



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)



2023/24

*Environmental, Social
and Governance Report*

環境、社會及管治報告

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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 2023 to 31 March 2024 (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 (“China Nansha Plant”) and a factory located in Hai Duong Province, Vietnam (“Vietnam Hai Duong 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 C2 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.

• 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
• Quantitative:	providing interpretation and comparative data for quantitative information to help readers understand the data and assess the Group’s ESG performance
• Consistency:	adopting a method that is consistent with the previous reports for the preparation and presentation of the ESG data, unless otherwise specified
• Balance:	avoiding misleading readers by the inappropriate selection, omission and presentation formats

MESSAGE FROM SENIOR MANAGEMENT

Throughout the financial year ended 31 March 2024, Pacific Textiles had continued to work toward enhancing its Environmental, Social and Governance performance despite the ever-changing business environment.

With the growing significance of sustainable development, corporate social responsibility and ESG performance have become increasingly important to the Company, its clients, investors, business partners and the general public. As an industry pioneer, Pacific Textiles has unwavering commitment in delivering products and services of the highest quality, driving innovation, while also actively contributing to talent development and the sustainability of our communities and the environment.

During the Reporting year, we have enhanced policies and implemented measures for reducing emissions, improving resource efficiency, promoting advanced production technologies, protecting employee rights, enhancing community investment and optimising sustainability governance.

As for Environmental Responsibilities, the Group has focused on investment in advanced facilities, projects, and production technologies to achieve higher environmental performance standards. Appreciating the importance of transparency, the Group has escalated its disclosure practices, especially regarding climate-related risks and opportunities and its resilience strategies, with reference to International Financial Reporting Standards S2 - Climate-related Disclosures (“IFRS S2”). The Group has worked on various aspects to achieve these standards, including upgrading and modifying production machinery, auxiliary equipment, central air-conditioning and compressed air stations, as well as raising the wastewater reuse rate. Over the years, Pacific Textiles has received recognition from various stakeholders, including professional bodies, governments, and other societal stakeholders. In particular, Pacific Textiles was granted the “Certificate of Merit (Manufacturing and Industrial Services)” in the Hong Kong Awards for Environmental Excellence for the second consecutive year in 2023. Two of the Company’s subsidiaries have been jointly recognised as a “Hong Kong Green Organisation” and the Company’s subsidiary at China Nansha Factory has been awarded as an “Advanced Enterprise in Energy Efficiency (Water Efficiency).” Additionally, Pacific Textiles has been commended as a “Hong Kong-Guangdong Cleaner Production Excellent Partner (Manufacturing)”. Our efforts on environmental management have also been acknowledged, with both plants obtaining the ISO 14001 - Environmental Management System certification.

Social Responsibilities is an integral element in our business strategy. We are committed to providing a safe and healthy occupational environment for all employees, as well as offering appropriate development opportunities. In the Reporting Period, we provided various types of training course for our employees to level up their skills, such as forklift operation. Additionally, we have collaborated with stakeholders in the regions where we operate to promote mutual growth. We provided financial assistance to Guangzhou Vocational School of Textile and Garment and awarded scholarships to outstanding students in Tongxing Village, China. Furthermore, we continued our monetary and in kind donations to the Lai Vu Commune (麗武公社), a local commune in Vietnam, to help impoverished families and support the Women’s Congress and Youth League of the Lai Vu Commune.

The Group has also implemented various measures to enhance ESG governance. For instance, To furtherance of our goal in highest level of business ethics, the management have conducted trainings and maintained two-way communication with employees. The newly formulated policy “Employee Grievance Management Policy” provided a further communication channel for employee to raise their concern and for the management to address to the issues efficiently. The management has actively consulted external ESG consultants and empowered the internal ESG team to strengthen the Group’s ESG governance. In the future, the Group will also explore the possibility of linking our ESG performance with the directors’ remuneration to recognise the importance of ESG performance as a key indicator of business success.

Pacific Textiles believes that greener manufacturing, environmental protection and managing climate-related risks and opportunities are cornerstones of long-term sustainability and potential growth. Going ahead, Pacific Textiles will spare no effort in continuing to improve our operational efficiency and ESG performance, with a view to become a role model of responsible corporate citizenship, advance our society and realise our vision of “making the world a more comfortable and better place through our products”.

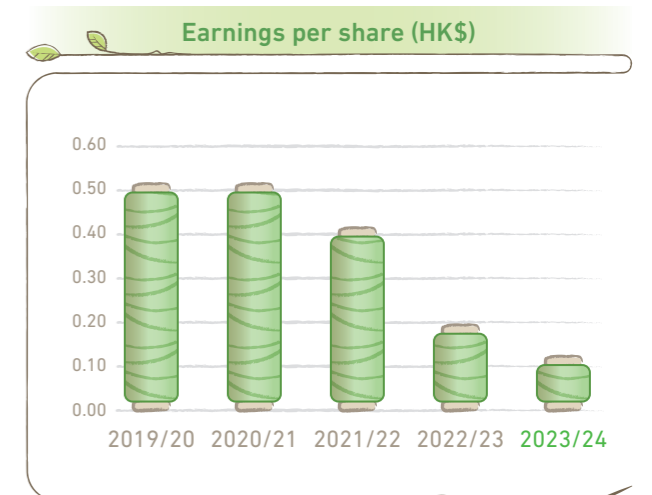
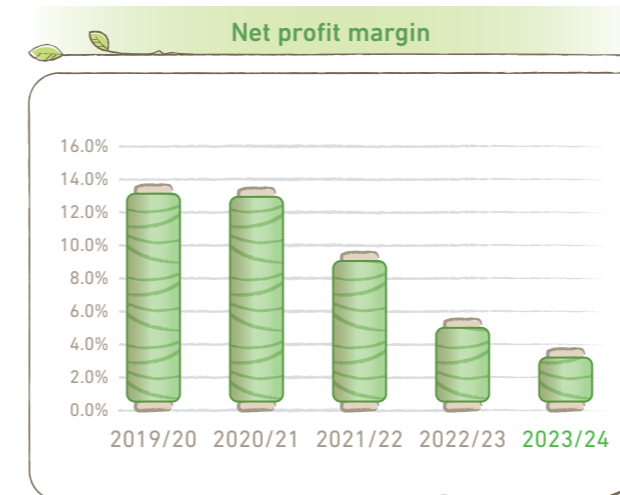
BRIEF INTRODUCTION OF PACIFIC TEXTILES

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 5,000 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 90 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



BRIEF INTRODUCTION OF PACIFIC TEXTILES

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 our corporate citizenship responsibilities and strives to create value for local communities during our 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 is committed to minimising the impact on the environment in order to achieve harmonious development among the Group, the natural environment and each stakeholder.



It has been more than 25 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. China Nansha Plant was accredited as a 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.

BRIEF INTRODUCTION OF PACIFIC TEXTILES



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 the 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' 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 - Manufacturing and Industrial Services - Certificate of Merit". This honorary award is to recognise organisations with excellent performance in environmental management and commend their commitment to adopting environmental practices.
2024	Pacific Textiles has been awarded the certificate of "Hong Kong Green Organisation" by the Environmental Campaign Committee.

BRIEF INTRODUCTION OF PACIFIC TEXTILES

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
Global Organic Textile Standard, GOTS

Issued by
Intertek Certification Limited
Accredited entity
Pacific Textiles Limited



Certification
Organic Content Standard, OCS

Issued by
Intertek Certification Limited
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

BRIEF INTRODUCTION OF PACIFIC TEXTILES

BRIEF INTRODUCTION OF PACIFIC TEXTILES



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
Organic Content Standard (OCS)

Issued by
Taiwan IDFL Laboratory and Institute Limited
Accredited entity
Pacific Crystal Textiles Limited



Certification
Global Organic Textile Standard (GOTS)

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

BRIEF INTRODUCTION OF PACIFIC TEXTILES

2022 Environmental and social related awards/honours



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



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 stretch satin warp knitting fabric

2022 Textile and Apparel Brand Competitiveness Enterprises of China

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



"Textile Light" Innovation Contribution Award

Awards/honours
Issued by
China National Textile and Apparel Council
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A high elastic recycled nylon peach skin warp-knit fabric



Awards/honours
Fabrics China – Outstanding Products Award
Issued by
Fabrics China Pioneer Plant
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A high elastic recycled nylon peach skin warp-knit fabric
Matte eco-friendly nylon quick-drying warp knitting fabric

Excellent Fabric in China's Dyeing and Printing Industry First Class Award

Awards/honours
Issued by
China Dyeing and Printing Association
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A high elastic recycled nylon peach skin warp-knit fabric



BRIEF INTRODUCTION OF PACIFIC TEXTILES



Awards/honours
Fabrics China – Outstanding Products Award

Issued by
Fabrics China Pioneer Plant
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
**China Knitted 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



Awards/honours
**China Knitted 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



BRIEF INTRODUCTION OF PACIFIC TEXTILES



Awards/honours
2022 5th China Eco-friendly Fabric Design Competition – Innovative Enterprise

Issued by
Fabrics China Pioneer Plant
Award-winning entity/project
Pacific (Panyu) Textiles Limited
A stretch super-soft printed fabric

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



Awards/honours
High-Tech Enterprise - Certificate

Issued by
Department of Science and Technology of Guangdong Province
Department of Finance of Guangdong Province
Guangdong Provincial Tax Service, State Taxation Administration
Award-winning entity/project
Pacific (Panyu) Textiles Limited

Awards/honours
Merit Certificate of Insurance

Issued by
Vietnam Social Insurance
Award-winning entity/project
Pacific Crystal Textiles Limited



2023 Environmental and social related awards/honours



Awards/honours
Fabrics China – Outstanding Products Award

Issued by
China Textile Information Center and China Textile Development Center

Award-winning entity/project
Qingkong: An eco-friendly and quick-drying fabric
Zhuguang: An eco-friendly fabric
Bibo: A UV-resistant, eco-friendly and quick-drying recycled fibre warp-knitted fabric

Awards/honours
2023 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
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
Hong Kong Green Organisation

Issued by
Environmental Campaign Committee

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



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 fluffy 3D elastic fabric



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

An ultra-soft cotton skin-friendly fabric



BRIEF INTRODUCTION OF PACIFIC TEXTILES



Awards/honours
China Knitted Products Fashion Trends 2023/2024 – Comfortable Product Recommendation

Issued by
 China Knitting Industrial Association
Award-winning entity/project
 Pacific (Panyu) Textiles Limited
An ultra-fine fleece-free silicone oil-like cotton soft fabric

Awards/honours
China Knitted Products Fashion Trends 2023/2024 – Multifunctional Product Recommendation

Issued by
 China Knitting Industrial Association
Award-winning entity/project
 Pacific (Panyu) Textiles Limited
A UV-resistant cooling fabric



Awards/honours
China Knitted Products Fashion Trends 2023/2024 – Best Technology Innovation Product Recommendation

Issued by
 China Knitting Industrial Association
Award-winning entity/project
 Pacific (Panyu) Textiles Limited
A soft pearlescent underwear fabric

Awards/honours
“Textile Light” Innovation Contribution Award

Issued by
 China National Textile and Apparel Council
Award-winning entity/project
 Pacific (Panyu) Textiles Limited



Energy Consumption Limit for Knitted Printed and Dyed Fabric Unit Product



Awards/honours
2023 China Printing and Dyeing Industry Top 30

Issued by
 China Knitting Industrial Association
Award-winning entity/project
 Pacific (Panyu) Textiles Limited

BRIEF INTRODUCTION OF PACIFIC TEXTILES



Awards/honours
2022 Hong Kong Awards for Environmental Excellence - Certificate of Merit (Manufacturing and Industrial Services)

Issued by
 Environmental Campaign Committee
Award-winning entity/project
 Pacific Textiles Holdings Limited
 Pacific (Panyu) Textiles Limited

Awards/honours
2022-2023 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



2024 Environmental and social related awards/honours



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
Youhua Chuntian: A UV-resistant and cool recycled fibre sportswear
Jiebai Yumao: A soft, light and dry recycled fibre warp knitted underwear
Jidi Bingchuan: A soft, fine and dry recycled fibre sportswear

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 the 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 2023, Pacific Textiles Limited was honoured with the Certificate of Merit (Manufacturing and Industrial Services) of the Hong Kong Awards for Environmental Excellence for the second consecutive year. Additionally, we were recognised as the Hong Kong-Guangdong Cleaner Production Excellent Partners (Manufacturing) for the first time. These prestigious awards serve as testimonies to our ongoing commitments and efforts in 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

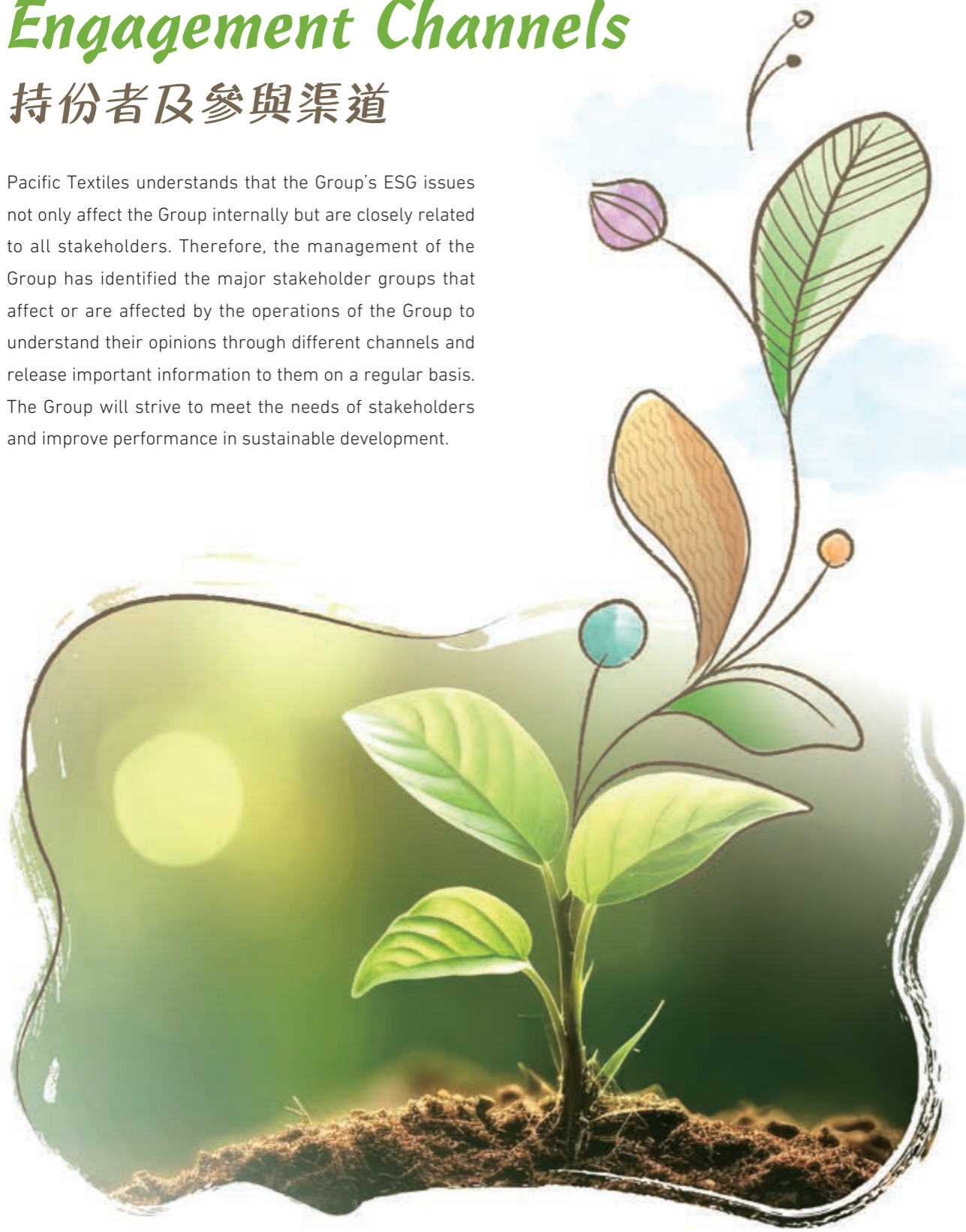
持份者參與及重要性評估









Stakeholders and Engagement Channels

持份者及參與渠道

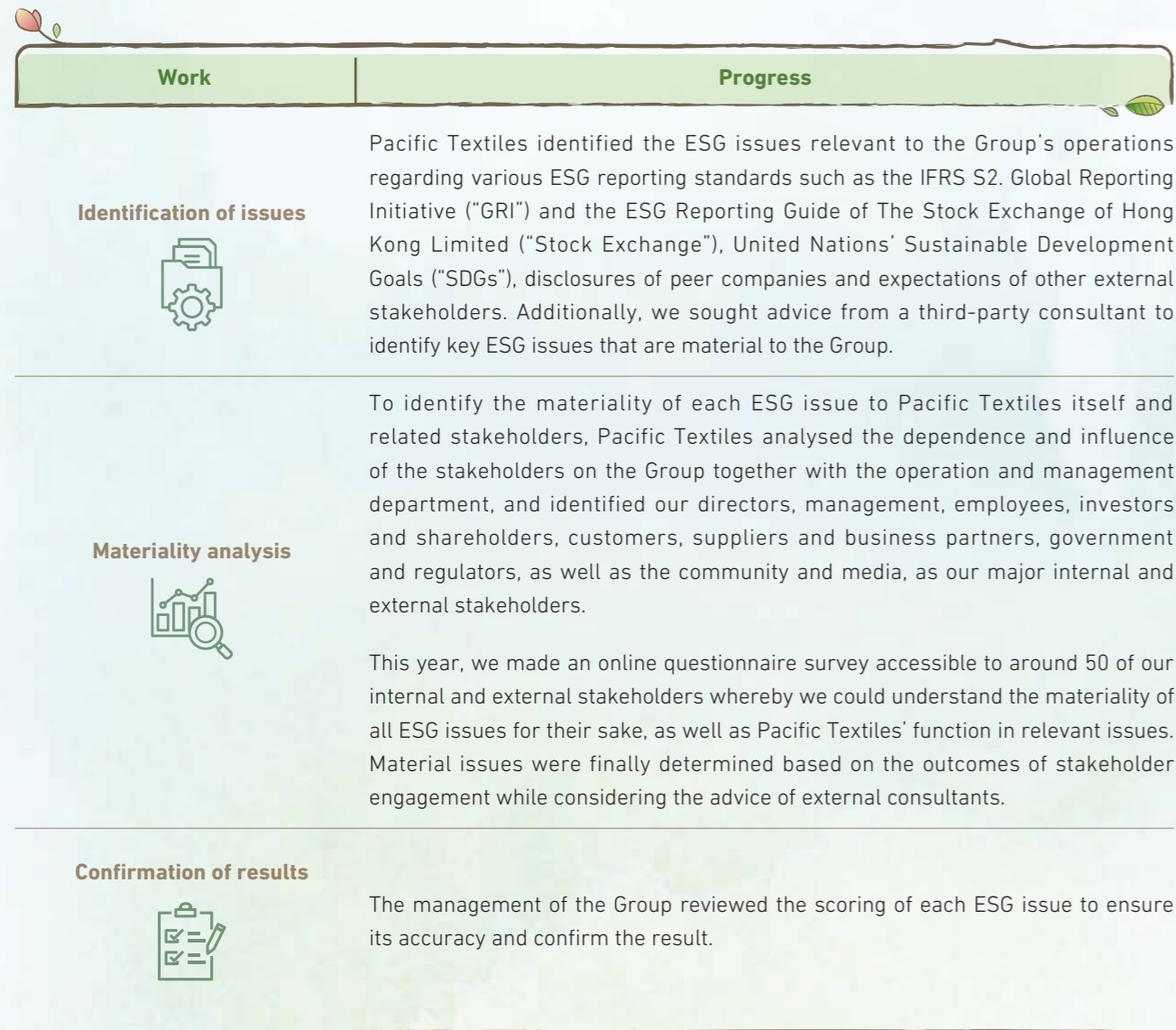
Pacific Textiles understands that the Group's ESG issues not only affect the Group internally but are closely related to all stakeholders. Therefore, the management of the Group has identified the major stakeholder groups that affect or are affected by the operations of the Group to understand their 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 • Staff activities • Survey and interviews 	<ul style="list-style-type: none"> • Remuneration, training, and development • Promotion opportunities • Occupational health and safety
Customers 	<ul style="list-style-type: none"> • Survey • Business meetings • ESG Audit 	<ul style="list-style-type: none"> • Product quality • Product innovation and development • Customer relationship management • Sustainable development strategy
Suppliers and business partners 	<ul style="list-style-type: none"> • Screening and evaluation • Business meetings • Survey 	<ul style="list-style-type: none"> • Continuous cooperation • Financial and business performance • Corporate governance
Investors and shareholders 	<ul style="list-style-type: none"> • Shareholders' annual general meeting • Analyst briefings and announcements 	<ul style="list-style-type: none"> • Financial and business performance • Corporate governance • Compliance • Sustainable development strategy
Government and regulators 	<ul style="list-style-type: none"> • Consultation • Forums 	<ul style="list-style-type: none"> • Occupational health and safety • Environmental impact • 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 releases 	<ul style="list-style-type: none"> • Corporate governance • Sustainable development strategy

MATERIALITY ASSESSMENT

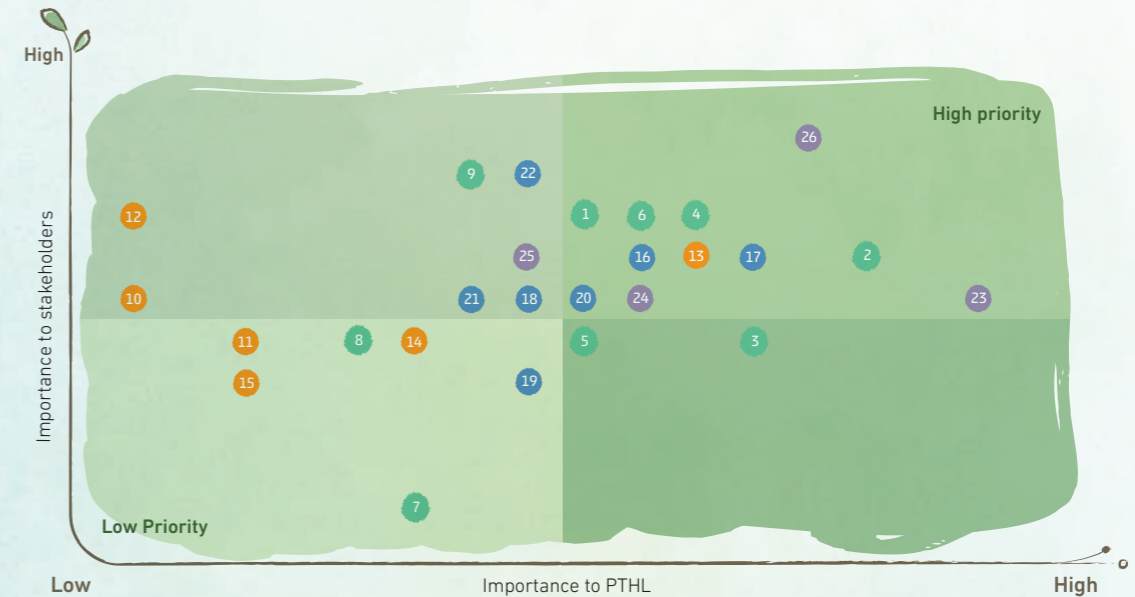
In order to manage ESG performance more effectively and facilitate the ESG reporting process, Pacific Textiles conducted a materiality evaluation for ESG issues this year. The process involved the following three steps:



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 8.18/10, which represents a 7% increase compared to last year.

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, 11 issues are ranked under "High Priority" based on the result of the Survey. Compared with the "High Priority" ESG issues identified last year, we have the following newly added "High Priority" ESG issues this year:

ESG issues with rising stakeholder interest	
1.	Sustainable Use of Water Resources
4.	Waste Management
6.	Sustainable Use of Energy
13.	Occupational Safety and Health
16.	Quality Assurance/Handling of Defective Products

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.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The identified material ESG issues are categorised into 4 areas: "Environmental Responsibility", "Social Responsibility", "Value Chain & Product Responsibility" and "Governance Responsibility". In total, there are 26 identified material ESG issues this year.

Material Issues		Our Responses (corresponding report sections)
Environmental Responsibility		
1.	Sustainable Use of Water Resources	Water Resources Management
2.	Sewage Discharge Management	Water Resources Management
3.	Air Pollution	Emissions Management
4.	Waste Management	Packaging Materials Other Environmental Impact Management
5.	Emissions of Greenhouse Gas	Emissions Management
6.	Sustainable Use of Energy	Energy Management
7.	Climate Adaptation & Resilience	Our Climate Resilience
8.	Biodiversity	Other Environmental Impact Management
9.	Sustainable Use of Raw Materials and Resources	Other Environmental Impact Management
Social Responsibility		
10.	Talent Attraction and Retention	Caring for Employees
11.	Employee Diversity and Equal Opportunities	Diversity and Fair Employment
12.	Employee Training and Development	Employee Training
13.	Occupational Safety and Health	Workplace Safety and Health
14.	Labour Practices & Human Rights	Caring for Employees
15.	Community Investment & Engagement	Community Investment

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Material Issues		Our Responses (corresponding report sections)
Value Chain & Product Responsibility		
16.	Quality Assurance/Handling of Defective Products	Quality Management
17.	Customer Health and Product Safety	Quality Management Customer Service
18.	Sustainable Procurement	Supplier Management
19.	Responsible Marketing	Customer Service
20.	Intellectual Property Rights Protection	Product and Service Innovation
21.	Technology & Innovation	Product and Service Innovation
22.	Data Privacy	Customer Service
Governance Responsibility		
23.	Compliance	Compliance and Anti-Corruption
24.	Risk Management	Sustainability Governance
25.	Sustainable Supply Chain	Supplier Management Sub-Contractor Management
26.	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. China Nansha Plant has also formulated a "Code of Conduct for CSR Compliance" to ensure that group-level policies are adapted and implemented according to the local environment.



Vision

願景

*To make the world
a more comfortable and
better place through
our products*



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 ESG 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.

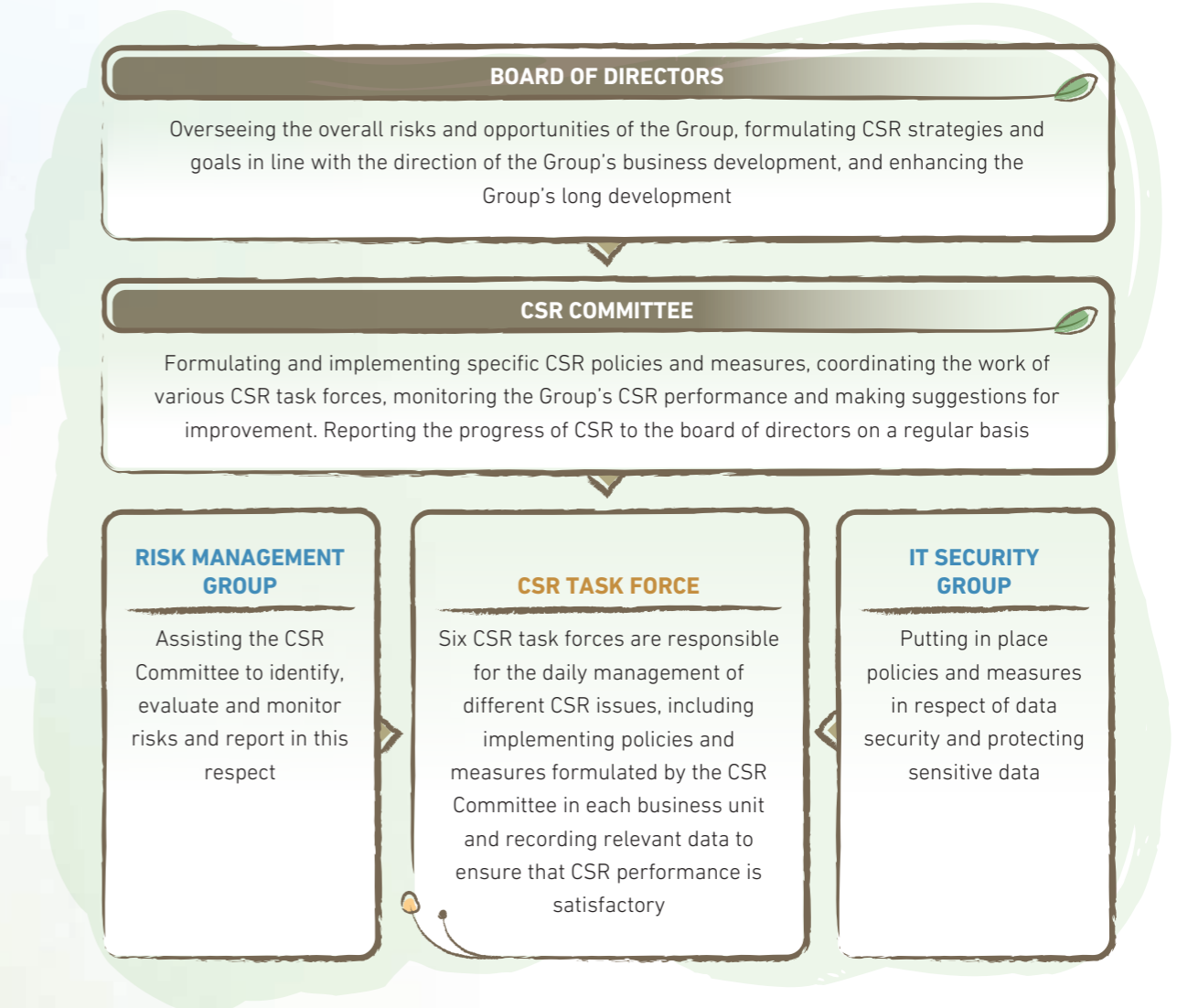
In line with its commitment to diversity, the Group appointed Ms. Ling Chi Wo Teresa, as an INED, effective from 1 March 2023. The appointment has increased the number of INEDs to four out of a total of seven Board members, further enhancing the diversity of the Board and bringing objective and independent perspectives to the business.

The CSR Committee ("Committee"), under the direct supervision of the Board of Directors, is responsible for implementing relevant policies and measures. The Committee is chaired by a director of the Group, and its members include the Group's senior management. It addresses day-to-day issues through external ESG consultants and CSR Task Forces established under the Committee, with assistance from the Risk Management Group and IT Security Group specifically for risk and data security management.



Supported by the strengthening internal ESG governance structure and external ESG consultants, the Board of Directors consistently supervises the ESG performance of the Group and formulates ESG strategies.

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/ Material ESG issues	CSR Task Forces/ Other teams
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	
	Sewage Discharge Management	
	Air Pollution	
	Waste Management	
	Enhancing employees' motivation	Labour and Social Welfare Group (HR/Administrative Department/ Safety Management office)
	Working hours	
	Workplace safety and health	
	Employee education and training (talent development)	
	Prevent and correct child labour and forced labour	Production and Building Safety Group (Production Department)
	Interaction with the community	
	Customer Health and Product Safety	Customer Service/Administrative Group (Sales Department)
	Supply chain CSR management (assessment of environmental and social impact)	Production and Raw Material Safety Group (Raw Material Department, Innovative Merchandise Development Department, Dyeing Factory)
	Technological innovation	Public Relations Group (Public Relations Team)
	Coordinate ESG reporting and related matters	

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 value chain and product responsibility, environmental responsibility, social responsibility and governance responsibility. The following strategies are also formulated regarding 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
Value Chain & Product Responsibility 	We insist on value chain management and product quality. We 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 	 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation  12. Ensure sustainable consumption and production patterns

ESG GOVERNANCE STRUCTURE AND MECHANISM

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 operations, resource management, energy and water usage, as well as emission and waste management • continuously evaluate and improve environmental performance • actively enhance our climate resilience • promote environmental awareness among the public, community and business partners 	6 CLEAN WATER AND SANITATION  6. Ensure availability and sustainable management of water and sanitation for all
		7 AFFORDABLE AND CLEAN ENERGY  7. Ensure access to affordable, reliable, sustainable and modern energy for all
		11 SUSTAINABLE CITIES AND COMMUNITIES  11. Make cities and human settlements inclusive, safe, resilient and sustainable
		12 RESPONSIBLE CONSUMPTION AND PRODUCTION  12. Ensure sustainable consumption and production patterns
		13 CLIMATE ACTION  13. Take urgent action to combat climate change and its impacts
Social Responsibility 	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: <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 standardised safety production with a priority on employee health and safety • formulate effective community investment strategies and proper utilisation of resources community businesses from various aspects and expand the scope of community investments 	1 NO POVERTY  1. End poverty in all its forms everywhere
		4 QUALITY EDUCATION  4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
		5 GENDER EQUALITY  5. Achieve gender equality and empower all women and girls
		8 DECENT WORK AND ECONOMIC GROWTH  8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
		10 REDUCED INEQUALITIES  10. Reduce inequality within and among countries

ESG GOVERNANCE STRUCTURE AND MECHANISM

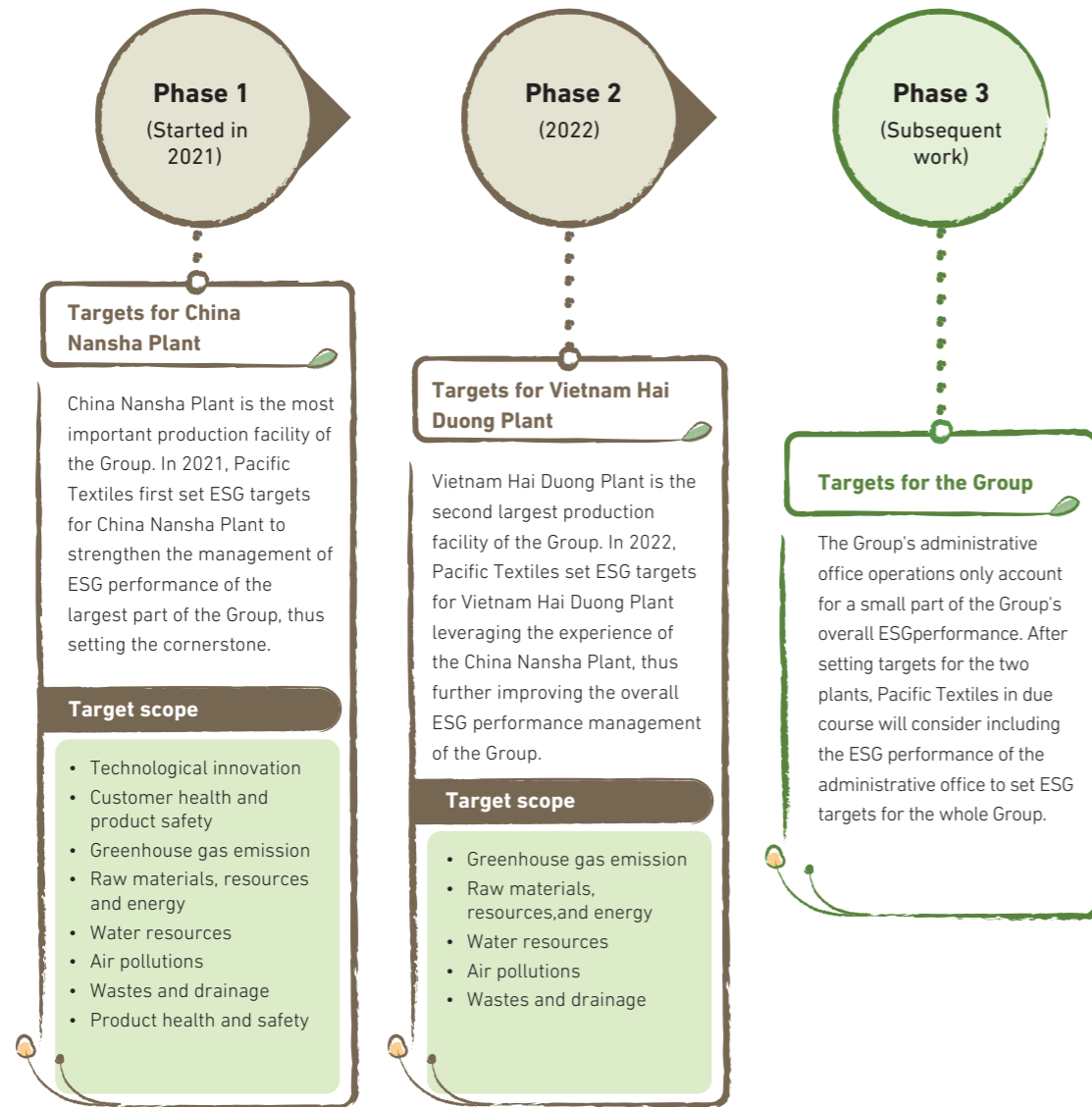
ESG scope	Development strategies	Relevant sustainable development goals of the United Nations
Governance Responsibility 	We are determined to establish quality and highly efficient corporate governance practices, adhere to principles of integrity, openness and transparency, and accountability, to achieve long-term and valuable growth, we will make sure that we: <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 in the regions where we operate • pursue high standards of commercial ethics, and maintain professional code 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION  12. Ensure sustainable consumption and production patterns
		16 PEACE, JUSTICE AND STRONG INSTITUTIONS  16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



ESG Targets Setting

ESG 目標制定

In order to promote the continuous improvement of our 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 China Nansha Plant in Phase 1 in terms of innovation, product safety and environmental performance indicators. In Phase 2, the target setting procedures are further expanded into Vietnam Hai Duong Plant and had been commenced in 2022. In the Reporting Period, the Group continues to monitor the targets and update them according to the progress of the two plants. In the future, the Group will further consider to set the Group-level targets.

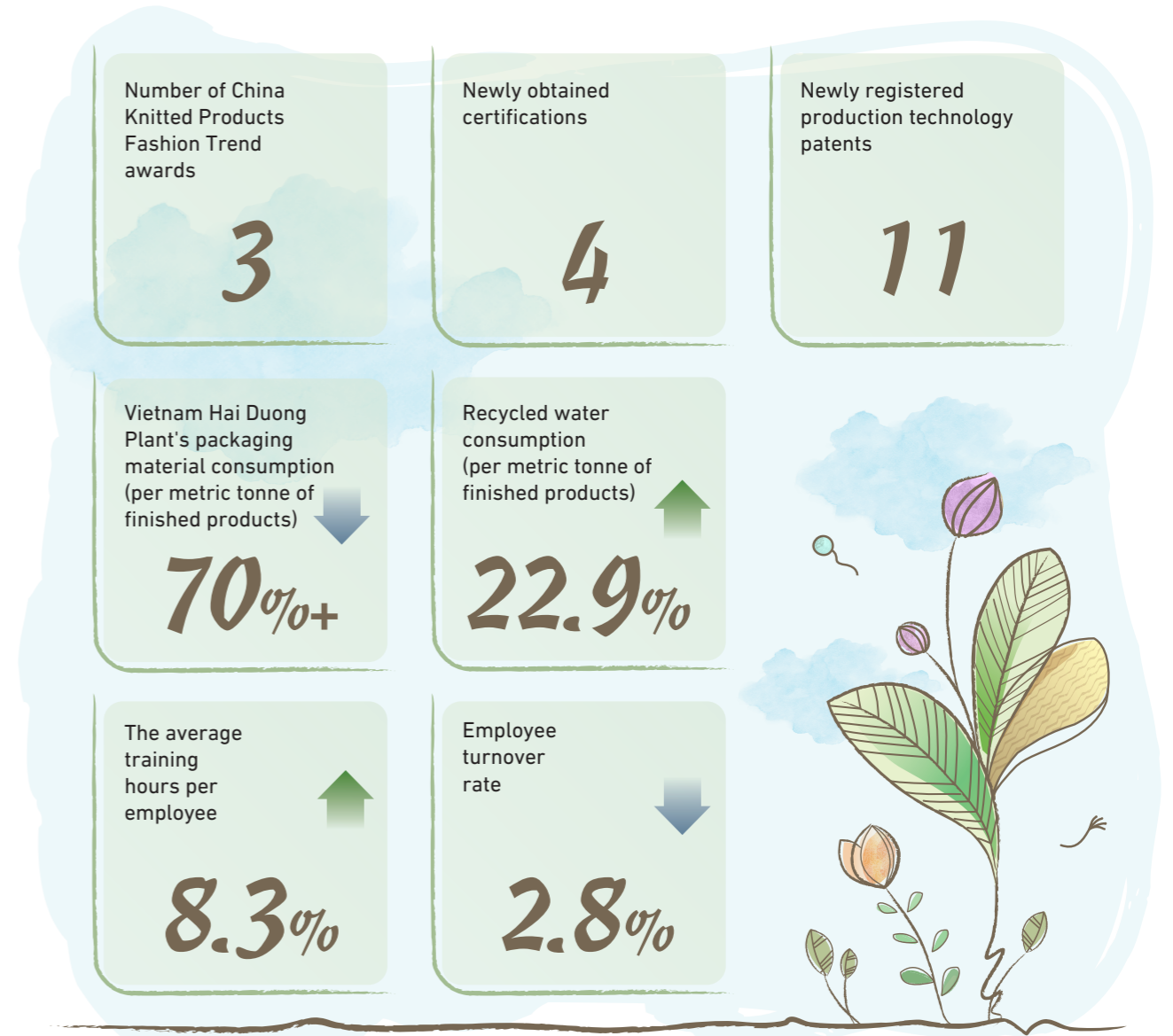


The Group will maintain close communication with stakeholders and publish the latest ESG information in due course.

2023/24 ESG Performance Overview

2023/24 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 2023/24.



Value Chain & Product Responsibility

價值鏈與產品責任

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 11 patents for production skills and other inventions were registered during the Reporting Period.
Quality Management	What is Pacific Textiles' 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' view on the complaints against the material quality problems of products, safety and health?	For the determination to establish 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 staff 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

16. Quality Assurance/Handling of Defective Products
17. Customer Health and Product Safety
18. Sustainable Procurement
19. Responsible Marketing
20. Intellectual Property Rights Protection
21. Technology & Innovation
22. 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 health and safety, advertising and labelling of our products and services, intellectual property management and customer data protection and privacy management, and there have been no violations.

Targets of China Nansha Plant

中國南沙廠目標

PTHL has successfully achieved all of the short-term FY2023/24 targets listed below and is continuing to pursue our FY2030/31 targets.

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 Health and Safety	The ratio of suppliers to satisfy ZDHC first-class chemicals reaches 100%.		For unsatisfied ZDHC first-class chemicals, search for substitutes and continuously increase the ratio of first-class chemicals

Targets of Pacific Textiles

互太的目標

In FY2023/24, Pacific Textiles achieved a significant milestone by procuring over 76% of its cotton from sustainable sources for the first time. This accomplishment fulfills our FY2023/24 short-term target and strategically aligns us with our FY2030/31 objective.

Scope	FY2023/24	FY2030/31	Measures
Procurement of Sustainable Cotton Yarns	Procure 70% of our cotton from sustainable cotton yarns	Procure 80% of its cotton from sustainable cotton yarns	<ol style="list-style-type: none"> 1. Obtain relevant certificates to conduct thorough background checks on their qualifications to provide BCI, Organic, or SUPIMA cotton yarn. 2. Maintain 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.

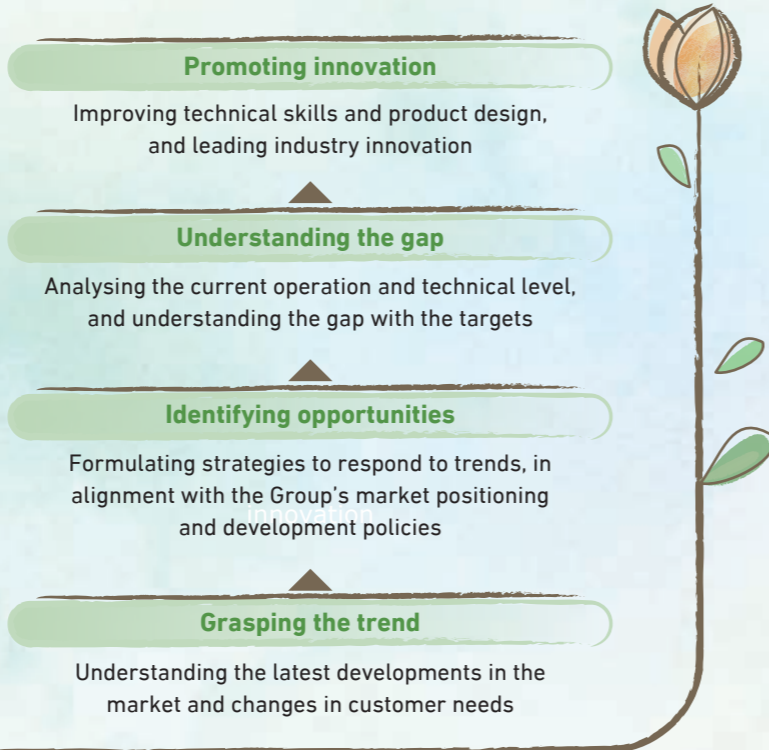
Product and Service Innovation

產品及服務創新

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 successfully registered 9 patents for inventions and 2 patents for practical models from China National Intellectual Property Administration, including innovation on weaving process, processing technologies and equipment. All these patents have been authorised for the use of the China Nansha Plant.

The Group has increased our focus on green design and production to meet growing demand for eco-friendly products. Being the unit leading the preparation of the textile industry standard "Energy Consumption Limit for Knitted Printed and Dyed Fabric Unit Product", the Group was awarded by the China National Textile and Apparel Council the "Textile Light" Innovation Contribution Award". 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 were awarded eight product-related awards, all awarded products are made from environmentally friendly recycled fibers. Six China Nansha Plant products, including Bibo (a UV-resistant, eco-friendly and quick-drying recycled fibre warp knitted fabric), Qingkong (an eco-friendly and quick-drying fabric), Zhuguang (an eco-friendly fabric), Youhua Chuntian (a UV-resistant and cool recycled fibre sportswear), Jidi Bingchuan (a soft, fine and dry recycled fibre sportswear) and Jiebai Yumao (a soft, light and dry recycled fibre warp knitted underwear), were awarded "Fabrics China – Outstanding Products Award" by China Textile Information Centre and China Textile Development Centre. A fluffy 3D fabric with high elasticity was awarded as the "2023 Excellent Fabric (First Prize) in China's Dyeing and Printing Industry" by China Dyeing and Printing Association ("CDPA"), and a super-smooth and skin-friendly imitation cotton fabric was awarded as the "2023 Excellent Fabric (Second Prize) in China's Dyeing and Printing Industry" by CDPA. Additionally, a smooth and skin-fitting pearlescent fabric for underwear was certificated as the "China Knitting Products Fashion Trends 2023/2024 – Technologically Innovative Product (Recommendation)", a smooth-to-skin superfine velvet and imitation cotton fabric without silicone oil was certificated as the "China Knitting Products Fashion Trends 2023/2024 – Comfortable Product (Recommendation)", and a natural cooling fabric with UV protection was certificated as the "China Knitting Products Fashion Trends 2023/2024 – Multi-functional 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" (《知識產權管理制度》), 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' 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 2023, both the China Nansha Plant and Vietnam Hai Duong Plant hold certifications for GOTS, OCS, GRS and RCS.

In addition to ensuring the quality of the raw materials 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 the Production Process, Potential Failure Mode and Effect Analysis - Adult Clothing Fabrics and Infant Clothing Fabrics as well as GOTS, OCS, GRS and RCS 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》), Oeko-Tex® Standard 100, Global Organic Textile Standard, Organic Content Standard, Global Recycle Standard, Recycled Claim Standard. 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, Global Recycle Standard, and Recycled Claim 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.

To the best knowledge of the management, 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 review it 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, the content of the complaint and related product conditions are 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 departments 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.

Furthermore, in alignment with our core value of integrity, we uphold principles of honest and transparent marketing, ensuring that our communications and promotions reflect the genuine quality and value of our products. This commitment to integrity not only builds trust but also fosters a responsible marketing environment that respects the interests and needs of our customers.

During the Reporting Period, the Group did not receive major complaints related to the quality, health and safety of our products and services.



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

1. Sustainable Use of Water Resources
2. Sewage Discharge Management
3. Air Pollutions
4. Waste Management
5. Emissions of Greenhouse Gas
6. Sustainable Use of Energy
7. Climate Adaptation & Resilience
8. Biodiversity
9. Sustainable Use of Raw Materials and Resources

SDGs topics involved



ESG issues	Stakeholders' concern	Actions taken by Pacific Textiles
Our Climate Resilience	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 IFRS S2, 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.
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.



Targets of China Nansha Plant

中國南沙廠目標

FY2023/24, the China Nansha Plant set thirteen environmental targets across seven categories, successfully achieving eight. However, we faced challenges mainly related to emissions and resource consumption, primarily due to the production volumes which not reach economics of scale, as well as construction delays in solar power projects which slowed our progress toward adopting renewable energy. Despite these challenges, our policies and measures align well with our long-term objectives. We anticipate improved environmental performance, keeping us on track to achieve our FY2030/31 goals. We remain committed to our sustainability strategy and confident in our continued progress.

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 in 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 solar 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 Source environmentally friendly raw materials for production, strive to improve product technology, reduce resources and energy consumption and prevent pollution Purchase green power

Scope	FY2023/24	FY2030/31	Mitigation Measure
Sustainable use of water resources	The water recycling ratio reaches 40% ¹	The 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
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 	<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 	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 in 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	Continuously operate and maintain a 20,000 metric tonne/day advanced treatment project to improve wastewater treatment efficiency 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 We removed the flue gas emissions density target this year to maintain consistency, as it shares a controlling parameter with particulate matter.

Targets of Vietnam Hai Duong Plant

越南海陽廠目標

In FY2023/24, the Vietnam Hai Duong Plant set nine environmental targets across six categories, successfully achieving five. However, we faced challenges in meeting targets related to emissions and resource consumption. Despite this, our policies and measures are well-aligned with our long-term objectives. We expect our environmental performance to improve, keeping us on track to achieve our FY2030/31 goals. We remain committed to our sustainability strategy and confident in our continued progress.

Scope	FY2023/24	FY2030/31	Measures
Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 10% compared to FY2021/22	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 Install Solar-Power generation facilities
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 years 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 years Purchased electricity consumption per metric tonne of finished products remains below 2,575 kWh 	<ol style="list-style-type: none"> Partially substitute coal by biomass Complete Roof-top 2MW solar power project
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
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

Scope	FY2023/24	FY2030/31	Measures
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 (Local Standard 75mg/L)	The annual average COD (chemical oxygen demand) concentration of sludge remains below 55mg/L (Local Standard 75mg/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 air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste, packaging materials and environmental impact management, and there have been no violations.



⁴ In 2023/24, the recycle rate does not reach to previous estimate due to late completion of system and would be increase in the year 2024/25. Furthermore, the reverse osmosis system was in planning stage for future reduction on fresh-water consumption.

Our Climate Resilience

我們的氣候應對能力

Pacific Textiles, as a responsible corporation, acknowledges the growing concern of our internal and external stakeholders, including local authorities, regulators and individuals, regarding climate change. Understanding the significance of these risks to global ecosystems and wildlife, the Group has incorporated climate-related governance into our ESG governance framework and developed strategies to reduce our impact on the environment. We have also formulated strategies and measures to mitigate climate-related risks and capitalise on climate-related opportunities.

To help stakeholders better understand the impact of climate change on Pacific Textiles, we refer to the proposed framework of the IFRS S2 standards 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 supervises the management of risks and opportunities for the Group, including those related to climate, to enhance the Group's sustainable development. A designated Board member chairs the CSR Committee, which oversees the Group's ESG performance and supports the Board's governance objectives. The Board directly supervises the implementation and progress of related policies and measures through report meetings with the CSR Committee. This committee comprises middle and senior members from diverse business functions, including Risk Control, Internal Audit, Finance, Administration and Engineering.

The Board actively monitors and evaluates the Group's climate resilience policies and measures through the six CSR Task Forces under the Committee, namely Environmental Protection Group, Labour and Social Welfare Group, Production and Building Safety Group, Customer Service/Administrative Group, Production and Raw Material Safety Group and Public Relations Group. Externally, the Board actively communicates with clients to keep them informed about the latest climate resilience policies and focus areas of the Group. Internally, it strengthens ESG management and governance by incorporating ESG experts into the management team.

The six CSR Task Forces, staffed by dedicated personnel and supported by external consultants, are responsible for reporting the implementation of climate resilience policies and measures, including progress and planning of key performance indicators (KPIs), to the Committee on a quarterly basis. The Task Forces coordinate with business departments to ensure the implementation of climate resilience strategies and policies through monthly meetings. The Risk Management Group and IT Security Group, among others, are accountable for providing the requested information and assistance to the six Task Forces.

Strategy - Responding to climate-related risks and opportunities

To establish resilience in the face of a dynamically changing global climate, the Group actively assesses potential climate-related risks and opportunities that could impact the Group. These insights are then integrated into our climate resilience strategy, which focuses on two primary areas:

Energy- and water-consumption

Given the industry's nature, the Group consumes significant amounts of energy and water in our operations. Therefore, our primary focus is on energy conservation and enhancing energy efficiency. This strategy is realised through the growing adoption of retrofitting projects, renewable energy sources and green technologies. The Group has also set both short- and long-term targets for the China Nansha and Vietnam Hai Duong Plants to monitor progress in implementing the strategy.

Waste consumption

Given the industry's nature, the Group generates significant amounts of waste, wastewater and air emissions. Therefore, we have actively supported advanced technology to reduce the generation of these three types of waste from the source, such as increasing the usage of recycled water in production. Also, we disclosed more emission data to ensure safe production and product safety, and prevent pollution and harm caused by hazardous chemicals to the environment and products.

The Group has been expanding the scope of strategies into different business practises and guiding our employees towards more environmentally friendly operations. Furthermore, the Group actively collaborates with key partners, such as suppliers and subcontractors, to plan and implement initiatives for greener operations, with the aim of addressing climate-related risks and mitigating the environmental impact brought by our supply chain. In the future, we will further explore the potential of conducting scenario analysis on climate change to enhance the formulation of future climate-related policies and measures.

Risk Management - Management of Climate-related Risks

In support of our climate-related strategy, the Group has established a group-level risk governance and management structure that includes the Board, the CSR Committee, the six CSR Task Forces and various business departments. The Board is responsible for making all major decisions of the Group, while the CSR Committee supervises the day-to-day risk management practices executed by the six CSR Task Forces and different business units. This facilitates a systematic approach to managing climate risks across the Group.

With the support of an enhanced ESG management framework and external professionals, the Group has identified climate-related risks and opportunities that could significantly impact our operations. These identified risks are then assessed and prioritised in alignment with our risk appetites and strategic focus. Subsequently, various risk management plans are developed, and the corresponding staff personnel is assigned to actively monitor the significant risks in order to effectively implement mitigation strategies.

Physical Risks

Category	Risks Description	Potential Financial Impact	Our Actions
Acute Risk	The occurrence of a single extreme weather event (such as typhoons, rainstorms and floods) may have an impact on the Group's operational facilities, factory assets, as well as life and property.	Extreme climate events 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 our potential revenue while production delays may increase our operational costs.	The Group has adopted geographic diversification by maintaining operational plants in two different countries to address the increasing frequency and severity of physical risks, reducing the likelihood of operational disruptions caused by these risks. In addition, by diversifying our sources of raw materials and avoiding over-reliance on a single major supplier, we aim to mitigate potential distortions in the supply chain due to singular or long-term climate events. These measures enhance our resilience, maintain operational stability and continuity, and minimise potential financial impacts.
Chronic Risk	A longer-term shift in climate patterns, such as sea level rise, and changes in rainfall patterns)	Shifts in climate patterns Changes in rainfall patterns and flooding caused by rising sea levels can harm our operational facilities and equipment, resulting in additional maintenance expenses needed to sustain our business operations and secure our assets.	The Group has designed emergency measures, which are included in the "Emergency Readiness and Response Management Procedures" of the Group, to effectively respond to extreme weather conditions, such as typhoons, storms, and floods. These measures provide guidance for employees' work arrangements and management methods during such extreme weather events. Additionally, the plant conducts specialised rehearsals annually and has obtained insurance coverage to safeguard both personal and corporate assets.

Transition Risks and Opportunities

Category	Risks and Opportunities Description	Potential Financial Impact	Our Actions
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.	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 our overall operating costs.	In 2023, the latest requirement from the China government required the China Nansha Plant (Captive Power Plant Component) to surrender all covered allowances incurred in 2021 and 2022 under National Emissions Trading Scheme ("ETS").
		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 our overall operating cost to comply with regulations.	In the long run, the China Nansha Plant (Captive Power Plant Component), being one of the key emissions units in the second compliance cycle of China ETS, will continue to engage in carbon trading. It is believed that the relevant policies of carbon quota issuance and carbon pricing in the carbon trading market will have a direct impact on the cost of carbon trading in the China Nansha Plant. The Group will continue to promote carbon abatement related work with a view to reducing carbon emission-related operating costs and achieving low-carbon production.
		Raw material supply The price of raw materials in the market in which our business operates may be affected by policies, thus increasing the overall operating costs.	

Transition Risks and Opportunities

Category	Risks and Opportunities Description	Potential Financial Impact	Our Actions
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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 our sustainable development goals, thus increasing our potential revenues.</p>	The Group has already established plant-level targets and associated measures for a greener operation. We are currently exploring establishing a group-level target to solidify our commitment to reducing environmental footprints to fulfil the growing expectations of the investors and customers.
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Transition Risks and Opportunities

Category	Risks and Opportunities Description	Potential Financial Impact	Our Actions
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Technology Risk	Although the Group's 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. Researching and adapting to renewable energy sources also entails higher initial investment costs.</p> <p>On the other hand, the operational costs would be lower in the long-term due to more efficient renewable energy usage.</p>	The Group has already established policies and measures to adopt more renewable energy. The Group will evaluate the costs and benefits associated with adopting green technologies to reduce potential technology risks. The Group will gradually adopt different measures regarding greener technologies to achieve a gradual green transition.
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Metrics and Targets - Risks Assessment and Progress Monitoring

Pacific Textiles has established and regularly reviews environmental metrics and targets for both the China Nansha and Vietnam Hai Duong Plants to oversee our initiatives in addressing climate change. Aside from monitoring our identified metrics, including the use of raw materials and resources, GHG emissions, energy consumption, air pollutions, hazardous waste production and drainage metrics, we also monitor our progress in achieving our predetermined environmental objectives.

Going forward, the Group will review and update our targets to align with our strategic focus and evolving regulatory requirements. The Group is currently exploring the feasibility of setting a Group-level environmental target to showcase our unified commitment.

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 the 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 China Nansha Plant for 2023 as 72⁵.

A third party has evaluated the Higg FEM score of the Vietnam Hai Duong Plant for 2023 as 59⁵.

⁵ The Higg FEM scores for both plants are above the industry median of 52.6.

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 China Nansha Plant, we are currently implementing a 6-megawatt-hour solar power generation system and exploring the use of 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 Hai Duong Plant, we installed advanced equipment when the plant was commissioned. However, 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.

China Nansha 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 Hai Duong Plant also adopts the same resource use policy and continues to improve energy management. In terms of daily operation, the China Nansha Plant and Vietnam Hai Duong 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-authorized agencies were completed during the Reporting Period at the China Nansha Plant and Vietnam Hai Duong Plant to assess their overall performance and provide professional guidance for potential improvements.

Showcase: Energy-saving Projects of China Nansha Plant

In 2023/24, the China Nansha Plant continues to sustain its energy saving efforts by proposing improvement projects, setting up energy saving teams and encouraging the participation of staff from all departments. The main objectives are to reduce energy wastage, identify potential energy saving opportunities, implement energy saving projects and enhance energy management. In accordance with the China Nansha Plant's medium- and long-term energy saving and carbon reduction targets and action plans, the progress of several important projects is set out below:

Continuing to carry out upgrades and modifications of production machinery and accessorial equipment:

In FY2023/24, the Group successfully completed planned equipment upgrades, including 70 sets of knitting machines, 13 sets of intelligent dyeing machines, 2 sets of auxiliary conveyor systems and ultrasonic washing equipment, 1 set of stenter sizing machines and flat width soaping machines. These upgrades, along with the replacement of previous washing machines with ultrasonic washing machines, resulted in significant energy savings and improved product quality. The total investment in equipment upgrades for the fiscal year was approximately RMB 48.8 million. Furthermore, the China Nansha Plant arranges a funding budget each year for ongoing equipment upgrades, ensuring continuous improvement in equipment capabilities.

Enhancing the energy utilisation efficiency of the central air-conditioning system:

To enhance the energy utilisation efficiency of the central air-conditioning system at the China Nansha mill, we entered a 'Centralised Chiller Station and Pipeline Network Renovation and Cooling Supply Service Agreement' with CLP Smart Energy (Guangdong) Limited, a subsidiary of CLP Group. This agreement employs a contractual energy management model to renovate and upgrade the central air-conditioning system at the China Nansha Plant. The project involves the installation of advanced high-efficiency air-conditioning equipment and the implementation of an intelligent management system with tailored controls. Currently, the project has completed the filing process and has entered the detailed design stage, which is expected to take approximately three months. Upon completion, this initiative will significantly reduce the energy consumption of the central air-conditioning system. Construction is projected to be finalised by the end of December 2024.

Upgrading compressed air station:

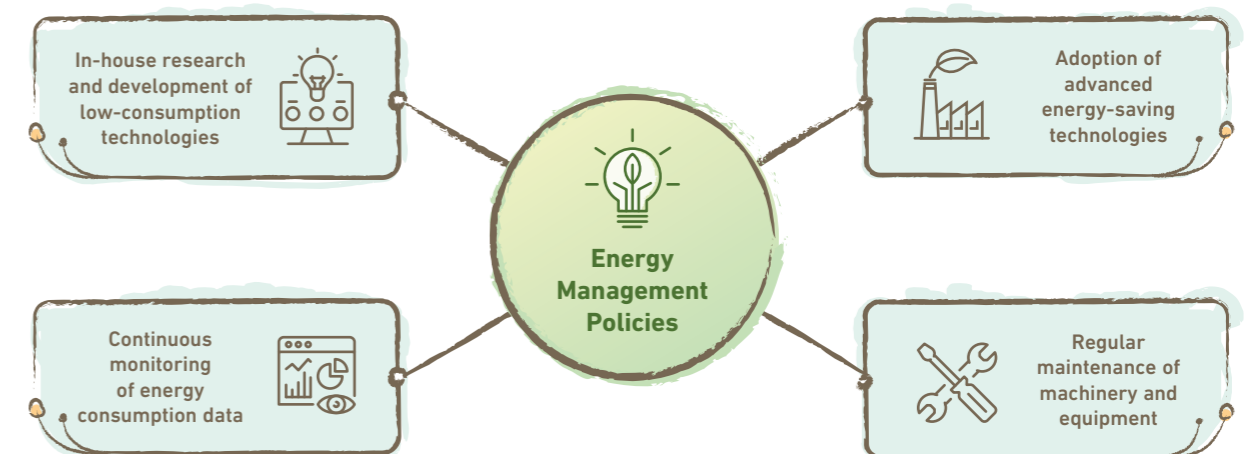
In FY2023/24, the collaboration between the China Nansha Plant and Southern Power Grid Energy Management Company Limited resulted in the successful upgrade of the control system for the plant's compressed air station. This upgrade enhanced the intelligence and accuracy of the system, enabling more precise data collection and analysis. The improved data capabilities lay the foundation for the planned implementation of the intelligent air pressure station project, currently in the stage of contract negotiation.

Promoting green power:

To further advance reducing carbon emissions and promote the adoption of green power, the China Nansha Plant embarked on the procurement of International Renewable Energy Certificates (I-RECs) for the first time in FY2023/24. A total of 112,000 I-RECs, certified for photovoltaic power projects and wind power projects, were procured to offset the emissions resulting from the consumption of 112,000 MWh of non-green electricity during 2023.

The Vietnam Hai Duong Plant has also adopted energy-saving measures tailored to the local plant conditions, including 100% condensed steam recovery, LED lighting, and cooling water recovery. In addition, the Group is actively accelerating the construction of the PCTL roof photovoltaic system, which has received investment confirmation from the French Green Yellow Group in 2023. The system is scheduled to be completed and operational in 2024.

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.



ENVIRONMENTAL RESPONSIBILITY

During the Reporting Period, the total energy consumption⁶ of the China Nansha Plant and Vietnam Hai Duong Plant were 1,202,782,818 kWh and 217,134,678 kWh, respectively. Approximately 90% and 85% of the total energy consumption of the China Nansha Plant and Vietnam Hai Duong 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 China Nansha Plant based on different types of energy is as follows:

China Nansha Plant

Energy consumption of China Nansha Plant (kWh)	2023/24	2022/23
Raw coal consumption	1,084,716,797	1,007,725,642
Consumption per metric tonne of finished products	23,572	22,117
Purchased electricity consumption	115,146,744	100,543,161
Consumption per metric tonne of finished products	2,502	2,207
Other energy sources consumption ⁷	2,919,277	2,421,302
Consumption per metric tonne of finished products	63	53
Total energy consumption	1,202,782,818	1,110,690,106
Consumption per metric tonne of finished products	26,138	24,377

During the Reporting Period, the total energy consumption of the China Nansha Plant increased by approximately 8.3% compared to the same period in the previous year. This increase in energy consumption was primarily due to an increase in production volume.

⁶ 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.

⁷ Other energy source consumption includes diesel, gasoline and liquefied petroleum gases, which are mainly used for transportation and plants' catering and engineering, and natural gas.

ENVIRONMENTAL RESPONSIBILITY

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

Vietnam Hai Duong Plant

Energy consumption of Vietnam Hai Duong Plant (kWh)	2023/24	2022/23
Raw coal consumption	185,445,000	169,390,000
Consumption per metric tonne of finished products	15,634	19,406
Purchased electricity consumption	29,970,583	26,145,772
Consumption per metric tonne of finished products	2,527	2,995
Other energy sources consumption	1,719,095	485,495
Consumption per metric tonne of finished products	145	56
Total energy consumption	217,134,678	196,021,267
Consumption per metric tonne of finished products	18,305	22,457

Compared to last year, the total energy consumption of the Vietnam Hai Duong Plant has increased by approximately 10.8%. This increase is primarily due to a rise in production during the Reporting Period. Additionally, the energy consumption per meter tonne of finished products had decreased by 18.5% as the Plant efficiency had been enhanced due to optimised product order and production capacity alignment.

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



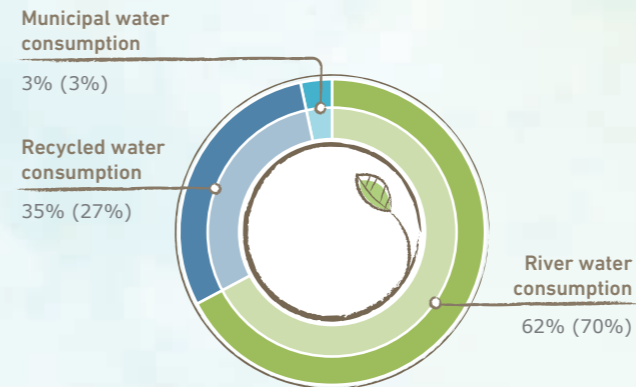
Dyeing is one of the processes that consume the most water resources in the process of producing knitted fabrics. Because of this, the China Nansha Plant has been trying to reduce the water consumption for dyeing through different channels, such as optimising the process and improving the technology.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

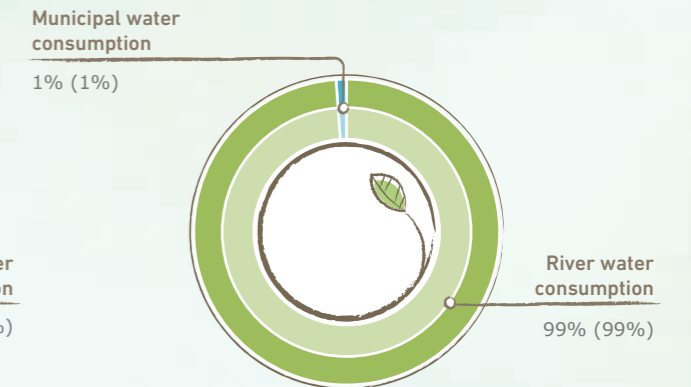
During the Reporting Period, the China Nansha Plant and Vietnam Hai Duong Plant did not encounter any problems in finding suitable water resources. The water consumption of the two Plants mainly comes from the water used in the production process, which is sourced from river water or recycled wastewater 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 China Nansha Plant.



Comprehensive water consumption of China Nansha Plant



Comprehensive water consumption of Vietnam Hai Duong Plant



* The data in parenthesis () represents the data of 2022/23.

It can be observed from the above figures that approximately 35% of the water consumption of the China Nansha Plant is from recycled wastewater, which significantly reduces the need for external water resources. The pipelines for wastewater reuse after sewage treatment of the Vietnam Hai Duong Plant have been put into operation in 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 China Nansha Plant and Vietnam Hai Duong Plant during the Reporting Period is as follows:



China Nansha Plant

Comprehensive water consumption of the China Nansha Plant (m ³)	2023/24	2022/23
River water consumption	7,403,028	8,618,952
Consumption per metric tonne of finished products	160.88	189.17
Municipal water consumption	343,712	306,262
Consumption per metric tonne of finished products	7.47	6.72
Freshwater consumption	7,746,740	8,925,214
Consumption per metric tonne of finished products	168.34	195.89
Recycled wastewater ⁸ consumption	4,116,706	3,316,675
Consumption per metric tonne of finished products	89.46	72.79

Vietnam Hai Duong Plant

Comprehensive water consumption of the Vietnam Hai Duong Plant (m ³)	2023/24	2022/23
River water consumption	1,447,620	1,122,240
Consumption per metric tonne of finished products	122.04	128.57
Municipal water consumption	11,648	11,084
Consumption per metric tonne of finished products	0.98	1.27
Total water consumption	1,459,268	1,133,324
Consumption per metric tonne of finished products	123.02	129.84

During the Reporting Period, freshwater consumption per metric tonne of finished products decreased by 14.1% at the China Nansha Plant and by 5.2% at the Vietnam Plant. This demonstrates our efficient water resource management while achieving growth in production volume compared to last year. Notably, a higher proportion of recycled wastewater is used in the production at the China Nansha 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.

⁸ The wastewater is reclaimed from the water used by various production facilities and becomes recyclable after treatment.

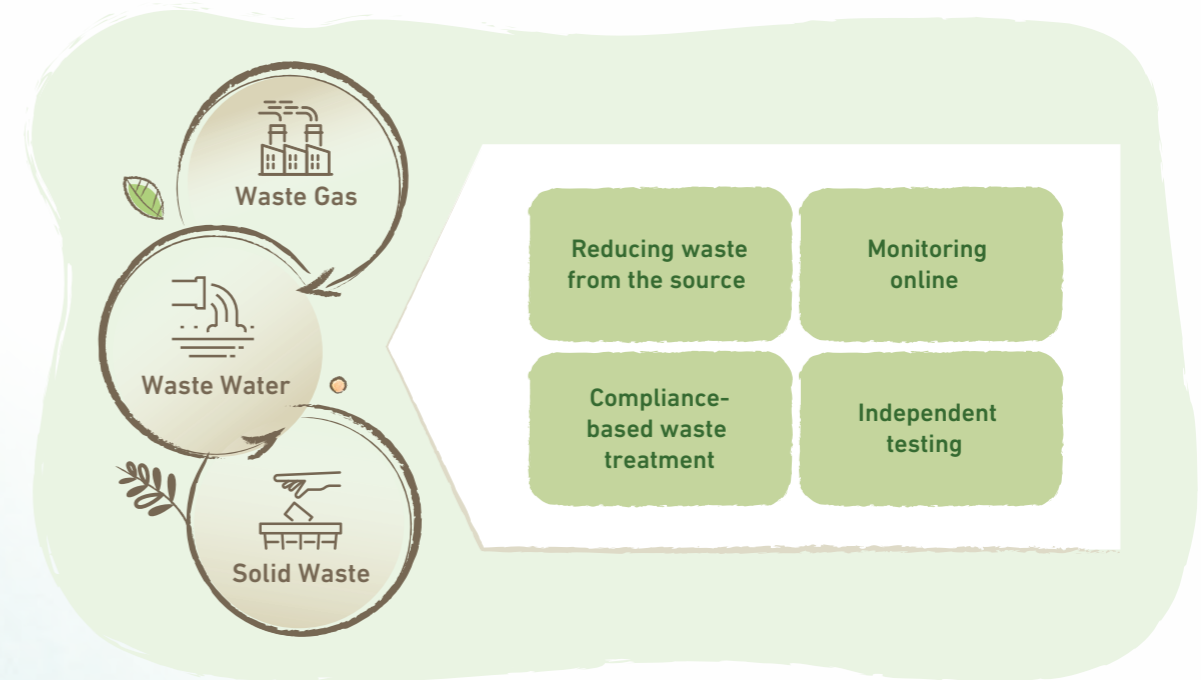
Emissions Management

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 China Nansha Plant covers the environmental management system ISO 14001 and the energy management system ISO 50001 while the Vietnam Hai Duong Plant covers the environmental management system ISO 14001. 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 the best knowledge of the management to date, the Group has maintained a clean record with 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, China Nansha 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 desulphurise, 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, China Nansha 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》). Since 2022, China Nansha Plant has been proactively implementing 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. In 2023, China Nansha Plant continued to promote the control of volatile organic compounds in its daily production and operation and maintained a grade B in the relevant assessment ratings of the local Environmental Protection Bureau.

The Vietnam Hai Duong 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-sulphur coal during fuel selection and procurement, with the sulphur content of coal kept below 0.6%. Terminal treatment is carried out through a boiler emission gas treatment system that monitors sulphur 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 Hai Duong 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 follows⁹:

China Nansha Plant

Air emission of China Nansha Plant (kg)	2023/24	2022/23
Nitrogen oxides emissions	66,037	39,060
Emissions per metric tonne of finished products	1.44	0.86
Sulphur oxides emissions	12,602	10,055
Emissions per metric tonne of finished products	0.27	0.22
Particulate matter emissions	4,029	2,159
Emissions per metric tonne of finished products	0.09	0.05
Carbon monoxide emissions	54,700	47,317
Emissions per metric tonne of finished products	1.19	1.04

⁹ The report refers to "Appendix 2: Reporting Guidance on Environmental KPIs" of the Stock Exchange when calculating air emissions.

Vietnam Hai Duong Plant

Air emission of Vietnam Hai Duong Plant (kg)	2023/24	2022/23
Nitrogen oxides emissions	51,975	37,931
Emissions per metric tonne of finished products	4.38	4.35
Sulphur oxides emissions	107,550	21,910
Emissions per metric tonne of finished products	9.07	2.51
Particulate matter emissions	55,787	17,068
Emissions per metric tonne of finished products	4.70	1.96
Carbon monoxide emissions	168,030	341,139
Emissions per metric tonne of finished products	14.17	40.00

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

The increase in air emissions was primarily a result of the increase in production volume. In the future, both plants will focus more on controlling the emissions and improving the efficiency of the air emissions-capturing system.

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

In addition to the above-mentioned waste gas, air emissions of the Group's plants also include Greenhouse gas. The relevant data is as follows¹⁰:

China Nansha Plant

Greenhouse gas emissions of China Nansha Plant (metric tonnes of CO ₂ e)	2023/24	2022/23
Direct (Scope 1) emissions	372,825	346,281
Emissions per metric tonne of finished products	8.10	7.60
Energy indirect (Scope 2) emissions	65,668	51,161
Emissions per metric tonne of finished products	1.43	1.12
Other indirect (Scope 3) emissions	2,542	2,829
Emissions per metric tonne of finished products	0.06	0.06

Vietnam Hai Duong Plant

Greenhouse gas emissions of Vietnam Hai Duong Plant (metric tonnes of CO ₂ e)	2023/24	2022/23
Direct (Scope 1) emissions	64,065	58,229
Emissions per metric tonne of finished products	5.40	6.67
Energy indirect (Scope 2) emissions	18,071	15,765
Emissions per metric tonne of finished products	1.52	1.81
Other indirect (Scope 3) emissions	515	440
Emissions per metric tonne of finished products	0.04	0.05

¹⁰ 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" and "Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025" 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.

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, the use of municipal water and business air travel.

The Group actively saves energy consumption to reduce greenhouse gas emissions. In FY23/24, the Group procured I-RECs certificates to support photovoltaic and wind power projects, offsetting a total of 63,873 metric tonnes of CO₂e of carbon emissions. For more detailed information on our energy management policies, measures, and energy consumption data, please refer to the "Energy Management" section of 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.

In addition, Pacific Textiles also actively develops different sewage treatment technologies. For instance, China Nansha 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 pollutant discharge for the 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 savings and emission reduction in China's dyeing and printing industry.

Furthermore, with the usage of the resin tertiary treatment project completed in 2022 and the reverse osmosis wastewater reuse system, the China Nansha Plant had optimised the management and operation of the water treatment system, increasing the amount of wastewater for direct reuse as well as the amount of wastewater recycling via reverse osmosis system to improve the overall efficiency of wastewater treatment and continue to increase the proportion of wastewater reused. Similarly, the Vietnam Hai Duong 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 China Nansha Plant was 5,903,909 cubic meters (2022/23: 5,652,820 cubic meters), and the sewage discharge per metric tonne of finished products was 128.30 cubic meters (2022/23: 124.07 cubic meters). The total sewage discharge of the Vietnam Hai Duong Plant was 1,244,581 cubic meters (2022/23: 992,506 cubic meters), and the sewage discharge per metric tonne of finished products was 104.92 cubic meters (2022/23: 113.70 cubic meters). Vietnam Hai Duong 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 China Nansha 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 the advanced treatment of the printing and dyeing wastewater at the China Nansha Plant, the discharge index is far lower than the Class I standard in the second time period of the "Discharge Limits of Water Pollutants" (DB44/26-2001) and the direct discharge standard in the "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, the China Nansha Plant and Vietnam Hai Duong 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, China Nansha Plant and Vietnam Hai Duong 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 the two plants during the Reporting Period are as follows:

China Nansha Plant

Amount of wastes generated by China Nansha Plant (kg)	2023/24	2022/23
Amount of hazardous wastes generated	316,857	322,378
Amount generated per metric tonne of finished products	6.89	7.08
Amount of non-hazardous wastes generated	69,735,195	53,352,120
Amount generated per metric tonne of finished products	1,515.41	1,170.96

Vietnam Hai Duong Plant

Amount of wastes generated by Vietnam Hai Duong Plant (kg)	2023/24	2022/23
Amount of hazardous wastes generated	3,666,452	3,184,970
Amount generated per metric tonne of finished products	309.09	364.88
Amount of non-hazardous wastes generated	11,632,375	12,746,874
Amount generated per metric tonne of finished products	980.65	1,460.30

The hazardous waste generated by the China Nansha Plant decreased by 1.71% compared to last year. This was primarily due to stricter control on hazardous waste this year. However, non-hazardous waste generation in the China Nansha Plant increased along with the increase in production volume. In the Vietnam Hai Duong Plant, both hazardous and non-hazardous waste decreased as a result of the increasing control on waste management.



Packaging Materials

包裝物料

Pacific Textiles actively implements measures to reduce unnecessary packaging waste, aiming to minimise its associated environmental impact. This includes using appropriate 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 mainly consist of paper and plastic materials. The consumption of these materials by the China Nansha Plant and Vietnam Hai Duong Plant during the Reporting Period is as follows:

China Nansha Plant

Consumption of packaging materials of China Nansha Plant (kg)	2023/24	2022/23
Consumption of paper packaging materials	490,475	474,975
Consumption per metric tonne of finished products	10.66	10.42
Consumption of plastic packaging materials	225,386	214,302
Consumption per metric tonne of finished products	4.90	4.70

Vietnam Hai Duong Plant

Consumption of packaging materials of Vietnam Hai Duong Plant (kg)	2023/24	2022/23
Consumption of paper packaging materials	142,974	93,351
Consumption per metric tonne of finished products	3.11	10.69
Consumption of plastic packaging materials	73,749	54,273
Consumption per metric tonne of finished products	1.60	6.22

Packaging material consumption at both the China Nansha and Vietnam Hai Duong Plants has increased this year due to higher production volumes. However, the Vietnam Hai Duong Plant has achieved a notable reduction in consumption per metric ton of finished products, facilitated by scientific inventory control measures that prevent unnecessary stocking of raw materials and finished products. While, the consumption rate per metric ton at the China Nansha Plant has remained consistent.

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 China Nansha Plant and Vietnam Hai Duong 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" (《應急準備與響應管理程序》), 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.

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 China Nansha 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 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 China Nansha 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 staff are well-prepared to respond to various emergencies and continuously enhances the emergency response capability of the organisation. During the Reporting Period, the China Nansha Plant organised and implemented two environmental emergency response drills as planned, which mainly included an emergency response drill for effluent quality exceeding the sewage standard at the water treatment plant and a drill for leaking hazardous waste from the central warehouse, to enhance the staff's emergency response awareness and capability in the event of environmental risks. Similarly, the Vietnam Hai Duong Plant also regularly holds environmental emergency drills and leakage drills and engages official organisations to provide on-site guidance.

The Group places great importance on environmental impact considerations when upgrading existing plants and designing new ones. Therefore, we actively introduce new elements to create green and smart plants. For example, as part of China Nansha Plant's upgrade plan by the end of 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 liquefied natural gas instead of liquefied petroleum gas as fuel in production processes and researching methods to further reduce sludge.

Since 2022, the Vietnam Hai Duong Plant has been performing energy audit plans 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 plants 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.

In the future, the Group will further explore and research ways to reduce the impact of factories and operations on biodiversity as well as the sustainable use of raw materials and resources.



Vietnam Hai Duong Plant



The design of new plant in Vietnam



China Nansha Plant

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	Our Actions
Caring for Employees	What is Pacific Textiles' view on protecting 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' 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 staff 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' 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' 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' 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

10. Talent Attraction and Retention
11. Employee Diversity and Equal Opportunities
12. Employee Training and Development
13. Occupational Safety and Health
14. Labour Practices & Human Rights
15. Community Investment & Engagement

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 employment and labour practices, occupational health and safety and use of child or forced labour, and there have been no violations.

Caring for Employees

關愛員工

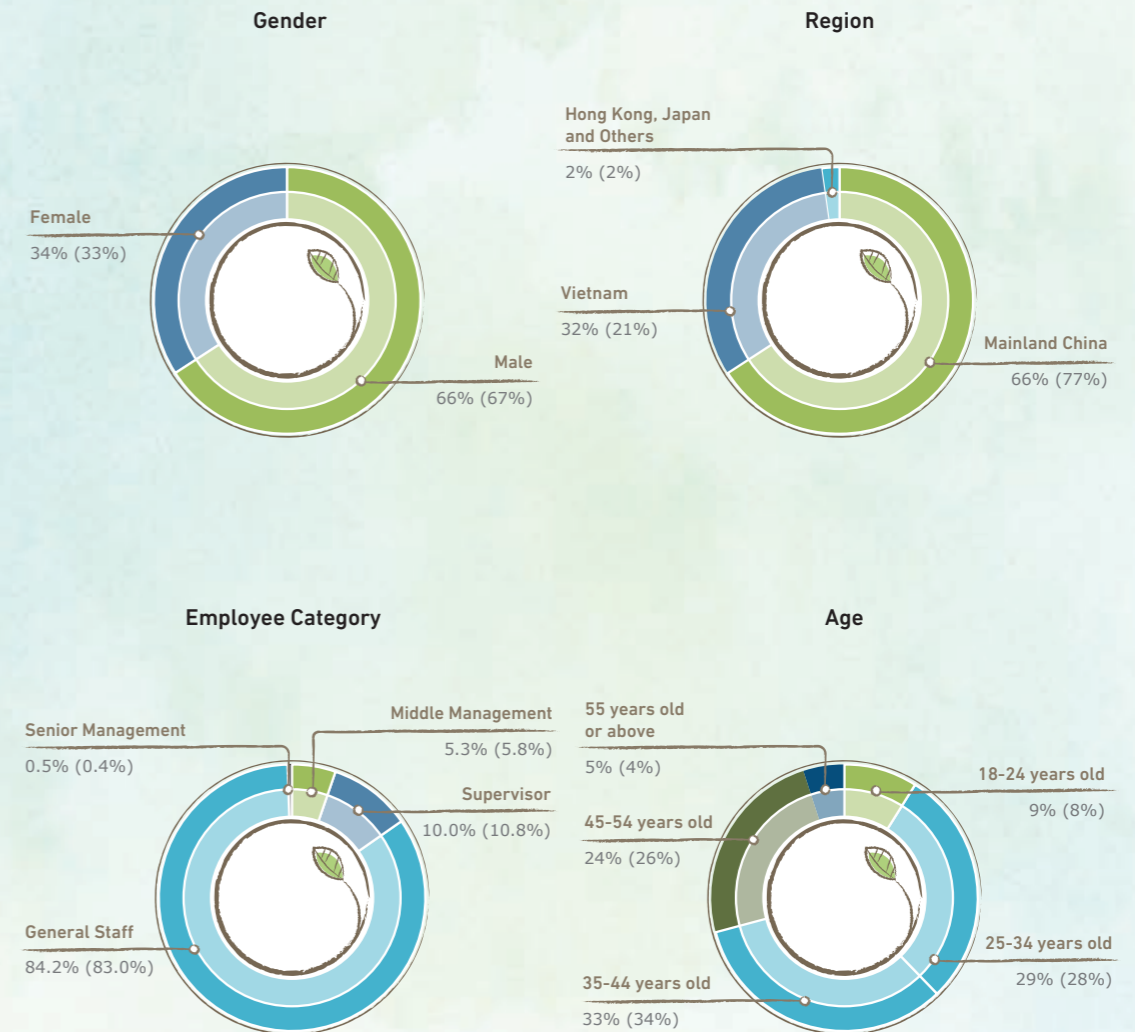
Pacific Textiles' success depends on the efforts of our employees. Whether it is management, sales personnel, factory managers or frontline staff, their contributions are equally important. To reward our employees, the Group is committed to providing a competitive remuneration package to ensure the employees can have salary and welfare, including various insurance, subsidies 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", "Employee Code of Conduct", "Recruitment Policy", "Working Hours and Leave Management Regulations", "Employee Grievance Management Policy", "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, Production Safety Law of the People's Republic of China, Fire Control Law of the People's Republic of China, Prevention and Treatment of Occupational Diseases 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 2023, the Group provided corporate social responsibility training to all 2,584 employees, 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' Development" training had 660 participants, while the "Corporate Culture - Pacific Textiles' Philosophy" training had 380 participants.

"Wage Collective Negotiation Agreement"

The Group has signed the "Wage Collective Negotiation Agreement" with the trade union representatives of China Nansha Plant and Vietnam Hai Duong 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.

During the Reporting Period, the Group had a total of 4,874 full-time employees (2022/23: 4,484 employees). The employee distribution is as follows:

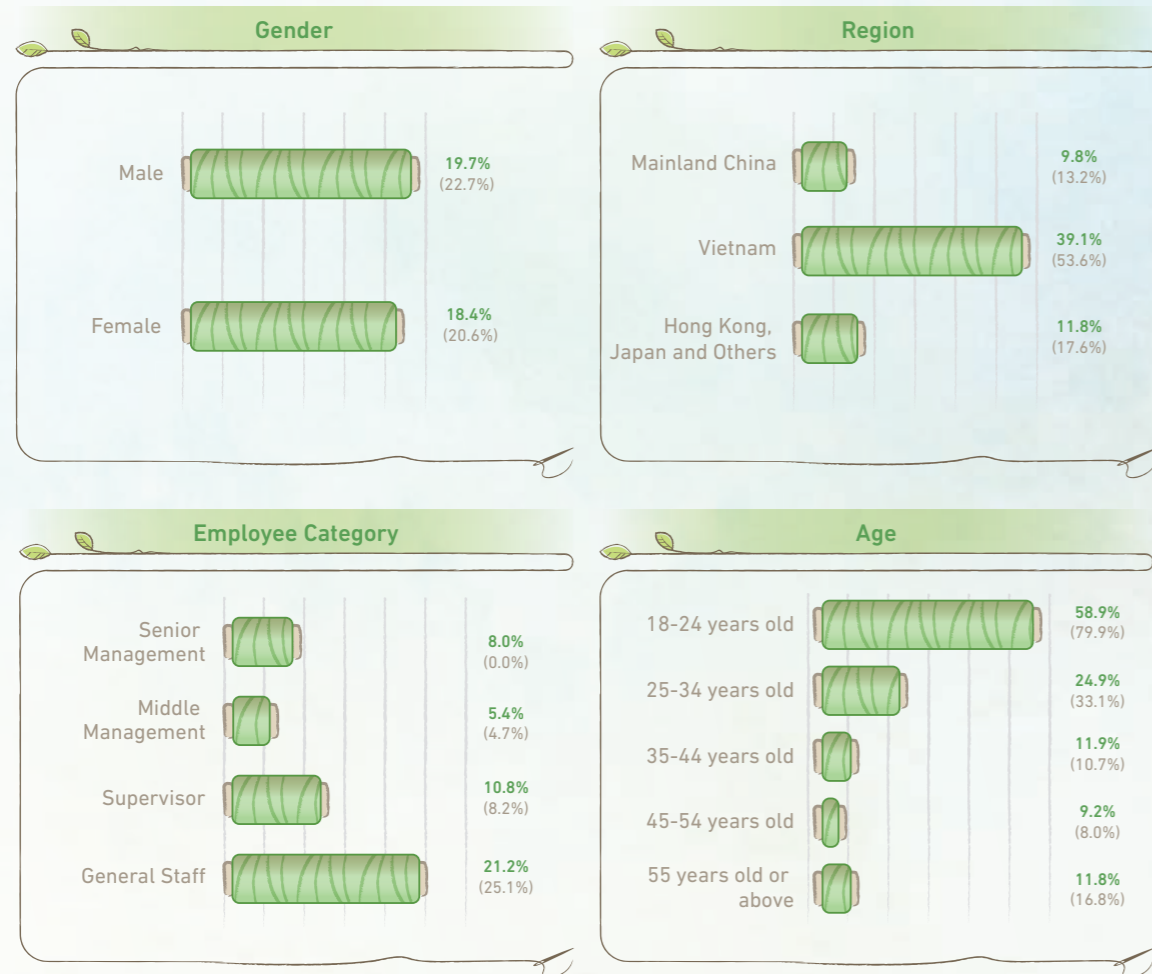


* 2022/23 employee data has been updated upon reclassification of data as per defined definitions.

SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

During the Reporting Period, the Group had a turnover of 945 employees (2022/23: 987). The detailed data on the turnover rate of each category of employee is as follows¹¹:



* The data in parenthesis () represents the data of 2022/23

¹¹ 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).

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 19.2%, which is 2.8% lower than that of the previous year.

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 staff 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, the Group held monthly birthday parties for over 2,000 employees and awarded prizes worth a total of RMB 520,000 to 1,200 employees who have served the company for more than 10 years. Also, the China Nansha Plant invested over RMB 3 million to build a 2,560 m² lounge, including maternity restrooms, reading room and other facilities, for staff entertainment and leisure. 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



Labour Skills Competition – China Nansha Plant



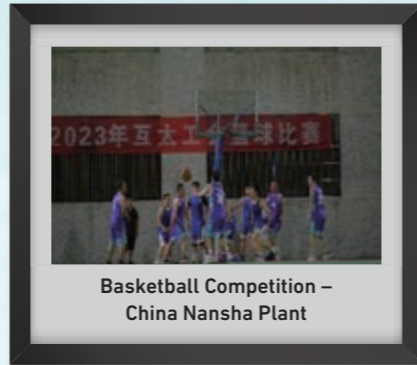
Football Competition – China Nansha Plant



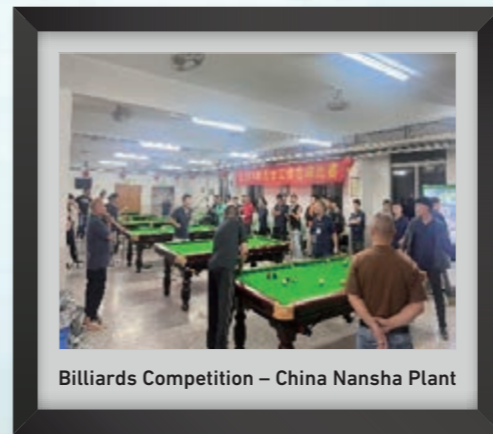
Badminton Competition – China Nansha Plant



Improvement Proposal Case Competition – China Nansha Plant



Basketball Competition – China Nansha Plant



Billiards Competition – China Nansha Plant



Table Tennis Competition – China Nansha Plant



Employees Outreach Activities – China Nansha Plant



Tug of War – China Nansha Plant



Women's Day – China Nansha Plant



Year-end Party – Vietnam Hai Duong Plant



Health Check for Employees – Vietnam Hai Duong Plant



Sports Day – Vietnam Hai Duong Plant



New Year Lucky Draw – Vietnam Hai Duong Plant



Flower Arrangement Competition – Vietnam Hai Duong Plant



Internal Trainer Training – China Nansha Plant



Farewell Party for retired employees – China Nansha 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 China Nansha 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 55 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 94 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 trainings held with 3,260 participants in total.

Internal Skill Competitions:

In 2023, the Group invested a total of RMB 100,000 in conducting various skill labour competitions, such as forklift operating competitions, mending skill competitions, single-head machine (單面機台) and double-head machine (雙面機台) washing skill competitions, fabric sewing and winding skill competitions and safety knowledge competitions. A total of 2,238 employees participated in these activities.

External Competitions:

The Company organised employees to participate in social competitions, enabling them to learn from and compete with each other in order to constantly enhance their skills. In 2023, the China Nansha Plant was awarded first place in the enterprise group in the Nansha District Micro Fire Station Skills Competition (南沙區微型消防局業務技能大比武競賽) and Nansha Craftsman Cup Skills (Forklift Driver) Competition (南沙工匠盃技能大賽叉車司機競賽).

Collecting Improvement Proposals (改善提案):

Since 2019, the Group has been collecting Improvement Proposals (改善提案) from employees, focusing on improving equipment, processes, technology, quality, safety, energy saving and consumption reduction. With the active participation of all employees, the Group completed 950 proposal improvement projects in 2023, resulting in savings of RMB 9.1 million.

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 2023, training sessions were conducted on various aspects for more than 600 managers. The details of the training sessions are listed below:

- “TORAY’s Global Operations and Human Resources”: 32 participants
- “Crisis and Challenges” training: 169 participants
- “PDCA Working Method”: 219 participants
- “Budget Management”: 219 participants
- “Standards of Pacific Textiles” training: 219 participants
- “What is a Manager” training: 220 participants
- “Urgent and Important Issues” training: 220 participants
- “Efficient Production” training: 395 participants
- “Energy Saving and Consumption Reduction” training: 395 participants
- “Philosophy of Pacific Textiles” training: 396 participants
- “Safe Production” training: 398 participants

Pacific Textiles, in collaboration with the Guangzhou Textile Industry Association, has established the Guangzhou Vocational Skills Appraisal Centre for the textile industry. This joint initiative aims to enhance the vocational skills of employees in the textile industry within Guangdong Province, including those within the Group. The centre focuses on areas such as warping, weaving, printing, textile dyeing, and finishing treatment. In 2023, over 900 entry-level workers successfully completed trainings for various positions under the new apprenticeship system, with 762 workers passing the assessments. These positions included “Primary textile dyeing worker”, “Primary weaver”, “Primary printing and dyeing finishing worker”, “Primary printing and florists”, and “Primary warping worker”. Additionally, the Group injected RMB 100,000 to conduct a 5-day in-house “Training for Enterprise Internal Trainer” programme, benefiting 46 employees. Health-themed training sessions, covering topics like “AED operation first aid training”, “Female health care lectures”, “How to correctly understand AIDS”, “interpretation of common and high incidence abnormal medical examination report”, “stress and emotional health management”, were organised and benefited 344 employees. The Group also provides subsidies for external training courses to specific employees, such as security guards, forklift workers, safety officers, and first responders, to further develop their job-related skills and knowledge.

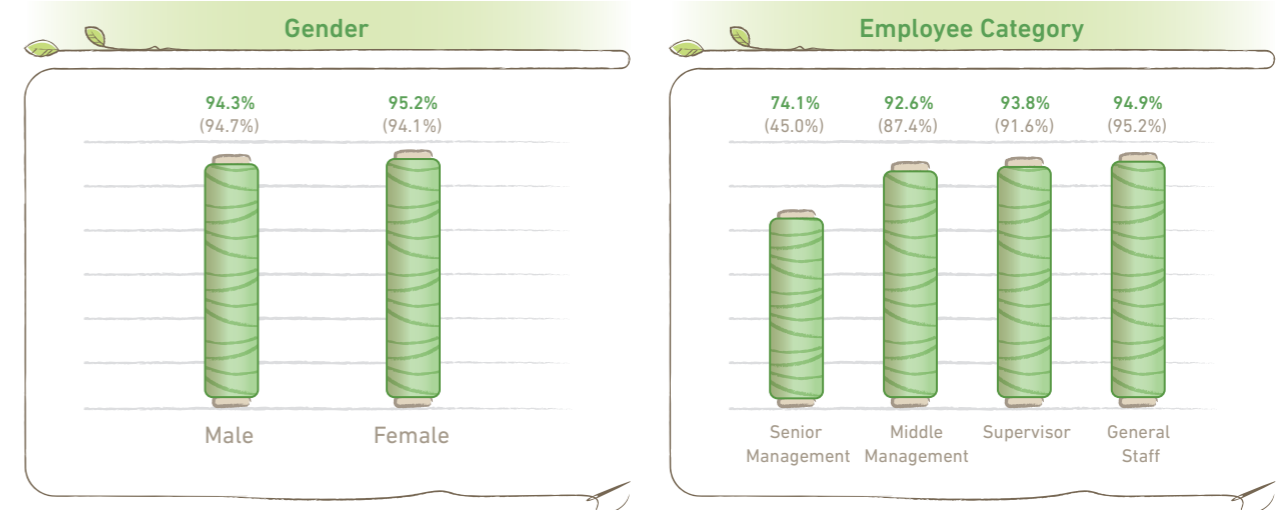


Management Training – China Nansha Plant



Improvement Proposals Collection – China Nansha Plant

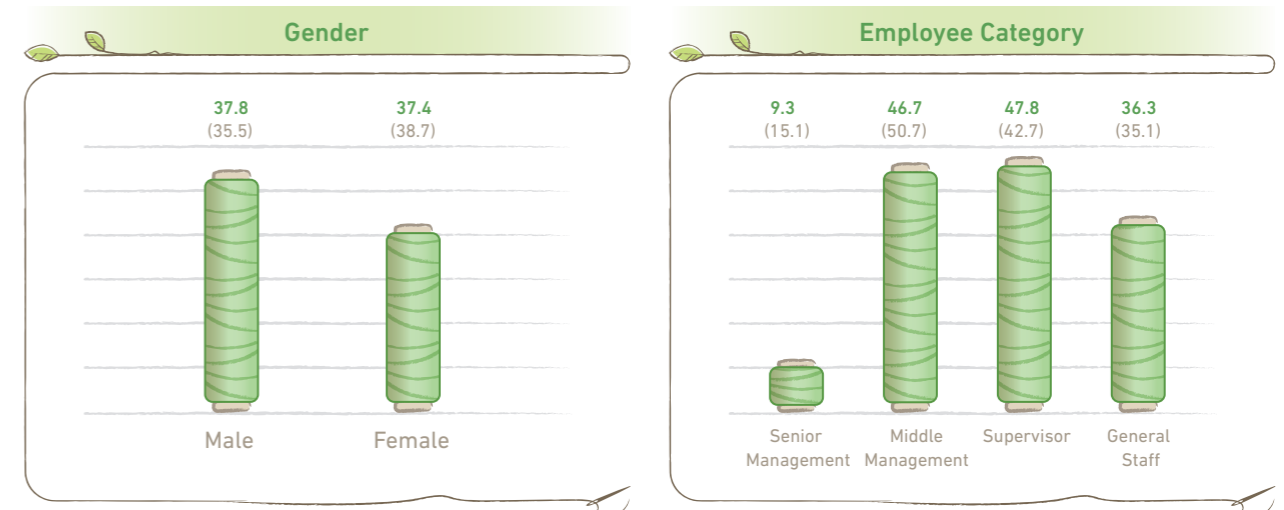
During the Reporting Period, the overall percentage of trained employees is 94.6%, and the percentage of trained employees by different categories is as follows¹²:



* The data in parenthesis () represents the data of 2022/23

¹² The 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.

During the Reporting Period, the overall average training hours completed per employee are 37.7 hours (2022/23: 34.8 hours), and the average training hours completed per each trained employee by categories are as follows:



* 2022/23 employee training-related data has been updated upon reclassification of data as per defined definitions.

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.

Workplace Safety and Health

工作場所安全衛生

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 staff. The Group has proactively carried out standard procedures for production safety and established a management system of standard procedures for production safety. China Nansha Plant has passed the ISO 45001 Occupational Health and Safety Management System certification, while Vietnam Hai Duong Plant has managed its operations with reference to the safety measures adopted by China Nansha Plant. In 2023, the Vietnam Hai Duong Plant obtained certificate on Social & Labor Convergence Program ("SLCP"), demonstrating the works to comply with social and labour standards. 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. The China Nansha Plant invites third-party qualification institutions to annually test the firefighting facilities and lightning protection facilities to ensure the normal and stable operation and use of these facilities.

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 2023, the Group held three drills for hazardous chemical accidents, including a glacial acetic acid leakage drill in April with 32 participants and two fire evacuation drills for a gas pipeline leak in June and December with 180 participants in total. 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 China Nansha and Vietnam Hai Duong 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 China Nansha 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 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, activated charcoal masks, dust 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 the China Nansha Plant and Vietnam Hai Duong 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 2,661 man-days (2022/23: 2,557 man-days). To safeguard the occupational health and safety of our employees, 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 cases involving any employee.



First Aid Training – China Nansha Plant



Work-related Injury Prevention Awareness and Education Campaign- China Nansha Plant

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 textile school

In 2023, the Group donated RMB 110,000 to Guangzhou Textile and Garment Vocational School (廣州市紡織服裝職業學校).

Awards for the outstanding students of Tongxing Village



In 2023, Pacific Textiles granted scholarships to outstanding students from Tongxing Village, covered transportation expenses for students, and celebrated Children's Day by rewarding children from the village.



In August 2023, the Group granted scholarships to students from elementary, middle and high schools, as well as to those who successfully passed university and college entrance exams in Lai Vu Commune, Vietnam.

Nurturing Talents • Promoting Employment

The Group recognises the significance of work not only in terms of earning and improving lives but also in generating satisfaction and a sense of achievement for individuals. Moreover, work plays a vital role in societal economic development. Therefore, the Group is delighted to create job opportunities for communities and support students in their career development. Since 2018, Pacific Textiles and Guangzhou Vocational School of Textile and Garment have actively participated in the "National Dewdrop Project" (《國家雨露計劃》). Through this initiative, the Group has facilitated cooperative relationships by placing orders and offering economic assistance to students. We provide living expenses of RMB 10,000 per year for each eligible student for a duration of up to 2.5 years. In addition, students from the order form class have the chance to work as interns and be employed by the Group. From 2018 to 2023, a total of 91 students have benefited from this project.

Providing internship opportunities to poverty-stricken students



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 community building



In 2023, the Group donated over RMB 80,000 to the "Build a harmonious society and a beauty home" (共建和諧社會、美好家園) Program for the Tongxing Village.



In 2023, the Group made a donation of RMB 30,000 to Guangzhou Justice and Courage Foundation (廣州市見義勇為基金會) to encourage people aiding others in the society.

Providing financial support for regional environmental protection



In September 2023, the Group donated trashcans to Cam Van Commune in Cam Giang District and Thanh Xa Commune in Thanh Ha District.



Gratitude giveaways to the local community



During the Spring Festival in 2024, the Group offered condolences to the impoverished villagers and elderly residents of Tongxing Village.

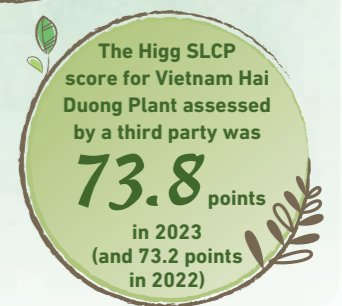


In February 2023, the Group donated mooncakes to Lai Vu Commune People's Committee and Hai Duong Provincial Social Protection Center.

Scoring 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 staff must strictly abide by. We have also formulated anti-corruption policies, rules and regulations to continuously monitor our operations, and staff can report corrupt practices through our whistle-blowing mechanism. In addition, the Group provides 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

- 23. Compliance
- 24. Risk Management
- 25. Sustainable Supply Chain
- 26. Business Ethics and Integrity

SDGs topics involved



Compliance and Anti-Corruption

合規經營與反貪污

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 staff 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 staff 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' anti-corruption standards and expectations, the Group conducts regular training sessions that cover relevant legal information and promote a culture of integrity. In June 2023, the Group provided "Ethics Training" to all employees across regions, focusing on the local anti-bribery laws and Group's Code of Discipline with topics including integrity, honesty, and accountability. In February 2024, the Internal Audit Department conducted a questionnaire among Hong Kong office employees to gather their perceptions and awareness of the company's disciplinary system. Results showed that over 70% of employees are familiar with the disciplinary system and processes of the Group.

In addition, to address the higher risk of corruption in the procurement process, both the procurement departments of the China Nansha Plant and Vietnam Hai Duong Plant are required to participate in integrity and honesty management training to ensure that relevant staff understand the standards and requirements of the Group clearly. During the Reporting Period, 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".

In 2023, 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. In 2023/24, the Group is not aware of any breach of the Code of Conduct revealed by internal audit questionnaires by employees nor receiving any reports of unethical practices via any of the above-mentioned channels.

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 China Nansha Plant and Vietnam Hai Duong 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 we discover any violations of these policies, regulations and stipulations, we may consider terminating the employment or partnership with the offenders 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. Since 2023, the China Nansha Plant has been assessing and evaluating the quality management, environmental management, safety management, and social responsibility management of raw material suppliers and chemical suppliers. Additionally, the plant conducts on-site audits of some suppliers to validate their adherence to our requirements regarding the mentioned management aspects above. 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 of 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

- Organic Content Standard
- OEKO-TEX® certificate
- Better Cotton Initiative (BCI) Member
- Global Recycled Standard (GRS) for recycled yarn
- Global Organic Textile Standard
- Recycled Claim Standard
- SUPIMA Member

GOVERNANCE RESPONSIBILITY

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 of total cotton yarn purchase (%)
BCI Cotton Yarn ¹³	26,031,613	68.2%
Organic Cotton Yarn ¹⁴	280,993	0.7%
SUPIMA Cotton Yarn ¹⁵	2,771,211	7.3%
Total	29,083,818	76.2%

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. In FY2023/24, Pacific Textiles procured over 76% of its cotton from sustainable sources for the first time, achieving our short-term FY2023/24 target and putting us on track toward our FY2030/31 goal.

¹³ Certified by the Better Cotton Initiative.

¹⁴ Certified by third party professional firms such as the Control Union, EcoCert, etc.

¹⁵ Certified by TextileGenesis™.

GOVERNANCE RESPONSIBILITY

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.

To the best knowledge of the management, during the Reporting Period, the Group has complied with the local applicable laws and regulations in respect of supply chain management and anti-corruption and there have been no violations.

As of 31 March 2024, the Group had a total of 265 suppliers. The breakdown of suppliers is as follows:

Total number of suppliers by geographical region in 2023/24 ¹⁶	Production-related suppliers
China	172
Vietnam	32
Taiwan	16
Hong Kong	21
India	6
Korea	4
Indonesia	4
Thailand	2
Japan	6
Singapore	2
Total	265

¹⁶ Non-critical suppliers (non-production related) have been excluded.

Sub-contractor Management

分包商管理

Sub-contractors are one of the important components in the supply chain of Pacific Textiles and have a significant impact on our product quality. Hence, we have implemented stringent sub-contractor management policies and ESG monitoring procedures and are committed to consistently enhancing our sub-contractor management procedure to maintain high product standards and uphold business ethics.

The Group has established the "Rules for Suppliers Assessment", which applies to all suppliers and sub-contractors. As for sub-contractors of several specific services, the Group has further formulated more specific and detailed quality requirements and guidelines. These guidelines include a wide range of strategies aimed at effectively overseeing and regulating the performance of sub-contractors and managing quality risks in the supply chain. Both the China Nansha Plant and Vietnam Hai Duong Plant conduct sub-contractor assessments during the tendering process and maintain potential sub-contractor lists. Only those who successfully pass our inspections on various management controls can become our business partners for our quality control purposes. For instance, the China Nansha Plant focuses on evaluating machinery and equipment, production capacity, quality management systems, quality inspection systems, as well as staff quality and skills.

During our contract period with sub-contractors, we regularly review their manufacturing performance and execution of orders, including monthly product quality inspections and progress monitoring. We maintain close communication with sub-contractors through phone calls, emails, and face-to-face meetings to enhance working efficiency and prompt resolution of urgent issues. We also conduct annual audits of sub-contractors, focusing on the condition of their facilities and quality control. Sub-contractors who fail to meet the requirements during periodic assessments will have their subcontracting cooperation terminated.

The Group will further consider the inclusion of environmental and social factors during the tendering and evaluation of sub-contractors in the future.

As of 31 March 2024, the Group had a total of 28 sub-contractors. The breakdown of suppliers is as follows:

Total number of sub-contractors by geographical region in 2023/24 ¹⁷	Sub-contractors
China	23
Vietnam	5
Total	28

¹⁷ Non-critical sub-contractors (non-production related) have been excluded.

ESG INDICATOR INDEX

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
A. Environment		
A1: Emissions	<p>General disclosure</p> <p>KPI A1.1 The types of emissions and respective emissions data</p> <p>KPI A1.2 Direct (scope 1) and energy indirect (scope 2) greenhouse gas emissions in total and intensity</p> <p>KPI A1.3 Total hazardous waste produced and intensity</p> <p>KPI A1.4 Total non-hazardous waste produced and intensity</p> <p>KPI A1.5 Description of emissions target(s) set and steps taken to achieve them</p> <p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and reduction target(s) set and steps taken to achieve them</p>	<p>Environmental Responsibility–Emissions Management</p> <p>Environmental Responsibility–Emissions Management</p> <p>Environmental Responsibility–Emissions Management</p> <p>Environmental Responsibility–Emissions Management</p> <p>Environmental Responsibility–Emissions Management</p> <p>Environmental Responsibility–Emissions Management</p> <p>Environmental Responsibility–Emissions Management</p> <p>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</p>

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
A. Environment		
A2: Use of Resources	<p>General disclosure</p> <p>KPI A2.1 Energy consumption in total and intensity</p> <p>KPI A2.2 Water consumption in total and intensity</p> <p>KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them</p> <p>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them</p> <p>KPI A2.5 Total packaging material used for finished products and with reference to per unit produced</p>	<p>Environmental Responsibility–Energy Management/Water Resources Management/Packaging Materials</p> <p>Environmental Responsibility–Energy Management</p> <p>Environmental Responsibility–Water Resources Management</p> <p>Environmental Responsibility</p> <p>Environmental Responsibility–Packaging Materials</p>
A3: The Environment and Natural Resources	<p>General disclosure</p> <p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them</p>	<p>Environmental Responsibility–Other Environmental Impact Management</p> <p>Environmental Responsibility–Other Environmental Impact Management</p>
A4: Climate Change	<p>General disclosure</p> <p>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</p>	<p>Environmental Responsibility–Our Climate Resilience</p> <p>Environmental Responsibility–Our Climate Resilience</p>

ESG INDICATOR INDEX

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
B. Social		
B1: Employment	General disclosure KPI B1.1 Total workforce by gender, employment type, age group and geographical region KPI B1.2 Employee turnover rate by gender, age group and geographical region	Social Responsibility–Caring for Employees/Diversity and Fair Employment Social Responsibility–Caring for Employees Social Responsibility–Caring for Employees
B2: Health and Safety	General disclosure KPI B2.1 Number and rate of work-related fatalities that occurred in each of the past three years KPI B2.2 Lost days due to work injury KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	Social Responsibility–Workplace Safety and Health Social Responsibility–Workplace Safety and Health Social Responsibility–Workplace Safety and Health Social Responsibility–Workplace Safety and Health
B3: Development and Training	General disclosure KPI B3.1 The percentage of employees trained by gender and employee category KPI B3.2 The average training hours completed per employee by gender and employee category	Social Responsibility–Employee Training Social Responsibility–Employee Training Social Responsibility–Employee Training
B4: Labour Standards	General disclosure KPI B4.1 Description of measures to review employment practices to avoid child and forced labour KPI B4.2 Description of steps taken to eliminate such practices when discovered	Social Responsibility–Diversity and Fair Employment Social Responsibility–Diversity and Fair Employment Social Responsibility–Diversity and Fair Employment

ESG INDICATOR INDEX

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
B. Social		
B5: Supply Chain Management	General disclosure KPI B5.1 Number of suppliers by geographical region 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 KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored 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 Governance Responsibility–Supplier Management Governance Responsibility–Supplier Management Governance Responsibility–Supplier Management/Sub-contractor Management Governance Responsibility–Supplier Management
B6: Product Responsibility	General disclosure KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons KPI B6.2 Number of products and service-related complaints received and how they are dealt with KPI B6.3 Description of practices relating to observing and protecting intellectual property rights KPI B6.4 Description of quality assurance process and recall procedures KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	Value Chain & Product Responsibility–Product and Service Innovation/Quality Management/Customer Service Value Chain & Product Responsibility–Quality Management Value Chain & Product Responsibility–Customer Service Value Chain & Product Responsibility–Product and Service Innovation/Customer Service Value Chain & Product Responsibility–Quality Management/Customer Service Value Chain & Product Responsibility–Customer Service

ESG INDICATOR INDEX

"Environmental, Social and Governance Reporting Guide" of the Stock Exchange		ESG Report of Pacific Textiles
Aspect	General Disclosure and Key Performance Indicators	Chapter/Explanation
B. Social		
B7: Anti-corruption	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
	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
B8: Community Investment	General disclosure	Social Responsibility–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



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