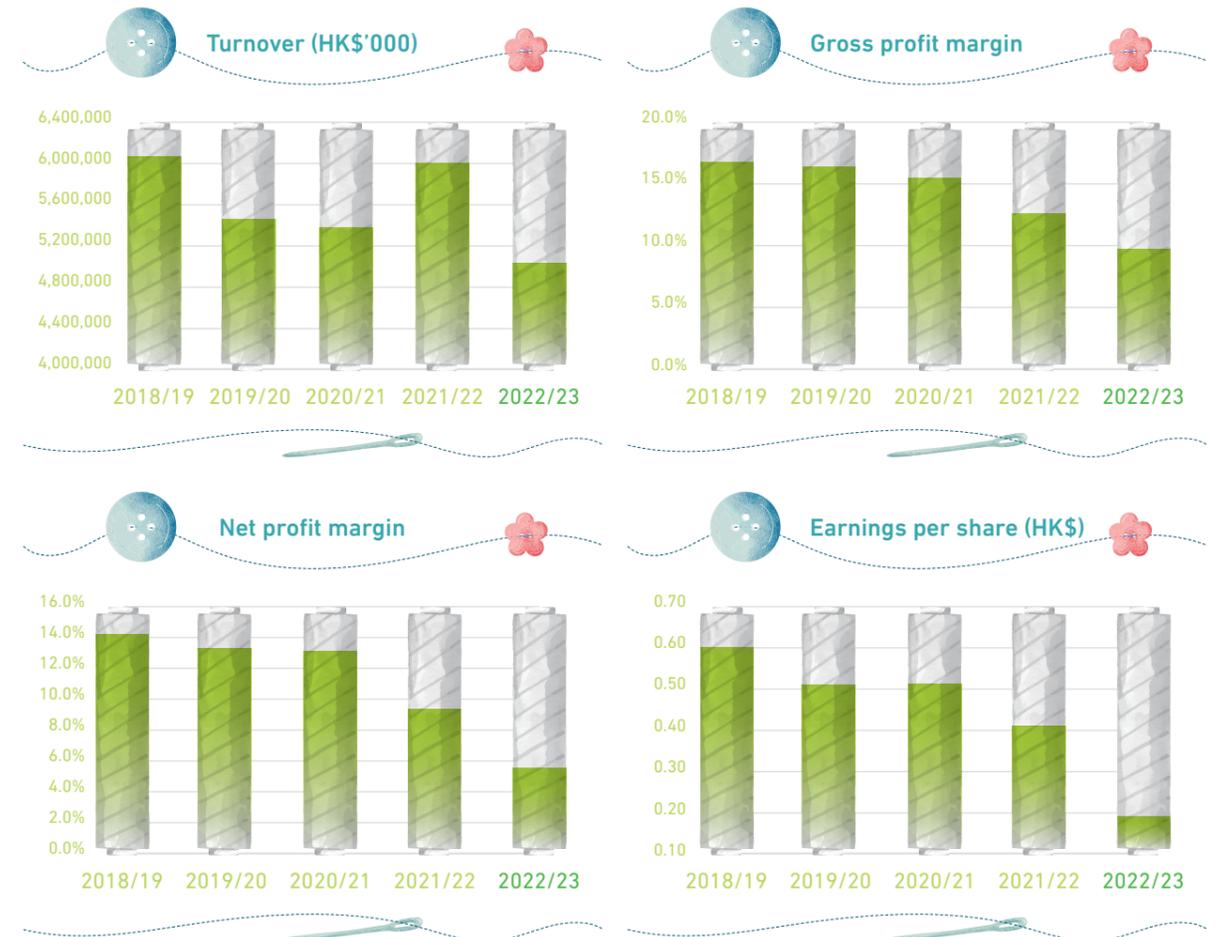
BRIEF INTRODUCTION OF PACIFIC TEXTILES

CORPORATE PROFILE

Founded in 1997, Pacific Textiles Holdings Limited and its subsidiaries ("Pacific Textiles" or "the Group") are principally engaged in the manufacturing and trading of textiles products, including high-quality cotton and synthetic knitted fabrics. Our headquarter is located in Hong Kong, the international business centre in the Asia-Pacific region. We have two major production facilities in Panyu, China and Vietnam, with a total of approximately 4,500 employees, many of whom are experienced professionals in the textile industry. Pacific Textiles has established close partnerships with a number of world-renowned apparel brand owners and manufacturers, with an annual production capacity of approximately 95 million kg. Our finished products include over 5,000 designs and specifications, which are sold worldwide.

Pacific Textiles has been growing steadily over the years since it was listed on the Main Board of The Stock Exchange of Hong Kong Limited in May 2007 (stock code: 1382), creating sustainable values for shareholders. The following are the key financial indicators of Pacific Textiles for the past 5 years:

CORPORATE PERFORMANCE



CORPORATE CULTURE

Pacific Textiles is committed to being the market leader in the textile industry and upholds the principle of exceeding customers' expectations. We strive to improve our production, technology and business processes, and work with customers and suppliers to launch new products and first-class services.

At the same time, Pacific Textiles insists on fulfilling its corporate citizenship responsibilities and strives to create value for local communities during its operations. Taking green production and environmental protection as the basis for our long-term sustainable development, Pacific Textiles has taken proactive measures to ensure that the by-products generated in the production process are properly dealt with, and committed to minimising the impact on the environment in order to achieve harmonious development among the Group, the natural environment and each stakeholder.



CORPORATE MILESTONES

It has been more than 20 years since the establishment of Pacific Textiles. We innovate continuously in response to market demands as our business grows.

-  **1997** Pacific Textiles was established and engaged principally in sales and marketing activities. In the same year, Pacific Textiles established its main production facility in Panyu, China.
-  **2007** In May, Pacific Textiles was listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1382).
-  **2010** An agreement was entered into to set up joint-ventured textile mills in Vietnam.
-  **2011** In August, Teejay Lanka Plc. (an associate of the Group, formerly known as Textured Jersey Lanka PLC and Textured Jersey Lanka (Private) Limited) was listed on the Colombo Stock Exchange in Sri Lanka.
-  **2013** In September, Pacific Textiles was accredited as "National Demonstrative Enterprises for Clean Production" (國家級清潔生產示範企業) by the Ministry of Industry and Information Technology of the PRC.
-  **2014** In November, the National Low Carbon (Knitting) Engineering Technology Centre was established. Panyu Plant was accredited as High and New Technology Enterprise ("HNTE").
-  **2015** In June, Pacific Textiles was selected as the "Pilot Enterprise for Ecological Design of Industrial Products (First Batch)" (工業產品生態設計試點企業) by the Ministry of Industry and Information Technology of the PRC. Pacific Textiles's joint venture factory in Vietnam commenced operation in September. In October, the Group became the first enterprise in the textile industry which has successfully implemented the end-to-end deployment of SAP Business Suite on HANA.

-  **2017** Toray Industries Inc. has become a substantial shareholder of Pacific Textiles, which is expected to promote closer business relationships between Pacific Textiles and the Japanese clients and develop more new products. Pacific Textiles was selected by NDRC to be a pilot enterprise for the Sino-Japanese research project on energy conservation ("NEDO Project"). In December, Pacific Textiles was accredited as the "Leader in Water Use Efficiency among Major Water Consumption Enterprises"(重點用水企業水效領跑者) by the Ministry of Industry and Information Technology of the PRC.
-  **2018** Pacific Textiles was awarded the honorary title of "National Green Factory" by the Ministry of Industry and Information Technology of PRC. The international honour of "2018 Energy Management Insight Award" was received from Clean Energy Ministerial ("CEM").
-  **2019** Pacific Textiles was listed as one of the "Demonstrative Enterprises for Green Industrial Products Design" (工業產品綠色設計示範企業) by the Ministry of Industry and Information Technology of the PRC.
-  **2021** The CSR committee was established to monitor Pacific Textiles's CSR performance and make suggestions for improvement.
-  **2022** A new plant in Vietnam commenced construction.
-  **2023** Pacific Textiles has been awarded the "2021 Hong Kong Awards for Environmental Excellence Certificate of Merit (Manufacturing and Industrial Services)". This honorary award is to recognise organisations with excellence performance on environmental management and commend their commitment in adopting environmental practices and management.

CORPORATE HONOURS

Pacific Textiles won a number of awards, including the following major accreditations and awards related to product quality, technological innovation and environmental protection in recent years:

Business Management/Quality Certification



Certification ISO9001 Quality Management System
Issued by Intertek Certification Limited
Accredited entity
Pacific (Panyu) Textiles Limited



Certification ISO14001 Environmental Management System
Issued by Intertek Certification Limited
Accredited entity
Pacific (Panyu) Textiles Limited



Certification ISO45001 Occupational Health and Safety Management Systems
Issued by Intertek Certification Limited
Accredited entity
Pacific (Panyu) Textiles Limited



Certification ISO5001 Energy Management System
Issued by British Standard Institution
Accredited entity
Pacific (Panyu) Textiles Limited



Certification Global Recycled Standard 4.0, GRS 4.0
Issued by Intertek Certification Limited
Accredited entity
Pacific Textiles Limited



Certification Organic Content Standard, OCS
Issued by Ecocert Greenlife SAS
Accredited entity
Pacific Textiles Limited



Certification Global Organic Textile Standard, GOTS
Issued by Ecocert Greenlife SAS
Accredited entity
Pacific Textiles Limited



Certification Oeko-Tex® Standard 100
Issued by TESTEX AG
Accredited entity
Pacific Textiles Limited



Certification Recycled Claim Standard 2.0, RCS 2.0
Issued by Intertek Certification Limited
Accredited entity
Pacific Textiles Limited



Certification
ISO14001 Environmental Management System
Issued by
National Quality Assurance
Accredited entity
Pacific Crystal Textiles Limited



Certification
Global Recycled Standard, GRS
Issued by
Taiwan IDFL Laboratory and Institute Limited
Accredited entity
Pacific Crystal Textiles Limited



Certification
Recycled Claim Standard (RCS)
Issued by
Taiwan IDFL Laboratory and Institute Limited
Accredited entity
Pacific Crystal Textiles Limited



Certification
Oeko-Tex® Standard 100
Issued by
TESTEX AG
Accredited entity
Pacific Crystal Textiles Limited

2021 Environmental and Social Related Awards/Honours



Awards/honours
Environmental Integrity Enterprise (Green Label Enterprise)
Issued by
Guangzhou Municipal Ecological Environment Bureau
Award-winning entity/project
Pacific (Panyu) Textiles Limited



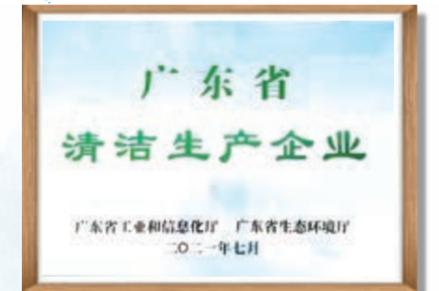
Awards/honours
2019-2020 Advanced Enterprise in Energy Efficiency (Water Efficiency) Benchmarking in the Textile Industry of Guangdong Province
Issued by
Guangdong Textile Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited

Awards/honours
2020 Outstanding Demonstrative Project regarding Environmental Protection of Guangdong Province
Issued by
Guangdong Association of Environmental Protection Industry

Award-winning entity/project
Pacific (Panyu) Textiles Limited/20000t/d Phase 5 Wastewater Treatment Project



Awards/honours
2020 Clean Production Enterprise of Guangdong Province
Issued by
Department of Industry and Information Technology of Guangdong Province and Department of Ecology and Environment of Guangdong Province
Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
Guangzhou Demonstrative Employment Poverty Alleviation Base
Issued by
Guangzhou Municipal Human Resources and Social Security Bureau
Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
Second Class Award of Key Technology Research on Carbon Emission Evaluation and Control of Major Enterprises in Textile Printing and Dyeing Industry
Issued by
China National Textile and Apparel Council
Award-winning entity/project
Pacific (Panyu) Textiles Limited

Awards/honours
2020 CKIA Advanced Unit in Group Standardisation Work
Issued by
China Knitting Industrial Association

Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
Participated in the formulation of the National Standards of the PRC "Implementation guidance for energy management systems in textile industry"
Issued by
State Administration for Market Regulation and Standardisation Administration of PRC

Award-winning entity/project
Pacific (Panyu) Textiles Limited



2022 Environmental and Social Related Awards/Honours



Awards/honours
**China Functional Knitted Products Fashion Trends
2021/2022 – Recommendation on Comfortable Product Unit**
Issued by
China Knitting Industrial Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A superfine lightweight thermal fabric for underwear



Awards/honours
Environmental Integrity Enterprise (Green Label Enterprise)
Issued by
Guangzhou Municipal Ecological Environment Bureau
Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
**China Functional Knitted Products Fashion Trends
2021/2022 – Recommendation on Comfortable Product Unit**
Issued by
China Knitting Industrial Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
An eco-friendly recycled free-cut nylon fabric for underwear



Awards/honours
**2022 Textile and Apparel Brand Competitiveness
Enterprises of China**
Issued by
China National Textile and Apparel Council
Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
**China Functional Knitted Products Fashion Trends
2021/2022 – Recommendation on Market Applicable Product**
Issued by
China Knitting Industrial Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A leisure shirt fabric



Awards/honours
**Fabrics China -
Outstanding Products Award**
Issued by
China Textile Information Center and China Textile Development Center
Award-winning entity/project
Pacific (Panyu) Textiles Limited
**A superfine denier warp knitted peach skin velvet fabric
Matte eco-friendly nylon quick-drying warp knitting fabric**



Awards/honours
Included in the "Public List of Green Design Products"
Issued by
Ministry of Industry and Information Technology of the PRC
Award-winning entity/project
Pacific (Panyu) Textiles Limited
Seven products (polyester spandex polar fleece, polyester cotton-like single jersey, TENCEL plaited jersey, CVC elastic sandwich-like Interlock, cotton Sorona® single jersey (Sorona® icy fabric with anti-microbial function), cotton Sorona® single jersey (Sorona® Plus), polyester cotton-like plated jersey)

序号	产品名称	规格	主要性能	主要用途
01	聚酯氨纶极绒	150g/㎡	柔软舒适、保暖性好	冬季保暖内衣
02	聚酯棉型单 jersey	150g/㎡	柔软舒适、透气性好	夏季休闲 T 恤
03	TENCEL 绞平 jersey	150g/㎡	柔软舒适、吸湿性好	夏季休闲 T 恤
04	CVC 弹性三明治类似 Interlock	150g/㎡	柔软舒适、弹性好	夏季休闲 T 恤
05	棉 Sorona® 单 jersey (Sorona® 冰感抗菌功能)	150g/㎡	柔软舒适、抗菌性好	夏季休闲 T 恤
06	棉 Sorona® 单 jersey (Sorona® Plus)	150g/㎡	柔软舒适、弹性好	夏季休闲 T 恤
07	聚酯棉型绞平 jersey	150g/㎡	柔软舒适、透气性好	夏季休闲 T 恤



Awards/honours
**Excellent Fabric in China's Dyeing and Printing Industry
First Class Award**
Issued by
China Dyeing and Printing Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
**A superfine denier warp knitted peach skin velvet fabric
with high elasticity**





Awards/honours
**Excellent Fabric in China's Dyeing and Printing Industry
Second Class Award**
Issued by
China Dyeing and Printing Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A warp knitted stain fabric with high elasticity



Awards/honours
**China Knitting Products Fashion Trends 2022/2023 -
Creative Fashion Product Recommendation**
Issued by
China Knitting Industrial Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A silk shiny underwear fabric

Awards/honours
"Textile Light" Innovation Contribution Award of Knitted Underwear
Issued by
China National Textile and Apparel Council
Award-winning entity/project
Pacific (Panyu) Textiles Limited
**The development and industrialization of a
superfine high-stretch peach skin velvet fabric**



Awards/honours
**2022 5th China Eco-friendly Fabric Design Competition -
Innovative Enterprise**
Issued by
China Textile Information Center and
China Textile Development Center
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A stretch super-soft printed fabric



Awards/honours
Fabrics China - Outstanding Products Award
Issued by
China Textile Information Center and
China Textile Development Center
Award-winning entity/project
Pacific (Panyu) Textiles Limited
**A recycled nylon stretch double-sided moisture-absorbing and
quick-drying sports fabric**
**A recycled polyester light stretch moisture-absorbing and
quick drying casual fabric**



Awards/honours
Merit certificate of Insurance
Issued by
Vietnam Social Insurance
Award-winning entity/project
Pacific Crystal Textiles Limited

Awards/honours
**China Knitting Products Fashion Trends 2022/2023 -
Best Technological Innovative Product Recommendation**
Issued by
China Knitting Industrial Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A recycled eco-friendly casual sports fabric



2023 Environmental and Social Related Awards/Honours



Awards/honours
2023 Textile and Apparel Brand Competiveness Enterprises of China
Issued by
China National Textile and Apparel Council
Award-winning entity/project
Pacific (Panyu) Textiles Limited

Awards/honours
2022 China Textiles Industry Top 30
Issued by
China Knitting Industrial Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
Hong Kong-Guangdong Cleaner Production Excellent Partners (Manufacturing)
Issued by
Environment and Ecology Bureau, The Government of the HKSAR
Department of Industry and Information Technology of Guangdong Province
Award-winning entity/project
Pacific Textiles Limited
Pacific (Panyu) Textiles Limited



Awards/honours
2022 National Textile Green Development Labour Emulation – Energy Saving and Carbon Reduction Advanced Group
Issued by
China National Textile and Apparel Council
Award-winning entity/project
Pacific (Panyu) Textiles Limited



Awards/honours
2021 Hong Kong Awards for Environmental Excellence - Certificate of Merit (Manufacturing and Industrial Services)
Issued by
Environmental Campaign Committee
Award-winning entity/project
Pacific Textiles Limited
Pacific (Panyu) Textiles Limited



Contribution to Textile Industry

In addition, after gaining certain experience and achievements, Pacific (Panyu) Textiles Limited, a member of the Group, also actively participated in and presided over the formulation of some PRC national standards and industry standards to contribute to the development of the industry, including "Calculation Method for Water Intake of Knitted Printing and Dyeing Products and Basic Rate of Unit Consumption", "Standards on Air Pollutants Discharge for Textile Printing and Dyeing Industry", "Safety Production Regulations for Printing and Dyeing Enterprises", "Unit Consumption Standard for Processing Trade of Non-Fleece Knitted Dyeing and Finishing Fabrics Made of Cotton and Chemical Fibres", "Accounting Method and Reporting Requirements for Greenhouse Gas Emissions of Textile Enterprise", "Water Footprint Principles, Requirements and Guidelines for Environmental Management", "Water Footprint Evaluation and Reporting Guidelines for Organisations", "Green Design Product Evaluation Technical Specifications -Knitted Printing and Dyeing Fabrics", "Implementation Guidelines for Energy Management System in Textile Industry", "Evaluation Guidelines for Green Factory in Textile Industry" and "Evaluation Index System for Enterprises with Green Supply Chain Management in Textile Industry". Pacific (Panyu) Textiles Limited has also been jointly recognised as the "High and New Tech Enterprises" by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Taxation Service, State Taxation Administration for its devotion to research and development of technological advancements in the textiles industry. In 2022, Pacific Textiles Limited received the Certificate of Merit (Manufacturing and Industrial Services), of 2021 Hong Kong Awards for Environmental Excellence, this prestigious award is a testimony to our dedication to providing sustainable products and promoting green manufacturing.

In addition to playing crucial roles in various professional associations of the textile industry in China, Pacific Textiles also contributes to industry development by participating in different memberships in China and Vietnam. The Group's associate memberships are listed below:

Associate Memberships	Professional Associations
Vice Council Member of Technological Alliance of Energy Conservation and Air Emission of National Textile Industry	Technological Alliance of Energy Conservation and Air Emission of National Textile Industry
Member of China Industry Energy Conservation and Clean Production Association	China Industry Energy Conservation and Clean Production Association
Vice chairman of Guangdong Cleaner Production Association	Guangdong Cleaner Production Association
Member of Innovation Alliance of Green Industry in Southern China	Innovation Alliance of Green Industry in Southern China
Member of China Dyeing and Printing Association	China Dyeing and Printing Association
Vice chairman of China Knitting Industrial Association	China Knitting Industrial Association
Vice chairman of Guangdong Textile Association	Guangdong Textile Association
Member of Guangdong Energy Conservation Association	Guangdong Energy Conservation Association
Member of Vietnam Textile and Apparel Association	Vietnam Textile and Apparel Association
Member of Hong Kong Intimate Apparel Industries' Association	Hong Kong Intimate Apparel Industries' Association
Member of Federation of Hong Kong Industries	Federation of Hong Kong Industries

Stakeholder Engagement and Materiality Assessment

持份者參與及
重要性評估

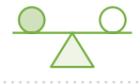


Stakeholders and Engagement Channels

持份者及參與渠道

Pacific Textiles understands that the Group's ESG issues not only affect the Group internally but are closely related to all stakeholders. Therefore, the management of the Group has identified the major stakeholder groups that affect or are affected by the operations of the Group to understand their opinions through different channels and release important information to them on a regular basis. The Group will strive to meet the needs of stakeholders and improve performance in sustainable development.



Stakeholder Groups	Engagement Channels	Concerns
Employee 	<ul style="list-style-type: none"> Meetings and briefings Training courses Internal emails and publications Employee activities Survey and interview 	<ul style="list-style-type: none"> Remuneration, training, and development Promotion opportunities Occupational health and safety
Customer 	<ul style="list-style-type: none"> Survey Business meeting CSR Audit 	<ul style="list-style-type: none"> Product quality Product innovation and development Sustainable development strategy Customer relationship management
Supplier and business partner 	<ul style="list-style-type: none"> Screening and evaluation Business meeting Survey 	<ul style="list-style-type: none"> Continuous cooperation Financial and business performance Corporate governance
Investor and shareholder 	<ul style="list-style-type: none"> Shareholders' annual general meeting Analysis briefings and announcements 	<ul style="list-style-type: none"> Financial and business performance Corporate governance Legal and regulatory compliance Sustainable development strategy
Government and regulatory body 	<ul style="list-style-type: none"> Consultation Forum 	<ul style="list-style-type: none"> Occupational safety Environmental impact Product compliance
Community 	<ul style="list-style-type: none"> Community events 	<ul style="list-style-type: none"> Community charity Sustainable development strategy
Media 	<ul style="list-style-type: none"> Company website Press release 	<ul style="list-style-type: none"> Corporate governance Sustainable development strategy

Materiality Assessment

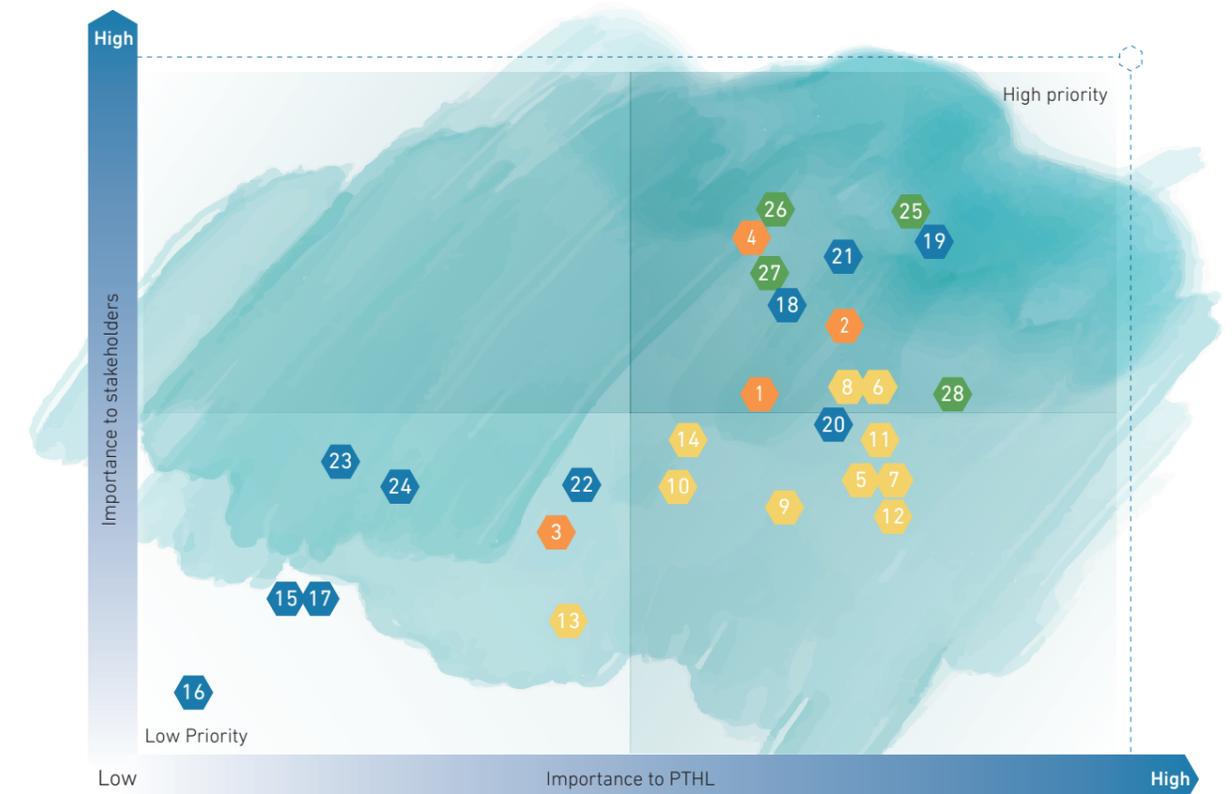
In order to more effectively manage ESG performance and facilitate the ESG reporting process, Pacific Textiles conducted a materiality evaluation for ESG issues this year. The process involved the following three steps:

Work	Progress
<p>Identification of issues</p> 	<p>Pacific Textiles identified the ESG issues relevant to the Group's operations with reference to various ESG reporting standards such as the Task Force on Climate-related Financial Disclosures ("TCFD"), Global Reporting Initiative ("GRI") and the ESG Reporting Guide of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), United Nations' Sustainable Development Goals ("SDGs"), disclosures of peer companies and expectations of other external stakeholders. Additionally, we sought advice from third-party consultant to identify key ESG issues that are material to the Group.</p>
<p>Materiality analysis</p> 	<p>To identify the materiality of each ESG issue to Pacific Textiles itself and related stakeholders, Pacific Textiles analysed the dependence and influence of the stakeholders on the Group together with the operation and management department, and identified our employees, investors and shareholders, customers and consumers, suppliers and business partners, government and regulatory authorities, as well as media and the public, as our major internal and external stakeholders.</p> <p>This year, we made an online questionnaire survey accessible to nearly a hundred of our internal and external stakeholders whereby we could understand the materiality of all ESG issues for their sake, as well as Pacific Textiles's function in relevant issues. Material issues were finally determined based on the outcomes of stakeholder engagement while considering the advice of consultants.</p>
<p>Confirmation of results</p> 	<p>The management of the Group reviewed the scoring of each ESG issue to ensure its accuracy and confirm the result.</p>

We have circulated the Stakeholder Engagement Survey to our internal and external stakeholders to assess the importance and relevance of the identified material issues and provide comments and feedback on our ESG practices and performance. The satisfaction rating of the method and degree of communication between Pacific Textiles and stakeholders was 7.64/10.

The Materiality Matrix

The following Materiality Matrix represents the evaluated importance of the identified material ESG issues according to the level of importance to stakeholders and their level of importance to the sustainability and development of our business.



Based on the feedback gathered from various stakeholders, 12 issues are ranked under "High Priority" based on the result of the Survey. Compared with the "very important" ESG issues identified last year, we have the following notable changes:

ESG issues with rising stakeholder interest	
4.	Data Privacy
6.	Drainage
21.	Labour Practices and Rights
26.	Risk Management
27.	Supply Chain CSR Management (Assessment of Environmental and Social Impact)

The length of discussion in the Report on each of the aforementioned ESG issues will be adjusted based on their respective level of importance, giving central focus to the ESG issues that are important to both the Group and other stakeholders.

The identified material ESG issues are categorised into 4 areas: "Product Responsibility", "Environmental Responsibility", "Social Responsibility" and "Governance Responsibility". In total, there are 28 identified material ESG issues, which remained unchanged from last year.

Material Issues	Our Responses (corresponding report sections)
Product Responsibility	
1. Quality Assurance/Handling of Defective Products	Quality Management
2. Customer Health and Product Safety	Quality Management Customer Service
3. Technological Innovation and Intellectual Property	Product and Service Innovation
4. Data Privacy	Customer Service
Environmental Responsibility	
5. Sustainable Use of Water Resources	Water Resources Management
6. Drainage	Water Resources Management
7. Air Pollutions	Emissions Management
8. Wastes	Packaging Materials
9. Emissions of Greenhouse Gas	Emissions Management
10. Sustainable Use of Energy	Energy Management
11. Chemical Substance Management	Other Environmental Impact Management
12. Environmental Compliance	Compliance and Anti-corruption
13. Biodiversity	Other Environmental Impact Management
14. Sustainable Use of Raw Materials and Resources	Other Environmental Impact Management

Material Issues	Our Responses (corresponding report sections)
Social Responsibility	
15. Talent Attraction and Retention	Caring for Employees
16. Employee Diversity	Diversity and Fair Employment
17. Employee Education and Training (Talent Development)	Employee Training
18. Workplace Safety and Health	Workplace Safety and Health
19. Prevent and Correct Child and Forced Labour	Diversity and Fair Employment
20. Prevention and Correction of Discrimination	Diversity and Fair Employment
21. Labour Practices and Rights	Caring for Employees
22. Working Hours	Caring for Employees
23. Enhancing Employees' Motivation	Caring for Employees
24. Interaction with the Community and Community Investment	Community Investment
Governance Responsibility	
25. Compliance	Compliance and Anti-corruption
26. Risk Management	Sustainability Governance
27. Supply Chain CSR Management (Assessment of Environmental and Social Impact)	Supplier Management
28. Business Ethics and Integrity	Compliance and Anti-corruption



***ESG Governance
Structure
and Mechanism***
ESG管治架構及機制



Company Vision, Mission, and Values

公司願景、使命、價值觀

Always cherishing the vision "to make the world a more comfortable and better place through our products", Pacific Textiles has been developing the Group into a sizeable knitted fabric manufacturer and distributor whose business scope covers integrated services of knitting, dyeing, printing and finishing.

In the global textile community, the Group "strives for: products and services of higher quality; equitable work opportunities and mutual respect; high returns to the investors; and excellent environmental protection through the faith of social responsibility and innovation."

Pacific Textiles considers green manufacturing and environmental protection not only as the responsibility of a responsible corporate citizen but also as the basis of long-term sustainability. Pacific Textiles has been actively taking steps to ensure that the by-products generated in the manufacturing process are disposed of properly with minimal impacts on the environment. We will strive for the best to achieve harmonious development of the Group, natural environment and all stakeholders.

To arrive at the vision and mission of the Group, members of Pacific Textiles uphold the value of tireless truth-seeking, humility and integrity, enterprising and innovation, responsibility and accountability, teamwork and people-oriented, making unremitting efforts in contributing to the growth of the Group.

To further improve the overall performance in ESG, Pacific Textiles has formulated a Corporate Social Responsibility ("CSR") Policy Guide ("CSR Policy Guide"), covering each important area.



Mission 使命

Sustainability Governance

可持續發展管治

Pacific Textiles places significant emphasis on its ESG performance. To ensure effective governance, the Group has established a comprehensive governance structure to ensure effective oversight, and regularly reviews and assesses the composition of its Board, which serves as the foundation for the Group's growth.

The Nomination Committee of the Group conducts annual reviews and discussions on board diversity, independence of Independent Non-executive Directors ("INEDs"), and retirement, rotation and re-election of directors. The Board Diversity Policy is in place to guide the Group's approach to achieving diversity on the Board, taking into consideration factors such as educational background, professional qualifications, skills, industry experience, age, gender, and ethnic origin, per applicable laws and the actual situation of the Group. The Group is also exploring the feasibility of linking Executive Director's pay with the ESG performance of the Group in the upcoming financial year.

In line with its commitment to diversity, the Group has recently appointed Ms. Ling Chi Wo Teresa, as an INED, effective from 1 March 2023. Along with the retirement of our Non-executive Director, Mr. Lau Yiu Tong, the appointment has increased the number of INEDs to four out of a total of seven Board members, further enhancing the diversity of the Board and bringing objective and independent perspectives to the business.

The CSR Committee, under the direct supervision of the Board of Directors, is responsible for implementing relevant policies and measures. It addresses day-to-day issues through CSR task forces established under the committee, with assistance from the Risk Management Group and IT Security Group in managing risks and data security. The CSR committee is chaired by a director of the Group, and its members include the Group's senior management. Detailed responsibilities of the CSR Committee are outlined below:

Each CSR task force consists of representatives from various departments and takes charge of CSR issues and other related matters falling within the scope of its business, details of which are set out below:



Scope of the CSR Policy Guide	Responsible scope/ Key ESG issues	CSR task force/ Other teams
<ol style="list-style-type: none"> 1. Governance 2. Environment 3. Employee 4. Human rights 5. Consumer issues 6. Supply chain 7. Technological innovation 8. Local community 	Compliance	Risk Management Group IT Security Group
	Sustainable use of raw materials and resources	Environmental Protection Group (Engineering Department)
	Emissions of greenhouse gas	
	Sustainable use of energy	
	Sustainable use of water resources	
	Drainage	
	Air pollutions	
	Wastes	Labour and Social Welfare Group (HR/Administrative Department/ Safety Management office)
	Enhancing employees' motivation	
	Working hours	
	Workplace safety and health	
	Employee education and training (talent development)	
	Prevent and correct child labour and forced labour	
	Interaction with the community	
	Customer health and product safety	
	Supply chain CSR management (assessment of environmental and social impact)	
	Technological innovation	Customer Service/Administrative Group (Sales Department)
	Coordinate ESG reporting and related matters	
		Production and Raw Material Safety Group (Raw Material Department, Innovative Merchandise Development Department, Dyeing Factory)
		Public Relations Group (Public Relations Team)

ESG Strategy

ESG策略

At Pacific Textiles, sustainable development is at the core of our principles, guiding every operation decision with caution. We are committed to delivering premium products and services, promoting equal work opportunities and mutual respect. We will follow the faith of social responsibility and innovative thinking to achieve excellent environmental protection while pursuing abundant investment returns. We attach importance to fulfilling our corporate social responsibility, make contributions to stakeholders from all walks of life with a caring, prudent and positive attitude, and try our best to realise harmonious development among the enterprise, natural environment and stakeholders.

Our sustainable development strategies are reflected in four scopes, including product responsibility, environmental responsibility, social responsibility and governance responsibility. The following strategies are also formulated with reference to the United Nations' Sustainable Development Goals to help improve people's lives and achieve a better future.

ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
Product responsibility 	We insist on quality and strictly monitor product quality, with an aim to provide premium, safe and innovative products and services and satisfy clients' needs. We will make sure that we: <ul style="list-style-type: none"> actively improve technologies and skills and promote product and service innovation adopt the strictest quality management standards, to ensure the quality and safety of products delivered to clients pay attention to customer satisfaction and continuously optimise operation process, to provide more premium products and services 	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>9. Build infrastructure that can prevent disaster, promote sustainable and inclusive industrialisation and foster innovation</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>12. Ensure sustainable consumption and production patterns.</p> </div> </div> </div>

ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
Environmental responsibility 	We empower green and environmental lives and integrate environmental elements in daily operation and project planning to pursue harmonious co-existence with nature. We will make sure that we: <ul style="list-style-type: none"> adopt the latest green measures and technologies in terms of operation, resource management, energy usage and emission management, and continuously evaluate and promote environmental performance actively deal with and adapt to climate change promote environmental awareness among the public, community and business partners 	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>6. Ensure equal access to water and sanitation and conduct sustainable management.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>7. Ensure equal access to affordable, reliable, sustainable and modern energy.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>11. Make cities inclusive, safe, resilient and sustainable.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>12. Ensure sustainable consumption and production patterns.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>13. Take emergency measures to combat climate change and its impacts.</p> </div> </div> </div>



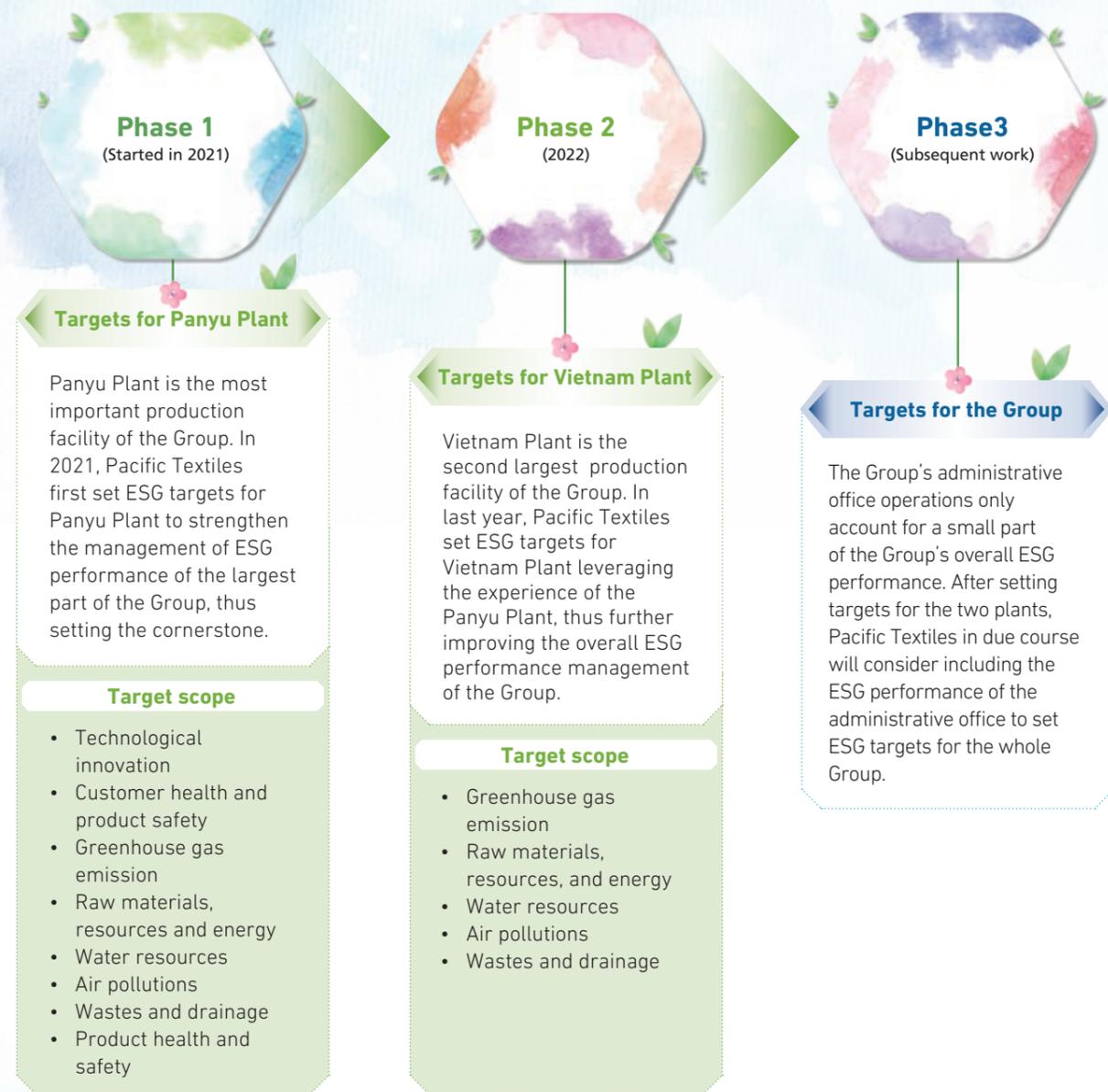
ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
<p>Social responsibility</p> 	<p>We make commitments to communities, actively use our advantages to contribute to society, and make stakeholders including employees, community and other weak communities together enjoy economic development outcomes. We will make sure that we:</p> <ul style="list-style-type: none"> • provide competitive remuneration treatment • propagate diversification, provide equitable opportunities for employees and build a harmonious and cohesive working environment • build a management system with safety production standardised, and take employees' health and safety as a priority • formulate effective community investment strategies, and use resources properly • participate in community businesses from various aspects, and expand community investment scope 	<p>1 NO POVERTY </p> <p>1. Eliminate poverty in all its forms everywhere.</p> <p>4 QUALITY EDUCATION </p> <p>4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> <p>5 GENDER EQUALITY </p> <p>5. Achieve gender equality and empower all women and girls.</p> <p>8 DECENT WORK AND ECONOMIC GROWTH </p> <p>8. Promote lasting, inclusive and sustainable economic growth, employment and decent work for all.</p> <p>10 REDUCED INEQUALITIES </p> <p>10. Reduce inequality within and among countries.</p>

ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
<p>Governance responsibility</p> 	<p>We are determined to establish quality and highly efficient corporate governance practices, adhere to principles of integrity, openness and transparency, and accountability, to achieve long-term and valuable growth, we will make sure that we:</p> <ul style="list-style-type: none"> • set a steady corporate governance structure, including a high-level management team and monitoring system • strictly abide by all applicable laws and regulations • pursue high standard of commercial ethics, and maintain professional code 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION </p> <p>12. Ensure sustainable consumption and production patterns.</p> <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS </p> <p>16. Create a peaceful and inclusive society to promote sustainable development, provide access to fairness and justice, and build effective, responsible and inclusive institutions at all levels.</p>

ESG Target Setting

ESG目標制定

In order to promote the continuous improvement of the Group's ESG performance and to facilitate the measurement of the effectiveness of ESG policies and measures, Pacific Textiles has begun to formulate ESG goals in 2021 and set targets for Panyu Plant in Phase 1 in terms of innovation, product safety and environmental performance indicators. In Phase 2, the targets are further expanded into Vietnam Plant.



The Group will maintain close communication with stakeholders and publish the latest ESG information in due course.

2022/23 ESG Performance Overview

2022/23 ESG表現速覽

Pacific Textiles is dedicated to enhancing its performance in ESG areas and has achieved significant accomplishments in the fiscal year 2022/23.



Product Responsibility

產品責任

With the vision “to make the world a more comfortable and better place through our products”, Pacific Textiles has always insisted on providing high-quality, safe and innovative products and services to meet customer needs. To continuously improve the quality of products and services, the Group actively listens to and properly adopts customer feedback and makes improvements.

ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Product and Service Innovation	How can Pacific Textiles keep up with the competition with its products?	The Group keeps improving technical skills to promote product and service innovation. We have applied for patents on key technologies and designs to prevent unauthorised use. A total of 8 patents for production skills and other inventions were registered during the Reporting Period. In addition, the Group stepped up its efforts to promote green design and production and recorded a 51% growth in environmentally friendly products compared to last year.
Quality Management	What is Pacific Textiles's view on maintaining product quality and development in compliance with ESG principles?	Quality inspection is conducted in compliance with the most stringent quality control standards to ensure that the raw materials provided by suppliers meet international quality standards before being put into production. During the production process, the Group strictly abides by international standards and regulations concerning textiles as well as control and management measures which are detailed in product safety specifications. We will further improve the social and environmental related performance of plant operations to comply with product quality requirements and develop in compliance with ESG principles. During the Reporting Period, there is no recall of products for safety and health reasons.
Customer Service	What is Pacific Textiles's view on the complaints against the material quality problems of products, safety and health?	For the determination of establishing long-term partnerships with our clients, the Group pays special attention to customer complaint handling, customer property management and customer satisfaction management. We have formulated corresponding procedures and designated specified employees to follow and conduct relevant investigations upon receiving customer complaints and returns. After that, we will improve our service to meet customers' requirements.

Material ESG issues involved

1. Quality Assurance/Handling of Defective Products
2. Customer Health and Product Safety
3. Technological Innovation and Intellectual Property
4. Data Privacy



SDGs topics involved



To the best knowledge of the management, during the Reporting Period, Pacific Textiles has complied with applicable local laws and regulations in terms of safety and health of our products, intellectual property management and customer data protection and privacy management, and there have been no violations.

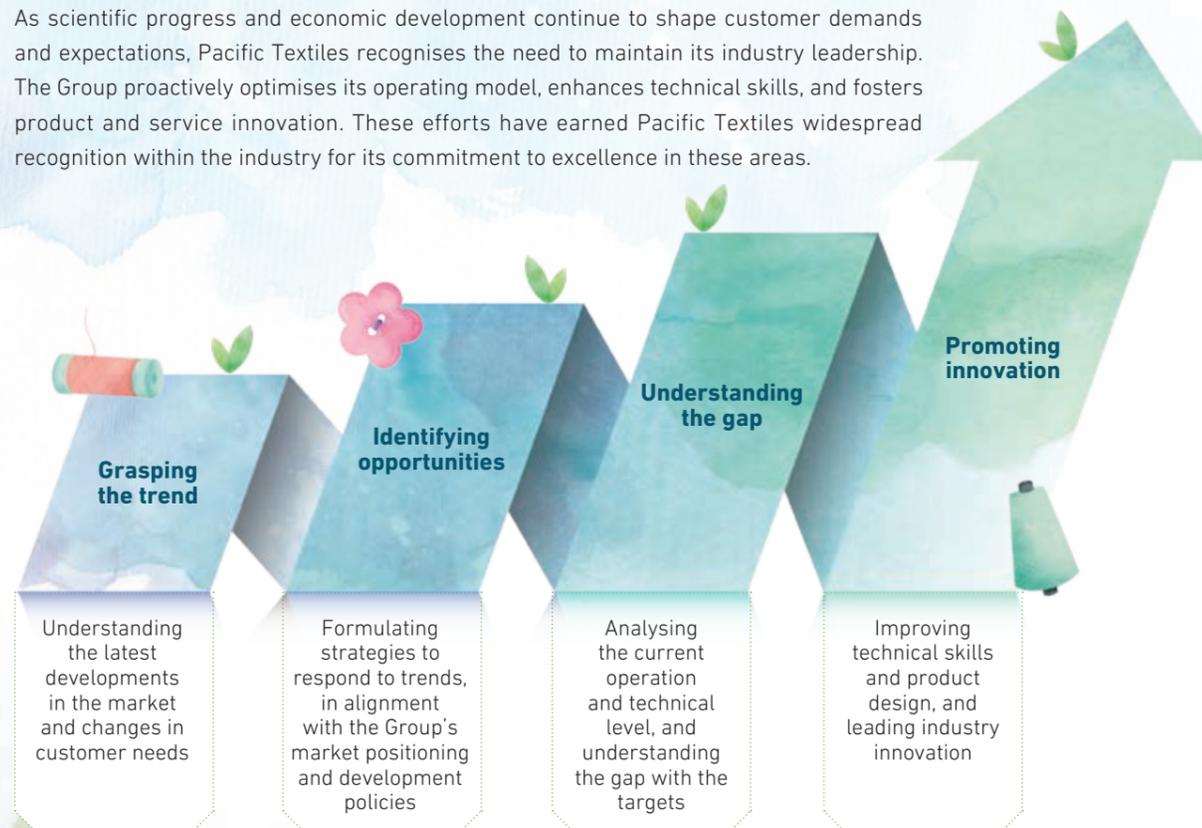
Targets of Panyu Plant

番禺廠目標

Scope	FY2023/24	FY2030/31	Measures
Technological Innovation	Ensure that certain products will be awarded "Excellent and Innovative Products in the Industry"		Increase R&D investment, actively carry out industry and academic research cooperation, encourage and motivate R&D personnel to conduct technological innovation and invention
Customer Health and Product Safety	<ol style="list-style-type: none"> 100% of export products meet the requirements of OEKO-TEX® Standard 100 100% of domestic products meet the requirements of GB18401 standard 		Strictly control the production process to ensure that the requirements are satisfied

Product and Service Innovation

As scientific progress and economic development continue to shape customer demands and expectations, Pacific Textiles recognises the need to maintain its industry leadership. The Group proactively optimises its operating model, enhances technical skills, and fosters product and service innovation. These efforts have earned Pacific Textiles widespread recognition within the industry for its commitment to excellence in these areas.



During the Reporting Period, we have registered 2 patents for production process technology and 5 patents for practical equipment in China, and an invention patent for a no-sew warp knit fabric and its knitting method in the USA. All these patents have been authorised for the use of the Panyu Plant.

In response to the growing market demand for environmentally friendly products, the Group has stepped up its efforts to promote green design and production, achieving outstanding performance. Environmental product has recorded a growth of 51% compared to last year. We attach great importance to the development of sustainable products, during the Reporting Period, we increased research and development of sustainable recycled fibre products in new product development. During the Reporting Period, we have received 15 product related awards; the Panyu Plant was granted the "2022 5th China Eco-friendly Fabric Design Competition – Innovative Enterprise", for which a stretch super-soft printed fabric - Yunduo was recognised as Outstanding Product; Qingfeng Qiuyue - a recycled nylon stretch double-sided moisture-absorbing and quick-drying sports fabric and Ziqi Donglai - a recycled polyester light stretch moisture-absorbing and quick drying casual fabric were recognised as Fabrics China Outstanding Products by China Textile Information Center and China Textile Development Center; The development and industrialization of a superfine high-stretch peach skin velvet fabric was granted the "Textile Light" Innovation Contribution Award for Knitted Underwear" by China National Textile and Apparel Council and "Excellent Fabric in China's Dyeing and Printing Industry: First Class Award" by China Dyeing and Printing Association; A recycled eco-friendly casual sports fabric was recommended as "China Knitting Products Fashion Trends 2022/2023 – Best Technological Innovative Product Recommendation" by China Knitting Industrial Association.

The Group recognises the importance of intellectual property management in driving technological innovation and supporting its operations. To safeguard against unauthorised use, the Group has applied for patents for key technologies and designs. The Group has established the "Intellectual Property Rights Management Policy", which stipulates the management responsibilities for intellectual property (including scientific research achievement, patent rights, trademark rights, copyrights and business secrets, etc.), such as patent application, data storage, access rights and rewards. Relevant systems can help promote the Group's printing and dyeing technology management, improve the management of intellectual property rights, encourage R&D personnel to carry out technological innovation and invention, protect the legitimate rights and interests of enterprises and each related party, and promote scientific research, technological development and the commercialisation and industrialisation of scientific and technological achievements.



Quality Management

質量管理

Pacific Textiles's reputation and customer trust are based on a long history of good and stable product quality. Therefore, the Group adopts the most stringent quality management standards to ensure that the products delivered to customers are of high quality and safe. This includes quality inspections by quality assurance specialists after receiving samples of raw materials provided by suppliers to ensure that these products meet international quality standards before being put into production.

In addition to ensuring the quality of the raw material of suppliers, the management of the production process is also the focus of Pacific Textiles. Pacific Textiles has established a set of rigorous standardised production control systems, and introduced the concepts of standardisation, digitisation, automation and sustainability into each production procedure/process (including knitting, dyeing, printing and finishing). For instance, in the dyeing process, Pacific Textiles has developed a new model of standardised operation based on the accumulated knowledge and data, that is, by formulating standard procedures for the workflow of on-site operations, combined with computerised colour matching and systematic quality management. In this way, errors caused by relying on human judgments can be avoided, and the production process can be made more efficient, so as to maintain the stability of quality and achieve the purpose of continuous improvement of quality. After each process is completed, an overall inspection will be conducted to ensure quality and safety.

To ensure measures of product quality in line with safety management, Pacific Textiles (Panyu) has established Risk Assessment and Preventive Measures During Production Process, Potential Failure Mode and Effect Analysis - Adult Clothing Fabrics and Infant Clothing Fabrics as well as GOTS, OCS, GRS Production Manual, setting out the details of the management and control standards for implementing corresponding product safety specifications. In addition, the Group annually conducts regular self-evaluation and third-party impartial evaluation to ensure that all products of Pacific Textiles can meet the corresponding safety standards.

During the production process, the Group strictly abides by the international standards and regulations concerning textiles. These include China's GB18401-2010, "the National general safety technical code for textile products" (《國家紡織產品基本安全技術規範》) and Oeko-Tex® Standard 100. In addition, there are specific requirements for certain products. The Group will also follow relevant standards, mainly including Global Organic Textile Standard, Organic Content Standard and Global Recycle Standard, when applicable.

In addition to the quality of products, customers are attaching more importance to the social and environmental performance of plant operations. The Group's plants strictly abide by the manufacturer's code of conduct signed with customers and have a good track record in compliance reviews conducted by customers.

During the Reporting Period, there were no incidents of product recalls due to safety and health concerns, and no instances of non-compliance with laws and regulations.

Customer Service

客戶服務

Pacific Textiles recognises that building strong, trusting and long-term relationships with our customers is essential to sustainable corporate development. Accordingly, we prioritise the interests of our customers and place special emphasis on customer complaint handling, customer property management and customer satisfaction management. To ensure clarity and consistency in our approach, the Group has established specific procedures, including "customer complaint and return handling procedures", "customer property management procedures", and "customer satisfaction analysis management procedures", which outline the responsibilities of each department and provide clear guidelines for related work procedures. These measures underscore our commitment to delivering exceptional customer service and maintaining a customer-centric approach in all our interactions and operations.

Customer complaints are classified into general complaints and special complaints, and the corresponding handling procedures are as follows:

General complaints handling procedures	Special complaints handling procedures
<ul style="list-style-type: none"> For customer complaints and returns against products, Pacific Textiles reviews the related reasons and then launches an investigation after confirming the complaint If the complaint case is related to the use of raw materials, Pacific Textiles shall refer the relevant information to the supplier If the complaint case is related to errors in the production process, Pacific Textiles will carry out a review with the person-in-charge of the plant and improvements will be made Products will be delivered back to customers only after the correction and necessary quality check 	<ul style="list-style-type: none"> For complaints with significant problems that may substantially impact production in the future, content of the complaint and related product conditions to be recorded in the "Report on Corrective and Preventive Action" Original or copy of the customer complaint sample attached to the Report shall be submitted to the manager of the responsible unit or the plant director Quality management department and the production department jointly hold a coordination meeting to timely prevent the aggravation of the problem After the procedure is completed, relevant documents will be filed for future analysis and review

The Group places high importance on customer property management and is committed to respecting customers' intellectual property rights, privacy, and trade secrets. Pacific Textiles takes measures to ensure the security of customers' confidential information and prevent unauthorised usage after receiving commercial information. With respect to certain products that involve intellectual property rights, the Group will enter into confidentiality agreements in relation to the intellectual property rights and trade secrets with the relevant suppliers and customers.

In order to continuously enhance customer satisfaction, each team of the Group's production control department issues an "Evaluation of Products and Services for Customers" form to the corresponding groups of sales department every year, seeking feedback on customers' evaluation of the Group's products and services. The Group uses the evaluation results as a reference to implement improvement measures in order to meet customer needs.

During the Reporting Period, the Group did not receive major complaints related to product quality, safety and health.

Environmental Responsibility

環境責任

Pacific Textiles is committed to protecting the environment and supporting regional sustainable development. The Group endeavours to enhance operational efficiency and implements a variety of measures to optimise resource utilisation, reduce emissions and wastes, alleviate environmental impact and mitigate climate change. These efforts are aimed at preserving the natural environment for the benefit of all stakeholders in the community.

Material ESG issues involved

5. Sustainable Use of Water Resources
6. Drainage
7. Air Pollutions
8. Wastes
9. Emissions of Greenhouse Gas
10. Sustainable Use of Energy
11. Chemical Substance Management
12. Environmental Compliance
13. Biodiversity
14. Sustainable Use of Raw Materials and Resources

SDGs topics involved



ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Energy Management	Consumers, customers, investors and the public are placing more and more emphasis on the performance of environmental protection in plant operations. However, due to the nature of the business, how does Pacific Textiles reduce energy consumption?	The Group adopts energy-saving technologies and low-consumption technologies to maximise the efficiency of energy utilisation and promote energy consumption to international standards. Meanwhile, we reduce energy consumption by using new dyeing and finishing equipment, further improving real-time energy monitoring systems, performing regular maintenance for machinery and equipment and turning off vacant equipment to avoid unnecessary energy consumption.
Water Resources Management	Consumers, customers, investors and the public are placing more and more emphasis on the performance of environmental protection in plant operations. However, due to the nature of the business, the Group will inevitably use a considerable amount of water resources and discharge a certain amount of sewage in the production process. How does Pacific Textiles reduce water consumption and control sewage discharge?	The Group uses a more advanced low-liquor ratio waterflow dyeing machine to save water and regularly checks water supply systems and other water-using equipment to prevent leakage. We also make good use of recycled water to reduce water consumption and sewage discharge.
Emissions Management	Consumers, customers, investors and the public are placing more and more emphasis on the performance of environmental protection in plant operations. How does Pacific Textiles reduce waste gas and air pollutants?	The Group improves the technology of emissions management to reduce the generation of waste gas and air pollutants at the source. The Group monitors the emission process and data online, regularly hires a third-party testing organisation to conduct comprehensive testing and strictly manages the emission of waste gas and air pollutants.

ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Packaging Materials	Consumers, customers, investors and the public are placing more and more emphasis on reducing the consumption of packaging materials. How does Pacific Textiles reduce the use of packaging materials?	The Group reduces the use of packaging materials by optimising packaging design, implementing guidance to avoid waste of packaging materials due to human error and using recyclable materials as packaging materials.
Other Environmental Impact Management	Consumers, customers, investors and the public place more and more emphasis on the potential impacts on the surrounding environment in the operational process, in order to protect ecology and biodiversity. How does Pacific Textiles reduce noise emission and odour emissions?	Various measures have been taken to reduce noise emissions and control odour emissions from aeration tanks of sewage treatment plants to alleviate other environmental impacts. The Group prepares emergency procedures for unexpected safety, environmental and energy incidents, and continues monitoring the impacts of production and operations on the environmental and natural resources.
Responding to Climate Change	Local governments, regulators and individuals are increasingly concerned about the issue of climate change. How does Pacific Textiles tackle climate change?	With reference to the proposed framework of the TCFD, the Group explains climate-related financial impacts to stakeholders in four dimensions, including "Governance", "Strategy", "Risk Management" and "Targets and Objectives" to help them make decisions.

Targets of Panyu Plant

番禺廠目標

Scope	FY2023/24	FY2030/31	Mitigation Measure
Sustainable use of raw materials and resources	<ol style="list-style-type: none"> Increase the ratio of GRS regenerative fibre products The utilisation rate of dye-packing cartons reaches 80% The recovery rate of auxiliary packaging barrels of suppliers reaches 60% 	<ol style="list-style-type: none"> Increase the ratio of GRS regenerative fibre products The utilisation rate of dye-packing cartons reaches 100% The recovery rate of auxiliary packaging barrels of suppliers reaches 80% 	<ol style="list-style-type: none"> Increase the production ratio of GRS products Prevent dye cartons from pollution from the root to reduce the amount of hazardous waste of dye cartons Encourage suppliers to recycle cleaned auxiliary packaging barrels
Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 15% compared to FY2019/20	Greenhouse gas emissions per metric tonne of finished products decreases by 30% compared to FY2019/20	Upgrade production machinery and equipment, develop clean energy from solar and wind energy for use, source environmentally friendly raw materials for production, strive to improve product technology, reduce resources and energy consumption and prevent pollution
Sustainable use of energy	<ol style="list-style-type: none"> Coal consumption per metric tonne of finished products decreases by 7% as compared to FY2019/20 Renewable electricity represents 2% of total electricity consumption 	<ol style="list-style-type: none"> Coal consumption per metric tonne of finished products decreases by 15% as compared to FY2019/20 Renewable electricity represents 20% of total electricity consumption 	<ol style="list-style-type: none"> Develop solar power projects and wind power projects Source environmentally friendly raw materials for production, strive to improve product technology, reduce resources and energy consumption and prevent pollution
Sustainable use of water resources	Water recycling ratio reaches 40% ¹	Water recycling ratio reaches 48.8% ¹	Increase the utilisation rate of the reverse osmosis system as planned and increase the water production of reverse osmosis

Scope	FY2023/24	FY2030/31	Mitigation Measure
Air pollutions²	<ol style="list-style-type: none"> Density of nitrogen oxide emissions remains below 24.22mg/m³ Density of sulphur dioxide emissions remains below 8.75mg/m³ Density of particulate matter emissions remains below 5mg/m³ (equivalent to the local standards)³ Density of flue gas emissions remains below 5.38mg/m³ 	<ol style="list-style-type: none"> Density of nitrogen oxide emissions remains below 22.46mg/m³ Density of sulphur dioxide emissions remains below 8.11mg/m³ Density of particulate matter emissions remains below 5mg/m³ (equivalent to the local standard)³ Density of flue gas emissions remains below 4.99mg/m³ 	Strengthen operation management and equipment maintenance
Hazardous wastes	<ol style="list-style-type: none"> The waste rate of dye packaging cartons remains below 5% The waste rate of auxiliary packaging barrels remains below 3% 	<ol style="list-style-type: none"> The waste rate of dye packaging cartons decreases to 0% The waste rate of auxiliary packaging barrels remains below 2% 	<ol style="list-style-type: none"> Prevent dye cartons from pollution from the root to reduce the amount of hazardous waste of dye cartons Make full use of the processing capacity of the dye and auxiliary packaging waste treatment workshop to reduce the waste rate of auxiliary barrels
Drainage	Annual average COD (chemical oxygen demand) concentration remains below 40mg/L	Annual average COD (chemical oxygen demand) concentration remains below 35mg/L	Construct a 20,000 metric tonne/day advanced treatment project to improve the efficiency of wastewater treatment and reduce waste discharge

¹ Water recycling refers to wastewater from production being further treated after standard treatment to meet the quality requirements of production water and for reuse in production. Water recycling ratio is the ratio of water recycling volume to production wastewater treatment volume.

² The targets on density of nitrogen oxide emissions and density of sulphur dioxide emissions are much stricter than the local emission standards (i.e. nitrogen oxide: 50mg/m³; Sulphur dioxide: 35mg/m³).

³ In line with the change in local standards effective from March 2023, we have revised the particulate matter emissions targets that have been published last year accordingly.

Targets of Vietnam Plant

越南廠目標

Scope	FY2023/24	FY2030/31	Mitigation Measure
Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 10% compared to FY2021/22 ⁴	Greenhouse gas emissions per metric tonne of finished products decreases by 70% compared to FY2021/22	<ol style="list-style-type: none"> Partially substitute coal with biofuel; Replace coal with other alternative fuel sources with lower GHG emissions
Sustainable use of energy	<ol style="list-style-type: none"> Coal consumption per metric tonne of finished products decreases by 10% as compared to average usage of 4 years⁴ Purchased electricity consumption per metric tonne of finished products remains below 2,620 kWh 	<ol style="list-style-type: none"> Coal consumption per metric tonne of finished products decreases by 70% as compared to average usage of 4 years⁴ Purchased electricity consumption per metric tonne of finished products remains below 2,575 kWh 	<ol style="list-style-type: none"> Replace coal with biofuel Use energy-saving equipment during non-production time Use energy-efficient equipment
Sustainable use of water resources	Fresh water consumption per metric tonne of finished products remains below 100 m ³	Fresh water consumption per metric tonne of finished products remains below 95 m ³	Recycle the treated wastewater instead of fresh water for some parts of the dyeing process

⁴ This year, we have revised our targets for reducing greenhouse gas emissions for FY2023/24, as well as our targets for sustainable energy use for FY2023/24 and FY2030/31. The reason for the revision is that there was a delay in the establishment of biomass boiler caused by COVID-19. Despite the revised target, the Group remains committed to implementing measures that reduce its reliance on fossil fuels and decrease its greenhouse gas emissions.

Scope	FY2023/24	FY2030/31	Mitigation Measure
Air pollutions	<ol style="list-style-type: none"> Density of nitrogen oxide emissions remains below 100mg/m³ (the local standard is 1,000 mg/m³); Density of sulphur dioxide emissions remains below 200mg/m³ (local standard is 500 mg/m³) Density of particulate matter emissions remains below 50mg/m³ (local standard is 200 mg/m³) 	<ol style="list-style-type: none"> Density of nitrogen oxide emissions remains below 100mg/m³ (the local standard is 1,000 mg/m³); Density of sulphur dioxide emissions remains below 200mg/m³ (local standard is 500 mg/m³) Density of particulate matter emissions remains below 50mg/m³ (local standard is 200 mg/m³) 	<ol style="list-style-type: none"> Ensure effective operation of the discharge treatment system Purchase qualified coal
Hazardous wastes	Wastes per metric tonne of finished products remain below 0.31 tonne	Wastes per metric tonne of finished products remain below 0.3 tonne	Upgrade machinery/strengthen the operation of sludge treatment equipment to reduce the weight of sludge
Drainage	The annual average COD (chemical oxygen demand) concentration of sludge remains below 55mg/L	The annual average COD (chemical oxygen demand) concentration of sludge remains below 55mg/L	Ensure effective operation of the sewage treatment system

To the best knowledge of the management, during the Reporting Period, Pacific Textiles has complied with applicable local laws and regulations in terms of resources, emissions, packaging materials and environmental impact management, and there have been no violations.

Energy Management

能源管理

The textile industry requires significant energy consumption, including coal, electricity and diesel in the production process. As a leader in the textile industry, Pacific Textiles is committed to improving and optimising energy efficiency. We actively adopt advanced energy-saving technologies based on energy management policy, optimise management to continuously improve the efficiency of energy use, and strive to develop and implement low-consumption technologies that reach the internationally advanced level.

At Panyu Plant, we are currently implementing a 6-megawatt-hour solar power generation system and exploring the use of wind power and electricity storage. We are also conducting centralised upgrading projects for air compressors and air-conditioning systems to improve energy efficiency and increase the use of sustainable energy sources. At Vietnam Plant, we installed advanced equipment when the plant was commissioned. We continue to explore ways to improve energy efficiency through process optimisation, such as eliminating the use of low-energy-efficiency air sources to produce ozone and replacing Fenton advanced oxidation facilities in the sewage treatment system to improve treatment effectiveness and reduce energy consumption. In the upcoming fiscal year, we plan to investigate the feasibility of solar energy projects in Vietnam.

Panyu Plant has also been responsible for various industry and China demonstrative projects, including the Sino-Japanese cooperative research project (the "NEDO Project"), and has also been awarded industry-recognised emission reduction and energy saving related awards. It has achieved remarkable results in energy-saving technology research and development. Vietnam Plant also adopts the same resource use policy and continues to improve energy management. In terms of daily operation, Panyu Plant and Vietnam Plant carry out regular maintenance for machinery and equipment to maintain their performance and energy efficiency. These plants also regularly inspect equipment usage, turning off vacant equipment to avoid unnecessary energy consumption. Meanwhile, the Group and plants also continually monitor related energy usage to identify opportunities for further optimisation of energy management.

The energy audits conducted by government-authorised agencies were completed during the Reporting Period at the Panyu and Vietnam Plants to assess their overall performance and provide professional guidance for potential improvements.



Showcase: Energy-saving Projects of Panyu Plant

In 2022/23, Panyu Plant persisted in its energy-saving endeavours by proposing improvement projects, establishing energy-saving groups, and encouraging participation from all departments and employees. The main objective was to decrease energy waste, discover potential energy-saving opportunities, execute energy-saving projects, and strengthen energy management. The following are three showcase energy-saving projects of Panyu Plant this year.



Upgrading production machinery and accessorial equipment:

The upgrade involved replacing inefficient polar fleece machines with continuous soft-finishing machines that were more energy-efficient. The Group also replaced a series of washing machines with an ultra-sonic scouring machine. By adopting a new generation of production and peripheral equipment, the Group achieved significant energy savings while maintaining product quality.



Applying heat isolating coating to dyeing machines:

A new type of thermal insulation coating called Xcode was used to cover the surface of the newly installed dyeing machines. This coating effectively reduces the temperature exchange loss resulting from the temperature difference between the dyeing machine surface and the ambient atmosphere during the production process. As a result, it minimises the ineffective loss of energy and achieves the goal of energy conservation, resulting in energy savings equivalent to the energy produced by approximately 1,600 tonnes of coal.

Transforming the setting machine:

This involved adding electric control valves to the main pipeline and separating the pipeline configuration. As a result, each setting machine could finely adjust steam delivery according to its specific working conditions, which reduced ineffective steam loss by minimising steam drainage consumption. This led to a reduction in wasted energy and resulted in energy savings equivalent to the energy produced by approximately 2,600 tonnes of coal.

Vietnam Plant has also adopted energy-saving measures based on the local plant conditions, such as 100% condensing steam recovery technology, LED lighting, cooling water recycling, etc.

In addition, Pacific Textiles is exploring the potential use of solar and biofuel energy to further decrease the requirements for electricity and fossil fuels, further making progress with respect to decreasing greenhouse gas emissions.



During the Reporting Period, the total energy consumption⁵ of the Panyu Plant and Vietnam Plant were 1,110,690,106 kWh and 196,021,267 kWh, respectively. Approximately 91% and 86% of the total energy consumption of the Panyu Plant and Vietnam Plant was attributed to raw coal consumption respectively, which was mainly used for power and steam generation for plant operations; purchased electricity was also used for plant operations; and other energy sources including diesel and petroleum gas were mainly used for transportation and plants' catering. The detailed consumption of the Panyu Plant based on different types of energy is as follows:

Panyu Plant

Energy consumption of Panyu Plant (kWh)	2022/23	2021/22
Raw coal consumption	1,007,725,642	1,372,609,155
Consumption per metric tonne of finished products	22,117	20,754
Purchased electricity consumption	100,543,161	111,451,505
Consumption per metric tonne of finished products	2,207	1,685
Other energy sources consumption	2,421,302	4,182,271
Consumption per metric tonne of finished products	53	63
Total energy consumption	1,110,690,106	1,488,242,930
Consumption per metric tonne of finished products	24,377	22,503

During the Reporting Period, the total energy consumption of the Panyu Plant decreased by approximately 25.4% compared to the same period in the previous year. This reduction in energy consumption was primarily due to a decrease in production volume.

The detailed consumption of Vietnam Plant based on different types of energy is as follows:

Vietnam Plant

Energy consumption of Vietnam Plant (kWh)	2022/23	2021/22
Raw coal consumption	169,390,000	145,015,000
Consumption per metric tonne of finished products	19,406	17,434
Purchased electricity consumption	26,145,772	23,770,821
Consumption per metric tonne of finished products	2,995	2,858
Other energy sources consumption	485,495	465,790
Consumption per metric tonne of finished products	56	56
Total energy consumption	196,021,267	169,251,611
Consumption per metric tonne of finished products	22,457	20,348

Compared to last year, the total energy consumption of the Vietnam Plant has increased by approximately 15.8%. This increase is primarily due to a rise in production. Additionally, the energy consumption per metric tonne of finished products has increased by 10.4% due to the substitution of fabric products with a more sophisticated production process and operation of the newly added warehouse and the tertiary wastewater treatment facility during the Reporting Period.

⁵ The calculation of energy consumption in the Report refers to "Chinese Energy Statistical Yearbook 2018" by National Bureau of Statistics of the People's Republic of China, "Energy Statistics Yearbook 2018" by United Nation Statistics Division and "GB Standards on diesel, gasoline and liquefied petroleum gases" by Standardisation Administration of the People's Republic of China.

Water Resources Management

水資源管理

Pacific Textiles recognises the intrinsic value of water resources and their critical significance to the ecosystem. Given the nature of our business operations, which entail significant water usage and discharge of sewage during the production process, particularly in dyeing, we are committed to ensuring the sustainable development of the region and the environment. To this end, the Group has formulated water resources management policies to reduce water consumption, enhance water use efficiency through research and development of low-consumption technologies, and adopt advanced technologies.

New low-liquor waterflow dyeing machine



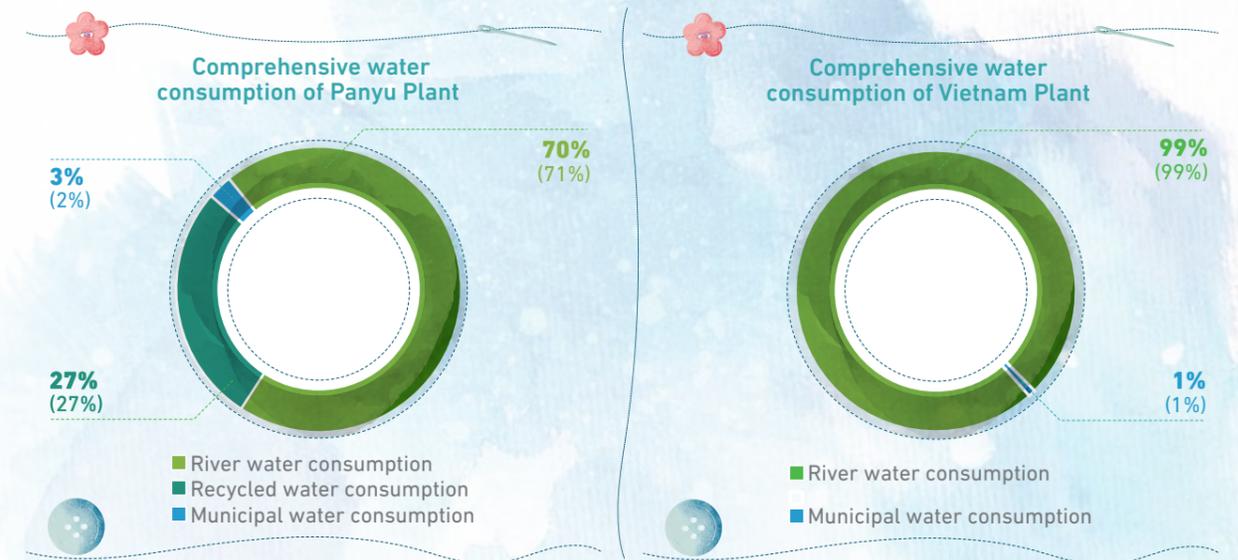
Dyeing is one of the processes that consumes the most water resources in the process of producing knitted fabrics. Because of this, the Panyu Plant has been trying to reduce the water consumption for dyeing through different channels, such as optimising the process and improving the

Reducing water consumption in the dyeing process by about **40-50%**

technology. In recent years, the Panyu Plant has purchased an advanced new type of low-liquor ratio waterflow dyeing machine to replace the old one. The liquor ratio of low-liquor ratio waterflow dyeing machine is about 40% to 50% lower than the traditional one, which effectively reduces water consumption by about 40% to 50%.

Specific measures have been implemented to support our commitment, including the deployment of advanced low-liquor ratio waterflow dyeing machines to conserve water, regular inspections of water supply systems and other water-utilising equipment to prevent leakage, and the utilisation of recycled water wherever feasible.

During the Reporting Period, the Panyu Plant and Vietnam Plant did not encounter any problem in finding suitable water resources. The water consumption of two Plants mainly comes from the water used in the production process, which is sourced from river water or recycled wastewater that has undergone treatment. Cooking and domestic water only account for a small portion and are sourced from municipal water. Additionally, internally recycled water was used for air compressors and electrostatic precipitators at the Panyu Plant.



* The data in parenthesis (represents the data of 2021/22).

It can be observed from the above figures that approximately 27% of the water consumption of the Panyu Plant is from recycled wastewater, which significantly reduces the need for external water resources. The Vietnam Plant has completed the installation of pipelines for wastewater reuse after sewage treatment in 2022, and it is planned to commence direct reuse in production in the fiscal year 2023. The short-term objective is to achieve a 5% reuse rate, which will increase year by year until it reaches a target of 20% reuse. The comprehensive water consumption data for the Panyu Plant and Vietnam Plant during the Reporting Period is as follows:

Panyu Plant

Comprehensive water consumption of the Panyu Plant (m ³)	2022/23	2021/22
River water consumption	8,618,952	11,837,484
Consumption per metric tonne of finished products	189.17	178.99
Municipal water consumption	306,262	304,983
Consumption per metric tonne of finished products	6.72	4.61
Total fresh water consumption	8,925,214	12,142,467
Consumption per metric tonne of finished products	195.89	183.60
Recycled wastewater ⁶ consumption	3,316,675	4,592,953
Consumption per metric tonne of finished products	72.79	69.45

Vietnam Plant

Comprehensive water consumption of the Vietnam Plant (m ³)	2022/23	2021/22
River water consumption	1,122,240	1,001,840
Consumption per metric tonne of finished products	128.57	120.44
Municipal water consumption	11,084	9,480
Consumption per metric tonne of finished products	1.27	1.14
Total fresh water consumption	1,133,324	1,011,320
Consumption per metric tonne of finished products	129.84	121.58

During the Reporting Period, the total fresh water consumption at the Panyu Plant decreased by 26.5%, while at the Vietnam Plant it increased by 12.1%, mostly due to changes in production volume. Notably, a higher proportion of recycled wastewater is used in the production at the Panyu Plant, which has further reduced the need for fresh water. The Group will continue to closely monitor water use data at both plants to identify opportunities for improving water use efficiency.

⁶ The Wastewater is reclaimed from the water used by various production facilities and becomes recyclable after treatment.

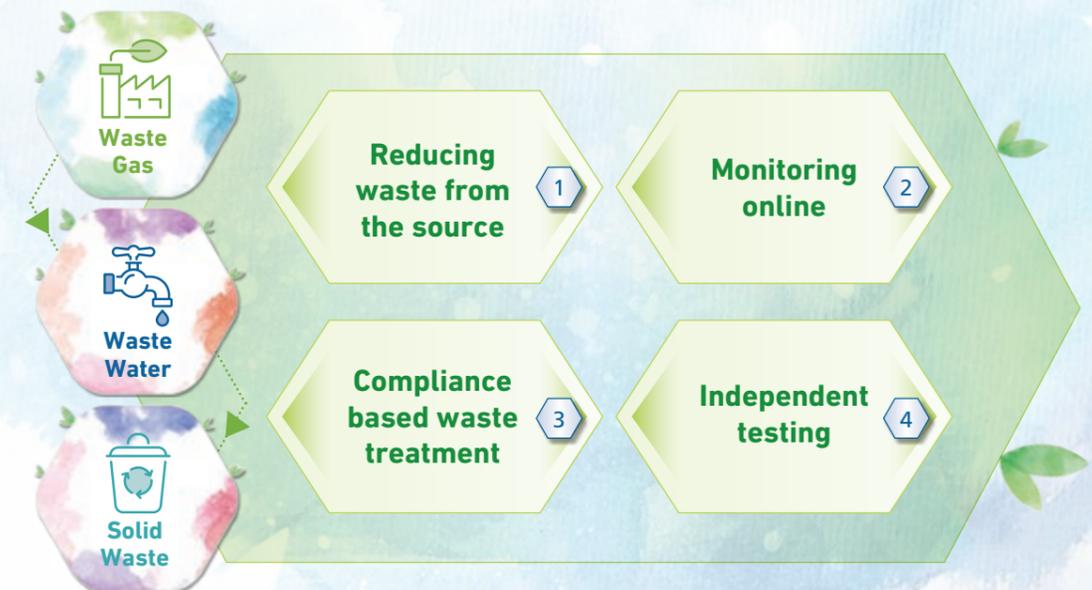
Emissions Management

排放物管理

Pacific Textiles is committed to environmental management and aims to be a leader in cleaner production within the industry. The Group has adopted an environmental management policy that focuses on saving energy, reducing consumption and pollution, and increasing efficiency from the source through strict control processes. This includes managing the discharge of air, sewage, and other solid waste to minimise environmental and ecosystem impacts.

The environmental management policy outlines the Group's commitment to emissions management, including actively improving technologies to reduce the generation of waste gas, wastewater, and waste at the source; monitoring the emission process and data online; and disposing of emissions per local regulations. To ensure full compliance with regulatory requirements, the Group regularly engages a third-party testing organisation to conduct comprehensive testing and strengthen the safety management of chemicals, ensuring safe production and product safety, and preventing pollution and harm caused by hazardous chemicals to the environment and products. The chemicals used by the Group strictly adhere to the Guideline for ZDHC (Zero Discharge of Hazardous Chemicals), and regular ZDHC tests are carried out by a laboratory designated by the customer to confirm the results. The system policy of the Panyu Plant covers the environmental management system ISO 14001 and the energy management system ISO 50001. The emission control program as well as the environmental emergency plan are also incorporated into the environmental management system.

Relevant applicable laws and regulations include: "the Law of the People's Republic of China on the Prevention and Control of Water Pollution" (《中華人民共和國水污染防治法》), "the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" (《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 Prevention and Control of Environmental Pollution Caused by Solid Waste" (《中華人民共和國固體廢物污染環境防治法》) and Vietnam's key national technical regulations on industrial inorganic substances, dust and wastewater (such as the "National Technical Regulation on Industrial Emission of Inorganic Substances and Dusts", "National Technical Regulation on Industrial Wastewater" and "National Technical Regulation on the Effluent of Textile Industry", etc.). The Group conducts a compliance assessment of applicable laws and regulations every year, reports the findings at the annual management committee meeting, and formulates corresponding improvement measures for any areas that have not been fully implemented. To date, the Group has no violations.



For the textile industry, significant air emissions are produced during the operation of boilers and setting machines in the power plant, including nitrogen oxides, sulphur oxides and particulate matters. The amount of air emissions produced is mainly affected by the quality of raw materials or fuels, primarily coal, and production technology. As the former is largely an uncontrollable external factor, the Group prioritises investment in improving technological advancement.

In this regard, Panyu Plant has made remarkable achievements. It has implemented a comprehensive treatment project for ultralow emission of flue gas pollutants from circulating vulcanised bed coal-fired boilers, to desulfurise, denitrate and remove dust from the flue gas emitted from coal-fired boilers in power plants. The flue gas emission reaches the ultralow emission standard of Guangdong Province. In addition, Panyu Plant also achieved good results by using advanced oil fume treatment equipment to manage oil fume generated during fabric processing. With advanced technologies and outstanding performance, Pacific Textiles was invited to participate in the formulation of the national standard "Standards on Air Pollutants Discharge for Textile Printing and Dyeing Industry" (《紡織印染工業大氣污染物排放標準》). In 2022, Panyu Plant proactively implemented measures to enhance the management of volatile organic compounds ("VOC") in compliance with regulations. These measures included strengthening the management of chemical usage and storage, as well as optimising emission collection and treatment facilities in the production process. As a result, Panyu Plant achieved significant improvements in controlling VOCs, leading to an upgrade to Rank B in the evaluation conducted by the local environmental bureau for all VOCs-related enterprises for the year 2021.

The Vietnam Plant complies fully with local regulations and standards on air emissions. It employs a combination of source control and terminal treatment to manage gas emissions. To control emissions at the source, the plant uses low-sulfur coal during fuel selection and procurement, with the sulfur content of coal kept below 0.6%. Terminal treatment is carried out through a boiler emission gas treatment system that monitors sulfur dioxide, nitrogen oxides, and smoke dust in real-time. Additionally, an electrostatic treatment device is installed for the oil fume of the setting machine to manage the waste gas generated during fabric setting at high temperatures. The plant also uses a collection and absorption device to minimise odours from the sewage treatment plant. Going forward, the Vietnam Plant will continue to focus on exhaust gas treatment, including increasing treatment during diesel generator startup. At present, all air emission indicators of the Vietnam factory outperformed the effective local regulations in Vietnam, which are QCVN 22:2009/BTNMT Column B and QCVN 19:2009/BTNMT standards.

The data of air emissions of two plants during the Reporting Period is as follows⁷:

Panyu Plant

Air emission of Panyu Plant (kg)	2022/23	2021/22
Nitrogen oxides emissions	39,060	61,280
Emissions per metric tonne of finished products	0.86	0.93
Sulphur oxides emissions	10,055	11,234
Emissions per metric tonne of finished products	0.22	0.17
Particulate matter emissions	2,159	5,921
Emissions per metric tonne of finished products	0.05	0.09
Carbon monoxide emissions	47,317	63,292
Emissions per metric tonne of finished products	1.04	0.96

Vietnam Plant

Air emission of Vietnam Plant (kg)	2022/23	2021/22
Nitrogen oxides emissions	37,931	48,672
Emissions per metric tonne of finished products	4.35	5.85
Sulphur oxides emissions	21,910	115,950
Emissions per metric tonne of finished products	2.51	13.94
Particulate matter emissions	17,068	26,511
Emissions per metric tonne of finished products	1.96	3.19
Carbon monoxide emissions	341,139	N/A
Emissions per metric tonne of finished products	40.0	N/A

As shown above, the air emissions per metric tonne of finished products at the Vietnam Plant are notably higher compared to those of the Panyu Plant, largely because of variations in the statutory emission standards of the two plants. However, the Vietnam Plant aims to leverage the expertise of the Panyu Plant to enhance its technological capabilities and lower its air emissions in the future.

The reduction in air emissions was primarily a result of the decrease in production volume. Nonetheless, it is important to highlight that further actions were taken to decrease various air emissions per metric tonne of finished products at both plants. Specifically, at the Panyu Plant, measures were implemented to enhance the regulation of particulate matter emissions, whereas in the Vietnam Plant, efforts were focused on limiting coal sulfur content and enhancing the system for capturing sulfur oxides to improve their efficiency.

⁷ The report refers to "Appendix II: Reporting Guidance on Environmental KPIs" of the Stock Exchange when calculating air emissions.

In line with the efforts of the Group to further reduce air pollution, besides the usual air pollutants like nitrogen oxides, sulfur oxides, and particulate matter, we also keep a close eye on carbon monoxide emissions. Apart from Panyu Plant, which developed a mechanism to collect data on carbon monoxide emissions since the fiscal year 2021, Vietnam Plant has also installed an online monitoring system and began recording carbon monoxide emissions from September 2022 onwards.

In addition to the above-mentioned waste gas, air emissions of the Group's plants also include Greenhouse gas. The relevant data is as follows⁸:

Panyu Plant

Greenhouse gas emissions of Panyu Plant (metric tonnes of CO ₂ e)	2022/23	2021/22
Direct (Scope 1) emissions	346,281	471,784
Emissions per metric tonne of finished products	7.60	7.13
Energy indirect (Scope 2) emissions	51,161	56,712
Emissions per metric tonne of finished products	1.12	0.86
Other indirect (Scope 3) emissions	2,829	4,096
Emissions per metric tonne of finished products	0.06	0.06

Vietnam Plant

Greenhouse gas emissions of Vietnam Plant (metric tonnes of CO ₂ e)	2022/23	2021/22
Direct (Scope 1) emissions	58,229	49,862
Emissions per metric tonne of finished products	6.67	5.99
Energy indirect (Scope 2) emissions	15,765	14,301
Emissions per metric tonne of finished products	1.81	1.72
Other indirect (Scope 3) emissions	440	352
Emissions per metric tonne of finished products	0.05	0.04

Direct (Scope 1) greenhouse gas emissions mainly come from the consumption of raw coal. Energy indirect (Scope 2) greenhouse gas emissions mainly come from the consumption of purchased electricity. Other indirect (Scope 3) greenhouse gas emissions are mainly related to sewage discharge and the use of municipal water. The Group actively saves energy consumption to reduce greenhouse gas emissions. For details of energy management policies and measures and energy consumption data, please refer to the section "Energy Management" in the Report.

Pacific Textiles acknowledges the potential environmental impact associated with sewage discharge in textile production. As a result, the Group places significant emphasis on sewage treatment processes to minimise pollution and ensure compliance with local regulations and standards, thereby promoting sustainable development. Regular sampling and testing of treated sewage are conducted at our plant to evaluate the efficacy of the sewage treatment. Additionally, a real-time monitoring system is in place to ensure that only qualified sewage is discharged. The Group collaborates with third-party testing organisations to conduct sample tests and ensure compliance with legal requirements.

⁸ When calculating greenhouse gas emissions, this report refers to the "2006 Guidelines for National Greenhouse Gas Inventories Volume 2" by the Intergovernmental Panel on Climate Change (IPCC); the "2019 Baseline Emission Factors for Regional Power Grids in China" by the Ministry of Ecology and Environment of the People's Republic of China; the "List of Grid Emission Factors version 10.10" by Institute for Global Environmental Strategies; the "Greenhouse gas reporting: conversion factors 2022" issued by the Department for Business, Energy & Industrial Strategy of the UK Government and the "Appendix 2: Reporting Guidance on Environmental KPIs" by the Stock Exchange.

In addition, Pacific Textiles also actively develop different sewage treatment technologies. For instance, Panyu Plant, South China University of Technology and Guangzhou Branch of Shenyang Institute of Automation of Chinese Academy of Sciences(中科院瀋陽自動化研究院廣州分院) jointly conducted research on advanced treatment of printing and dyeing wastewater and intelligent online monitoring in 2021, and the treatment result is far better than the emission limit of standards on water pollutants discharge for textile printing and finishing industry (GB4287-2012). This technology was awarded several honours, including the Guangdong Science and Technology Improvement Award (Second Class), the Second Class Award of Scientific and Technological Progress of China National Textile and Apparel Council, and was included in the recommended catalogues of the 12th batch advanced technologies in energy saving and emission reduction in China's dyeing and printing industry.

Furthermore, in 2022, the Panyu Plant completed the construction of a resin advanced treatment system, enabling enhanced efficiency in sewage treatment and ensuring a consistent increase in the proportion of reused wastewater. Similarly, the Vietnam Plant has completed the planned upgrade and replacement of the ozone system with a more advanced Fenton treatment system, with the aim of reusing the treated sewage for production purposes.

During the Reporting Period, the total sewage discharge of Panyu Plant was 5,652,820 cubic meters (2021/22: 8,547,744 cubic meters), and the sewage discharge per metric tonne of finished products was 124.07 cubic meters (2021/22: 129.24 cubic meters). The total sewage discharge of the Vietnam Plant was 992,506 cubic meters (2021/22: 744,176 cubic meters), and the sewage discharge per metric tonne of finished products was 113.70 cubic meters (2021/22: 89.47 cubic meters). Panyu Plant has a decrease in sewage discharge per metric tonne of finished products, while there was an increase in sewage discharge per metric tonne of finished products in the Vietnam Plant that was mainly due to the increase in the proportion of finished products produced during the Reporting Period that are more sophisticated and required more water resources in production.

Fishpond with treated wastewater



After advanced treatment of the printing and dyeing wastewater of the Panyu Plant, the discharge index is far lower than the Class I standard in the second time period of in the "Discharge Limits of Water Pollutants" (DB44/26-2001) and the direct discharge standard in "Discharge Standards of Water Pollutants for Dyeing and Finishing of Textile Industry" (GB4287-2012 Table 2)) in Guangdong Province. The treated wastewater can be used to raise fish, proving the water quality. The picture shows the ornamental fishpond built by the Company that uses treated printing and dyeing wastewater.

Regarding waste treatment, Panyu Plant and Vietnam Plant strictly adhere to the policies and requirements set by the local government for hazardous waste disposal during their production processes. Hazardous waste generated is entrusted to professional contractors with accredited qualifications from the local government for centralised treatment, ensuring 100% compliance with local standards.

For non-hazardous wastes, Panyu Plant and Vietnam Plant sell recyclable waste to recyclers for recycling, and the remaining non-recyclable waste will be comprehensively disposed of by relevant units recognised by local government departments. The wastes generated by two plants during the Reporting Period are as follows:

Panyu Plant

Amount of wastes generated by Panyu Plant (kg)	2022/23	2021/22
Amount of hazardous wastes generated	322,378	264,951
Amount generated per metric tonne of finished products	7.08	4.01
Amount of non-hazardous wastes generated	53,352,120	64,374,259
Amount generated per metric tonne of finished products	1,171	973

Vietnam Plant

Amount of wastes generated by Vietnam Plant (kg)	2022/23	2021/22
Amount of hazardous wastes generated	3,184,970	2,916,470
Amount generated per metric tonne of finished products	365	351
Amount of non-hazardous wastes generated	12,746,874	11,035,349
Amount generated per metric tonne of finished products	1,460	1,327

The hazardous waste generated by the Panyu Plant increased by 21.7% compared to last year. This was primarily due to a shift in the method of measuring hazardous waste, as all plastic bins from production were classified as hazardous waste in compliance with the Ministry of Ecology and Environment of the People's Republic Of China's guidelines this year. However, non-hazardous waste generation in the Panyu Plant decreased along with the decline in production volume. In the Vietnam Plant, both hazardous and non-hazardous waste increased as a result of the increment in production and inventory levels.

Packaging Materials

包装物料

Pacific Textiles actively implements measures to reduce unnecessary packaging wastes, to reduce the associated environmental impact. This includes using suitable packaging material specifications based on product requirements, opting for environmentally friendly or recyclable materials whenever possible, providing work guidelines to prevent packaging waste due to human error, and recycling or reusing packaging plastic bags and adhesive papers as protective coverings for products. The Group also imposes strict requirements and controls on the supply chain of packaging items to ensure compliance with standards and prevent environmental pollution.

The packaging materials used by the Group are mainly paper materials and plastic materials. The consumption of the Panyu Plant and Vietnam Plant during the Reporting Period is as follows:

Panyu Plant

Consumption of packaging materials of Panyu Plant (kg)	2022/23	2021/22
Consumption of paper packaging materials	474,975	677,175
Consumption per metric tonne of finished products	10.42	10.24
Consumption of plastic packaging materials	214,302	309,896
Consumption per metric tonne of finished products	4.70	4.69

Vietnam Plant

Consumption of packaging materials of Vietnam Plant (kg)	2022/23	2021/22
Consumption of paper packaging materials	93,351	79,982
Consumption per metric tonne of finished products	10.69	9.62
Consumption of plastic packaging materials	54,273	48,037
Consumption per metric tonne of finished products	6.22	5.77

The total consumption of packaging materials in the Panyu Plant has decreased. This reduction is attributable to both the decrease in production and scientific inventory control measures, which reduce unnecessary stocking of raw materials and finished products, thereby reducing packaging material consumption. In contrast, the temporary inventory increment from an increase in production and customer order arrangement resulted in an increase in packaging material consumption at the Vietnam Plant.

Other Environmental Impact Management 其他環境影響管理

Pacific Textiles recognises that its operations may also have other environmental impacts, such as noise emissions from production equipment and odour emissions from aeration tanks in sewage treatment plants. The Panyu Plant and Vietnam Plant have established dedicated working groups to monitor emissions data and natural resource consumption to protect the ecosystem and biodiversity. These plants have implemented measures to minimise noise and odour emissions to mitigate potential environmental impacts.

Furthermore, Pacific Textiles has established comprehensive measures to address potential emergencies related to safety, environment, and energy, such as chemical or fuel leaks, explosions, or fires at production facilities. The Group has developed the "Emergency Readiness and Response Management Procedures", which outline clear handling procedures for major environmental pollution incidents, including response plans, procedures, control guidelines, measures, and responsible departments. These measures are aimed at effectively and swiftly addressing emergencies and minimising their impact on the surrounding environment.

In addition, the Group conducts annual emergency drills to simulate the occurrence and handling of emergencies, in order to improve the ability of employees in addressing emergencies. The Panyu Plant tailors its drill plan for each emergency drill and reports it to the safety management office for record. Each department will conduct a drill based on the plan, during which monitoring workers will make corresponding records. After the completion of each drill, an appraisal is conducted and any deficiencies identified are analysed for improvement in subsequent drills. This ensures that our employees are well-prepared to respond to various emergencies and continuously enhances the emergency response capability of the organisation. During the Reporting Period, a total of two environmental emergency drills were organised and implemented, covering environmental risks caused by leakage of hazardous chemicals and gas leakage, etc., with a total participants count of around 150.

The Group places great importance on environmental impact considerations when upgrading existing plants and designing new one. Therefore, we actively introduce new elements to create green and smart plants. For example, as part of Panyu Plant's upgrade plan by 2023, other than exploring the use of renewable energy, and improving the resin tertiary wastewater treatment system, the Group has completed the modification work to utilise natural gas instead of liquefied petroleum gas as fuel in production processes and researching methods to further reduce sludge.

Noise management

- Design the plant for indoor operations and install sound insulation boards on the fence of the plant boundary
- Use low-noise air compressors and air discharge ports to implement noise control in operation
- Continuously monitor noise data, and the Panyu Plant is monitored by a third-party environmental monitoring agency every year at the boundary

Odour management

- Cause odour mainly when treating sewage
- Install cover plates on sewage treatment aeration tanks to seal aeration tanks to prevent the spread of odour

In 2022, the Vietnam Plant commenced the energy audit plan to monitor energy use on an ongoing basis for improvement in efficiency and is actively exploring the feasibility of promoting biomass utilisation.

In addition, the Group has plans to incorporate effective green designs in new plant to be built in Vietnam, including advanced sewage treatment technology, production discharge treatment system, ultra-clean coal boiler discharge treatment system (in accordance with China's most stringent domestic standards for boilers that use natural gas) and on-site production line heat recovery and cooling water, condensing steam recovery technology, etc., making plant operation more in line with environmental benefits.



Vietnam Plant



The design of new plant in Vietnam



Panyu Plant



Responding to Climate Change

應對氣候變化

Pacific Textiles, as a responsible corporation, acknowledges the increasing concern of local governments, regulators, and individuals about climate change. The Group recognises that climate change poses significant operational risks that can impact ecosystems and wildlife globally. In response, Pacific Textiles has developed strategies to minimise its environmental impact and address climate change risks, which include setting targets to reduce greenhouse gas emissions and implementing corresponding measures to achieve gradual reductions.

Furthermore, the Group actively collaborates with key partners to plan and implement initiatives to reduce greenhouse gas emissions in its supply chain, with a view to addressing climate risks and contributing to global efforts to mitigate climate change.

To help stakeholders better understand the impact of climate change on Pacific Textiles, we refer to the proposed framework of the TCFD and make climate-related disclosures from angles of "Governance", "Strategy", "Risk Management" and "Metrics and Targets".

Governance

Oversight of climate-related risks and opportunities



The Board of Directors directly supervises the relevant policies and measures implemented by the CSR Committee and handles various daily matters through the CSR working group under the Committee. The CSR Committee will regularly review the information relating to climate change as well as the Group's sustainable development issues and strategies to formulate medium and long-term development policies. It also supervises the CSR working group and business departments.

The CSR working group, staffed by dedicated personnel, is accountable for reports to the Committee with the assistance of external professional consultants engaged from time to time. The working group will coordinate business departments to implement sustainable development strategies and policies. Business departments are responsible for providing the requested information to the CSR working group.

Strategy

Responding to climate-related risks and opportunities



In view of the nature of the industry, the Group inevitably uses a large amount of energy including coal, electricity and diesel, as well as a considerable amount of water resources during its production process, and discharges a certain amount of sewage. In order to better conserve resources, we actively adopt advanced energy-saving technologies, use renewable energy, improve energy efficiency, and strive to develop low-consumption processes to reduce energy and water consumption, as well as environmental pollution. The Group has established short and long-term targets for Panyu Plant and Vietnam Plant relating to climate-related indicators such as air emissions, water consumption, waste generation and energy use, and take measures to improve the indicators to meet the targets.

In addition, we have formulated policies related to sustainable development, actively improved technology to reduce the generation of waste gas, wastewater and waste from the source, and more emission data were disclosed to ensure safe production and product safety, and prevent pollution and harm caused by hazardous chemicals to the environment and products.

Risk Management

Management of Climate-related Risks



Physical Risks

Category	Description	Risk Events and Financial Impact
Acute Risk	The occurrence of a single extreme weather event may have an impact on the Group's operations.	<p>Extreme climate scenarios Extreme weather conditions (such as typhoons, rainstorms and floods) can damage operational facilities, factory assets, as well as life and property. Employees in affected areas may not be able to go to work as usual, and transportation and supply chains may be disrupted, resulting in an increase in maintenance costs, procurement costs, and legal liabilities. Business suspension may reduce potential revenue.</p> <p>To manage possible distortions under extreme climate scenarios, we operate two plants in different countries and do not rely on a single major supplier or a single place of origin for raw materials to mitigate such distortions.</p>
Chronic physical risks	A longer-term shift in climate patterns, such as sea level rise, and changes in rainfall patterns	<p>Shifts in climate patterns Changes in rainfall patterns and flooding caused by rising sea levels can harm our facilities and equipment, resulting in additional maintenance expenses needed to sustain our business operations.</p>

Transition Risks

Category	Description	Risk Events and Financial Impact
Policy and Legal Risk	As the newly issued climate change-related policies may regulate those projects with heavy pollution in the industry, as well as energy use and emissions, the Group's operating policies and decisions will be affected, and non-compliance will be subject to litigation.	<p>Carbon pricing Carbon pricing may be affected by the policies of the markets in which the business operates. An increase in carbon pricing will increase overall operating costs.</p> <p>Energy codes and emission guidelines The government may tighten energy codes and emission guidelines to regulate those projects with heavy pollution in the industry, while the business is still highly dependent on coal as the main energy supply source with high carbon emissions, thus such measures will increase the overall operating cost to comply with regulations.</p> <p>Raw material supply The price of raw materials in the market in which our business operates may increase affected by policies, thus increasing the overall operating costs.</p>

Transition Risks		
Category	Description	Risk Events and Financial Impact
Market and Reputational Risk	If the Group's climate-related policies are poorly managed and the principles are different from market expectations, the Group's goodwill may be affected in the market and society, which will hinder the Group's development in the long run.	<p>Investors More green bonds and environmental investment products are available for us as the market demand for sustainable investment increases, which may make it easier for the Group to acquire green funds.</p> <p>Customers As the market demand for green industries increases, customers are inclined to invest in greener companies to achieve their sustainable development goals, thus increasing their revenues.</p>
Technical Risk	Although the Group' own green technologies can bring technological improvements and benefits, its uncertainties also bring risks.	<p>Environmentally friendly production technology Research on energy-saving, consumption-reducing, pollution-reducing and efficiency-enhancing production technologies increases investment costs and overall operating costs.</p> <p>Environmentally friendly materials The overall procurement cost may increase due to the use of environmentally friendly materials.</p> <p>Energy Business transformation will consume more renewable energy, which may put pressure on existing systems. Research on renewable energy also leads to higher investment costs.</p>

Metrics and Targets
Risks Assessment and Progress Monitoring



Pacific Textiles has established and continually reviews environmental targets for both the Panyu and Vietnam plants. Going forward, we will establish appropriate indicators to monitor climate-related risks based on business conditions.

The Group has set up emergency measures to respond to extreme weather conditions (such as typhoons, storms and floods), guiding employees' work arrangements and management methods under extreme weather conditions. As the most pivotal operation facility of the Group, Panyu Plant has established an emergency group to direct emergency work and conduct specialised rehearsals each year and has purchased insurance to protect personal and corporate assets.

The Group will constantly monitor the weather conditions of regions where it operates to make preparations on a timely basis. Meanwhile, the Group will also pay close attention to guidelines issued by local governments, regulators and industrial associations and update internal policies and measures when appropriate.

Higg Facility Environmental Module Rating

Higg Index is a standardised self-assessment tool developed by Sustainable Apparel Coalition ("SAC") (SAC consists of some well-known apparel brand companies and the United States Environmental Protection Agency as well as other NGOs). It includes a facility environment module, namely Higg Facility Environmental Module ("Higg FEM"), allowing brands, retailers and facilities (at each stage of sustainable development tour) of various scales to precisely measure and grade the sustainable development performance of companies or products. The Group is required to undergo a self-assessment each year and engage a certified third-party recognised by SAC to complete the verification to arrive at the final score. The Group can continuously improve its performance regarding the current assessment results.

The Higg FEM testing covers 1) environmental management system; 2) energy usage and greenhouse gas emissions; 3) water use; 4) wastewater; 5) emissions to air; 6) waste management; and 7) chemical use and management.



A third party has evaluated the Higg FEM score of Panyu Plant for 2022 as 94 (87 in 2021).



A third party has evaluated the Higg FEM score of Vietnam Plant for 2022 as 88 (84 in 2021).

Social Responsibility

社會責任

Pacific Textiles places great emphasis on mutual growth with the regions in which it operates. We have developed health and safety policies based on compliance with laws, caring for employee safety and well-being, and managing work-related risks. Our standardised systems ensure diversity and fair employment, and we actively support the community to promote harmonious development. The Group recognises that our business development is dependent on the support of our employees and the local community. As a responsible corporation, we prioritise employee well-being and invest enthusiastically in the community with the goal of creating long-term value for society.

ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Caring for Employees	What is Pacific Textiles's view to protect the interests of employees?	The Group has formulated specific systems in terms of human resources system, compensation and benefits and employee interchange to improve the human resources management system. We regularly discuss issues related to the vital interests of employees with the labour union and regularly review relevant internal regulations, in order to protect the interests of employees and motivate them to pursue better performance.
Diversity and Fair Employment	What is Pacific Textiles's view to comply with the principle of diversity and fair employment of clients' concerns?	The Group has standardised selection criteria and management processes in terms of recruitment, promotion and employees' compensation and welfare, and implements the principle of equality in all aspects of human resources management. The Group prohibits any kind of discrimination and strictly prohibits the use of any form of forced labour, as well as the employment of any child labour younger than the age required by local labour laws.
Employee Training	What is Pacific Textiles's view to train employees to lay a foundation for its business development?	The Group has formulated a comprehensive training policy based on its business requirements and has also provided subsidies on external training courses for specific employees (such as security guards, forklift workers, safety officers, etc.) as needed to help them develop their work-related knowledge and skills.
Workplace Safety and Health	What is Pacific Textiles's view of workplace safety and health?	The Group has formulated safety rules and regulations and an internal evaluation mechanism for safety indicators. It also annually conducts comprehensive identification of sources of hazardous and risk assessment and entrusts professional testing agencies to conduct evaluation on the status of occupational hazards, test and maintain the plant equipment. We also arrange occupational health examinations for all employees to protect them from occupational hazards.
Community Investment	What is Pacific Textiles's view to participate in civic affairs to promote the common development of the community?	The Group assists the common development of the community through different channels including donating funds and materials, coordinating various activities. We focus on subsidised education, promoting employment and improving living conditions.



Material ESG issues involved

- | | |
|--|---|
| 15. Talent Attraction and Retention | 21. Labour Practices and Rights |
| 16. Employee Diversity | 22. Working Hours |
| 17. Employee Education and Training (Talent Development) | 23. Enhancing Employees' Motivation |
| 18. Workplace Safety and Health | 24. Interaction with the Community and Community Investment |
| 19. Prevent and Correct Child and Forced Labour | |
| 20. Prevention and Correction of Discrimination | |

SDGs topics involved



As far as the management is aware, Pacific Textiles was in compliance with applicable local laws and regulations in respect of employment, employee health and safety and labour standards and there were no non-compliance cases noted during the Reporting Period.

Caring for Employees

關愛員工

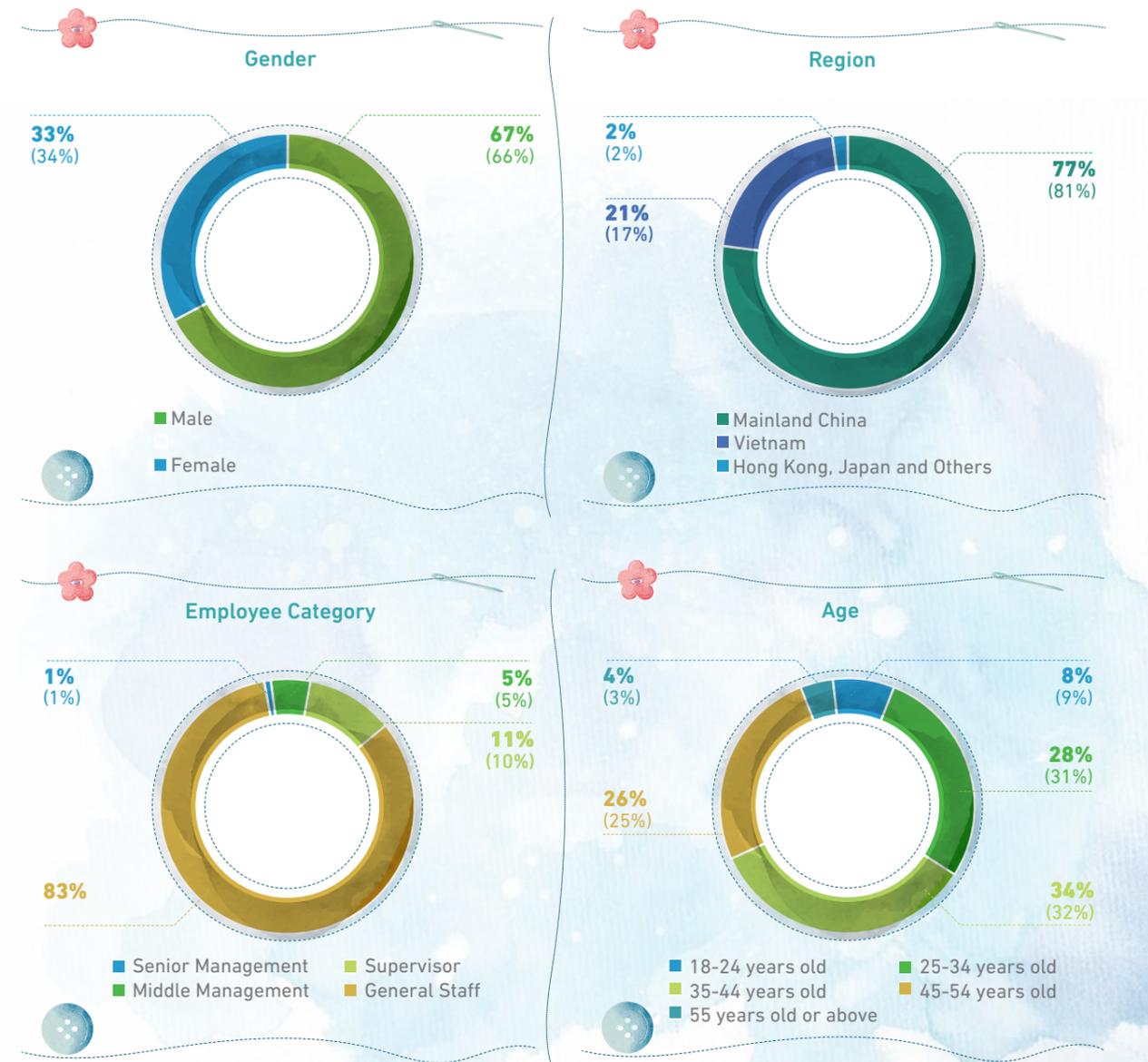
Pacific Textiles's success depends on the efforts of our employees. Whether it is management, sales personnel, factory managers or frontline employees, their contributions are equally important. To reward our employees, the Group is committed to providing a competitive remuneration package to ensure the employees can have salary and welfare, including various insurance, subsidy and vocation, that correspond with his or her work performance, contribution and market level. To safeguard the interests of the employees, we have formulated a series of internal policies to improve the human resources management system, including "CSR Management Code", "Employee Handbook", "Recruitment Policy", "Working Hours and Leave Management Regulations", "Employee Resignation Management Regulations" and "Internal Regulations" to improve the human resources management system. The Group regularly reviews relevant internal regulations to ensure that its practices in respect of recruitment, promotion, resignation, working hours, salary and benefits comply with relevant laws and regulations, including the Labour Law of the People's Republic of China, the Labour Code of Vietnam ("Labour Code") and Employment Ordinance (Chapter 57) in Hong Kong, etc.

In 2022, Pacific Textiles provided corporate social responsibility training to all 2,584 employees at the Panyu Plant, which included education on the "CSR Compliance Code of Conduct" manual. Managers and above also had two additional training sessions on sustainable development and corporate culture, with the aim of cultivating a "warm, harmonious, and positive" corporate culture. The "Sustainable Development - the Fundamentals of Pacific Textiles's Development" training had 231 participants, while the "Corporate Culture - Pacific Textiles's Philosophy" training had 221 participants.

"Wage Collective Negotiation Agreement"

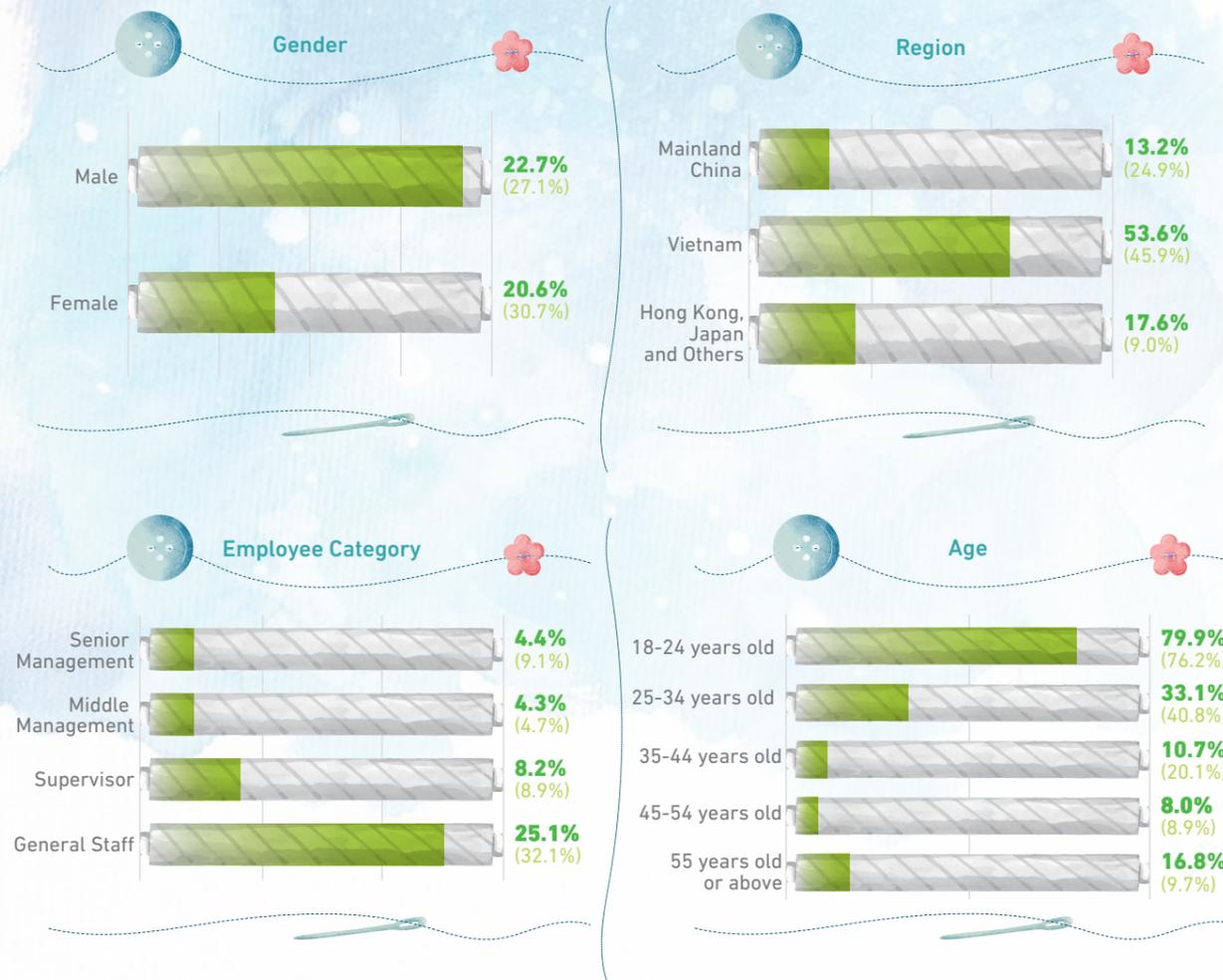
The Group has signed the "Wage Collective Negotiation Agreement" with the trade union representatives of Panyu Plant and Vietnam Plant and convened trade union committee meetings as needed to discuss issues related to the vital interests of employees, such as annual salary increases, reimbursements for trade union expenditures, and employee travel expenses and group ticket booking during the Spring Festival.

As at 31 March 2023, the Group had a total of 4,484 full-time employees (2021/22: 4,697 employees). The employee distribution is as follows:



* The data in parenthesis () represents the data of 2021/22

During the Reporting Period, the Group had a turnover of 987 employees (2021/22: 1,330). The detailed data on the turnover rate of each category of employee is as follows⁹:



* The data in parenthesis () represents the data of 2021/22

Maintaining a stable work team is of great importance to Pacific Textiles. Therefore, the Group considers employee turnover rate as a significant indicator in human resources management and aims to keep it at a reasonable level. During the Reporting Period, the overall employee turnover rate of Pacific Textiles was 22.0%, which is 6.3% lower than that of the previous year.

⁹ The calculation of turnover rate was in accordance with Appendix 3: Reporting Guidance on Social KPIs by the Stock Exchange (employees in the specified category leaving employment divided by number of employees in the specified category).

Besides complying with legal requirements, such as providing insurance, holidays, and overtime allowances, Pacific Textiles has endeavoured to enhance the working environment and organise diverse employee activities while also providing additional allowances for meals and transportation. These efforts are aimed at attracting and retaining top talent and cultivating a strong sense of belonging among employees. For instance, in 2022, the Group installed automation equipment to improve ventilation, installed new dye tanks to reduce noise in the Panyu Plant workshop, and renovated certain dormitories. Moreover, the Group provides sports and fitness equipment for employee use and regularly organises recreational and sports activities such as basketball, table tennis, badminton, football, tug-of-war, Tai Chi, yoga classes, and employee outings. These initiatives aim to alleviate work pressure, foster team spirit, and increase team cohesion.



Employee Activities



Cooking Contest – Panyu Plant



Improvement Proposal Case Competition – Panyu Plant



Yoga Trainings – Panyu Plant



Health Talks – Panyu Plant



Table Tennis Competition – Panyu Plant



Tai Chi Training Class – Panyu Plant



Managers Training – Panyu Plant



New Year Lucky Draw – Vietnam Plant



Outstanding Employees Outreach Activities – Panyu Plant



Tug of War – Panyu Plant



Cooking Contest on Vietnamese Women's Day – Vietnam Plant



Summer Tours for Employees – Vietnam Plant

Diversity and Fair Employment 多元化及公平就業

Creating a diverse and equal working environment is essential in promoting teamwork, inspiring creativity, and enhancing work efficiency. Pacific Textiles is dedicated to providing equal opportunities to all employees and uses objective criteria to evaluate employees in recruitment, promotion, training, and other processes. Discrimination based on gender, race, ethnic origin, religion, marital status, or disability is strictly prohibited.

As a pioneer in the textile manufacturing industry, Pacific Textiles places great importance on fair employment practices. The Group strictly prohibits the use of forced labour in any form, including corporal punishment, abuse, labour repayment, or human trafficking. Furthermore, the Group adheres to local labour laws regarding child labour and does not employ anyone below the minimum age requirement. The Group's recruitment process involves strict verification of the ID card, birth certificate, and address proof to prevent any related issues. Additionally, the Panyu Plant has implemented salary cards, and the bank verifies ID card information and police information to ensure identification accuracy and validity.



Employee Training 員工培訓

Pacific Textiles understands that the knowledge and skills of employees are the cornerstones of the Group's business development. Therefore, it attaches great importance to employee training and has formulated comprehensive training policies in accordance with business needs. The Group's internal training is mainly divided into 4 categories:

1 Pre-job training:

The HR Department interprets corporate information, factory regulations, basic safety requirements, employee attendance, salary, the labour union of the Group, etc. to employees who are on-boarding; each department introduces ISO 45001, ISO 9001, ISO 14001, ISO 50001 basic knowledge, crisis management, operating procedures, procedure documents, work instructions, etc. to teach basic operating skills. During the Reporting Period, there was 1 pre-job training held with 109 participants.

2 Basic skills training:

Take the mode of apprenticeship, and teach relevant knowledge including operation skills, safe operation, quality awareness, environmental protection and occupational health on the job. During the Reporting Period, there were 36 basic skills training held with 109 participants in total.

3 Advanced skills training:

Each plant department will carry out the training according to the annual training plan, focusing on improving the knowledge and skills of employees in individual projects. During the Reporting Period, there were 24 advanced skills training held with 3,519 participants in total.

4 Management training:

To provide training for management to improve their knowledge and skills of enterprise management, so as to lead the Group to continuously develop its business. In 2022, training sessions were conducted on various aspects for more than 200 managers. The details of the training sessions are listed below:

- "Safe Production" training: 221 participants
- "Energy Saving and Consumption Reduction" training: 219 participants
- "Philosophy of Pacific Textiles" training: 221 participants
- "Sustainable Development" training: 213 participants
- "Efficient Production" training: 215 participants
- "System Error Prevention" training: 215 participants
- "Innovation and Production Cost Control" training: 215 participants

Furthermore, Pacific Textiles has jointly established the Guangzhou Vocational Skills Appraisal Center for the textile industry with the Guangzhou Textile Industry Association, which aims to enhance the vocational skills of all employees in the textile industry in Guangdong Province, including those of the Group. During the Reporting Period, more than 900 junior workers received vocational training in warping, weaving, printing, textile dyeing, and finishing treatment through the new apprenticeship system. The Group also provides subsidies for external training courses to specific employees, such as security guards, forklift workers, safety officers, and first responders, to develop their job-related skills and knowledge.



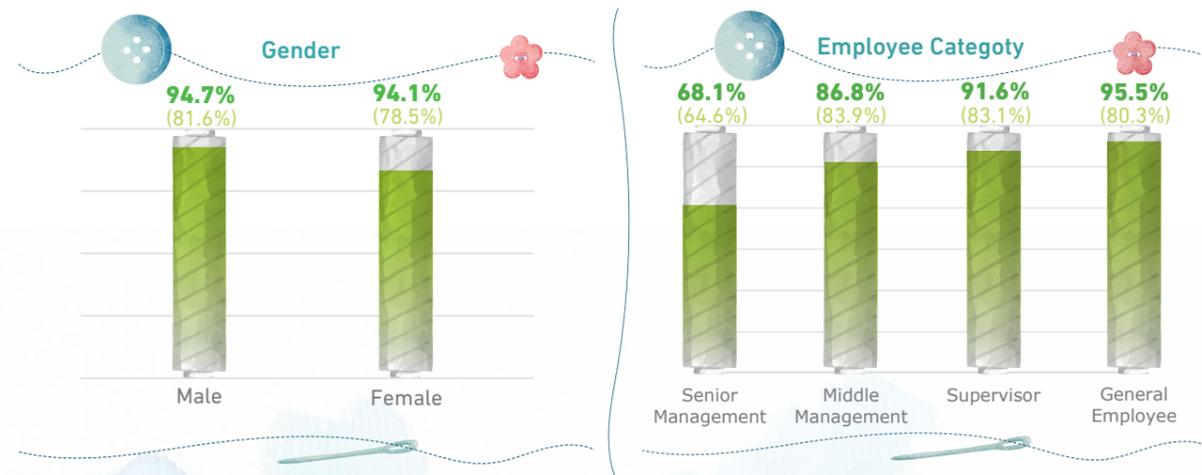
Skills training for textile plant – Panyu Plant



Japanese speaking training class – Panyu Plant

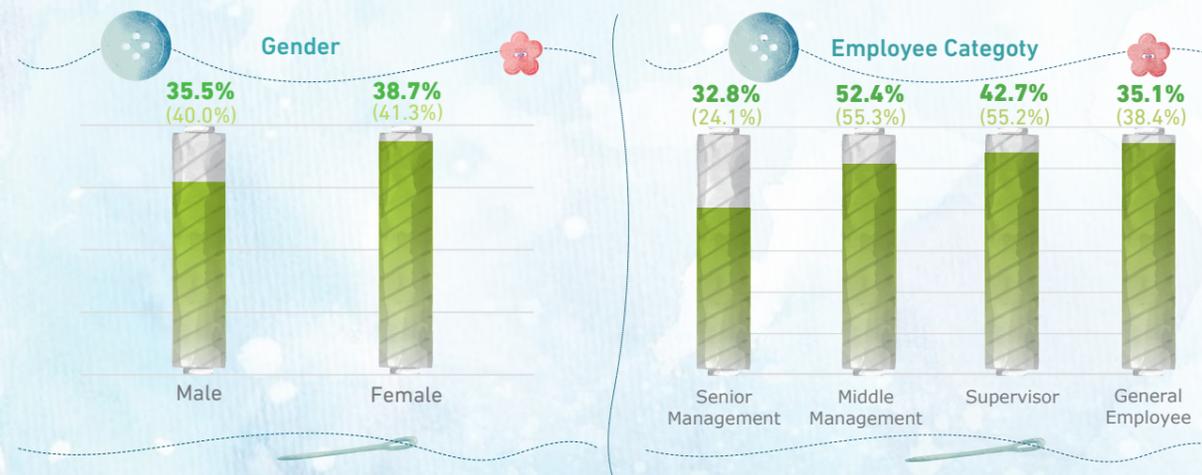
Workplace Safety and Health 工作安全衛生

During the Reporting Period, the overall percentage of trained employees increased, and the percentage of trained employees by different categories is as follows¹⁰:



* The data in parenthesis () represents the data of 2021/22

The average training hours completed by each trained employee by categories are as follows:



* The data in parenthesis () represents the data of 2021/22

As illustrated, the average training hours for most categories in the Group have decreased this year as compared to the previous year, mainly due to the COVID-19 lockdowns that prevented face-to-face training. In the future, the Group plans to continue investing more resources in employee training, improving the design of training courses, and enhancing the work knowledge and skills of its employees.

¹⁰The percentage of trained employees in a specific category is calculated by dividing the number of trained employees by the total number of current and resigned employees in that same category.

The health and safety of employees have always been the primary consideration in the business operation of Pacific Textiles. Pacific Textiles undertakes to implement all necessary measures to protect its employees from occupational hazards. The Group's health and safety policy is based on the principles of law-abiding, caring, safety, health, identifying hidden dangers, controlling risks, and ensuring safety, aiming to promote harmonious development with the active participation of all employees. The Group has proactively carried out standard procedures for production safety and established a management system of standard procedures for production safety. Panyu Plant has passed the ISO 45001 Occupational Health and Safety Management System certification, while Vietnam Plant has managed its operations with reference to the safety measures adopted by Panyu Plant. On this basis, the Group annually conducts comprehensive identification of sources of hazardous and risk assessment, formulates risk control measures and Standard Process for Safety Operation to address major sources of hazards, and annually conducts various emergency drills (such as fire escape, restricted space, chemical spillage, explode of pressure vessels, leakage of sewage, etc.). At the same time, the Group regularly tests and maintains plant equipment to ensure that it can operate safely and efficiently.

Emergency Drills for hazardous chemical accidents



Pacific Textiles conducts regular emergency drills for hazardous chemical accidents to ensure the safe use of chemicals and prevent accidents during production.

In 2022, the Group held three drills for hazardous chemical accidents, including a hazardous waste storage drill in March with 15 participants, a hazardous chemical powder leakage drill in May with 13 participants, and a fire evacuation drill due to gas pipeline leakage in September with 98 participants. Different departments also conduct monthly fire emergency escape drills to enhance the employees' response ability in case of an accident.

Pacific Textiles places a high priority on the safety of its employees and conducts yearly assessments of occupational hazards such as temperature, noise, air, dust, wind, and gas at various job positions in its Panyu and Vietnam plants. Professional testing organisations are employed to carry out these assessments, and the results are announced to help employees comprehend the occupational hazards at each job position. The Group implements preventive measures based on the assessment report and provides relevant training to help workers understand the requirements and acquire the skills necessary to prevent and manage occupational hazards.

The notice of occupational hazards

According to the local government requirements of Guangzhou, employees of Panyu Plant are required to sign the notice of occupational hazards issued by the Group, to understand job title and duties, working hours, rest period, statutory benefits and preventive measures for post-specific occupational hazards etc.

Pacific Textiles ensures that employees are provided with proper personal protective equipment to prevent potential work-related accidents throughout the working day, aiming to minimise the impact of occupational hazards on the health of the employees at relevant posts. The equipment includes earplugs, goggles, dust respirators, masks, rubber gloves, boots, insulated shoes, aprons, hair nets, safety belts, etc.

Certainly, health and safety risks cannot be completely eliminated, even if preventive measures are in full operation. Therefore, to help the employees keep abreast of their health status, Pacific Textiles arranges annual occupational health checks for all employees in Panyu Plant and Vietnam Plant. If necessary, the employees can report health issues to the Group for appropriate arrangement of work and assistance in carrying out treatments, which ensures that the employees' physical health is safeguarded.

During the Reporting Period, the number of working days lost due to work-related injuries was 2,557 man-days (2021/22: 2,693 man-days), which has decreased from that of last year. The Group will continue to strengthen safety management in the workplace, provide personal protective equipment, conduct safety training, and seek to minimise work-related injuries. In the past three years, the Group did not record work-related fatality or serious work injury case involving any employee. In the Reporting Period, there has been no violation of labour laws and regulations.



Fire-fighting Training – Panyu Plant



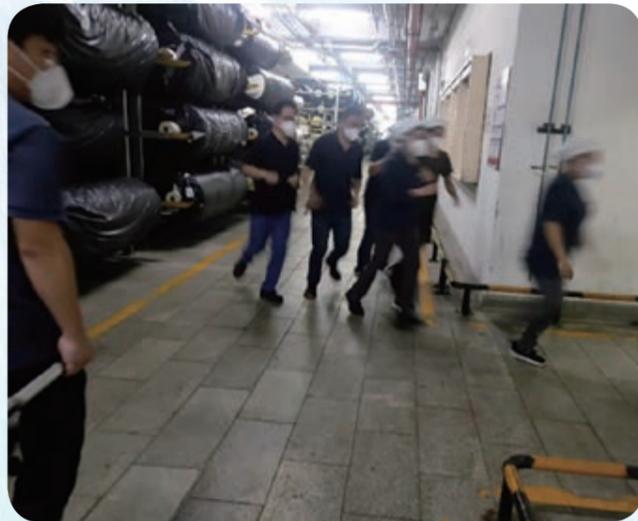
Conducting Safety Test - Panyu Plant



Safety Training - Panyu Plant and Vietnam Plant



Fire Emergence Drills - Panyu Plant and Vietnam Plant



Chemical Leakage Emergence Drills - Panyu Plant and Vietnam Plant

Preventing and Controlling the Pandemic

The continuous outbreak of the 2019 novel coronavirus disease (COVID-19) led to a global public health crisis, which threatened the health and safety of people all over the world. To effectively cope with the pandemic, the Group formulated Preventive Guidelines for Responding to Covid-19 Pandemic and set up the Leading Group on Preventing and Controlling the Pandemic.

In response to the widespread outbreak of COVID-19 in China in 2022, a series of preventive measures were formulated. These measures included the normalisation of COVID-19 prevention and control management. During the November 2022 lockdown period in response to new cases, the Panyu Plant worked tirelessly to ensure the safety and well-being of employees while maintaining normal production levels. This was achieved by setting up remote offices for quarantined personnel, implementing policies related to wages and benefits, and conducting full nucleic acid testing in batches. Our plant also established an epidemic prevention volunteer team and carried out logistics support work to ensure safety in the factory. Other measures taken included disinfecting public areas, disseminating anti-epidemic propaganda, and reporting to government departments about the Group's anti-epidemic situation.

Despite the challenging circumstances, we were able to resume normal production during the epidemic, safeguard the interests of employees, and maintain the Group's efficiency, creating a win-win labour relationship.



Community Investment

社區投資

Pacific Textiles places great importance on the well-being of various stakeholders in the regions where it operates and aims to share its economic success with them.

The Group has been supporting the inclusive development of communities through various means, including cash and in-kind donations, coordinating cultural, recreational, sporting, employment, and charitable activities, and notable results were achieved in this regard.

Pacific Textiles concentrates on community investment in education, employment promotion, and improving the living environment to foster a more harmonious and inclusive community. During the Reporting Period, the Group continued to fund regional construction projects, provided scholarships to outstanding students in Tongxing Village, China, and subsidised the cost of student transportation to reduce the burden on their parents. Additionally, Pacific Textiles donated funds and materials to the Lai Vu Commune (麗武公社), a local commune in Vietnam, to assist impoverished families and support the Women's Congress and Youth League of the Lai Vu Commune.



Education Assistance

The Group acknowledges that education is a vital means of improving human resources, allowing individuals to gain knowledge and skills, and expand their horizons, leading to a better quality of life in the future. Consequently, the Group endeavours to enhance the learning environment for students from financially challenged families residing in underprivileged areas, providing them with equal educational opportunities. The Group persistently offers financial support for constructing schools, enhancing the teaching and learning surroundings, and presenting scholarships to students, with the intention of nurturing future talent and making a positive impact on the community.

Providing financial support for teachers' uniforms



In 2023, the Group donated teachers' uniforms to Nansha Qihui School

Awards for the outstanding students of Tongxing Village



In 2022, Pacific Textiles granted scholarships to outstanding students from Tongxing Village, subsidize the transportation expenses for students, and celebrated Children's Day by rewarding children from the village.

Providing internship opportunities to poverty-stricken students



In August 2022, the Group awarded excellent students in Lai Vu Commune in Vietnam.

Nurturing Talents • Promoting Employment



The Group understands that work is significant to people not only in terms of earning and improving their lives, but also in generating satisfaction and a sense of achievement. For society, work is indispensable for economic development. Therefore, the Group is delighted to create job opportunities for communities and help students develop their careers. Pacific Textiles and Guangzhou Vocational School of Textile and Garment have been implementing the "National Dewdrop Project" (《國家雨露計劃》) since 2018, placing orders to nurture cooperation relationships and provide economic assistance to students. We provide living expenses of RMB 10,000 per year for each eligible student for up to two years. Students from the order form class will work as interns and be employed by the Group. From 2018 to 2022, a total of 91 students have been benefited from the project.

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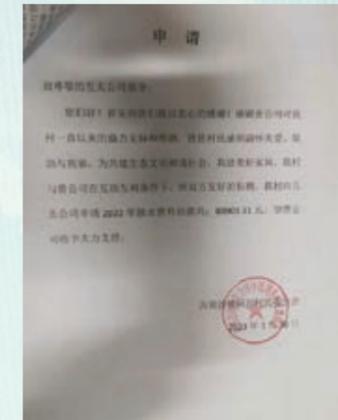
Improving Living Conditions

In addition to offering education assistance and promoting employment, the Group also helps create better living conditions for local residents in other aspects, including funding for community building, donating money and materials to impoverished residents and supporting cultural, recreational and sports activities.

Providing financial support for regional environmental protection



In August 2022, the Group donated trashcans to Dai Duc Commune in Kim Thanh District.



In 2022, the Group subsidised the electricity expenses for the Tongxing Village.

Gratitude giveaways to the local community



During the Spring Festival in 2023, the Group offered condolences to the impoverished villagers and elderly residents of Tongxing Village.



In February 2023, the Group donated bed sheets and blankets to Lai Vu Commune Primary School.

Fighting against novel coronavirus

During 2022, the Group actively assisted in the fight against the pandemic and protected the health of society.

Supporting anti-pandemic work

In 2022, the Group donated protective gear worth RMB 107,700 to Wan Qing Sha Town, Panyu, in order to support the local anti-pandemic efforts.

Rating of Higg Facility Social & Labour Module

Social & Labour Convergence Project ("SLCP"), procured by Sustainable Apparel Coalition ("SAC"), is a project strongly supported by major organisations and companies in sporting goods industry. SLCP is committed to establishing and implementing a simple, united and effective Converged Assessment Framework ("CAF") for social & labour data collection within industry scope, and providing support for the improvement of working conditions of the global supply chain by stakeholders.

The SLCP evaluates nine essential areas related to labour and society using the Higg Facility Social & Labour Module (Higg FSLM) from the Higg Factory Assessment Module of Higg Index. These areas include "Recruitment and Hiring", "Working Hours", "Wages and Benefits", "Employee Treatment", "Employee Involvement", "Health and Safety", "Termination", "Management Systems", and "Empowering People and Communities".



Governance Responsibility

管治責任

Pacific Textiles understands that good corporate governance is essential for business sustainability. The Group has established a sound corporate governance structure and strictly adhered to the applicable laws and regulations during the course of operation. The Group also operates its business free from all unethical and corrupt behaviours, including in business dealings with suppliers and other partners.

ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Compliance and Anti-Corruption	Customers are attaching more importance to the compliance and anti-corruption regulations of plant operations. How does Pacific Textiles maintain a corruption-free environment?	The Group has formulated internal rules and regulations such as the "Code of Conduct" to specify the disciplinary standards that the employees must strictly abide by. We have also formulated anti-corruption policies, rules and regulations to continuously monitor our operations, and the employees can report corrupt practices through our whistle-blowing mechanism. In addition, the Group provides the employees with anti-corruption training on a regular basis.
Supplier Management	How does Pacific Textiles manage its supply chain and ensure quality standards?	The Group implements strict supply chain management policies, and all new suppliers are required to provide samples for quality testing to ensure that the raw materials satisfy our strict quality standards.

Material ESG issues involved

- 25. Compliance
- 26. Risk Management
- 27. Supply Chain CSR Management (Assessment of Environmental and Social Impact)
- 28. Business Ethics and Integrity

SDGs topics involved



Targets of Panyu Plant 番禺廠的目標

Scopes	FY 2023/2024	FY 2030/2031	Measures
Product health and safety	The ratio of suppliers to satisfy ZDHC first-class chemicals reaches 100%.	The ratio remains at 100%	For unsatisfied ZDHC first-class chemicals, searching for substitutes and continuously increasing the ratio of first-class chemicals

To the best knowledge of the management, Pacific Textiles has complied with the local applicable laws and regulations in respect of supply chain management and anti-corruption and there was no non-compliance during the Reporting Period.

Compliance and Anti-Corruption 合規經營及反貪腐

Pacific Textiles is committed to upholding the highest standards of business ethics, operating in full compliance with established principles and zero tolerance for corruption. At the corporate level, the Group has established a complete corporate governance structure, through which the Board monitors the overall operational risks and the management confirms the effectiveness of the internal control system of the Group.

In terms of operations, the Group has formulated the "Code of Conduct", providing employees with behavioural guidance on different situations that they may face when performing their duties and advocating business conduct of honesty, incorruptibility and fairness. This code specifies disciplinary standards that the directors and employees must strictly abide by, covering dealing with conflict of interest, confidential information of the Group and relationships between suppliers and contractors and others. The code explicitly inhibits the directors and employees of the Group from soliciting or accepting any interest from any parties who have business transactions with the Group (such as customers, suppliers and contractors); they are also not allowed to provide commercial interests to others without the approval from the Group. The labour contract of an employee who seriously violates the Group's rules and regulations or labour disciplines, such as unauthorised interception of business or discounts, divulging the Group's trade secrets, stealing the Group's property, or cheating and bluffing by using the Group's name, may be terminated without any economic compensation.

To enhance employees' understanding of Pacific Textiles's anti-corruption standards and expectations, the Group conducts regular training sessions that cover relevant legal information and promote a culture of integrity. To deal with the higher risk of corruption in the procurement process, the procurement department of Panyu Plant is required to participate in integrity and honesty management training to ensure that relevant employees understand the standards and requirements of the Group clearly. As part of the 2023/2024 plan, the Group has arranged ethical training sessions for all its full-time and part-time employees, focusing on the principles outlined in the "Code of Conduct". Topics to be covered in the ethical training sessions include "Anti-Corruption Laws", "Conflicts of Interest", "Gifts, Entertainment, and Hospitality", "Reporting Suspected Misconduct" and "Monitoring and Enforcement".

Pacific Textiles has also established a whistle-blowing policy and mechanism for reporting fraudulent acts, unethical acts such as corruption or bribery, or non-compliance with laws and our Group's policies. Whistle-blowers can report to the Whistle-blowing Committee (formed by the Chief Financial Officer, Head of Human Resources and Head of Internal Audit) via email if they discover any corrupt practices. Whistle-blowers making a genuine and appropriate complaint through this channel will be assured of fair treatment. The Group will take appropriate action against anyone who initiates or threatens to initiate retaliation against those who have made such a complaint.

Furthermore, the Group has established a 3-year internal audit plan to investigate for any breach of the Code of Conducts in all operations of the Group, covering the periods of 2023/24, 2024/25 and 2025/26. Findings from the relevant internal audits will be submitted to the senior management and Board of Directors for review and endorsement.

Moreover, the Group has formulated relevant anti-corruption policies, regulations and stipulations related to the employees, contractors and suppliers of the Panyu Plant and Vietnam Plant. According to the Employee Handbook, all employees should abide by the Group's basic rules, maintain social morality, observe professional ethics, and resolutely oppose illegal acts such as malpractice and embezzlement of the Group's property. If the Group discovers any violations of these policies, regulations and stipulations, termination of employment or partnership with the offenders will be considered upon verification. During the Reporting Period, there was no concluded legal case regarding corruption brought against the Group or its employees. The Group will continue supervising the operation and make sure that it complies with relevant laws and regulations, including, among others, "Law of the People's Republic of China Against Unfair Competition", "Prevention of Bribery Ordinance" (Cap. 201) in Hong Kong and anti-corruption laws in Vietnam.

Supplier Management

供應商管理

Pacific Textiles understands that the quality of raw materials significantly impacts product quality. Therefore, we have implemented strict supplier management policies and are dedicated to continuously improving our supplier management procedures to ensure that our raw materials meet our high-quality standards.

In 2023, the Group introduced the Sustainable Cotton Procurement Policy for suppliers to demonstrate our commitment to purchasing cotton with reduced negative social and environmental impact. Regarding yarn suppliers, Pacific Textiles has established the "Rules for Suppliers Assessment" and "Quality Management and Procedures of Procurement Control of Raw Yarn Suppliers" to govern supplier selection requirements. For suppliers of dyes and auxiliaries, preference is given to those who meet the qualifications of the Zero Discharge of Hazardous Chemicals Roadmap ("ZDHC"), and the goal is to maintain 100% of suppliers as "ZDHC" qualified and replace those that are not. For other material suppliers, the policy "Assessment and Appraisal Measures on Suppliers" has been established to establish a standard and fair assessment on our suppliers.

Pacific Textiles requires suppliers to pledge to meet relevant laws, regulations, and stakeholder requirements. By sourcing raw materials that comply with applicable laws and regulations, Pacific Textiles can ensure that its raw materials meet the requirements of relevant parties. Since June 2022, Pacific Textiles has requested its cotton yarn suppliers to confirm and sign a Letter of Guarantee regarding the source of the cotton supplied to the Group, further enhancing the traceability of raw materials like cotton to their place of origin.

The supplier management process starts with a quality test during which all new suppliers are required to provide samples. We will then assess relevant qualifications if their products meet our quality standards. At the stage of assessment of the qualification, the Group will review a series of documents, including business licenses, Authorised Economic Operator Certificate issued by the members of the World Customs Organisation or Customs Trade Partnership Against Terrorism Certificate to make sure that suppliers are the suitable corporations to deal with; and certificates such as OEKO-TEX®, REACH, bluesign®, relevant ISO certificates and American Supima Association issued by international certification authorities to vindicate that products provided by them satisfy relevant security and quality standards. New suppliers will be included in the list of suppliers only after passing the assessment abovementioned.



The Group will conduct random inspections and grading of bulk goods from suppliers on our supplier list, in accordance with the Code of Yarn Testing. Each batch of bulk goods has its corresponding rating record, based on which the Group conducts comprehensive assessment, comparison and review of the quality of all yarn products by type on a regular basis. The Group will arrange professional testing institutions to conduct quality tests when necessary. If the yarns, dyes, chemical products, and ancillary materials provided by suppliers fail to meet the Group's standards, the Group will suspend the use of raw materials provided by them until the quality and safety issues are resolved.

The following list is the raw material certificates that Pacific Textiles has obtained.

Raw material certificate
AEO Advanced Certified Enterprise granted by the Customs
US Cotton Trust Protocol
Organic Content Standard
OEKO-TEX® certificate
Better Cotton Initiative (BCI) Member
Global Recycled Standard (GRS) for recycled yarn
Global Organic Textile Standard
SUPIMA Member

On the basis of ensuring the quality of our suppliers' products, we are committed to reducing their environmental impact in the process of producing and supplying raw materials. To encourage suppliers to adopt more environmentally friendly products and enhance their performance in respect of the environment, the Group has also included relevant assessment items (such as energy consumption, waste generation and air emissions, etc) into the assessment questionnaires for new suppliers and given priority to the suppliers with better performance in this aspect. In the meantime, the Group has formulated its own restricted substance list in accordance with the "Manufacturing Restricted Substance List" of ZDHC and requires all the relevant suppliers to agree to abide by the rules of the Group, so as to minimise the use of hazardous chemical products that are harmful to the environment and guarantee product safety. In addition, Pacific Textiles keeps its eyes on suppliers' social performance, and requires them to strictly comply with local labour laws and prohibit hiring child labour and forced labour. Pacific Textiles is a member of BCI ("Better Cotton Initiative"). We pay close attention to the suppliers' performance in social responsibility and only purchase raw materials from those who have good performance in this regard.

During the Reporting Period, the purchase amount of certified cotton is as follows:

Sustainable Cotton Yarn	Quantity (kg)	Percentage among total cotton yarn purchase (%)
BCI Cotton Yarn ¹¹	8,340,033	42.8%
Organic Cotton Yarn ¹²	2,518,344	12.9%
SUPIMA Cotton Yarn ¹³	2,247,496	11.5%
Total	19,486,204	67.3%

The Group employs comprehensive measures to ensure the sustainability of its cotton yarn suppliers. This includes obtaining relevant certificates to conduct thorough background checks on their qualifications to provide BCI, Organic, or SUPIMA cotton yarn. The Group also maintains prudent records of the above purchases, such as relevant BCI credits, Organic Transaction Certificates and SUPIMA cotton yarn traceability documents, to ensure traceability of the origin of cotton. As part of its ongoing commitment to sustainable cotton procurement, the Group has set targets to procure 70% of its cotton from sustainable cotton yarns by FY 2023/24 and increase that to 80% by FY 2030/31, further reinforcing its sustainability goals.

Apart from the above-mentioned factors of product quality and environmental and social performance of the suppliers, the Group will also consider the production capacity, price and punctuality of goods delivery in the selection of suppliers to ensure cost-effectiveness. During the normal course of operation, the Group and its suppliers maintain close communication and jointly build a stable supply chain to satisfy business needs.

¹¹ Certified by the Better Cotton Initiative.

¹² Certified by third party professional firms such as the Control Union, EcoCert, etc.

¹³ Certified by TextileGenesis™.

As of 31 March 2023, the Group had a total of 218 production-related suppliers (such as for the provision of yarns, dyestuffs and chemicals, and packaging materials), most of which are local to our Panyu Plant or Vietnam Plant. Sourcing from local suppliers can minimize indirect carbon emissions resulting from international transportation and foster local economical development and employment. The breakdown of suppliers is as follows:

Total number of suppliers by geographical region in 2022/23 ¹⁴	Production-related suppliers
China	168
Vietnam	18
Taiwan	9
Hong Kong	4
India	4
Korea	4
Indonesia	3
Thailand	3
Japan	2
Singapore	2
Pakistan	1
Total	218

¹⁴ Non-critical suppliers (non-production related) have been excluded.

ABOUT THE REPORT

Pacific Textiles Holdings Limited and its subsidiaries (collectively, the “Group” or “Pacific Textiles”) are pleased to present this Environmental, Social and Governance (“ESG”) report (the “Report”) to provide an overview of the ESG principles, policies and achievements of the Group.

Reporting Scope

The reporting period of the Report is from 1 April 2022 to 31 March 2023 (the “Reporting Period”). Unless otherwise specified, the Report covers the Group’s business of knitted fabrics production and marketing and discloses the issues with key environmental, social and governance impacts of the Group’s two factories, a factory under Pacific (Panyu) Textiles Limited located in Nansha District of Guangzhou City, the PRC (“Panyu Plant”) and a factory located in Hai Duong Province, Vietnam (“Vietnam Plant”), respectively. The two plants are responsible for the majority of production activities of the Group, so the reporting scope can adequately reflect the overall ESG performance of the Group.

Reporting Standards

The Report is compiled in accordance with the provisions set out in Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) to the Listing Rules on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Reporting Principles

In order to reflect the Group’s ESG performance accurately to stakeholders, the Group adhered to the following principles in the preparation of the Report.

<ul style="list-style-type: none"> • Materiality: 	determining the relative significance of each issue through materiality assessment and disclosing information that is important and relevant to the stakeholders in the Report
<ul style="list-style-type: none"> • Quantitative: 	providing interpretation and comparative data for quantitative information to help readers understand the data and assess the Group’s ESG performance
<ul style="list-style-type: none"> • Consistency: 	adopting a method that is consistent with the previous reports for the preparation and presentation of the ESG data, unless otherwise specified
<ul style="list-style-type: none"> • Balance: 	avoiding misleading readers by the inappropriate selection, omission and presentation formats

ESG INDICATOR INDEX



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Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
A.Environment		
A1:Emissions	General disclosure	Environmental Responsibility - Emissions Management
	KPI A1.1 The types of emissions and respective emissions data	Environmental Responsibility - Emissions Management
	KPI A1.2 Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total and intensity	Environmental Responsibility - Emissions Management
	KPI A1.3 Total hazardous waste produced and intensity	Environmental Responsibility - Emissions Management
	KPI A1.4 Total non-hazardous waste produced and intensity	Environmental Responsibility - Emissions Management
	KPI A1.5 Emissions targets setting and steps taken to achieve them	Environmental Responsibility
	KPI A1.6 How hazardous and non-hazardous wastes are handled, and reduction targets setting and steps taken to achieve them	Environmental Responsibility - Emissions Management The amount of non-hazardous waste generated depends to a large extent on the type of product, and the type of products produced varies every year according to customer requirements. Therefore, Pacific Textiles believes that it is not suitable to make a reasonable commitment to reduce non-hazardous waste at this stage



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Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
A2: Use of Resources	General disclosure	Environmental Responsibility - Energy Management/Water Resources Management/Packaging Materials
	KPI A2.1 Energy consumption in total and intensity	Environmental Responsibility - Energy Management
	KPI A2.2 Water consumption in total and intensity	Environmental Responsibility - Water Resources Management
	KPI A2.3 Description of energy use efficiency targets and steps taken to achieve them	Environmental Responsibility
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets and steps taken to achieve them	Environmental Responsibility
	KPI A2.5 Total packaging material used for finished products and with reference to per unit produced	Environmental Responsibility - Packaging Materials
A3: The Environment and Natural Resources	General disclosure	Environmental Responsibility - Other Environmental Impact Management
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Responsibility - Other Environmental Impact Management
A4: Climate Change	General disclosure	Environmental Responsibility - Responding to Climate Change
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Environmental Responsibility - Responding to Climate Change



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Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
B.Social		
B1: Employment	General disclosure	Social Responsibility - Caring for Employees/Diversity and Fair Employment
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region	Social Responsibility - Caring for Employees
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	Social Responsibility - Caring for Employees
B2: Health and Safety	General disclosure	Social Responsibility - Workplace Safety and Health
	KPI B2.1 Number and rate of work-related fatalities occurred in the past three years	Social Responsibility - Workplace Safety and Health
	KPI B2.2 Lost days due to work injury	Social Responsibility - Workplace Safety and Health
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	Social Responsibility - Workplace Safety and Health
B3: Development and Training	General disclosure	Social Responsibility - Employee Training
	KPI B3.1 The percentage of employees trained by gender and employee category	Social Responsibility - Employee Training
	KPI B3.2 The average training hours completed per employee by gender and employee category	Social Responsibility - Employee Training



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Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
B4: Labour Standards	General disclosure	Social Responsibility - Diversity and Fair Employment
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	Social Responsibility - Diversity and Fair Employment
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	Social Responsibility - Diversity and Fair Employment
B5: Supply Chain Management	General disclosure	Governance Responsibility - Supplier Management
	KPI B5.1 Number of suppliers by geographical region	Governance Responsibility - Supplier Management
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how such practices are implemented and monitored	Governance Responsibility - Supplier Management
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Governance Responsibility - Supplier Management
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Governance Responsibility - Supplier Management



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Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
B6: Product Responsibility	General disclosure	Product Responsibility - Product and Service Innovation/Quality Management/Customer Service
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Product Responsibility - Quality Management
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	Product Responsibility - Customer Service
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights	Product Responsibility - Product and Service Innovation/Customer Service
	KPI B6.4 Description of quality assurance process and recall procedures	Product Responsibility - Quality Management/Customer Service
B7: Anti-corruption	General disclosure	Product Responsibility - Customer Service
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	Product Responsibility - Customer Service
	General disclosure	Governance Responsibility - Compliance and Anti-corruption
	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	Governance Responsibility - Compliance and Anti-corruption
B8: Community Investment	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Governance Responsibility - Compliance and Anti-corruption
	KPI B7.3 Description of anti-corruption training provided to directors and staff	Governance Responsibility - Compliance and Anti-corruption
	General disclosure	Social Responsibility - Community Investment
B8: Community Investment	KPI B8.1 Focus areas of contribution	Social Responsibility - Community Investment
	KPI B8.2 Resources contributed to the focus area	Social Responsibility - Community Investment



PACIFIC TEXTILES HOLDINGS LIMITED
互太紡織控股有限公司