



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)



2024/25

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

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About this Report

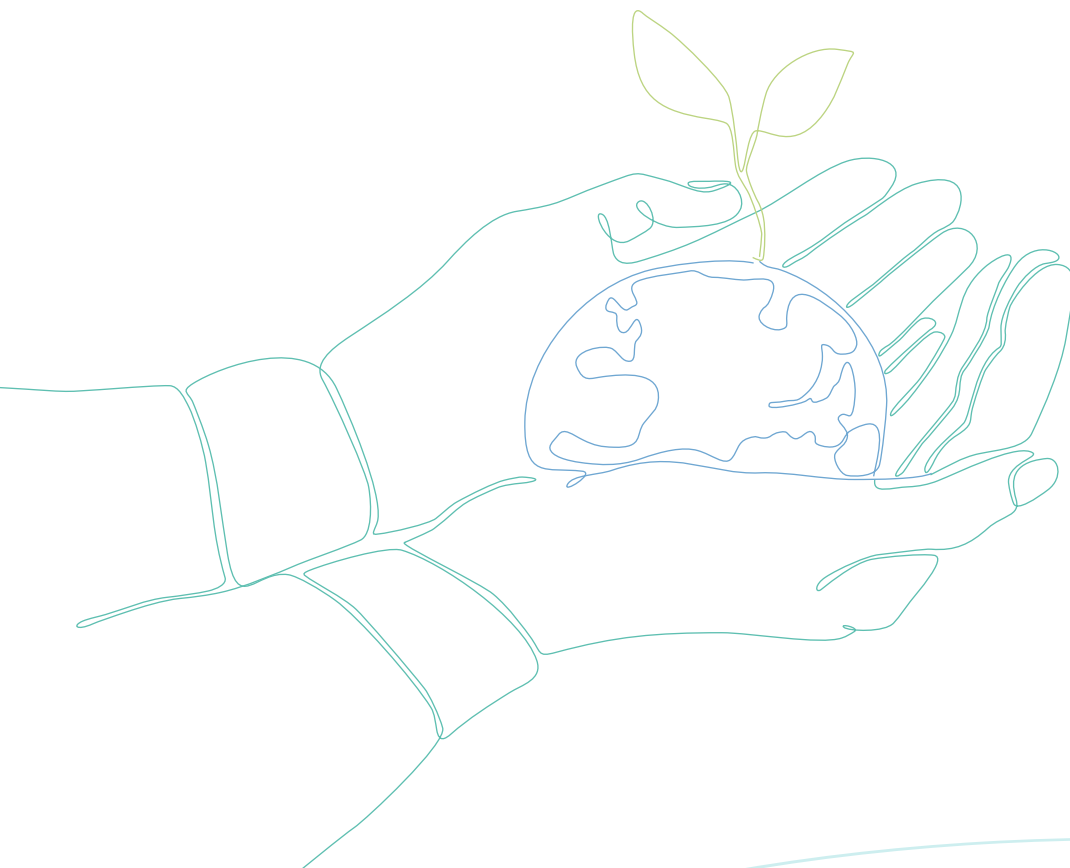
Pacific Textiles Holdings Limited and its subsidiaries (collectively referred to as the “Group”, “Pacific Textiles” or “we”) are pleased to present the Environmental, Social and Governance (“ESG”) Report (the “Report”) for the financial year ended 31 March 2025 (the “Reporting Period”). This is the 10th ESG Report published by our Group, outlining our sustainability and climate-related principles, management approaches, and key achievements, reaffirming our ongoing commitment to sustainable development and responsible corporate practices.

REPORTING SCOPE

This Report covers the period from 1 April 2024 to 31 March 2025. Unless otherwise specified, the scope encompasses the Group’s core operations in knitted fabric production and marketing. Specifically, it includes the three production facilities of the Group: the **China Nansha Plant**, located in Nansha District, Guangzhou, the **Vietnam Hai Duong Plant**, located in Hai Duong Province, Vietnam, and our newly established **Vietnam Nam Dinh Plant**, located in Nam Dinh Province, Vietnam. As these three sites account for the vast majority of the Group’s production activities, the coverage of the Report is considered to represent a comprehensive reflection of the Group’s overall sustainability and climate performance.

REPORTING STANDARDS

The content of this Report has been prepared in accordance with the requirements set out in Appendix C2 – Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The structure and disclosures aim to ensure transparency, comparability, and clarity for all stakeholders.



REPORTING PRINCIPLES

To ensure this ESG Report presents a fair, comprehensive, and meaningful account of the Group’s sustainability performance, we adhere to the key reporting principles, as outlined in Stock Exchange ESG Reporting Code.

- **Materiality:** The Group identifies and evaluates the relative importance of material topics through a structured stakeholder engagement and materiality assessment process, ensuring that the Report discloses matters that are of most significance to the Group’s operations and of greatest relevance to stakeholders.
- **Quantitative:** Where applicable, the Report includes quantitative data, supplemented with appropriate interpretation and year-on-year comparisons, with key performance indicators (“KPIs”) are supported by quantitative data to provide stakeholders with objective measures of progress. This enables readers to assess the Group’s ESG performance over time, track progress against defined targets, and gain a clearer understanding of key performance indicators.
- **Consistency:** The Group follows consistent methodologies for data collection and disclosure, in line with previous reporting years. Any changes to the scope, calculation methods, or metrics used are clearly specified to maintain transparency and support comparability across the previous Reporting Periods.
- **Balance:** The Group is committed to presenting a balanced view by disclosing both achievements and areas for improvement. Care is taken to avoid misrepresentation through selective disclosure or the omission of material information, ensuring that the Report provides an objective and accurate reflection of ESG performance.

SHARE WITH US ABOUT YOUR THOUGHTS

Thank you for taking the time to read the Pacific Textiles ESG Report 2024/25. Through this Report, we seek to communicate transparently with stakeholders, demonstrate accountability, and guide the Group’s ongoing ESG efforts in pursuit of long-term sustainable value creation. We value your views, and your insights are vital to helping us continuously enhance our ESG disclosures and practices. Please feel free to share your comments or suggestions with us via the following communication channels.

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Phone: +852 2424 8221

Address: Unit B1, 7/F., Block B, Eastern Sea Industrial Building, 48–56 Tai Lin Pai Road, Kwai Chung, Hong Kong

Message from Senior Management

Financial Year 2024/25 marked a period of significant progress and achievement for Pacific Textiles as we continued to strengthen our commitment to sustainability, operational excellence and innovation. Guided by our core values, we made meaningful strides in minimising our environmental impact while enhancing the efficiency and resilience of our operations.

COMMITMENT TO SCIENCE-BASED TARGETS

Our achievements in environmental sustainability were further underscored by advancements at the China Nansha Plant. In June 2025, the plant formally committed to the Science-Based Targets initiative (SBTi), reflecting our dedication to reducing greenhouse gas emissions and achieving long-term sustainability goals. We are developing a timeline to finalise our Science-Based Targets (SBT) and further accelerate our decarbonisation journey.

DRIVING DECARBONISATION AND ENERGY EFFICIENCY

To accelerate our energy efficiency and decarbonisation efforts, we implemented transformative green initiatives. These included upgrading the central air conditioning system with advanced high-efficiency equipment and a smart control system, launching a sustainable energy storage system to optimise operations, and advancing a green low-carbon fuel project to replace fossil fuels and promote resource recycling. Additionally, we achieved zero Scope 2 (market-based) emissions from all purchased electricity at both the Vietnam Hai Duong Plant and the China Nansha Plant, demonstrating our steadfast commitment to transitioning to cleaner energy and reducing our carbon footprint.

EXPANDING OUR FOOTPRINT WITH RESPECT FOR LOCAL COMMUNITIES

A key milestone of the year was the commencement of operations at our wholly owned Vietnam Nam Dinh Plant, which expanded our production capacity and reinforced our presence in Southeast Asia. Equally significant was the progress at the Vietnam Hai Duong Plant, which exemplifies our commitment to sustainability and respect for local communities. We prioritised meaningful consultation with local groups to uphold their rights and conducted comprehensive Environmental Impact Assessments prior to project initiation. Beyond compliance, the Vietnam Nam Dinh Plant has provided meaningful

employment opportunities for local communities, with regular recruitment initiatives ensuring continued socio-economic support. By fostering inclusive and respectful partnerships, this plant underscores our dedication to business growth, sustainable development, and community empowerment.

COMMITMENT TO COMMUNITY EMPOWERMENT

Community investment and engagement continue to be cornerstones of our corporate responsibility. During the financial year, we supported education through financial aid and scholarships for outstanding students, and infrastructure improvements at educational institutions. We also fostered cultural connections through festive celebrations, such as the Mid-Autumn Festival. In Vietnam, we supported flood victims through relief efforts and launched a tree-planting initiative to enhance environmental sustainability. We also contributed to local infrastructure improvements by donating trash bins and supporting traffic construction projects.

Our efforts have been widely recognised. The China Nansha Plant achieved a third-party verified Higg FEM score of 87, reflecting significant improvements in environmental management practices. Furthermore, two subsidiaries of Pacific Textiles, in Nansha and Hong Kong, were jointly commended as “Hong Kong-Guangdong Cleaner Production Excellent Partners (Manufacturing)” by the Environment and Ecology Bureau of the HKSAR and the Department of Industry and Information Technology of Guangdong Province in October 2024.

As we reflect on these accomplishments, we remain steadfast in our commitment to sustainability and operational excellence across all areas of our business. These milestones are a testament to the dedication of our teams and the trust of our stakeholders. Together, we will continue to embrace innovation and sustainability as we build a stronger, more resilient future.



2024/25 Key Sustainability Performance

In the fiscal year 2024/25, Pacific Textiles continued to advance its sustainability agenda with a strong focus on sustainability performance. The Group made notable progress across key areas, reflecting its strategic commitment to responsible growth, operational excellence and long-term value creation. Building on its robust foundation, Pacific Textiles strengthened its performance through the implementation of targeted initiatives and enhanced disclosure practices, setting the stage for continued improvement in alignment with global sustainability standards.



HIGHLIGHT

For 2024, the China Nansha Plant achieved a third-party verified Higg FEM score of **87**, reflecting continuous improvement in its environmental management practices



Amount of raw coal consumption reduced by **14.3%**
(per metric tonne of finished products at the China Nansha Plant)



China Nansha Plant awarded **Top 30** Nansha High-tech company



Number of total working days lost due to work-related injuries across the three plants reduced by **29.6%**



Invested RMB **31.17 Million** in equipment that simultaneously increased productivity and reduced environmental impacts at China Nansha Plant



Received **no major** complaints related to health and safety regarding our products for the **past 10 years**



Achieve **zero** emission from all purchased electricity at both the China Nansha Plant and Vietnam Hai Duong Plant



Donated approximately **HKD223 Thousand** to support various charitable causes across the entire Group



Generated **1,167,546** kWh of renewable energy from our newly installed solar panels



About Pacific Textiles

CORPORATE PROFILE

Founded in 1997 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in May 2007 (Stock Code: 1382), Pacific Textiles Holdings Limited and its subsidiaries (“Pacific Textiles”, the “Group”, or “we”) are principally engaged in the manufacturing and trading of textile products, with a strong focus on high-quality cotton and synthetic knitted fabrics. Headquartered in Hong Kong – an international business hub in the Asia-Pacific region – the Group operates three production facilities located in Panyu, China, Hai Duong, Vietnam, and Nam Dinh, Vietnam.

With a workforce of more than 5,000 employees, many of whom are highly experienced professionals in the textile industry, Pacific Textiles has established long-standing partnerships with a number of globally renowned apparel brands and manufacturers. The Group has an annual production capacity of approximately 90 million kilograms, offering a diverse portfolio of over 5,000 fabric designs and specifications. These products are distributed across international markets, reflecting the Group’s robust global footprint and unwavering commitment to quality, innovation, and customer satisfaction.

Over the years, the Group has demonstrated consistent and sustainable growth, underpinned by a solid operational foundation and strategic business development. This performance has delivered long-term value for shareholders, supported by disciplined financial management and continuous improvement.

The Group remains firmly committed to maintaining its position as a market leader within the textile industry by consistently striving to exceed customer expectations. We continue to enhance our production capabilities, technological innovation, and business operations, while actively collaborating with customers and suppliers to deliver new, high-quality products and value-added services. In parallel, we recognise our responsibilities as a corporate citizen and is dedicated to creating shared value within the communities in which we operate.

Environmental stewardship remains central to the Group’s long-term sustainability strategy. Through the adoption of green production practices, the Group implements proactive measures to manage and mitigate the environmental impact of its operations, ensuring the responsible handling of by-products and promoting harmonious development between the enterprise, the natural environment, and its stakeholders.

OUR VISION, MISSION AND VALUES

Vision	To make the world a more comfortable and better place through our products.
Mission	In global textile community, we strive for: - Quality products and services; - Equitable opportunities and respect; - High returns to the investors; - Excellent environmental protection; through the faith of social responsibilities and innovation.
Values	- Truth: Continuous Pursuit of Knowledge; - Integrity: Humble & Honest; - Innovation: Leading the Industry; - Accountability: Duty & Responsibility; - Teamwork: Great Partnership; - People: Our Most Valuable Asset.

Guided by our vision, that to make the world a more comfortable and better place through our products, the Group has grown into a leading knitted fabric manufacturer and distributor, offering integrated services across knitting, dyeing, printing and finishing. With a clear focus on delivering high-quality products and services, we strive to create value for all stakeholders – upholding equitable work opportunities, fostering mutual respect, achieving strong investment returns, and promoting environmental excellence through social responsibility and innovation.

The Group’s vision and mission are supported by a shared set of core values: a commitment to continuous improvement and truth-seeking; humility and integrity; innovation and accountability; and a collaborative, people-oriented approach. These values guide the efforts of all employees in contributing meaningfully to the sustainable growth of the business.

Through these coordinated efforts, Pacific Textiles continues to embed sustainability at the heart of its strategy – driving operational excellence, strengthening stakeholder trust, and contributing to a more resilient and sustainable textile industry.



About Pacific Textiles

OUR MILESTONES

More than 25 years since its establishment, Pacific Textiles continues to evolve, responding to market demands through ongoing innovation as the business expands.

Year	Milestones
1997	- Pacific Textiles was established and engaged principally in sales and marketing activities. - Main production facility was set up in Panyu, China.
2007	Listed on the Main Board of The Stock Exchange of Hong Kong Limited in May (Stock Code: 1382).
2010	Entered into an agreement to establish joint-venture textile mills in Vietnam, the Vietnam Hai Duong Plant.
2011	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	Accredited as a “National Demonstrative Enterprise for Clean Production” by the PRC Ministry of Industry and Information Technology.
2014	- National Low Carbon (Knitting) Engineering Technology Centre established. - China Nansha Plant accredited as a High and New Technology Enterprise (HNTE).
2015	- Selected as a “Pilot Enterprise for Ecological Design of Industrial Products (First Batch)” by the Ministry of Industry and Information Technology of the People’s Republic of China. - The Vietnam Hai Duong Plant commenced operations. - Became the first textile enterprise to deploy SAP Business Suite on HANA end-to-end.
2017	- Toray Industries Inc. became a substantial shareholder. - Selected by NDRC for the Sino-Japanese “NEDO Project” on energy conservation. - Recognised as a “Leader in Water Use Efficiency among Major Water Consumption Enterprises” by the Ministry of Industry and Information Technology of the People’s Republic of China.
2018	- Awarded the honorary title of “National Green Factory” by the Ministry of Industry and Information Technology of the PRC. - Received the “2018 Energy Management Insight Award” from the Clean Energy Ministerial (“CEM”).
2019	Recognised as a “Demonstrative Enterprise for Green Industrial Products Design” by the Ministry of Industry and Information Technology of the People’s Republic of China.
2021	CSR Committee was established to enhance CSR performance.
2022	Construction of a new plant in Hai Duong, Vietnam began.
2023	Awarded the “2021 Hong Kong Awards for Environmental Excellence – Certificate of Merit” in the Manufacturing and Industrial Services category.
2024	- A wholly owned textile mills in Vietnam commenced operation, namely the Vietnam Hai Duong Plant. - Recognised as a “Hong Kong Green Organisation” by the Environmental Campaign Committee.

OUR ACCOLADES AND RECOGNITIONS

Over the years, Pacific Textiles has been recognised for our unwavering commitment to environmental stewardship, innovation, sustainable practices, product excellence, and corporate responsibility. These acknowledgements reflect the Group’s continuous efforts in advancing green manufacturing, fostering innovation, and contributing positively to the textile industry. A detailed list of our key accolades and recognitions awarded during the Reporting Period can be found in the Appendix of this Report.

OUR CONTRIBUTION TO THE TEXTILE INDUSTRY

With over 25 years of solid experience in the textile industry and a longstanding commitment to innovation and sustainability, Pacific Textiles has established itself as a trusted and influential advocate within the sector. The Group continually strives to share its expertise in advancing industry standards and promoting best practices across the textile value chain. We actively contribute to the development and modernisation of the textile industry through participation in numerous professional associations and industry bodies across China and Vietnam. These participations reflect Pacific Textiles’ ongoing commitment to collaboration, knowledge exchange, and industry advancement, while reinforcing its role in shaping the future of sustainable and innovative textile manufacturing both regionally and internationally.

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

About Pacific Textiles

OUR SUPPORT ON THE FORMULATION AND DEVELOPMENT OF NATIONAL AND INDUSTRY STANDARDS IN MAINLAND CHINA

Pacific (Panyu) Textiles Limited, a key subsidiary of the Group, has actively participated in the formulation and revision of numerous national and industry standards in Mainland China. This includes presiding over the development of technical guidelines and frameworks that support cleaner production, efficient resource use, and responsible environmental management. Key contributions include participation in the drafting of standards such as the *Calculation Method for Water Intake of Knitted Printing and Dyeing Products and Basic Rate of Unit Consumption*, *Air Pollutants Discharge Standards for the Textile Printing and Dyeing Industry*, *Safety Production Regulations for Printing and Dyeing Enterprises*, and *Unit Consumption Standards for Processing Trade of Non-Fleece Knitted Dyeing and Finishing Fabrics*. The Group has also supported the establishment of critical environmental guidelines including those for greenhouse gas emissions accounting, water footprint assessment, green product design evaluation, and energy management systems in the textile industry.

In recognition of its continuous investment in research, technological innovation and clean production practices, Pacific (Panyu) Textiles Limited has been jointly accredited as a “High and New Technology Enterprise” by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and the Guangdong Provincial Taxation Service, State Taxation Administration. This honour reflects the Group’s sustained efforts in driving forward sustainable innovation in textile manufacturing.

OUR PARTICIPATION IN SUSTAINABILITY ASSESSMENT AND INDUSTRIAL MOVEMENTS

As part of our long-standing commitment to responsible manufacturing and sustainable development, Pacific Textiles actively engages in internationally recognised industry initiatives that promote transparency, accountability, and continuous improvement in both environmental and social performance. By participating in globally standardised assessment frameworks, we are able to measure, benchmark, and enhance our operations/in alignment with industry best practices and stakeholder expectations. Our involvement in key platforms such as the Higg Index and the Social & Labour Convergence Programme underscores our dedication to fostering a more sustainable and ethical supply chain across all our facilities.

HIGG FACILITY ENVIRONMENTAL MODULE (“HIGG FEM”) RATING

In line with our ongoing commitment to sustainability and environmental stewardship, Pacific Textiles continues to participate in Higg FEM since 2012, a globally recognised self-assessment and verification system developed by the Sustainable Apparel Coalition (“SAC”). This tool enables the Group to measure and benchmark the environmental performance of our facilities across key areas, including environmental management systems, energy and greenhouse gas emissions, water use, wastewater, air emissions, waste management, and chemical use. As part of the annual assessment process, each facility undergoes a rigorous self-evaluation followed by third-party verification by SAC-accredited assessors to ensure transparency and accuracy.

During the reporting year, our China Nansha Plant achieved a Higg FEM third-party

verified score of **87** (2023: 72.5),

while the Vietnam Hai Duong Plant attained a score of **70** (2023: 59.5).

These results reflect our ongoing efforts to enhance environmental performance across our operations, and we remain dedicated to leveraging the insights from the assessment to drive continuous improvement.

THE SAC SOCIAL & LABOUR CONVERGENCE PROGRAMME (“SLCP”)

The Group recognises the importance of improving transparency and consistency in labour and social performance across the global supply chain. To support this objective, since 2020, Pacific Textiles participates in the SLCP.

SLCP is a multi-stakeholder initiative led by SAC and supported by key organisations in the apparel and sportswear industries, aiming to establish and implement a unified, efficient, and standardised framework for the collection and assessment of social and labour data across the industry. Known as the Converged Assessment Framework (“CAF”), this approach helps reduce audit fatigue and enhances the quality of data available to stakeholders seeking to improve working conditions in supply chains globally.

The Group adopts the Higg Facility Social & Labour Module (“Higg FSLM”), developed under the Higg Index, to assess labour and social performance across its operations. This assessment forms part of the SLCP and covers nine key areas: Recruitment and Hiring, Working Hours, Wages and Benefits, Employee Treatment, Employee Involvement, Health and Safety, Termination, Management Systems, and Empowering People and Communities. The use of this standardised framework supports the Group’s efforts to enhance transparency, monitor working conditions, and align with international best practices in responsible labour management.

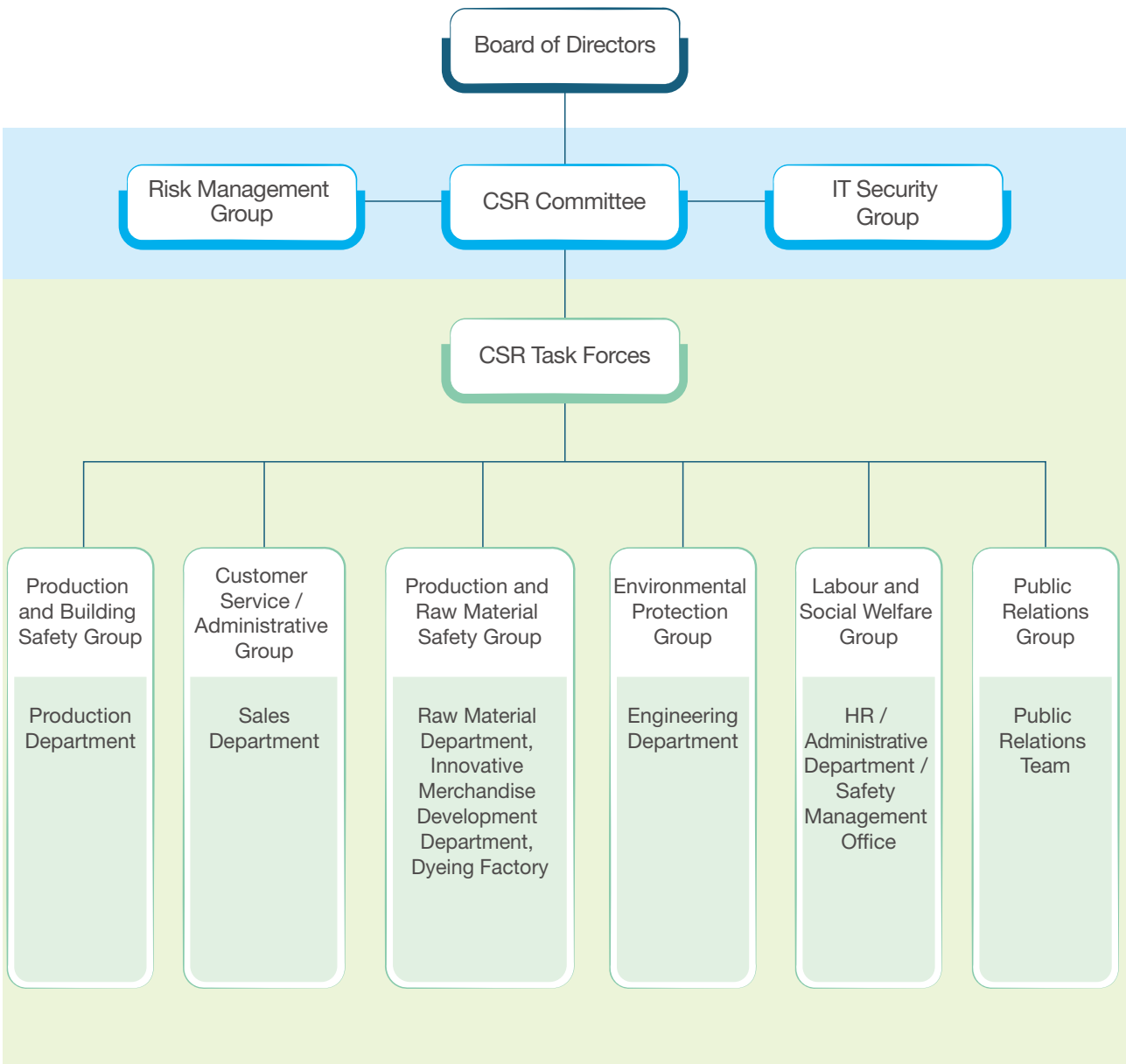
Through ongoing SLCP participation, we continue to reinforce our commitment to responsible labour practices and continuous improvement in social compliance standards.



Sustainability Governance

INTEGRATED SUSTAINABILITY GOVERNANCE STRUCTURE

Placing sustainability performance at the heart of its long-term strategy, Pacific Textiles has built an integrated governance framework to ensure robust oversight and accountability of sustainability and climate-related risk and opportunities. This structure enables the Group to address material topics effectively while supporting sound corporate growth and risk management.



BOARD OF DIRECTORS (THE “BOARD”)

The Board has overall responsibility for both sustainability and climate-related strategy and reporting of the Group, it plays a central role in steering our direction towards sustainable development. It oversees relevant risks and opportunities while ensuring that environmental and social responsibilities are embedded within the Group’s long-term business strategy. The Board sets strategic goals, approves climate and sustainability frameworks, and monitors performance across operations.

Pacific Textiles recognises that a diverse and well-balanced board is essential to effective governance and sustainable business success. In line with this, we are committed to maintaining a Board composition that reflects a broad range of skills, experiences, and perspectives. When considering new appointments or the renewal of existing directorships, Pacific Textiles takes into account factors such as gender, age, cultural and educational background, ethnicity, professional expertise, and length of service. This diversity enables the Board to better understand and respond to the needs of its stakeholders while also enhancing the quality of its decision-making. Moreover, the Company values the long-term support and insight provided by its principal shareholders and ensures they are appropriately represented on the Board. Through this inclusive approach, Pacific Textiles aims to strengthen its governance framework and uphold the best interests of all stakeholders. For detailed information about the Board composition, please access to the “Corporate Governance Report” section of the Group’s Annual Report 2024/25 for details.



CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE

Reporting directly to the Board, the CSR Committee is tasked with formulating and implementing the Group’s corporate social responsibility policies and ensuring alignment with overall climate and sustainability objectives. Chaired by a Board Director and comprising members of senior management, the CSR Committee provides leadership in coordinating both climate and sustainability efforts across departments. Its responsibilities include overseeing the performance of six CSR Task Forces, reviewing progress on climate and sustainability initiatives, and making recommendations for improvement. The CSR Committee plays a pivotal role in translating Board-level climate and sustainability-related strategies into actionable plans and maintains regular reporting channels to ensure transparency and accountability.

Sustainability Governance

RISK MANAGEMENT GROUP

The Risk Management Group supports the CSR Committee by identifying, assessing, and monitoring risks associated with climate and sustainability, as well as broader operational concerns. This includes evaluating both current and emerging risks that may affect the Group’s environmental, social, and governance commitments. The Group provides key insights into risk exposure and mitigation, strengthening the integrity of internal controls and enhancing the Group’s resilience. Its work is instrumental in safeguarding stakeholder interests while maintaining compliance with applicable regulations and best practices.

IT SECURITY GROUP

With the increasing relevance of data integrity and cybersecurity to sustainable business practices, the IT Security Group plays a vital role in protecting the Group’s digital infrastructure. The Group develops and enforces policies related to data security, safeguarding sensitive information and ensuring compliance with internal and external data governance standards. Working closely with the CSR Committee and Risk Management Group, it helps manage IT-related risks and ensures that information systems support broader climate and sustainability goals, particularly in areas related to data privacy, ethical use of technology, and operational resilience.

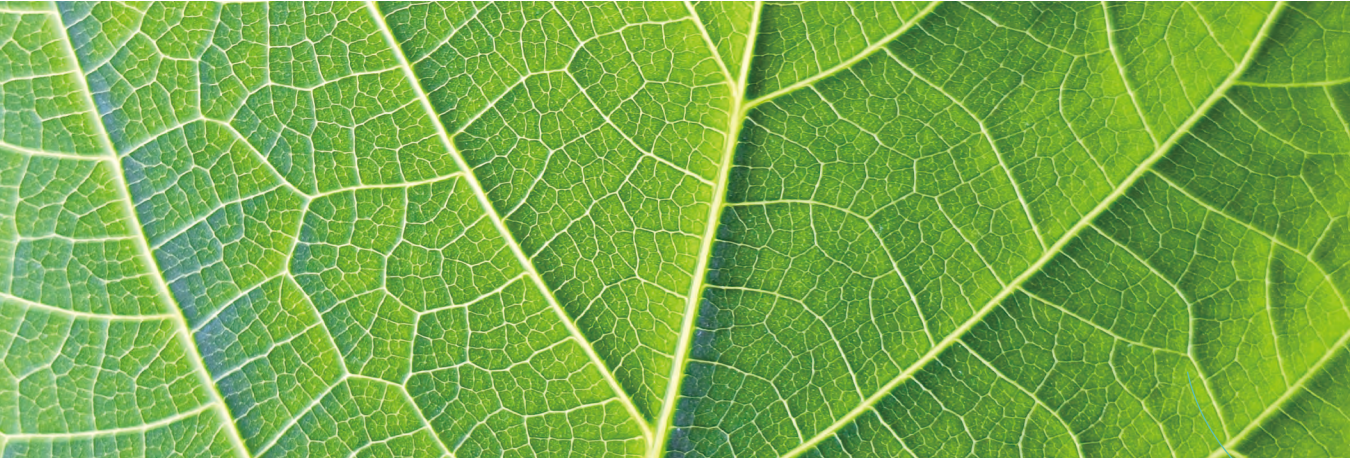
CSR TASK FORCES

Operationalising the Group’s climate and sustainability strategy, six CSR Task Forces – Production and Building Safety Group, Customer Service/Administrative Group, Production and Raw Material Safety Group, Environmental Protection Group, Labour and Social Welfare Group, and Public Relations Group – are responsible for the day-to-day management of sustainability initiatives across different business units. Each Task Force is composed of cross-functional representatives who implement CSR policies and ensure consistent execution at the operational level. Their duties include monitoring ESG data, facilitating internal engagement, and ensuring that relevant performance metrics are accurately recorded and reported. This decentralised structure enables targeted focus on specific climate and sustainability priorities, driving continuous improvement in social and environmental performance.

SUSTAINABILITY POLICIES

To reinforce the Group’s core values, a comprehensive **CSR Policy Guide** has been established to direct sustainability and compliance efforts across all operations. The policy outlines our commitment to responsible and ethical business conduct and forms an integral part of our management approach. It identifies eight scopes – Governance, Environment, Employee, Human Rights, Consumer Issues, Supply Chain, Technological Innovation, and Local Community – each linked to material topics, with dedicated task forces responsible for strategy development and implementation.

Scope of the CSR Policy Guide	Task Forces
Value chain and product responsibility Consumer Issues Technological Innovation	• Production and Building Safety Group • Customer Service/Administrative Group • Production and Raw Material Safety Group
Environmental responsibility Environment	• Environmental Protection Group
Social responsibility Human Rights Employee Local Community	• Labour and Social Welfare Group
Governance responsibility Governance Supply Chain	• Risk Management Group • IT Security Group • Public Relations Group • Production and Raw Material Safety Group



Sustainability Governance

The CSR Policy Guide provides a unified framework at the Group level. In addition to the CSR Policy Guide, Pacific Textiles has also implemented a series of sustainability-related policies. These policies are reviewed and updated regularly to maintain alignment with legislation and internal requirements. Below is an overview of the Group’s key policies.

Value chain and product responsibility
- Sustainable Cotton Procurement Policy - Chemical Management Procedure - Materials Sourcing Policy
Environmental responsibility
Written policies and procedures relevant to: - Energy Management Policy - Climate Change Policy - Water and Waste Management Policy
Social responsibility
- CSR Management Code - Employee Handbook - Employee Code of Conduct - Health and Safety Policies - Training Policies
Written policies and procedures relevant to: - Anti-harassment Policy - Recruitment Policy - Working Hours and Leave Management Regulations - Employee Grievance Management Policy - Employee Resignation Management Regulations - Freedom of Association Policy
Governance responsibility
- Whistle-blowing Policy - Inside Information Policy - Intellectual Property Rights Management Policy

SUSTAINABILITY STRATEGY

Sustainable development stands as a guiding pillar of the Group’s operations, influencing decision-making at every level. This commitment ensures that environmental stewardship, social equity, and robust governance practices are integrated into the fabric of business strategy and daily operations. By balancing commercial ambition with responsibility, the Group strives to deliver premium products and services while creating long-term value for stakeholders.

The sustainability strategy is underpinned by four strategic pillars: value chain and product responsibility, environmental responsibility, social responsibility, and governance responsibility. Each of these areas is carefully developed and regularly reviewed to ensure alignment with the Group’s long-term objectives, evolving stakeholder expectations, and advancing disclosure and regulatory requirements.

To reinforce global alignment and impact, the Group’s sustainability strategy is mapped against the United Nations Sustainable Development Goals (“UNSDGs”). This approach also strengthens the Group’s contribution to global efforts in promoting sustainable growth, protecting natural ecosystems, and enhancing quality of life for future generations.

Value chain and product responsibility	
Development strategies	Consumer Issues To meet and exceed customer expectations, we continuously strengthen our management systems for product safety and quality assurance. We also ensure the provision of accurate and appropriate product information to build and maintain consumer trust. Technological Innovation We actively pursue technological innovation in our operations, integrating advanced technologies into both production and product development. These innovations aim to address key environmental and social issues. At the same time, we protect our own intellectual property while respecting the rights of others, ensuring that we avoid any infringement or improper use.
Relevant UNSDGs	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION UNSDG 9: Industry Innovation and Infrastructure We continue to invest in modern, resilient infrastructure and advanced manufacturing technologies to drive operational excellence. By fostering innovation and inclusive industrial growth, we contribute to the long-term sustainability and competitiveness of the textile sector. UNSDG 12: Responsible Consumption and Production We are committed to responsible production practices and efficient resource utilisation. Through continuous process optimisation and sustainable sourcing, we promote a circular economy approach across our operations and value chain.
Relevant material topics	- Quality Assurance/Handling of Defective Products - Customer Health and Product Safety - Sustainable Procurement - Responsible Marketing - Technology and Innovation

Sustainability Governance

Environmental responsibility	
Development strategies	Environment We comply strictly with all environmental laws and regulations relevant to our business activities. In addition to regulatory compliance, we proactively address climate change, promote the use of sustainable resources, implement effective waste management practices, and protect biodiversity. These initiatives are aimed at contributing to both environmental protection and sustainable economic and social development.
Relevant UNSDGs	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION Goal 6: Clean water and sanitation We prioritise efficient water usage and responsible wastewater management, promoting sustainable practices that support long-term water security and hygiene standards across our operations. Goal 7: Affordable and clean energy Through continuous investment in energy efficiency and renewable energy solutions, we aim to reduce our environmental footprint while contributing to a more sustainable and resilient energy future. Goal 11: Sustainable cities and communities We are committed to supporting the development of resilient communities by fostering inclusive practices, promoting occupational safety, and contributing to sustainable local development. Goal 12: Responsible consumption and production By enhancing resource efficiency and minimising environmental impacts, we strive to embed sustainable consumption and production principles throughout our value chain. Goal 13: Climate action We actively pursue climate resilience by reducing greenhouse gas emissions, improving environmental performance, and aligning our efforts with global climate action objectives.
Relevant material topics	- Climate Adaptation & Resilience - Emissions of Greenhouse Gas - Sustainable Use of Energy - Air Pollution - Sustainable Use of Water Resources - Packaging - Waste Management - Sustainable Use of Raw Materials and Resources - Biodiversity

Social responsibility	
Development strategies	Human Rights As a responsible corporate citizen, the Group is committed to respecting human rights in all business activities. We strictly prohibit the use of child labour and forced labour, and do not tolerate discrimination or harassment based on race, nationality, religion, gender, sexual orientation, age, language, or disability. Employee We believe that employee growth drives the overall development of the Group. To support this, we offer equal employment opportunities and respect the individuality and diversity of our workforce. We are committed to creating and maintaining a safe, healthy, and inclusive working environment that supports both personal and professional growth. Local Community We contribute to community development by actively participating in and supporting public welfare initiatives in the localities where we operate. Our engagement efforts reflect our commitment to creating shared value with the communities around us.
Relevant UNSDGs	1 NO POVERTY 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES Goal 1: No poverty We support inclusive development by creating fair employment opportunities and contributing to local economies, particularly in regions where we operate, helping to uplift livelihoods and reduce poverty. Goal 4: Quality education We advocate for continuous learning by offering training, upskilling, and development programmes that empower our employees and enhance their professional growth throughout their careers. Goal 5: Gender equality We are committed to fostering a diverse and inclusive workplace. By promoting equal opportunities, we empower all individuals – regardless of gender – to contribute meaningfully to the Group’s success. Goal 8: Decent work and economic growth We strive to maintain a safe, respectful, and growth-oriented work environment. By upholding labour rights and prioritising employee wellbeing, we aim to deliver stable employment and drive sustainable economic progress. Goal 10: Reduced inequality Through responsible business practices and inclusive employment strategies, we work to address inequalities and contribute to broader socio-economic balance both locally and internationally.
Relevant material topics	- Employee Attraction and Retention - Employee Diversity and Equal Opportunities - Employee Training and Development - Occupational Health and Safety - Labour Practices & Human Rights - Community Investment & Engagement - Culture of Sustainability

Sustainability Governance

Governance responsibility	
Development strategies	Governance We regard the establishment of fair and highly transparent operations as a key management priority. Under the supervision of the Board of Directors, we work to enhance decision-making efficiency and resource allocation through a robust risk management system. Our efforts are focused on strengthening corporate governance by ensuring legal compliance and actively preventing corruption and fraud. Supply Chain We are committed to environmental protection throughout the entire supply chain as part of our broader sustainability goals. Our objective is to develop a strong and sustainable supply chain that supports long-term social and environmental well-being.
Relevant UNSDGs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS UNSDG 12: Responsible consumption and production To foster responsible consumption and production by optimising resource efficiency, reducing waste, and enhancing environmental stewardship throughout our operations and supply chain. UNSDG 16: Peace, justice and strong institutions We support the development of inclusive and equitable practices by advocating transparency, accountability, and access to fair opportunities, while contributing to the establishment of effective institutions at all levels.
Relevant material topics	- Compliance - Risk Management - Sustainable Supply Chain - Business Ethics and Integrity - Intellectual Property Rights Protection - Data Privacy

SUSTAINABILITY TARGETS

Green manufacturing and environmental stewardship are regarded not only as corporate obligations but also as essential foundations for long-term sustainability. We have implemented stringent practices to ensure that by-products from production are managed responsibly and with minimal environmental impact. These measures reflect the Group’s commitment to harmonious development between business operations, the natural environment, and society at large.

To drive continuous improvement in ESG performance and enhance the evaluation of policy effectiveness, Pacific Textiles began formulating short and long term ESG targets in 2021. Phase one focused on the China Nansha Plant, with goals centred on innovation, product safety, and key environmental performance indicators. This approach was extended in 2022 under Phase two to include the Vietnam Hai Duong Plant.

During the Reporting Period, the Group continued to monitor these targets in line with each plant’s progress. In addition, as we work toward our FY2030/31 targets, we are taking meaningful steps to align our operations with a low-carbon and resource-efficient future. Recent initiatives, such as the adoption of RECs at China Nansha Plant and the Vietnam Hai Duong Plant and the development of innovative technologies like the “Crease-Free Roller for Synthetic Fabrics,” highlight our commitment to reducing environmental impact and driving innovation. These actions reflect our strategic focus on energy efficiency, waste reduction, and sustainable practices, demonstrating our dedication to progress and reinforcing our path toward achieving our long-term goals.

The experience gained through the successful implementation of measurable environmental and value-chain-related targets at the China Nansha Plant, coupled with the operational insights refined at the Vietnam Hoi Duong Plant, will inform the design and management of the new facility. This forward-looking approach will enable the Vietnam Nam Dinh Plant, which shifted to bulk production in September 2024, to integrate sustainability practices from the outset, ensuring alignment with the Group’s overarching goals in emissions reduction, resource efficiency, community engagement, and workforce well-being.

Looking ahead, the Group will consider establishing consolidated ESG targets at the Group level to further strengthen strategic alignment and accountability, and will explore the inclusion of its office operations into the Group-wide sustainability and climate target-setting process, with a view to achieving comprehensive sustainability integration across all business units. As part of this process, together with the FY2023/24 short-term target interval is completed, the Group may consider reviewing and adjusting the targets for FY2030/31. Ongoing communication with stakeholders will be maintained, and the latest ESG developments will be disclosed in a timely manner.

Pacific Textiles Group			
Target setting approach			
As administrative office operations represent only a minor proportion of the Group's overall ESG footprint, the immediate focus has remained on production-related activities.			
Pillar	Scope	FY2030/31 Target	Our Approach (Corresponding report sections)
Value Chain & Product Responsibility	Procurement of Sustainable Cotton Yarns	Procure 80% of its cotton from sustainable cotton yarns	Sustainable Procurement

Sustainability Governance

Phrase 1 (2021): China Nansha Plant
Target setting approach

The China Nansha Plant serves as the Group’s principal production facility. In 2021, Pacific Textiles initiated its sustainability target-setting journey by establishing clear objectives for this facility. This marked a significant milestone in enhancing the Group’s sustainability performance management, laying a solid foundation for structured and measurable sustainability practices.

Pillar	Scope	FY2030/31 Target	Our Approach (Corresponding report sections)
Value Chain & Product Responsibility	Product Health and Safety	The ratio of suppliers to satisfy Zero Discharge of Hazardous Chemicals (“ZDHC”) first-class chemicals reaches 100%	Customer Health and Product Safety
	Customer Health and Product Safety	100% of export products meet the requirements of OEKO-TEX® Standard 100 100% of domestic products meet the requirements of GB18401 standard	Customer Health and Product Safety Customer Health and Product Safety
	Technological Innovation	Ensure that certain products will be awarded “Excellent and Innovative Products in the Industry”	Technology and Innovation
Environmental Responsibility	Air pollutions	Density of nitrogen oxide emissions remains below 22.46mg/m³	Emissions Management
		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	
	Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 30% compared to FY2019/20	Emissions Management
	Sustainable use of energy	Coal consumption per metric tonne of finished products decreases by 15% as compared to FY2019/20	Energy Management
		Renewable electricity represents 20% of total electricity consumption	Energy Management
	Sustainable use of raw materials and resources	Increase the ratio of GRS regenerative fibre products	Sustainable Procurement
		The utilisation rate of dye-packing cartons reaches 100%	Packaging Material Management
		The recovery rate of auxiliary packaging barrels of suppliers reaches 80%	Packaging Material Management
	Sustainable use of water resources	The water recycling ratio reaches 48.8%	Water Resources Management
	Hazardous wastes	The waste rate of dye packaging cartons decreases to 0%	Packaging Material Management
		The waste rate of auxiliary packaging barrels remains below 2%	Packaging Material Management
	Drainage	Annual average COD (chemical oxygen demand) concentration remains below 35mg/L	Other Environmental Impact Management

Phrase 2 (2022): Vietnam Hai Duong Plant
Target setting approach

Vietnam Hai Duong Plant – the Group’s second largest production base – was integrated into the sustainability target-setting framework in 2022. Leveraging the learnings and best practices from the China Nansha Plant, this expansion further reinforced the Group’s commitment to improving its sustainability and climate oversight and operational excellence across geographies.

Pillar	Scope	FY2030/31 Target	Our Approach (Corresponding report sections)
Environmental Responsibility	Air pollutions	Density of nitrogen oxide emissions remains below 100mg/m³ (the local standard is 1,000mg/m³)	Emissions Management
		Density of sulphur dioxide emissions remains below 200mg/m³ (local standard is 500mg/m³)	Emissions Management
		Density of particulate matter emissions remains below 50mg/m³ (local standard is 200mg/m³)	Emissions Management
	Greenhouse gas emissions	Greenhouse gas emissions per metric tonne of finished products decreases by 70% compared to FY2021/22	Emissions Management
	Sustainable use of energy	Coal consumption per metric tonne of finished products decreases by 70% as compared to average usage of 4 years (i.e. FY2018/19 to FY2021/22)	Energy Management
		Purchased electricity consumption per metric tonne of finished products remains below 2,575 kWh	Energy Management
	Sustainable use of water resources	Fresh water consumption per metric tonne of finished products remains below 95 m³	Water Resources Management
	Hazardous wastes	Wastes per metric tonne of finished products remain below 0.3 tonne	Waste Management
	Drainage	The annual average COD (chemical oxygen demand) concentration of sludge remains below 55mg/L (Local Standard 75mg/L)	Other Environmental Impact Management

Phrase 3 (2025): Vietnam Nam Dinh Plant
Target setting approach

As part of its continued commitment to sustainability and responsible growth, we are preparing to establish a new set of environmental and social targets for the Vietnam Nam Dinh Plant. Building on the Group’s structured approach to sustainability target-setting at the China Nansha Plant and the Vietnam Hai Duong Plant, the Nam Dinh Plant will adopt a similarly robust framework from inception.

Sustainability Governance

STAKEHOLDER ENGAGEMENT

We recognise that climate and sustainability topics extend beyond the organisation itself and are intrinsically linked to the interests of a broad range of stakeholders. In light of this, the Group has identified key stakeholder groups whose operations may impact, or be impacted by, the Group's activities. Through diverse communication channels, we seek to understand stakeholder perspectives and regularly disseminates material information to ensure transparency.

The Group remains committed to addressing stakeholder expectations and continuously enhancing its sustainability performance in line with evolving environmental, social and governance standards.

Stakeholder Groups	Major concerns	Engagement channels
Stakeholder groups along the value chain		
(Upstream) Suppliers, sub-contractors, and business partners	- Continuous cooperation - Financial and business performance - Corporate governance - Performance on environmental and social impact	- Screening and evaluation - ESG audit and site visit - Business meetings - Survey - Stakeholder engagement activities
(Operations) Employees	- Remuneration, training, and development - Promotion opportunities - Occupational health and safety	- Meetings and briefings - Training courses - Internal emails and publications - Staff engagement activities - Stakeholder engagement activities - Survey - Interview
(Downstream) Customers	- Product quality - Product innovation and development - Customer relationship management - Sustainable development strategy and value chain management - Social impact of Pacific Textiles – Labour rights and occupational Health and Safety - Environmental impact of Pacific Textiles	- Survey - Business meetings - ESG audit and site visit - Stakeholder engagement activities
Other stakeholder groups		
Investors and shareholders	- Financial and business performance - Corporate governance Compliance - Sustainable development strategy	- Shareholders' annual general meeting - Analyst briefings and announcements
Government and regulators	- Occupational health and safety - Environmental impact - Compliance	- Consultation - Forums - Industry conference
Community	- Community charity - Sustainable development strategy	Community events
Media	- Corporate governance - Sustainable development strategy	- Company website - Press releases - Interview

MATERIALITY ASSESSMENT

Materiality assessment remains a cornerstone of Pacific Textiles' sustainability disclosure efforts. To strengthen sustainability and climate performance management, and to enhance the effectiveness of the Group's disclosures, we regularly conduct materiality assessments, engaging both internal and external stakeholders. Since the initiation of our formalised process in 2020/21, the Group has conducted annual reviews of material topics, drawing on ongoing dialogue with key stakeholder groups to ensure alignment with our evolving operations and stakeholder expectations. This structured approach enables us to identify, refine and prioritise the material topics most significant to both our business and its stakeholders.

Pacific Textiles places great importance on meaningful stakeholder engagement to build trust, gain insights, and incorporate diverse perspectives into decision-making. We adopt both direct and representative approaches to ensure effective communication and collaboration with our stakeholders.

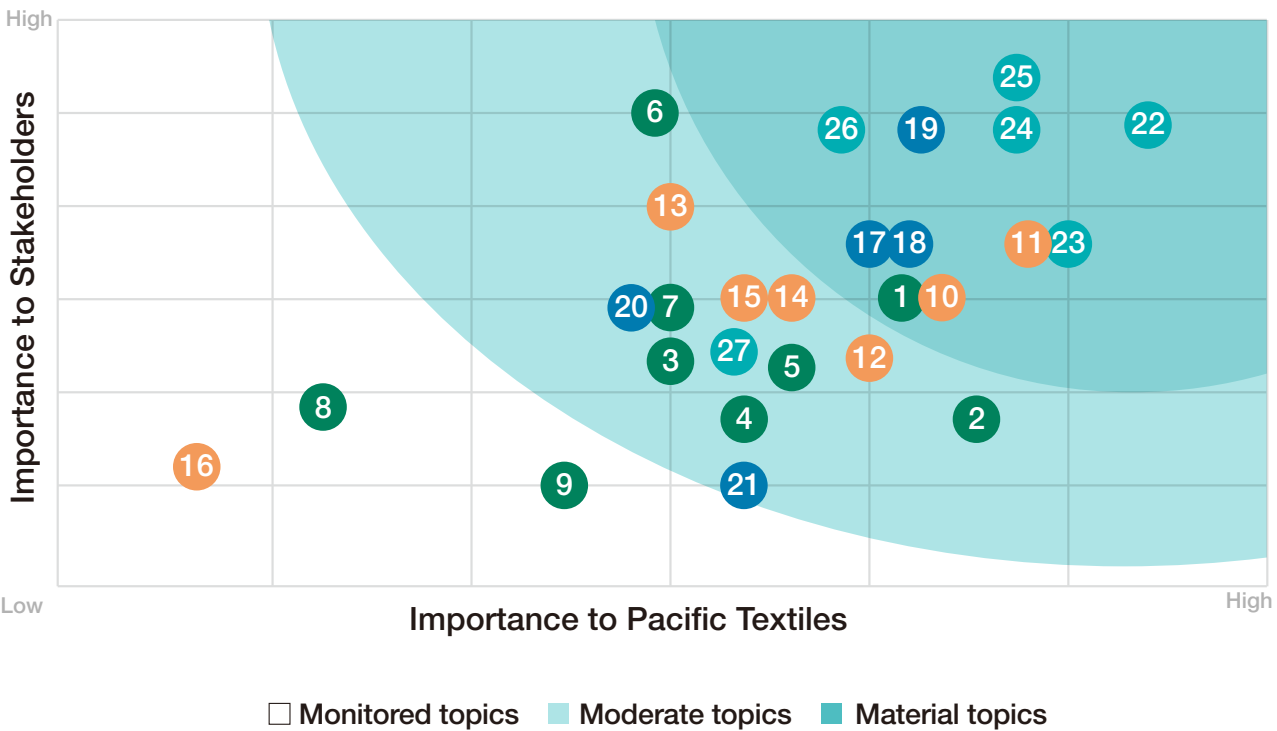
Direct engagement is prioritised when it is essential to build trust and gain first-hand insights, particularly when working with employees. This personal approach allows us to better understand their unique perspectives, concerns, and expectations. For larger, more diverse, or geographically dispersed stakeholder groups, we engage through credible representatives, proxy companies, or independent experts. These methods capture a wide range of perspectives efficiently while ensuring the engagement process remains manageable. Independent experts also provide specialised knowledge and impartiality when addressing complex or technical matters.

Engagement occurs at both the organizational and subsidiary levels. Materiality analyses are regularly coordinated by Pacific Textiles, while CSR functional teams and relevant departments actively communicate and exchange ideas with stakeholders during business activities. Heads of departments raise stakeholder concerns or ideas to executive directors during regular meetings, ensuring continuous feedback integration.

Sustainability Governance

The process of the materiality assessment consisted of four steps.

Step 1: Identification	As part of our 2024/25 assessment, the Group commenced with a comprehensive review and update of the material topics finalised in 2023/24. This exercise involved an in-depth analysis of global megatrends, emerging ESG disclosure frameworks, international best practices, relevant regulations, and local legislative requirements. Informed by this review and to enhance reporting efficiency, similar topics were consolidated, and refinements were made to ensure continued relevance. Additionally, we sought advice from a third-party consultant to identify key ESG issues that are material to the Group.
Step 2: Evaluation	The 2024/25 assessment engaged both internal (65%) and external (35%) stakeholders through online survey. Data and information collected in the survey provided valuable insights into the perceived importance of each sustainability issue and facilitated alignment with the Group's strategic sustainability and climate direction.
Step 3: Prioritisation	Following stakeholder engagement, the responses were analysed and assessed in detail, resulting in the development of an updated material topics list and a revised materiality matrix. This matrix serves as a visual representation of the relative significance of each topic, mapped against its importance to stakeholders (y-axis) and to the Group's business development (x-axis).
Step 4: Validation	Material issues were finally determined based on the outcomes of stakeholder engagement while considering the advice of external consultants. The management of the Group undertook a thorough review of the findings, validating both the updated topic list and the materiality matrix.



Sustainability Governance

Based on the established materiality threshold, eleven out of twenty-seven topics were identified as material to the Group. To ensure the effective long-term management of these material priorities, we have established a series of targets supported by measurable performance indicators, and progress against these targets is comprehensively reported throughout this ESG Report.

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

Material topics		Tier	Our Responses (corresponding report sections)
Value Chain & Product Responsibility			
17	Quality Assurance/Handling of Defective Products	Material	Quality Assurance/Handling of Defective Products
18	Customer Health and Product Safety	Material	Customer Health and Product Safety
19	Technology and Innovation	Material	Technology and Innovation
20	Sustainable Procurement	Moderate	Sustainable Procurement
21	Responsible Marketing	Moderate	Responsible Marketing
Governance Responsibility			
22	Compliance	Material	Compliance
23	Risk Management	Material	Risk Management
24	Sustainable Supply Chain	Material	Sustainable Supply Chain – Supplier Management
25	Business Ethics and Integrity	Material	Business Ethics and Integrity
26	Data Privacy	Material	Data Privacy
27	Intellectual Property Rights Protection	Moderate	Intellectual Property Rights Protection

LEVEL OF SATISFACTION WITH STAKEHOLDER ENGAGEMENT CHANNELS AND DEGREE OF ENGAGEMENT

Notably, the results of the survey reflected a satisfaction rating of 8 out of 10 for the Group’s sustainability and climate communication. This positive feedback highlights our continued commitment to transparent and meaningful engagement with stakeholders.

Value Chain and Product Responsibility



We remain firmly committed to value chain management and delivering high-quality, safe, and innovative products that meet the evolving needs of its clients. Through robust quality control systems and a customer-centric approach, the Group continues to strengthen product performance and operational excellence.

To uphold these standards, the Group ensures that it:

- **Actively improves technologies and skills**, driving innovation in products and services.
- **Adopts the strictest quality management standards** to guarantee the safety and reliability of all products delivered to clients.
- **Pays close attention to customer satisfaction**, continuously refining operational processes to provide superior solutions.

This ongoing focus supports the Group’s long-term strategy to deliver sustainable value while meeting stakeholder expectations and advancing responsible business practices.

Material topics:

- Technology and Innovation
- Quality Assurance/Handling of Defective Products
- Customer Health and Product Safety
- Sustainable Procurement
- Responsible Marketing

TECHNOLOGY AND INNOVATION

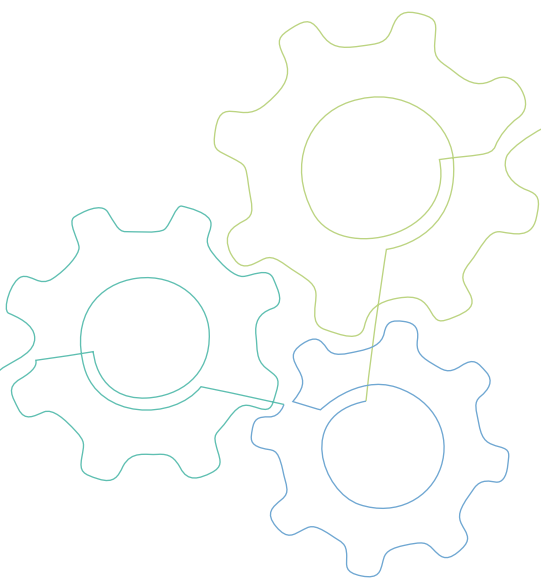
Stakeholders’ concern:

How does Pacific Textiles maintain its competitiveness through its products?

Over the years, the Group continued to enhance technical capabilities to drive product and service innovation. To safeguard proprietary technologies and prevent unauthorised use, the Group applied for patents on key technologies and designs. Multiple patents related to production techniques and other inventions were successfully registered.

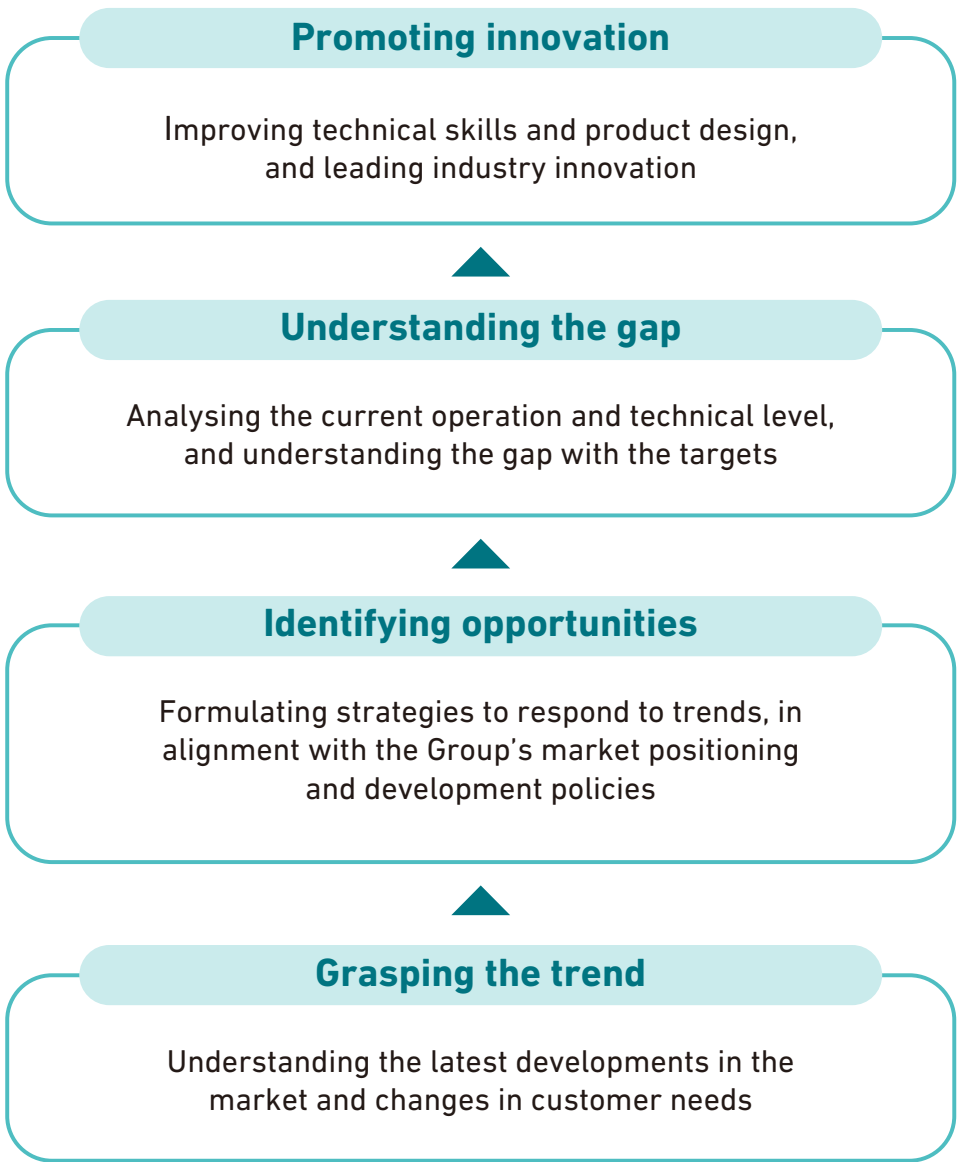
Innovation remains central to the Group’s business model. To stay ahead of changing customer expectations and market demands, we continuously improve our operational model and technical capabilities.

This includes increasing R&D investments in sustainable textile solutions and refining production techniques to enhance efficiency and performance. The innovations developed during the period have received industry-wide recognition, highlighting Pacific Textiles’ leadership in technical and environmental product advancement.



Value Chain and Product Responsibility

The Group’s structured approach to process standardisation, combined with data-driven decision-making and quality control, contributes significantly to the continuous enhancement of product reliability.



During the Reporting Period, the Group increased the development of products using sustainable recycled fibres. Seven eco-friendly products manufactured at the China Nansha Plant were awarded the “Fabrics China – Outstanding Products Award.” These include:

- Baiyun Rongrou: Soft and warm recycled fiber fabric
- Anzong Daka: Soft and warm knitted fabric
- Linlin Boguang: Solona environmentally friendly knitted fabric
- Zihong Xiayun: Ultra-soft and ultra-delicate recycled fiber knitted fabric
- Huaihua Piaoxiang: Light, cool and quick-drying knitted fabric
- Weiduokong Suqian Mianliao: Moisture-absorbing and quick-drying, cooling and sun-proof, micro-porous functional yarn sports fabric
- Duocai Yuanhuan: Light and silky underwear fabric

Value Chain and Product Responsibility

QUALITY ASSURANCE/HANDLING OF DEFECTIVE PRODUCTS

Stakeholders' concern:

What is Pacific Textiles' view on maintaining product quality and ensuring development in compliance with ESG principles?

Pacific Textiles conducts quality inspections in accordance with strict quality control standards to ensure that all raw materials supplied meet international requirements before entering production. Throughout the manufacturing process, the Group adheres to recognised international textile standards and implements comprehensive management measures as outlined in its product safety specifications. In line with our commitment to sustainable development, the Group continues to enhance the social and environmental performance of its plant operations, ensuring compliance with product quality requirements and alignment with ESG principles. During the Reporting Period, there were no product recalls related to safety or health concerns.

Pacific Textiles maintains its long-standing reputation for reliable product quality through stringent quality management practices. Quality inspections are conducted upon receiving raw material samples from suppliers, ensuring all inputs meet international standards before production begins. All factories hold certifications for Global Organic Textile Standard (“GOTS”), Organic Content Standard (“OCS”), Global Recycle Standard (“GRS”), and Recycled Claim Standard (“RCS”). In addition, the China Nansha Plant is certified under the Responsible Wool Standard (“RWS”), while the Vietnam Hai Duong Plant and Vietnam Nam Dinh Plant are certified under the regenagri Chain of Custody Criteria.

To ensure the quality of raw materials from suppliers and maintain excellence throughout the production process, Pacific Textiles continues to prioritise rigorous production management. A comprehensive and standardised production control system has been established, incorporating the principles of standardisation, digitisation, automation, and sustainability into every stage of production, including knitting, dyeing, printing, and finishing. For example, in the dyeing process, Pacific Textiles has developed a model of standardised operation based on accumulated knowledge and data. This involves creating standard procedures for on-site workflows, integrating computerised colour matching, and implementing systematic quality management. These measures reduce errors caused by human judgment, enhance production efficiency, ensure quality stability, and drive continuous improvement. Upon completion of each production stage, comprehensive inspections are conducted to guarantee safety and quality.

To further align product quality with stringent safety management standards, Pacific (Panyu) Textiles has implemented protocols such as Risk Assessment and Preventive Measures During the Production Process, Potential Failure Mode and Effect Analysis – Adult Clothing Fabrics and Infant Clothing Fabrics, and the GOTS, OCS, GRS, and RCS Production Manual. We have also established the Non-Conforming Product Control Procedure, which ensures strict inspection and containment of such items. These documents detail management and control standards for adhering to product safety specifications. Additionally, the Group performs annual self-assessments and third-party evaluations to ensure all products meet the prescribed safety standards, reinforcing its commitment to quality and safety.

CUSTOMER SERVICE

The Group’s Production Control Department conducts an annual evaluation process to continuously monitor customer sentiment and to enhance customer satisfaction. Each team within the department issues an “Evaluation of Products and Services for Customers” form to the relevant sales department groups, gathering valuable feedback on the performance of the Group’s products and services. The evaluation results serve as a critical reference point for identifying areas for improvement. By leveraging this feedback, the Group implements targeted measures to address customer needs, demonstrating its commitment to delivering high-quality products and exceptional service.

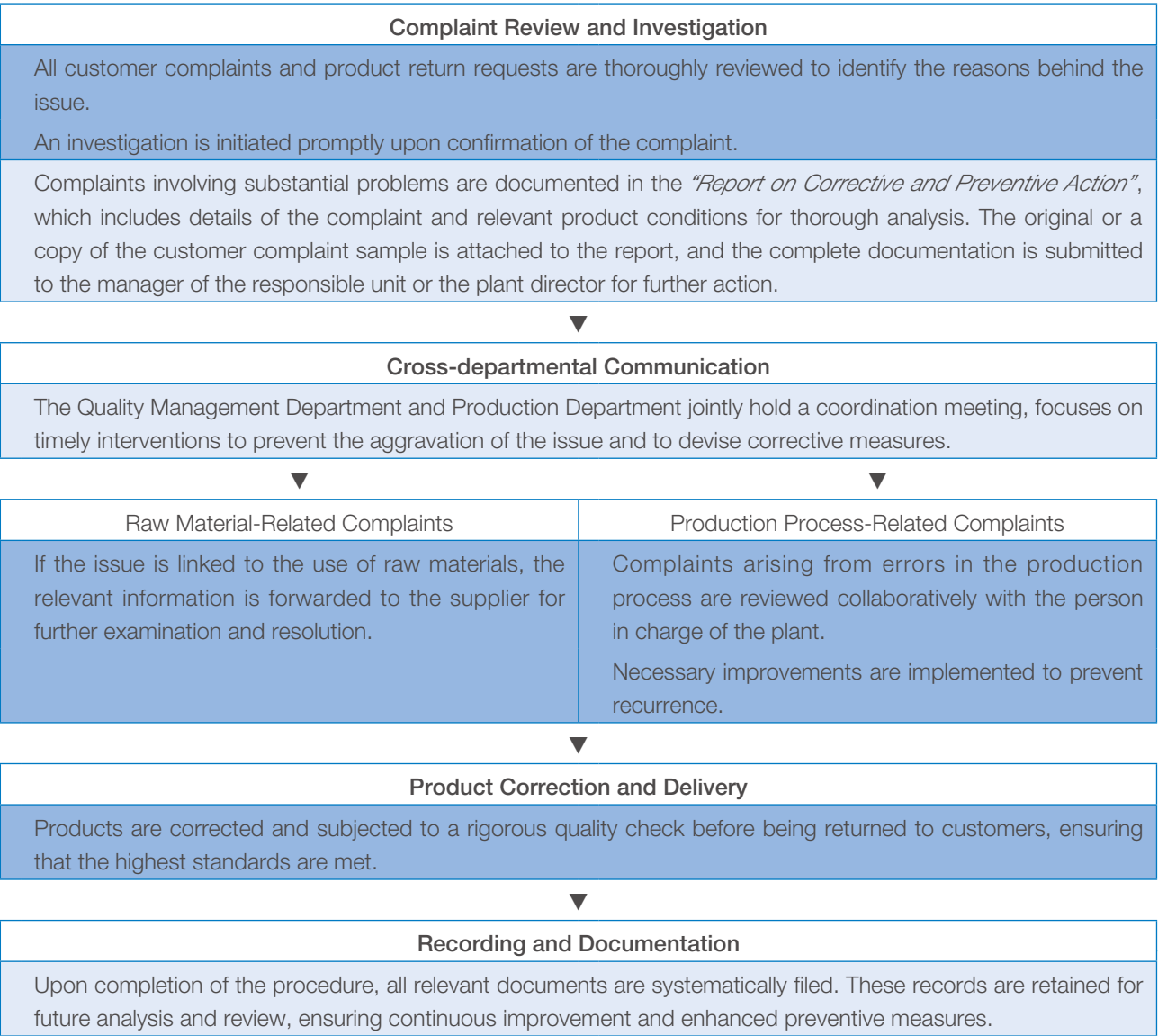
To strengthen long-term partnerships with clients, mitigates potential risks, strengthens quality control, and upholds operational resilience, the Group places high importance on customer complaint handling, customer property management and customer satisfaction management.

Customer complaints are managed through established, structured and proactive approach to address complaints efficiently to ensure product quality and customer satisfaction. Specific procedures have been established, with designated personnel responsible for investigating and following up on customer complaints and returns. Based on the findings, relevant improvements are implemented to enhance service quality and better meet customer expectations.

During the Reporting Period, there were no product recalls due to health or safety concerns and no incidents of regulatory non-compliance.

COMPLAINTS HANDLING PROCEDURES

General complaints Special complaints



Value Chain and Product Responsibility

CUSTOMER HEALTH AND PRODUCT SAFETY

Customer health and safety remain central to our production philosophy. Pacific Textiles strictly adheres to international safety and environmental standards throughout its operations to minimise risks to end users, employees, and the environment.

We operate in compliance with the OEKO-TEX® Standard 100, an independent certification system for textiles tested for harmful substances. Internally, we enforce a Restricted Substance List (“RSL”) and conduct regular ZDHC testing to ensure our processes and products are environmentally sound and safe for human use.

In addition to compliance with China’s GB18401-2010 National General Safety Technical Code for Textile Products, we align with customer-specified standards such as the GOTS, OCS, GRS, RCS and RWS when applicable.

These efforts are continually assessed through internal audits and independent third-party evaluations. Notably, the Group recorded zero incidents of non-compliance with health and safety regulations or voluntary codes during the Reporting Period.

SUSTAINABLE PROCUREMENT

Ensuring the integrity of raw materials remains critical to product quality and customer satisfaction. We are committed to promoting environmentally preferable products within its value chain. This includes selecting raw materials and suppliers who adhere to sustainable practices, as well as developing products that have a lower environmental impact. Key initiatives include:

1. **Sustainable Cotton and Recycled Fibres:** We actively promotes the use of sustainable cotton, with over 80% of its cotton products incorporating eco-friendly cotton sourced from certified suppliers. Additionally, the company has progressively integrated recycled fibres into its product offerings.

In 2023, we introduced Sustainable Cotton Procurement Policy to formalise our commitment to sourcing cotton with lower environmental and social impacts. Suppliers are assessed on a range of factors, including product quality, environmental performance, occupational health and safety, and social responsibility. On-site audits are conducted to ensure compliance.

All cotton yarn suppliers are required to sign a Letter of Guarantee confirming the legality and origin of raw materials. The Group maintains detailed documentation for Better Cotton Initiative (“BCI”), organic, and SUPIMA cotton, including BCI credits and transaction certificates. During the Reporting Period, 84% of cotton sourced was from sustainable origins, meeting the Group’s interim target and supporting its longer-term FY2030/31 goal of full sustainable cotton procurement.

Sustainable Cotton Yarn	2024/25		2023/24	
	Quantity (kg)	Percentage of total cotton yarn purchase (%)	Quantity (kg)	Percentage of total cotton yarn purchase (%)
Total	31,037,595	84.0%	29,083,818	76.2%
BCI Cotton Yarn certified by the Better Cotton Initiative	28,101,789	76.0%	26,031,613	68.2%
Organic Cotton Yarn certified by third party professional firms such as the Control Union, EcoCert, etc.	598,001	1.6%	280,993	0.7%
SUPIMA Cotton Yarn certified by TextileGenesis™	2,337,805	6.4%	2,771,211	7.3%

2. **Biobased and Eco-friendly Materials:** The Group is increasingly sourcing biobased products and other environmentally friendly materials, such as recycled polyester, to reduce its environmental footprint.
3. **Continuous Monitoring:** Our sustainability efforts are continuously monitored through collaboration between the research and development, sales, and procurement teams. This ensures that all products meet the sustainability criteria set by the Group.

RESPONSIBLE MARKETING

As a business-to-business enterprise, Pacific Textiles’ products are not directly marketed to consumers. Consequently, we are not subject to direct consumer product labelling regulations. However, we ensure that all labels comply with customer requirements and specifications, as well as regulatory changes, which may include product composition, sustainability credentials, or traceability details.

Integrity underpins our approach to marketing. All communications and promotional materials are developed to accurately represent the features and performance of the Group’s products. The goal is to build trust with customers by maintaining transparency and accountability.

No major complaints relating to misleading marketing or misrepresentation of product features were received during the Reporting Period.



Environmental Responsibility



Environmental stewardship remains a key priority in Pacific Textiles’ sustainability agenda. By embedding green principles into daily operations and long-term project planning, the Group strives to achieve a balanced relationship between industrial growth and ecological preservation.

We are committed to the following actions to enhance our environmental performance:

- **Adopting the latest green measures and technologies across operations**, including resource efficiency, energy and water conservation, and emissions and waste management.
- **Continuously evaluating and improving** environmental performance through systematic reviews and performance tracking.
- **Actively enhancing** our resilience to climate-related risks by integrating adaptation strategies into business operations.
- **Promoting environmental awareness** among employees, business partners, and the wider community to cultivate a shared responsibility for sustainability.

Through these efforts, the Group continues to support a transition towards a low-carbon, resource-efficient future. Material topics:

- Climate Adaptation and Resilience
- Air Pollution
- Emissions of Greenhouse Gas
- Sustainable Use of Energy
- Sustainable Use of Water Resources
- Packaging
- Waste Management
- Sustainable Use of Raw Materials and Resources
- Biodiversity

CLIMATE ADAPTATION AND RESILIENCE

As a responsible corporate entity, Pacific Textiles recognises the increasing concerns raised by internal and external stakeholders – including local authorities, regulators, and the wider public – regarding the impacts of climate change. Acknowledging the associated risks to global ecosystems and biodiversity, the Group has incorporated climate-related governance into its ESG framework and developed corresponding strategies to minimise environmental impacts. These efforts include measures to mitigate climate-related risks and identify related business opportunities.

We recognise that climate-related risks have both immediate and long-term implications for our operations. In response, we continue to monitor global developments in low-carbon practices, sustainable raw materials, and operational efficiency to remain aligned with international standards and expectations. To enhance transparency and facilitate stakeholder understanding, the Group refers to Part D of the ESG Reporting Code and discloses climate-related information under the four pillars of “Governance”, “Strategy”, “Risk Management”, and “Metrics and Targets”. For climate-related governance, please refer to “Sustainability Governance” section of this ESG report.

STRATEGY AND RISK MANAGEMENT

The Group employs a structured framework to identify and assess climate-related risks. The company’s policies focus on energy saving, pollution reduction, and efficiency improvement, starting from the source with strict process controls. By adopting clean production practices and selecting environmentally friendly raw materials, Pacific Textiles actively reduces resource and energy consumption while preventing pollution.

In response to a rapidly evolving climate landscape, the Group actively identifies and evaluates climate-related risks and opportunities. These findings are incorporated into a climate resilience strategy that focuses primarily on two key areas:

Energy and Water Consumption	Given the high resource intensity of textile production, energy conservation and efficiency improvements are central to the Group’s strategy. This is pursued through retrofitting initiatives, increased adoption of renewable energy, and implementation of green technologies. Short- and long-term targets have been established for the China Nansha and Vietnam Hai Duong Plants to monitor progress.
Waste Reduction	The Group continues to invest in technologies aimed at reducing waste, wastewater, and air emissions at the source. Examples include greater use of recycled water in production processes. Additional emission data is disclosed to promote safe production, reduce chemical pollution, and ensure environmental protection and product safety.

Recognising the significant risks posed by climate change, the company has formulated strategies to minimise its environmental impact. These include setting GHG reduction targets, implementing emission reduction measures, and collaborating with supply chain partners to deploy GHG reduction initiatives. For example, the China Nansha Plant has aligned its GHG mitigation goals with customer targets and actively participates in the Science-Based Targets initiative (SBTi). We are also expanding these strategies across all business practices and promoting environmentally responsible behaviour among employees. Further collaboration with suppliers and sub-contractors is underway to support more sustainable supply chain operations. The Group plans to conduct scenario analyses in the future to better inform policy development and climate resilience measures.

Environmental Responsibility

RISK MANAGEMENT

In 2023/24, we undertook a climate risk assessment to identify material physical and transition risks affecting our business. This analysis evaluated the potential impacts of climate change and helped us to identify opportunities for resilience and improvement. The assessment aimed of strengthening preparedness and informing strategic planning.

A four-step process is employed to identify and manage climate-related risks and opportunities, combining best practices from peers. Climate risks are categorised into three distinct timeframes: short-term risks up to 2025, mid-term risks through 2027, and long-term risks projected up to 2030.

Identification	Relevant risks, including physical and transition risks, are identified across departments through internal assessments, stakeholder feedback, and industry research.
Classification & Evaluation	Risks are categorised and evaluated based on likelihood and business impact using a standard scoring system. We categorise and rank climate-related risks based on their severity and likelihood, using a scoring scale ranging from 1 to 5.
Prioritisation	Climate-related risks are prioritised by evaluating both the severity and likelihood scores. High-impact risks are reviewed by the CSR Committees, prioritised for action, and integrated into strategic planning.
Monitoring & Review	Risks and opportunities are reviewed annually, and mitigation actions are updated timely to reflect evolving conditions and feedback.

PHYSICAL RISKS

We recognise the growing physical risks posed by climate change, including extreme weather events such as typhoons, floods, and heatwaves, which can disrupt operations and affect our supply chains. Additionally, long-term climate shifts, like rising sea levels and changing rainfall patterns, may impact resource availability and production.



Risk description	Potential financial impact	Our actions
Acute risk A single extreme weather event, such as a typhoon, rainstorm or flood, may impact the Group's operational facilities, factory assets, and the safety of life and property. Time Horizon: Short-, Medium- and Long-term Applicable to all three plants	Extreme climate events may prevent employees in affected areas from attending work and cause disruptions to transportation and supply chains. This can lead to higher maintenance and procurement costs, as well as potential legal liabilities. Business interruptions may reduce revenue, while production delays may increase operational expenses. Example: Typhoon at Vietnam Hai Duong Plant In September 2024, a typhoon caused severe damage to the Vietnam Hai Duong Plant, resulting in: – Direct losses: damages to facilities, machinery, and products. – Business interruption: operational losses due to a two-month suspension. The disruption affected the supply chain, delaying material deliveries, halting production, postponing shipments, and leading to compensation claims and order adjustments.	• Typhoons, floods, and heavy rains can cause significant damage to operational facilities, assets, and supply chains. To mitigate such risks, the company operates facilities in multiple countries, reducing dependency on a single location or supplier. Emergency response measures, such as safety boards and annual drills, are also in place at all facilities. • The Group has implemented geographic diversification by maintaining operational plants in two different countries to address the increasing frequency and severity of physical climate risks. This approach helps reduce the likelihood of operational disruptions. • By diversifying raw material sources and avoiding over-reliance on any single major supplier, the Group aims to mitigate potential supply chain disruptions caused by isolated or long-term climate events. These measures support greater resilience, maintain operational stability and continuity, and help minimise potential financial impact.

Environmental Responsibility

Risk description	Potential financial impact	Our actions
Chronic risk A long-term shift in climate patterns, such as rising sea levels and changes in rainfall patterns. Time Horizon: Long-term Applicable to all three plants	Changes in climate patterns , including altered rainfall and flooding due to rising sea levels, may damage operational facilities and equipment. This could lead to increased maintenance costs required to maintain business operations and protect assets.	- Textile production is water-intensive, and increasing water scarcity in China and Vietnam poses long-term operational risks. The company is addressing these challenges by investing in advanced water recycling technologies and optimising water use efficiency. - The Group has established emergency measures under its “Emergency Readiness and Response Management Procedures” to effectively address extreme weather conditions such as typhoons, storms, and floods. These measures outline work arrangements and management procedures for employees during such events. In addition, the plant conducts annual emergency drills and maintains insurance coverage to protect both personal and corporate assets.

TRANSITION RISKS AND OPPORTUNITIES

The Group is fully aware of the transition risks and opportunities associated with the global shift towards a more sustainable and low-carbon economy. As governments, regulators, and markets increasingly focus on environmental responsibility, we recognise the potential risks posed by stricter regulations, carbon pricing, and changing consumer preferences. However, we also view these changes as opportunities to enhance our sustainability practices, invest in greener technologies, and strengthen our competitive edge in the evolving market. By aligning with global sustainability trends, we aim to reduce our environmental impact, improve operational efficiency, and create long-term value for our stakeholders.

Risk description	Potential financial impact	Our actions
Policy and Legal Risk Regulatory changes, such as China’s “dual carbon” targets and evolving pollutant emission standards, require operational adjustments and investments in upgraded equipment. Non-compliance could lead to increased costs and reputational risks, which could damage the company’s reputation, reducing customer orders and affecting credit ratings. Time Horizon: Long-term Applicable to all three plants	Carbon Pricing Carbon pricing may be influenced by policies in the markets where the Group operates. An increase in carbon pricing will raise overall operating costs.	In 2023, the China Nansha Plant (Captive Power Plant Area) complied with government requirements to surrender allowances for 2021, 2022 and 2023 under the National Emissions Trading Scheme (“ETS”). As a key emissions unit in the second compliance cycle, the plant will continue participating in carbon trading. The Group anticipates that policies on carbon quotas and pricing will significantly influence trading costs. To mitigate impacts, we remain committed to carbon reduction initiatives, lowering emissions-related expenses, and achieving low-carbon production.
	Raw Material Supply The cost of raw materials may be affected by market policies, leading to higher overall operating expenses.	

Risk description	Potential financial impact	Our actions
Technology Risk Transitioning to low-emission technologies increases investment and operating costs. For example, upgrading boilers to use biomass or natural gas instead of fossil fuels is a key focus. Although the Group’s green technologies offer improvements and potential benefits, they also involve certain uncertainties and associated risks. Time Horizon: Long-term Applicable to all three plants	Energy Codes and Emission Guidelines Governments may tighten energy codes and emission standards to regulate high-pollution projects within the industry. As the business remains reliant on coal as a primary energy source, which results in high carbon emissions, compliance with such measures will increase operating costs.	Growing demand for sustainable textiles and stricter sustainability requirements from suppliers and buyers necessitate the adoption of low-carbon and recycled materials. Failure to meet these expectations could result in lost contracts with global brands.
	Environmentally Friendly Production Technology Investments in energy-saving, efficiency-enhancing, and pollution-reducing production technologies may lead to higher upfront capital expenditure and increased operating costs.	The Group has introduced advanced production technologies, optimised water treatment systems, and increased wastewater reuse to reduce resource consumption and improve operational efficiency.
	Environmentally Friendly Materials The use of environmentally friendly materials may result in higher overall procurement costs.	The Group is promoting environmentally preferable products within its value chain in progress, such as sustainable cotton yarn.
	Energy Transitioning the business to rely more on renewable energy sources may place pressure on existing systems. Researching and integrating renewable energy technologies involves significant initial investment. However, in the long term, operational costs may be reduced due to more efficient use of energy resources.	- Transitioning to renewable energy sources and implementing low-emission technologies have made the production process greener and more competitive. - The Group has established policies and measures to increase the use of renewable energy. We will assess the costs and benefits of adopting green technologies to reduce potential technology-related risks. The Group will implement these measures progressively to support a gradual transition to greener operations.

Environmental Responsibility

Opportunity description	Potential financial impact	Our actions
Market and Reputational Opportunities By aligning the Group's climate-related policies with market expectations and best practices, there is an opportunity to enhance our reputation and strengthen stakeholder confidence. Time Horizon: Short-, Medium- and Long-term Applicable to all three plants	Investors With growing market demand for sustainable investments, more green bonds and environmental investment products have become available. This may improve the Group's access to green financing.	- The Group has established plant-level targets and corresponding measures to support greener operations. We are currently exploring the development of a Group-level target to reinforce our commitment to reducing environmental impact and meeting the growing expectations of investors and customers. - The growing demand for sustainable textiles presents an opportunity to strengthen customer relationships and expand market share. The company actively engages with clients to share progress on climate-related initiatives and aligns its sustainability targets with customer expectations.
	Customers As demand for environmentally friendly industries increases, customers are more likely to support and invest in companies with greener practices. This trend may contribute to increased potential revenue for the Group.	

METRICS AND TARGETS

We have set and continues to review environmental metrics and targets for its China Nansha and Vietnam Hai Duong Plants. The Group monitors resource usage, greenhouse gas ("GHG") emissions, energy consumption, air pollution, hazardous waste generation, and drainage performance, alongside progress against environmental objectives.

Looking ahead, Pacific Textiles will regularly update its environmental targets in line with strategic priorities and regulatory developments. The Group is also exploring the feasibility of adopting a unified, Group-level environmental target to reinforce its commitment to climate responsibility.



EMISSIONS MANAGEMENT

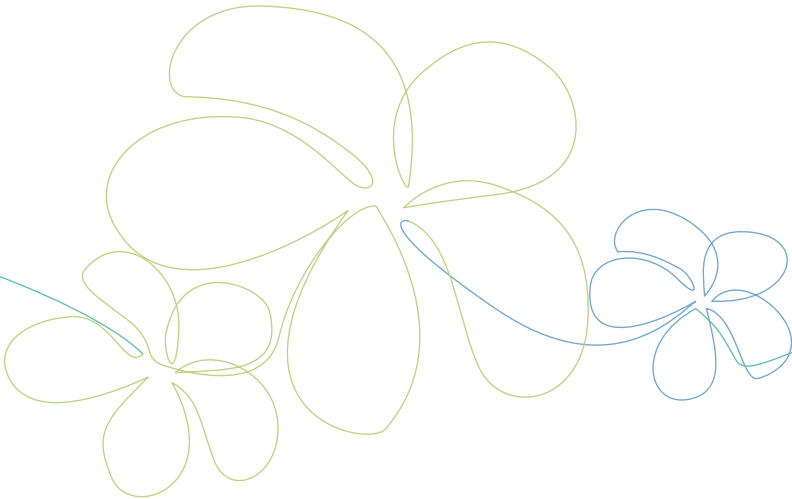
Pacific Textiles has demonstrated its commitment to emissions management through a comprehensive approach that combines innovative technologies, regulatory compliance, and proactive stakeholder engagement. Initiatives such as advanced air pollution control systems, emergency preparedness drills, and the strategic use of carbon credits underscore the company's dedication to sustainability and climate responsibility. By continuously improving its practices and aligning with global standards, Pacific Textiles is contributing to a cleaner, more sustainable future for the textile industry.

AIR EMISSION MANAGEMENT

Air emissions from the Group's operations predominantly originate from boilers and setting machines, emitting nitrogen oxides, sulphur oxides, and particulate matter. While fuel quality, particularly coal, remains an external factor, Pacific Textiles continues to invest in advanced emission control technologies.

We have implemented several measures to air pollution and improve environmental performance:

- The China Nansha Plant has introduced advanced desulphurisation, denitrification, and dust removal systems for its coal-fired boilers, achieving ultra-low emissions that meet Guangdong Province's strict standards.
- In Vietnam Hai Duong Plant, the use of low-sulphur coal (<0.6% sulphur) has significantly reduced air pollution.



Environmental Responsibility

AIR EMISSION OVERVIEW

China Nansha Plant

At the China Nansha Plant, a comprehensive flue gas treatment system has been installed for its coal-fired boilers, achieving ultra-low emission standards as stipulated by Guangdong Province. In addition, advanced oil fume treatment equipment is employed to manage emissions from fabric processing. The plant's continued leadership in emissions management has earned it an invitation to participate in the formulation of China's national standard for air pollutant discharge in the textile printing and dyeing industry.

Since 2022, the plant has further strengthened its management of volatile organic compounds (“VOCs”) through enhanced chemical storage protocols and improved emission collection and treatment facilities. These efforts earned the facility a Grade B rating in the Environmental Protection Bureau’s assessment on VOCs in 2023.

During the Reporting Period, the China Nansha Plant’s thermal power plant continued to optimise the operation and management of its coal-fired boilers and exhaust gas treatment facilities. As a result, the concentration of nitrogen oxides (NOx), sulphur oxides (SOx) and carbon monoxide (CO) emissions were significantly lower than both the regulatory limits and the average emissions from the previous fiscal year, leading to a substantial reduction in total emissions of these three types of air pollutant. Additionally, the increased production during the Reporting Period contributed to a further decrease in the emission intensity of these three types of air pollutant.

Conversely, the total particulate matter (PM) emissions from the China Nansha Plant’s boiler exhaust increased during the Reporting Period, primarily due to variations in the quality of the coal used, which resulted in a higher average PM concentration compared to the previous fiscal year, even after proper treatment. Despite the increase in PM concentration, the levels remained below regulatory limits. The China Nansha Plant remains committed to further strengthening the control of this pollutant to ensure continuous improvement.

Air emission (kg)	China Nansha Plant	
	2024/25	2023/24
Nitrogen oxides emissions	51,114	66,037
Emissions per metric tonne of finished products	0.99	1.44
Sulphur oxides emissions	8,069	12,602
Emissions per metric tonne of finished products	0.16	0.27
Particulate matter emissions	5,218	4,029
Emissions per metric tonne of finished products	0.10	0.09
Carbon monoxide emissions	55,658	54,700
Emissions per metric tonne of finished products	1.08	1.19

Vietnam Hai Duong Plant and Vietnam Nam Dinh Plant

At the Vietnam Hai Duong Plant, emissions are controlled at both the source and terminal stages. The plant uses low-sulphur coal (≤0.6% sulphur content) and operates a boiler gas treatment system that monitors emissions of sulphur dioxide, nitrogen oxides, and particulates in real time. Cyclone dust collector and absorption devices are also used to remove dust and minimise odours, respectively. All air emissions remain within Vietnam’s regulatory limits, as defined by QCVN 22:2009/BTNMT Column B and QCVN 19:2009/BTNMT.

Although air emissions per metric tonne of finished product at the Vietnam Hai Duong Plant were higher than at the China Nansha Plant, this variance reflects differences in local regulatory thresholds. The Vietnam Plants will continue to draw on technical expertise from the China Nansha Plant to improve its emissions performance and reduce its environmental footprint.

Air emission (kg)	Vietnam Hai Duong Plant		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25
Nitrogen oxides emissions	13,027	51,975	16,103
Emissions per metric tonne of finished products	1.50	4.38	3.51
Sulphur oxides emissions	6,047	107,550	3,348
Emissions per metric tonne of finished products	0.70	9.07	0.73
Particulate matter emissions	17,024	55,787	18,848
Emissions per metric tonne of finished products	1.97	4.70	4.11
Carbon monoxide emissions	5,557	168,030	20,933
Emissions per metric tonne of finished products	0.64	14.17	4.56

The significant reduction in the amount and intensity of emissions at the Vietnam Hai Duong Plant was primarily due to the forced closure of the plant. Production was suspended for a period as a result of due to a forced closure caused by extreme weather events. Additionally, demonstrating its commitment to sustainability, the Vietnam Hai Duong Plant enhanced its treatment system by adding extra spraying layers and introducing alkaline substances to improve overall emission control and treatment performance.

The Vietnam Nam Dinh Plant, as a newly operational facility, was designed with sustainability at its core to minimise environmental impact from the outset. For fabric dryers, the plant is equipped with a high-temperature exhaust gas treatment system, similar to the one used at the headquarters. This system incorporates advanced technologies such as pre-filtration, heat exchange, reverse water spraying, dehumidification, and Electrostatic Dust Removal (ESP) to effectively reduce production-related emissions.

In addition, the boiler exhaust treatment system was designed with state-of-the-art technologies, including SNCR+SCR denitrification, Dry and Wet ESP and Flue Gas Desulphurisation (FGD). These measures ensure that emissions meet China’s stringent standards for natural gas combustion. The system also includes a 24/7 online monitoring platform that shares real-time data with local environmental authorities, ensuring transparency and compliance. By integrating these advanced systems from the start, the Vietnam Nam Dinh Plant demonstrates its commitment to sustainability and environmentally responsible operations.

GHG EMISSIONS MANAGEMENT

The textile industry, by nature, contributes significantly to GHG emissions, particularly through energy-intensive processes such as fabric dyeing, finishing, and the operation of coal-fired boilers. Pacific Textiles recognises the actual and potential impacts of these emissions on its business model, value chain, economy, environment, and people.

Environmental Responsibility

Resilience and Energy Management Policies

Pacific Textiles has adopted a robust Environmental Management Policy aimed at reducing emissions, conserving resources, and enhancing operational efficiency. The policy outlines the following commitments:

1. Source Reduction: The company actively invests in technologies to minimise the generation of waste gas, wastewater, and solid waste.
2. Monitoring and Compliance: Emissions are monitored through advanced systems connected to government regulatory platforms, ensuring real-time tracking and compliance with local laws, including China's Atmospheric Pollution Prevention Law and Vietnam's National Technical Regulations on Industrial Emissions.
3. Third-Party Verification: Independent agencies regularly assess the Group's emissions data and processes to ensure accuracy and regulatory compliance.
4. Chemical Management: Chemicals used in production strictly adhere to the ZDHC guidelines, with regular testing conducted to confirm compliance.

These policies are supported by annual compliance assessments and management reviews, ensuring continuous improvement and alignment with regulatory requirements. Meanwhile, measures have been implemented to mitigate emissions and improve environmental performance, including the use of advanced exhaust gas treatment systems at the China Nansha Plant and Vietnam Plants, as well as initiatives to recover and reuse energy from production processes.

Effectiveness Tracking and Stakeholder Engagement

Pacific Textiles monitors the effectiveness of its emissions management initiatives through advanced systems, such as the China Nansha Plant's central control DCS system and the Vietnam Plant's exhaust gas monitoring platform. These systems provide real-time data on pollutant levels, ensuring that emissions remain within regulatory limits. Third-party testing agencies conduct regular assessments, while government inspections ensure compliance.

The Group engages stakeholders through tailored communication channels, including annual reports for investors, certifications for customers, and community development programmes for local residents. Transparency is prioritised, with emissions data and progress shared openly to build trust and accountability.

GHG Emission Overview

The Group's GHG emissions include direct emissions (Scope 1) from fuel combustion, indirect emissions (Scope 2) from purchased electricity, and other indirect emissions (Scope 3) from municipal water usage, sewage discharge, and business travel.

After the Reporting Period, Pacific (Panyu) Textiles Limited has been committed to the SBTi, reflecting our dedication to embracing low-carbon operations and a sustainable future. We are in the process of establishing our Science-Based Targets (SBTs), which will further solidify our commitment to reducing emissions and mitigating our climate impact.

In 2024/25, Pacific Textiles took significant steps to mitigate its carbon footprint by procuring Green Electricity Certificate (GEC) and I-RECs supporting wind and photovoltaic energy projects, offsetting a total of metric tonnes of 75,376 CO₂e. Further details can be found in the "Energy Management" section of this Report.

At the China Nansha Plant, total Scope 1 emissions and intensity decreased during the Reporting Pear, primarily due to a reduction in coal consumption and intensity. This was driven by adjustments to the product structure, the implementation of energy-saving management measures, and the upgrading and replacement of advanced high-efficiency equipment, which improved energy utilisation efficiency. Additionally, major renovations to key equipment at the plant's thermal power facility, including boilers, steam turbines, and auxiliary systems, further enhanced energy supply efficiency. As a result, coal consumption declined compared to the previous financial year, and with increased production during the Reporting Period, coal consumption intensity decreased significantly.

The Vietnam Nam Dinh plant has taken a significant step toward sustainability by adopting wood as an alternative fuel to replace coal, reducing Scope 1 emissions and minimizing its environmental impact. This transition supports the plant's broader strategy to move away from traditional fossil fuels and embrace cleaner, renewable energy sources. In addition, the plant is committed to progressively reducing its reliance on coal over time, reinforcing its dedication to decarbonisation and aligning with global efforts to combat climate change. By prioritizing sustainable energy practices, the Vietnam Nam Dinh plant demonstrates its commitment to long-term environmental responsibility and positive contributions to the community.

Case Study: Application of Carbon Credit

To align with global GHG reduction targets, Pacific Textiles has integrated carbon credits into its emissions management strategy. These credits serve as a supplementary measure to offset emissions that cannot be eliminated through operational improvements alone.

At the China Nansha Plant, carbon emissions from coal-fired boilers and associated facilities are assessed annually by a government-designated third-party agency. In compliance with China's carbon trading system, the plant fulfilled its 2023 carbon quota obligations by purchasing carbon credits from the national carbon emission trading market. For 2024, the plant continued this practice, ensuring full compliance with regulatory requirements.

In Vietnam, although the government has yet to formalise a carbon trading system, Pacific Textiles is proactively exploring the use of carbon credits. The company had identified electricity-related emissions as a key area for offsetting at the best availability in Vietnam and in parallel, conducting pilot studies on biomass fuel substitution to reduce dependency on fossil fuels. Impacts brought by application of carbon credit is as follows:

- **Regulatory Compliance:** The purchase and use of carbon credits ensure adherence to emissions quotas, avoiding fines and reputational risks.
- **Environmental Benefits:** By participating in carbon trading schemes, Pacific Textiles supports renewable energy projects and contributes to global decarbonisation efforts.
- **Operational Flexibility:** Carbon credits provide a backup plan for meeting emissions targets, complementing ongoing operational improvements.

The Group plans to expand its use of carbon credits, focusing on nature-based solutions and carbon removal projects. In Vietnam, Pacific Textiles is preparing for the anticipated launch of a national carbon trading system in the near future at the soonest availability in Vietnam, ensuring readiness to comply with future regulations.

Environmental Responsibility

China Nansha Plant

Greenhouse gas emissions (metric tonnes of CO ₂ e) ¹	China Nansha Plant	
	2024/25	2023/24
Direct (Scope 1) emissions ²	356,916	372,825
Emissions per metric tonne of finished products	6.94	8.10
Energy indirect (Scope 2 – Location-based) emissions ³	60,688	65,668
Scope 2 – Location-based Emissions per metric tonne of finished products	1.18	1.43
Energy indirect (Scope 2 – Market-based) emissions	0	65,668
Scope 2 – Market-based Emissions per metric tonne of finished products	0	1.43
Other indirect (Scope 3) emissions ⁴	2,431	2,542
Emissions per metric tonne of finished products	0.05	0.06

Vietnam Hai Duong Plant and Vietnam Nam Dinh Plant

Greenhouse gas emissions (metric tonnes of CO ₂ e) ¹	Vietnam Hai Duong Plant		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25
Direct (Scope 1) emissions ²	52,034	64,065	44,317
Emissions per metric tonne of finished products	6.01	5.40	9.66
Energy indirect (Scope 2 – Location-based) emissions ³	14,687	18,071	15,580
Scope 2 – Location-based Emissions per metric tonne of finished products	1.70	1.52	3.45
Energy indirect (Scope 2 – Market-based) emissions	0	18,071	15,850
Scope 2 – Market-based Emissions per metric tonne of finished products	0	1.52	3.45
Other indirect (Scope 3) emissions ⁴	345	515	412
Emissions per metric tonne of finished products	0.04	0.04	0.09
Biogenic emissions	–	–	430
Emissions per metric tonne of finished products	–	–	0.09

¹Our greenhouse gas calculation process follows guidance from the How to Prepare an ESG Report: A Step-by-Step Guide to ESG Reporting published by the Hong Kong Stock Exchange, the GHG Protocol: A Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Standard, and the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Furthermore, we also include the reporting of biogenic emissions resulting from the combustion of wood. These biogenic emissions, which consist of carbon dioxide (CO₂), are explicitly reported as outside the Scope 1 emissions boundary, in accordance with established reporting standards.

²Scope 1 emissions are calculated based on energy and unit conversion factors provided by the Standardization Administration of China, the Ministry of Ecology and Environment of the People's Republic of China, and the United Nations 2022 Energy Statistics Yearbook. The Scope 1 emissions factors for fuels and vehicles are derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the How to Prepare an ESG Report: A Step-by-Step Guide to ESG Reporting published by the Hong Kong Stock Exchange.

³Our Scope 2 location-based emissions are calculated using emission factors obtained from the Ministry of Ecology and Environment of the People's Republic of China and the Institute for Global Environmental Strategies.

⁴Our Scope 3 emissions are calculated using emission factors provided by the UK Department for Environment, Food and Rural Affairs (DEFRA) and the International Civil Aviation Organization (ICAO).

Sewage discharge Management

Given the water-intensive nature of textile manufacturing, the Group prioritises advanced wastewater treatment. Regular sampling and third-party testing ensure that only compliant effluents are discharged. Real-time monitoring systems further support transparency and regulatory compliance.

China Nansha Plant	Vietnam Hai Duong Plant
In collaboration with the South China University of Technology and the Guangzhou Branch of the Shenyang Institute of Automation (Chinese Academy of Sciences), the China Nansha Plant has developed advanced wastewater treatment and monitoring technologies. These innovations significantly exceed the national discharge standards and have earned multiple scientific accolades. Moreover, the implementation of a resin tertiary treatment project and a RO reuse system has improved water recycling efficiency.	The Vietnam Hai Duong Plant upgraded its ozone system to a more advanced Fenton treatment system in 2023, enabling the reuse of treated sewage for production.
The China Nansha Plant discharged 6,285,432 cubic metres of wastewater during the Reporting Period, with a rate of 122.28 cubic metres per metric tonne of product – 5% reduction in intensity compared to the 2023/24 level.	The Vietnam Hai Duong Plant recorded a 26% reduction in sewage discharge, primarily due to the forced closure caused by due to a forced closure caused by extreme weather events.

During the Reporting Period, the total sewage discharge at the China Nansha Plant was 6,285,432 cubic meters (2023/24: 5,903,909 cubic meters), with sewage discharge per metric tonne of finished products at 122.28 cubic meters (2023/24: 128.30 cubic meters).



Environmental Responsibility

At the Vietnam Hai Duong Plant, total sewage discharge amounted to 924,181 cubic meters (2023/24: 1,244,581 cubic meters), with sewage discharge per metric tonne of finished products at 106.74 cubic meters (2023/24: 104.92 cubic meters).The Vietnam Nam Dinh Plant recorded a total sewage discharge of 1,043,191 cubic meters, with sewage discharge per metric tonne of finished products at 227.39 cubic meters.

In a compelling demonstration of its water treatment effectiveness, the China Nansha Plant has established an ornamental fishpond using treated printing and dyeing wastewater. The treated water meets Class I discharge standards in Guangdong, underscoring its quality and safety.

ENERGY MANAGEMENT

We recognise that energy efficiency plays a pivotal role in promoting sustainable operations and mitigating climate impact. The production processes within the textile sector are inherently energy-intensive, relying on coal, electricity, and diesel as core energy sources. We remain committed to reducing our environmental footprint through continuous optimisation of energy use, adoption of advanced technologies, and progressive transition towards low-carbon energy solutions.

RESILIENCE AND ENERGY MANAGEMENT POLICIES

The company’s sustainability strategy and **Energy Management Policy** are based on adopting advanced energy-saving technologies, developing low-consumption processes, and optimising resource use to align with international standards.

During the Reporting Period, energy audits were conducted at all plants, in collaboration with government-authorised agencies. These audits provided professional guidance on identifying potential improvements and optimising energy management systems.

We continue to prioritise energy conservation and carbon reduction as part of its sustainability strategy. Through targeted investments, upgraded technologies, and renewable energy adoption, the Group has made significant progress in reducing its carbon footprint and enhancing energy efficiency during the Reporting Period.

ADVANCING RENEWABLE ENERGY ACROSS CHINA NANSHA PLANT AND VIETNAM HAI DUONG PLANT

In our commitment to achieving a low-carbon future, we are proud to highlight a major milestone in energy management accomplished by the China Nansha Plant and the Vietnam Hai Duong Plant. Both plants have successfully offset their Scope 2 market-based emissions through the introduction of certified Renewable Energy Certificates (RECs). By ensuring the electricity consumed at these facilities is fully matched by renewable energy utilization practice, this initiative underscores our dedication to driving the transition to clean energy.

- The China Nansha Plant procured a total of 130,249,000 kWh worth of China GECs, which were produced by wind energy
- The Vietnam Hai Duong Plant procured a total of 24,360,000 kWh worth of I-RECs

Through the use of RECs, China Nansha Plant and Vietnam Hai Duong Plant have significantly reduced their reliance on fossil fuels and have set an example of renewable energy adoption within our operations. This accomplishment aligns with our broader sustainability goals to combat climate change and minimise our carbon footprint. It also demonstrates how collaboration and strategic action can scale sustainable practices across multiple facilities.

Looking ahead, both plants will continue to seek opportunities to enhance energy efficiency and expand renewable energy use, further supporting our decarbonization efforts. This achievement marks an important step in our journey toward a greener, more sustainable future, and reinforces our role as a leader in environmental stewardship.

CHINA NANSHA PLANT

During the Reporting Period, the China Nansha Plant maintained a strong focus on energy conservation by initiating improvement projects, forming specialised energy-saving teams, and encouraging employee participation across departments. The primary objectives include reducing energy wastage, identifying potential energy-saving opportunities, implementing conservation projects, and strengthening energy management practices.

As a key supplier for major brand customers, the China Nansha Plant continues to align its operations with medium- and long-term energy conservation and carbon reduction goals. The plant actively participates in brand-driven sustainable supply chain initiatives, such as the Clean by Design (“CbD”) Project and the Carbon Leadership Project, supported by third-party consulting agencies. These initiatives aim to track and advance energy-saving and carbon reduction action plans. Below is an overview of key projects undertaken at the China Nansha Plant:

Equipment Upgrades and Modernisation

Over the past financial years, the China Nansha Plant has consistently upgraded its production and auxiliary equipment to achieve significant energy savings while improving product quality. During the Reporting Period, the company invested approximately RMB31.17 million to upgrade key production systems, including:

- Installation of 49 new-generation knitting machines.
- Replacement of seven large-scale dyeing and finishing systems.
- Upgrades to reverse osmosis (“RO”) membrane components and electrical control systems.

These upgrades have enhanced operational efficiency while reducing energy consumption across the facility.

Central Air Conditioning System Upgrade

To improve energy efficiency in its central air conditioning system, the China Nansha Plant collaborated with CLP Smart Energy (Guangdong) Limited, a subsidiary of CLP Group. The partnership involved signing a “Refrigeration Station and Pipeline Renovation and Cooling Supply Service Agreement” under an energy performance contracting model.

- Key features of this project include:
- Introduction of advanced, high-efficiency air conditioning equipment.
 - Implementation of a smart control system to optimise energy use.

The project progressed to the detailed design and construction phase during the Reporting Period. On 8 May 2024, a formal launch ceremony was held at the China Nansha Plant to mark the commencement of construction. As of March 2025, civil works and equipment installation were progressing smoothly, with the system expected to be operational by the 2025/2026 financial year.



Environmental Responsibility

Energy Storage and Green Fuel Substitution Projects

Energy Storage System

To optimise electricity usage and reduce overall energy consumption, the China Nansha Plant has launched an energy storage project in collaboration with Gotion High-Tech Co., Ltd. Key elements of the project include:

- Construction of a 12.5MW/45.6MWh user-side energy storage system using advanced lithium iron phosphate battery technology.
- Phase 1 involves “peak shaving and load balancing” of purchased electricity to reduce costs.
- Phase 2 will focus on optimising the operation of the plant’s cogeneration system by using energy storage to regulate operations, thereby increasing efficiency and reducing emissions.

The project was officially launched on July 2024, and Phase 1 construction is currently underway. The system is expected to be operational by the 2025/2026 financial year, with Phase 2 to follow.



Green Fuel Substitution

In partnership with Runqing Environmental Water Services (Shenzhen) Co., Ltd., the China Nansha Plant is developing a green low-carbon fuel project to replace fossil fuels in its cogeneration operations. The collaboration aims to:

- Utilise green, low-carbon fuels to minimise coal consumption.
- Promote resource recycling and carbon reduction.

By March 2025, the project was undergoing its initial environmental impact assessment and design planning. The plant aims to complete construction and commence operations by 2026.

Solar Power Expansion

During the Reporting Period, the China Nansha Plant launched a solar power project as part of Pacific Textiles’ broader renewable energy strategy. The initiative sought to reduce reliance on non-renewable energy sources and promote clean energy adoption.

- **Phase 1:** A 3MW solar PV system was installed and connected to the grid in October 2024, following approval from the local power authority. By March 2025, the system had generated approximately 1,125,630 kWh of self-consumed electricity.
- **Phase 2:** Construction of an additional 3MW solar PV system is underway, utilising available rooftop space at the plant to further increase clean energy usage. Expected to be operational by 2026, the additional PV system will further increasing the plant’s renewable energy capacity and reducing its carbon footprint.

These initiatives align with the Group’s commitment to maximising renewable energy adoption and minimising its reliance on non-green power sources.

VIETNAM HAI DUONG PLANT AND VIETNAM NAM DINH PLANT

In parallel with the efforts at the China Nansha Plant, the Vietnam facilities have implemented energy-saving measures tailored to local conditions:

- 100% recovery of condensed steam.
- Installation of LED lighting systems.
- Recovery and reuse of cooling water.
- Preparatory work for rooftop solar PV installations to further enhance clean energy usage.

EFFECTIVENESS TRACKING AND STAKEHOLDER ENGAGEMENT

Pacific Textiles employs rigorous processes to monitor the effectiveness of its energy management initiatives. Before implementation, action plans are developed and evaluated for feasibility by technical experts, with third-party assessments conducted for complex projects. During implementation, dedicated project teams oversee execution and conduct small-scale trials to validate new technologies. After implementation, data is collected and analysed to assess outcomes, with continuous optimisation to improve performance. Progress and results are communicated through annual reports, community engagement programmes, and sustainability certifications. Additionally, the company collects energy consumption data to prepare Annual Environmental Protection Reports, which are submitted to government authorities and shared with stakeholders to ensure transparency.

ENERGY CONSUMPTION OVERVIEW

For both plants, the majority of energy usage was attributable to raw coal, used predominantly for power and steam generation. Supplementary sources such as electricity, diesel, and petroleum gas were primarily consumed for plant operations, logistics, and catering. Both plants also underwent **government-authorised energy audits** during the Reporting Period. These assessments support our continuous improvement goals by identifying potential areas for further optimisation and providing expert guidance on energy performance enhancement.

CHINA NANSHA PLANT

During the Reporting Period, total net energy consumption at the **China Nansha Plant** was approximately **1,022,481,149 kWh**, reflecting an **15.0% year-on-year decrease**. During the Reporting Period, the China Nansha Plant recorded a decrease in total coal consumption and intensity due to adjustments to the product structure, active implementation of energy-saving management measures, and the upgrading and replacement of advanced high-efficiency equipment, which improved energy utilisation efficiency. Major upgrades and renovations were carried out on key equipment at the thermal power facility, including boilers, steam turbines, and auxiliary systems, enhancing energy supply efficiency. Furthermore, the 3MW solar panel PV system has contributed to reducing the China Nansha Plant’s reliance on purchased electricity to a certain extent. As a result, both the consumption of primary fuel (coal) and purchased grid electricity decreased compared to 2023/24.

Environmental Responsibility

Energy consumption (kWh)	China Nansha Plant	
	2024/25	2023/24
Total net energy consumption	1,022,481,149 ⁵	1,202,782,818
Consumption per metric tonne of finished products	19,891	26,138
Energy sold	-133,047,694	–
Raw coal consumption	1,038,464,003	1,084,716,797
Consumption per metric tonne of finished products	20,202	23,572
Generation of Renewable Energy	1,167,546	–
Consumption per metric tonne of finished products	23	–
Purchased electricity consumption	113,097,677	115,146,744
Consumption per metric tonne of finished products	2,200	2,502
Other energy sources consumption ⁶	2,799,617	2,919,277
Consumption per metric tonne of finished products	54	63

VIETNAM HAI DUONG PLANT AND VIETNAM NAM DINH PLANT

During the Reporting Period, total energy consumption at the Vietnam Hai Duong Plant was approximately 170,527,908 kWh, reflecting an 21.5% year-on-year decrease. The total energy consumption at the Vietnam Nam Dinh Plant was approximately 151,839,064 kWh. The Vietnam Hai Duong Plant’s energy consumption decreased during the Reporting Period primarily due to forced closure caused by extreme weather events.

Energy consumption (kWh)	Vietnam Hai Duong Plant		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25
Total energy consumption	170,527,908	217,134,678	151,839,064
Consumption per metric tonne of finished products	19,696	18,305	33,097
Raw coal consumption	145,397,764	185,445,000	123,811,488
Consumption per metric tonne of finished products	16,793	15,634	26,988
Purchased electricity consumption	24,359,103	29,970,583	26,286,445
Consumption per metric tonne of finished products	2,813	2,527	5,730
Other energy sources consumption ⁶	771,041	1,719,095	1,741,131
Consumption per metric tonne of finished products	89	145	380

During the Reporting Period, the Vietnam Nam Dinh Plant implemented several energy management measures to enhance efficiency and sustainability. Thermal energy reuse was optimised by recycling cooling water from dyeing vats for secondary use, reducing steam consumption as well as clean water usage in the fabric dyeing process. Additionally, condensate water from the heating of stenter machines was collected using a deaerator and reused as boiler feedwater, minimizing thermal energy loss as well as raw water consumption. The plant also expanded its solar PV projects to increase the use of clean, renewable energy. To ensure these initiatives were effectively implemented, employees underwent energy efficiency training to operate equipment under optimal parameters, avoiding unnecessary energy waste. These efforts highlight the plant’s commitment to sustainable energy practices.

⁵ During the Reporting Period, the China Nansha Plant began selling a portion of the energy generated. This figure represents the energy produced and/or consumed by the China Nansha Plant, net of the energy sold.

⁶ 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.

WATER RESOURCES MANAGEMENT

Pacific Textiles recognises the intrinsic value of water as a vital natural resource and its essential role in maintaining ecological balance. Given the water-intensive nature of textile manufacturing – particularly within the dyeing process – the Group is committed to safeguarding regional water resources through responsible use, conservation, and recycling. Our water resources management strategy focuses on reducing overall water consumption, enhancing water use efficiency, and integrating advanced low-consumption technologies into production processes.

This commitment is reflected in the adoption of innovative technologies and efficient practices. By deploying low-liquor-ratio dyeing machines, conducting regular system inspections, and maximising the use of recycled water, the Group continues to minimise its environmental footprint while ensuring the sustainable use of water resources. These efforts underscore our dedication to balancing operational excellence with ecological responsibility.

RESILIENCE AND WATER MANAGEMENT POLICIES

Pacific Textiles has formulated water resources management policies that prioritise reducing water consumption, enhancing water use efficiency, and adopting advanced technologies. The Group places great emphasis on wastewater treatment to minimise pollution and ensure compliance with local requirements. Both the China Nansha Plant in China and the Vietnam Plants regularly sample and test treated wastewater to evaluate the effectiveness of treatment processes. Real-time monitoring systems have been established to ensure only compliant wastewater is discharged. Additionally, the company collaborates with third-party testing agencies to verify results and maintain regulatory compliance.

To manage water and effluents effectively, Pacific Textiles has undertaken several initiatives:

1. **Wastewater Treatment Technologies:** Advanced systems, including the Fenton system and reverse osmosis (“RO”) technologies, are employed to enhance the quality of treated wastewater and increase its reuse in production processes.
2. **Water Conservation Measures:** Low-liquor water flow dyeing machines are utilised to reduce water consumption during the dyeing process, complemented by collecting systems and reusing pipelines for internal water circulation, such as recycling hot water from dyeing and condensed steam from finishing, as well as internally recycled water for air compressors and electrostatic precipitators at the China Nansha Plant. Regular inspections and maintenance of water supply systems are conducted to prevent leakage and inefficiencies, alongside the integration of water recycling systems that treat and repurpose wastewater for reuse in production processes.
3. **Research and Development:** The China Nansha Plant has collaborated with South China University of Technology and Guangzhou Institute of Industrial Intelligence (廣州工業智能研究院) to develop advanced wastewater treatment and smart monitoring technologies. These innovations significantly exceed the limits set by China’s textile water pollution standards and have been recognised with national awards.
4. **System Upgrades:** The Vietnam Plants upgraded their ozone systems and introduced advanced Fenton systems to treat wastewater more effectively and recycle it for production processes. In addition, the China Nansha Plant optimised its water production process during the saline tide period by implementing measures such as recycling backwash water from brackish water desalination RO filters. This initiative reduced losses during water production and improved the efficiency of water production and supply during the saline tide period.

Environmental Responsibility

These measures have improved wastewater treatment efficiency, increased the reuse rate of treated wastewater, and reduced the overall environmental impact of the company’s operations.

Case Study: Innovative Low-Liquor-Ratio Dyeing Machines

Fabric dyeing is one of the most water-intensive processes in the production of knitted fabrics. In light of this, the China Nansha Plant has made considerable efforts to reduce water usage in dyeing through process optimisation and technological advancements. In recent years, the plant has invested in advanced low-liquor-ratio dyeing machines to replace older models. These machines operate with a liquor ratio approximately 40% to 50% lower than traditional dyeing machines, resulting in a corresponding reduction in water consumption of 40% to 50%. This initiative has significantly enhanced the plant’s water efficiency while maintaining high-quality dyeing output.

WATER REUSE AND REDUCTION IN FRESHWATER DEPENDENCY

	China Nansha Plant		Vietnam Hai Duong Plants		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25	2023/24	2024/25
Municipal Water Consumption	3%	3%	1%	1%	1%
River water consumption	62%	62%	92%	99%	98%
Recycled wastewater consumption	35%	35%	7%	–	1%

Approximately **35% of total water consumption** at the **China Nansha Plant** is now sourced from recycled wastewater. This significantly reduces reliance on external freshwater supplies while supporting production sustainability. At the **Vietnam Hai Duong Plant**, the reuse pipeline system for treated wastewater was brought into operation in 2023. The plant has achieved **5% water reuse** during the Reporting Period, with plans to gradually scaling up this figure.

During the Reporting Period, water for production at both plants was primarily sourced from local rivers or treated wastewater. Only a minor portion – used for cooking and domestic purposes – was drawn from municipal water supplies.

WATER SOURCING AND USAGE

During the Reporting Period, both the China Nansha Plant in China and the Vietnam Plants did not encounter any challenges in sourcing appropriate water resources. Pacific Textiles’ operations rely on water from rivers and municipal supplies. At the China Nansha Plant, surface water from the Hongqili Waterway (洪奇瀝水道) is treated and used in production processes, while municipal water is used for domestic purposes. Wastewater generated during production is collected, treated at the company’s wastewater treatment facilities, and either reused or discharged in compliance with regulatory standards.

Similarly, the Vietnam Plants source water from rivers and municipal supplies. Treated wastewater is partially recycled for internal operations, such as the wastewater treatment plant and dyeing processes. The company is in the process of installing RO systems to further increase the reuse rate of treated wastewater, thereby reducing both water intake and discharge quantities.

The majority of water consumption at both facilities is attributed to production processes, with water sourced from rivers or treated recycled wastewater. Domestic and culinary water usage accounts for only a small portion and is supplied by municipal water systems. Additionally, the China Nansha Plant utilises internally recycled water for air pumps and electrostatic dust removal equipment, further demonstrating its commitment to water resource optimisation.

APPROACH TO IDENTIFYING WATER-RELATED IMPACTS

As required by local laws and regulations, our Vietnam Plants conduct environmental impact assessments (“EIAs”) before initiating new projects or expansions. These assessments, carried out by third-party agencies, evaluate potential water-related impacts during construction and operation phases. The reports include testing and simulations to confirm the factory’s ability to manage impacts effectively. The quality and capacity of receiving water bodies are also considered in these assessments.

Based on the findings, contractors are required to follow specific guidelines during construction, while employees receive training to ensure compliance with environmental policies. Minimum standards for effluent discharge are strictly followed, as per government regulations, with additional measures implemented in line with ZDHC guidelines to strengthen pollutant control.

EFFICIENCY TRACKING AND STAKEHOLDER ENGAGEMENT

Pacific Textiles ensures the effectiveness of its water management practices through regular monitoring and reporting. Water consumption data is periodically reviewed, and treated wastewater is sampled and tested to evaluate treatment efficiency and compliance; anomalies were promptly reported to the relevant business units to promote immediate actions and ensure efficient water usage. The company adheres to water pollution discharge standards stipulated by environmental impact assessments and discharge permits, as mandated by local environmental departments. For pollutants not covered by mandatory regulations, Pacific Textiles works with brand partners to implement the ZDHC guidelines, further strengthening pollutant control.

The company communicates its water management actions and outcomes to stakeholders through various channels. Investors and shareholders are informed via annual reports and conferences; regulators and governments receive compliance reports and required documentation; customers and brands are updated through sustainability certifications and supply chain reports; employees are engaged through training programmes and internal communications; and local communities are informed through reports, community development programmes, and results sharing.

WATER CONSUMPTION OVERVIEW

Despite increased production volumes during the Reporting Period, both the China Nansha Plant and the Vietnam Hai Duong Plant achieved notable improvements in freshwater efficiency. The China Nansha Plant continues to improve water efficiency through advanced technologies and increased water reuse initiatives. Meanwhile, the Vietnam Hoi Duong Plant experienced a decrease in water consumption due to a forced closure caused by extreme weather events. The performance of the three Plants reflects the effectiveness of our water resource management strategies and reaffirm our commitment to continuous improvement.

Environmental Responsibility

CHINA NANSHA PLANT

Comprehensive water consumption (m³)	China Nansha Plant	
	2024/25	2023/24
Total water consumption	12,556,498	–
Consumption per metric tonne of finished products	244.27	–
River water consumption	7,837,187	7,403,028
Consumption per metric tonne of finished products	152.46	160.88
Municipal water consumption	373,140	343,712
Consumption per metric tonne of finished products	7.26	7.47
Freshwater consumption	8,210,327	7,746,740
Consumption per metric tonne of finished products	159.72	168.34
Recycled wastewater ⁷ consumption	4,346,171	4,116,706
Consumption per metric tonne of finished products	84.55	89.46

VIETNAM HAI DUONG PLANT AND VIETNAM NAM DINH PLANT

Comprehensive water consumption (m³)	Vietnam Hai Duong Plant		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25
Total water consumption	1,176,520	1,459,268	1,222,959
Consumption per metric tonne of finished products	135.89	123.02	266.57
River water consumption	1,086,720	1,447,620	1,204,641
Consumption per metric tonne of finished products	125.52	122.04	262.58
Municipal water consumption	12,245	11,648	7,888
Consumption per metric tonne of finished products	1.41	0.98	1.72
Freshwater consumption	1,098,965	1,459,268	1,212,529
Consumption per metric tonne of finished products	126.93	123.02	264.30
Recycled wastewater ⁷ consumption	77,555	–	10,430
Consumption per metric tonne of finished products	8.96	–	2.27

The Vietnam Nam Dinh Plant has implemented various measures to promote water resource recycling and reuse. For hot water recycling, cooling water from dyeing vats is reused, reducing the consumption of fresh water, and steam condensate is also recovered for reuse. In terms of wastewater reuse, an advanced treatment system and security filtration system were added in the later stages of the wastewater treatment process, enabling part of the treated wastewater to be reused for production and domestic purposes, further reducing fresh water consumption. Additionally, the plant has a rainwater collection pond on-site, where rainwater is collected and partially reused for non-process purposes such as landscaping and cleaning. These initiatives reflect the plant’s commitment to sustainable water management.

Looking ahead, Pacific Textiles will continue to closely monitor water consumption at both facilities and actively explore further opportunities to reduce, recycle, and optimise water usage across our operations.

⁷ The wastewater is reclaimed from the water used by various production facilities and becomes recyclable after treatment.

WASTE MANAGEMENT

Pacific Textiles takes a proactive approach to waste management by adhering to strict regulatory requirements, implementing effective waste reduction measures. By closely monitoring waste generation and disposal processes, collaborating with qualified contractors, and engaging with stakeholders, the company ensures that its operations align with environmental sustainability goals.

RESILIENCE AND WASTE MANAGEMENT POLICIES

Pacific Textiles has implemented stringent policies to manage both hazardous and non-hazardous waste generated during production processes. The China Nansha Plant in China and the Vietnam Plants strictly comply with local government policies regarding hazardous waste disposal. Hazardous waste is entrusted to government-approved professional contractors to ensure full compliance with local environmental standards.

For non-hazardous waste, recyclable materials are resold to recyclers for reuse, while non-recyclable waste is handed over to approved contractors for comprehensive treatment. These measures reflect the company’s commitment to minimising waste and ensuring proper disposal methods.

We have adopted a range of measures to manage waste effectively and mitigate its impact on the environment:

- Waste Collection and Classification:** All waste generated during operations is collected and classified before being transported to temporary storage warehouses.
- Storage Management:** Waste is stored in dedicated warehouses equipped with partitions and prevention facilities, ensuring safe and compliant storage. Hazardous waste storage areas are separated from common waste warehouses and are strictly managed by designated personnel.
- Contractor Selection and Oversight:** The company partners with qualified waste treatment contractors recognised by local laws. Random inspections are conducted to verify their performance and ensure compliance with regulations.
- Improving Waste Treatment Methods:** Pacific Textiles collaborates with waste treatment contractors, encouraging them to adopt cleaner and more environmentally friendly treatment methods.
- Environmental Impact Assessments:** Based on requirements of local laws and regulations, environmental impact assessments are conducted to ensure compliance with waste management requirements before implementing new projects.



Environmental Responsibility

EFFECTIVENESS TRACKING AND STAKEHOLDER ENGAGEMENT

Pacific Textiles ensures the effectiveness of its waste management practices through regular monitoring and reporting. KPIs for hazardous waste recycling are established, such as the cleaning and reuse of plastic barrels at the China Nansha Plant and 100% third-party recycling of chemical packaging barrels at the Vietnam Plants. Monthly statistics on waste generation are compiled, and the treatment of hazardous waste is closely monitored using systems like the transfer joint form system in China Nansha Plant and follow-up inspections of final treatment processes in Vietnam. These measures safeguard transparency and accountability in waste management efforts.

The company communicates its waste management actions and outcomes to stakeholders through tailored methods. For investors and shareholders, this includes annual reports, meetings, and conferences, while regulators and governments receive compliance reports and required documentation. Customers and brands are informed through sustainability certifications and supply chain transparency reports, and employees and workers are engaged via internal communications, training programmes, and surveys. For local communities, the company shares reports, results, and participates in community development programmes. Additionally, for the Vietnam Plants, an Annual Environmental Protection Report, including waste management data, is prepared and submitted to the Ministry of Natural Resources and Environment, the Department of Natural Resources and Environment, and other relevant authorities.

WASTE MANAGEMENT OVERVIEW

The Group adheres to stringent local requirements for both hazardous and non-hazardous waste management. All hazardous waste is entrusted to certified contractors for proper disposal. Non-hazardous waste is either sold for recycling or sent to approved disposal facilities.

During the Reporting Period, the China Nansha Plant increased the amount of hazardous waste produced by 27.2%. and the amount of non-hazardous waste produced increased by 11.1%. The increase in waste at the China Nansha Plant this financial year was primarily driven by a rise in auxiliaries containers and waste oil sludge due to adjustments in product structures aimed at meeting evolving sustainability and product requirements. Waste oil sludge grew as a result of exhaust gas treatment during more frequent high-temperature fabric setting processes, which were necessary to ensure higher-quality, sustainable production outcomes. Similarly, additive use increased to support these more sustainable product developments. Despite the rise in waste, the plant prioritised sustainability by utilising its in-house cleaning facilities to process the majority of additive containers, which were subsequently recycled by suppliers or general waste recycling units, minimising environmental impact.

Amount of wastes generated (kg)	China Nansha Plant	
	2024/25	2023/24
Amount of hazardous wastes generated	403,171	316,857
Amount generated per metric tonne of finished products	7.84	6.89
Amount of non-hazardous wastes generated	63,969,061	57,564,377 ⁸
Amount generated per metric tonne of finished products	1,244.44	1,263.41 ⁸

Moreover, non-hazardous waste volumes at the Vietnam Hai Duong Plant declined due to forced closure caused by extreme weather events, reflecting enhanced waste management practices. The increase in hazardous waste at the Vietnam Hoi Duong Plant was primarily due to an increase in sludge from the wastewater treatment system. The rise in sludge volumes was caused by higher treatment requirements during the production period This situation arose due to extreme weather events that were beyond the control of the Vietnam Hoi Duong Plant rather than regular production activities. Despite this, the plant remains committed to sustainability by ensuring all wastewater, including rainwater runoff, is treated in compliance with environmental standards.

⁸ The figure has been updated following a review of the calculation to ensure greater accuracy and alignment with ESG reporting standards.

Amount of wastes generated (kg)	Vietnam Hai Duong Plant		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25
Amount of hazardous wastes generated	3,853,471	3,666,452	1,769,945
Amount generated per metric tonne of finished products	445.07	309.09	385.80
Amount of non-hazardous wastes generated	8,824,386	11,632,375	6,865,229
Amount generated per metric tonne of finished products	1,019.21	980.65	1,496.45

The newly operational Vietnam Nam Dinh Plant has established a robust and structured waste management system to ensure environmentally responsible handling and disposal of waste. Waste generated at the plant is strictly classified into hazardous waste, general industrial solid waste, and domestic waste, with dedicated storage and management systems for each category. The plant features specialised storage facilities, including a dedicated hazardous waste warehouse equipped with anti-leak flooring, spill collection channels, fire protection systems, and clear warning signage, where waste such as used oil and batteries is stored in separate zones. General industrial waste, such as packaging materials, is stored in a separate warehouse, while domestic waste is managed in another dedicated facility. Additionally, sludge from the wastewater treatment plant is stored in a dedicated facility with a leak-proof structure and drainage system, ensuring safe containment and compliance with environmental standards.

The plant ensures proper treatment and disposal of waste through partnerships with licensed and qualified companies. Hazardous waste, such as used oil and batteries, is collected by certified recyclers, while mercury-containing fluorescent lamps are securely sealed and handled separately to prevent contamination. Recyclable industrial waste, like metal packaging, is sent to resource recovery companies, while non-recyclable materials, such as fabric scraps, are incinerated or landfilled. Boiler ash is also sent to specialised companies for recycling, and dewatered sludge is transferred to licensed organisations for professional treatment. To further support its sustainability goals, the plant provides employees with training on waste segregation, safe storage, and emergency handling procedures, complemented by environmental awareness campaigns, such as posters promoting waste classification. These efforts reflect the plant's commitment to sustainable and environmentally conscious operations.

We remain committed to environmental excellence through continuous investment in advanced technologies, compliance with evolving standards, and proactive management of emissions and waste. These efforts form a core pillar of the Group's broader sustainability strategy and reflect its vision for responsible industrial growth.

PACKAGING MATERIALS MANAGEMENT

We recognise the environmental impact associated with packaging waste and is committed to reducing its footprint through sustainable packaging practices. In line with our broader environmental objectives, the Group has implemented a range of measures aimed at minimising unnecessary packaging while maintaining the protection and quality of finished products during handling and transportation, including:

- Using packaging materials tailored to specific product requirements to avoid over-packaging.
- Prioritising the use of environmentally friendly or recyclable materials.

Environmental Responsibility

- Providing operational guidelines to avoid human errors that could lead to packaging waste.
- Recycling or reusing packaging tape and adhesive materials as protective coverings for products.

To further strengthen our sustainable packaging strategy, we maintain stringent supply chain controls for all packaging items to ensure compliance with internal environmental standards and to prevent pollution risks from non-compliant materials.

CHINA NANSHA PLANT

While total consumption of packaging materials at the China Nansha Plant increased during the Reporting Period, the consumption per metric tonne of finished products for both types of packaging material decreased. This rise was driven by a combination of increased production volumes and change to product structures.

Consumption of packaging materials (kg)	China Nansha Plant	
	2024/25	2023/24
Consumption of paper packaging materials	545,625	490,475
Consumption per metric tonne of finished products	10.61	10.66
Consumption of plastic packaging materials	242,113	225,386
Consumption per metric tonne of finished products	4.71	4.90

The China Nansha Plant is certified under the RWS, an important industry standard which ensures that wool comes from farms managed responsibly, prioritizing animal welfare by preventing overgrazing and mistreatment of sheep, while also requiring sustainable land-use practices to protect soil, water, and ecosystems. This certification supports ethical and sustainable wool production, encourages responsible practices across the supply chain, and provides consumers with reliable, environmentally friendly choices that align with high ethical standards.

Moreover, the Vietnam Hai Duong Plant and Vietnam Nam Dinh Plant are certified under the regenagri Chain of Custody Standard, an internationally recognised certification system designed to promote sustainable agricultural development through regenerative farming practices. Its core objective is to minimise agriculture’s environmental impact while enhancing the resilience and economic viability of agricultural systems. The certification ensures full traceability from farms to end products and applies to non-food agricultural materials, such as fibers, with at least 50% certified regenerative content. By aligning with regenagri, these plants demonstrate a strong commitment to sustainability, supporting responsible production practices and offering consumers environmentally conscious, traceable products.

VIETNAM HAI DUONG PLANT AND VIETNAM NAM DINH PLANT

The Vietnam Hoi Duong Plant recorded a decrease in paper packaging material consumption and an increase in plastic packaging material consumption. The decrease in paper packaging materials was primarily due to forced closure caused by extreme weather events. In contrast, the use of plastic packaging materials increased, mainly due to their application in packing, storage, and preventive covering for fabrics and devices stored or installed within the factory. This increase reflects the plant’s focus on ensuring proper protection and preservation of materials and equipment during storage and operational processes.

Consumption of packaging materials (kg)	Vietnam Hai Duong Plant		Vietnam Nam Dinh Plant
	2024/25	2023/24	2024/25
Consumption of paper packaging materials	87,397	142,974	–
Consumption per metric tonne of finished products	10.09	12.05 ⁹	–
Consumption of plastic packaging materials	89,650	73,749	31,142
Consumption per metric tonne of finished products	10.35	6.22 ⁹	6.79
Consumption of carton packaging materials	–	–	92,706
Consumption per metric tonne of finished products	–	–	20.21

The newly operational Vietnam Nam Dinh Plant has also implemented a structured approach to the classification and reduction of packaging materials as part of its waste management system. Packaging materials are carefully classified and managed to ensure proper handling and disposal. Hazardous waste packaging, such as adhesive plastic containers and metal packaging, is collected separately, labelled, and stored securely, while non-hazardous packaging materials, such as soft packaging materials, are stored separately from domestic waste to maintain proper segregation and facilitate recycling or disposal. To further reduce packaging waste at the source, the plant has adopted measures such as using reusable containers to minimise single-use packaging. Additionally, it prioritises large-capacity packaging and bulk deliveries via tanker trucks to reduce the overall volume of packaging waste generated. These initiatives reflect the plant’s commitment to sustainable and environmentally responsible operations.

The Vietnam Nam Dinh Plant has also implemented robust measures for the storage, recycling, and disposal of packaging waste to ensure environmental compliance. Hazardous packaging is stored in a dedicated warehouse with leak-proof trays and sealed containers, while non-hazardous packaging is kept separately in an industrial solid waste warehouse to prevent contamination. Covered and categorised bins in production areas enable immediate segregation. Empty chemical containers are sent to certified units, and contaminated packaging, such as dye bags, is managed as hazardous waste. Recyclable materials like cardboard and plastic films are sent to recycling companies, while non-recyclable packaging is disposed of in compliance with Vietnam’s QCVN 07:2009/BTNMT standards. Employees are trained in waste classification, secure storage, and emergency response, ensuring safe and efficient waste management.

Moving forward, the Group will continue to pursue opportunities for reducing packaging waste, enhancing the use of recyclable materials, and further integrating sustainable packaging practices into its production and logistics processes.

OTHER ENVIRONMENTAL IMPACT MANAGEMENT

We remain fully committed to minimising the broader environmental impacts of its operations, recognising that industrial activities can affect the surrounding environment through noise, odour, and emergency-related risks. As part of our environmental stewardship responsibilities, both the China Nansha Plant and the Vietnam Hai Duong Plant have established dedicated environmental working groups to monitor emissions, assess resource consumption, and implement measures that safeguard local ecosystems and biodiversity.

NOISE AND ODOUR MITIGATION

Noise emissions, particularly from production equipment and air discharge systems, are a key environmental consideration for the Group. In response, we have implemented a range of noise mitigation measures, including the use of low-noise air compressors, enclosed indoor operations, and the installation of sound insulation panels along the perimeters of plant boundaries. The China Nansha Plant undergoes annual boundary noise monitoring conducted by third-party environmental agencies to ensure compliance with local standards and early identification of any potential issues.

⁹ The figure has been updated following a review of the calculation to ensure greater accuracy and alignment with ESG reporting standards.

Environmental Responsibility

Odour emissions, primarily arising from aeration tanks during the sewage treatment process, are similarly addressed through targeted control measures. At both plants, aeration tanks have been fitted with cover plates to seal off odour sources and prevent the release of unpleasant smells into the surrounding environment, geared with a comprehensive odour collection system. These measures form part of a broader effort to minimise operational disruptions to local communities and natural habitats.

BIODIVERSITY

Pacific Textiles recognises the importance of preserving biodiversity as part of its broader environmental responsibilities and is committed to aligning its operations with applicable regulatory frameworks in China and Vietnam. While there are no biodiversity-specific requirements for garment manufacturing facilities at this stage, the Group adheres to a range of national policies and environmental laws that indirectly contribute to biodiversity conservation. In line with these standards, Pacific Textiles is strengthening its internal controls and operational oversight to ensure that potential impacts on biodiversity are effectively managed. This includes reinforcing compliance with emission, waste, and water discharge regulations, promoting the sustainable use of raw materials, and integrating biodiversity considerations into plant design, production processes, and environmental risk assessments to support long-term ecological sustainability.

SUSTAINABLE USE OF RAW MATERIALS AND RESOURCES

The Group places strong emphasis on the sustainable use of raw materials and natural resources as a critical component of its environmental stewardship. The Group draws inspiration from leading industry benchmarks that advocate for responsible sourcing, resource efficiency, and circularity in production processes. To this end, we actively implement measures to reduce material waste, recycle packaging and process inputs, and adopt environmentally preferred alternatives wherever feasible. The Group also invest in innovative technologies to optimise resource utilisation – such as wastewater recycling systems, low-liquor dyeing machines, and energy-saving equipment – thereby reducing its dependency on finite resources. By embedding sustainability considerations into its supply chain and manufacturing practices, Pacific Textiles continues to minimise its environmental footprint and uphold responsible production standards in line with evolving stakeholder expectations and international environmental trends.

GREEN PLANT DESIGN AND ENVIRONMENTAL UPGRADES

In line with our long-term environmental goals, the Group places strong emphasis on incorporating sustainable features during the design and upgrade of production facilities. The China Nansha Plant's upgrade project, completed in 2023, included the transition from liquefied petroleum gas to liquefied natural gas, and enhancements to the resin tertiary wastewater treatment system. Research is also underway to explore advanced sludge reduction methods as part of our continued environmental innovation efforts.

Our Vietnam Hai Duong Plant, since 2022, has been actively implementing energy audits and exploring the feasibility of biomass utilisation to improve energy efficiency and reduce emissions. Furthermore, the Group's new plant design plans in Vietnam incorporate comprehensive green features, including:

- Advanced sewage and discharge treatment systems
- Ultra-clean coal boiler emissions treatment, meeting China's highest domestic standards
- On-site heat recovery systems
- Condensing steam and cooling water recovery technologies

These integrated systems are expected to significantly enhance the environmental performance of future facilities.

We remain committed to further strengthening our environmental impact management across all levels of operation. Looking ahead, we will continue to explore innovative methods to reduce the environmental footprint of our factories, enhance the sustainable use of natural resources, and protect biodiversity in areas where we operate. Our approach combines technology, proactive risk management, and continuous improvement to ensure our environmental responsibilities are met with the highest standards of care.

EMERGENCY PREPAREDNESS AND ENVIRONMENTAL SAFETY

Recognising the potential risks associated with industrial operations, Pacific Textiles has implemented a robust emergency management framework to effectively address environmental and safety incidents. Our Emergency Readiness and Response Management Procedures provide a structured approach to handling emergencies such as chemical or fuel leaks, fires, or explosions. These procedures clearly outline responsibilities, control guidelines, and step-by-step responses for major pollution events, ensuring a swift and coordinated reaction.

To strengthen our preparedness, both plants conduct annual emergency drills simulating various environmental scenarios. The China Nansha Plant, for instance, carried out 66 drills in total during the Reporting Period, responding to sewage leakage, chemical spill simulations and fire emergency escape etc. Each drill is conducted according to a tailored plan, reviewed by the safety management office, and followed by a thorough appraisal to identify improvement areas. Similarly, the Vietnam Hai Duong Plant performs regular emergency response and leakage drills, often with on-site supervision and guidance from official organisations, to reinforce emergency responsiveness across all levels of the operation. During the Reporting Period, for example, the Vietnam Hai Duong Plant conducted a total of four fire drills to strengthen workplace safety and emergency preparedness. The Vietnam Nam Dinh Plant also carried out five emergency drills, including two fire and rescue drills in September and three chemical incident drills in May, November, and December. These initiatives highlight our dedication to proactive risk management and aligning with our ESG commitments.



Social Responsibilities



We remain committed to contributing positively to society by leveraging our strengths to support shared prosperity. We aim to ensure that all stakeholders – including employees, local communities, and vulnerable groups – benefit from the outcomes of economic development. Our people-first approach is embedded in our operations, promoting inclusive growth and long-term value creation.

We are dedicated to the following priorities:

- **Providing competitive remuneration packages** to attract and retain talent
- **Promoting diversity and equal opportunities** while fostering a harmonious and inclusive workplace culture
- **Establishing a robust safety management system** with a strong focus on employee health and well-being
- **Developing impactful community investment strategies** and ensuring effective resource allocation to enhance local livelihoods and broaden the scope of community support initiatives

Material topics:

- Labour Practices & Human Rights
- Employee Attraction and Retention
- Employee Diversity and Equal Opportunities
- Employee Training and Development
- Occupational Health and Safety
- Community Investment & Engagement



CARING FOR EMPLOYEES

Pacific Textiles recognises that the contribution of its employees – across all roles and levels – is critical to the Group’s long-term development. The Group is committed to fostering a respectful, supportive, and well-regulated working environment by offering fair remuneration, robust human resources policies, and employee-focused initiatives.

To creating a work environment that values fairness, transparency, and equal opportunity, Pacific Textiles has implemented a set of internal human resources policies, such as the **CSR Management Code, Employee Handbook, Employee Code of Conduct**, written policies and procedures relevant to **Recruitment Policy, Working Hours and Leave Management Regulations, Employee Grievance Management Policy, Employee Resignation Management Regulations**, and other internal rules. These policies are regularly reviewed to ensure compliance with local laws, including but not limited to the Labour Law of the People’s Republic of China, the Production Safety Law of the People’s Republic of China, Fire Control Law of the People’s Republic of China, Law on Prevention and Treatment of Occupational Diseases of the People’s Republic of China, Labor Codes of Vietnam, as well as Employment Ordinance (Cap. 57) in Hong Kong.

LABOUR PRACTICES AND HUMAN RIGHTS

Stakeholders’ concern:

What is Pacific Textiles’ view on protecting employees’ interests?

The Group has established specific systems covering human resources policies, employee compensation and benefits, and internal transfers to strengthen overall workforce management. Regular communication is maintained with the labour union to address matters concerning employees’ key interests. Internal regulations are also reviewed periodically to ensure compliance and relevance. These efforts aim to safeguard employee rights and support performance improvement across the organisation.

We maintain a zero-tolerance approach to any form of forced labour. Practices such as corporal punishment, abuse, bonded labour, or human trafficking are strictly forbidden. The Group complies fully with local labour legislations and regulations concerning child labour, with CSR Policy Guide outlined our commitment to ethical recruitment and the avoidance of any form of forced or compulsory labour. No individual below the legal minimum working age is employed at any of the Group’s plants.

Pacific Textiles takes a comprehensive approach to managing its workforce, ensuring that all employment practices are aligned with both legal requirements and the company’s internal policies. The company conducts regular assessments to identify economic, environmental, and human rights risks, which guide its operational decisions. According to the internal Labor Disciplinary Procedure, violations of labour discipline are handled with fairness and transparency. Depending on the severity of the violation, employees may face penalties ranging from reprimands to dismissal. In such cases, the level of compensation provided upon dismissal is decided in accordance with the nature of the violation.

Social Responsibilities

In addition, the company ensures that working hours do not exceed local legal limits or customer requirements and provides workers with adequate break times and days off. These measures ensure compliance with local laws and help promote a healthy work-life balance for employees.

To ensure compliance with fair employment and age verification requirements, the Group follows a strict recruitment process. This includes verification of ID cards, birth certificates, and proof of address for all new hires. These checks are carried out consistently to prevent underage employment and uphold legal hiring practices. At the China Nansha Plant, salary payments are made through bank-issued salary cards. These cards are linked to official identification systems, including ID and police records, ensuring that all employees are accurately identified and legally employed. This process helps maintain transparency and accountability in payroll management.

To the best knowledge of the management, Pacific Textiles complied with all applicable local laws and regulations related to employment and labour practices, occupational health and safety, and the prohibition of child and forced labour during the Reporting Period. No instances of non-compliance or violations were identified. The Group remains committed to maintaining lawful and responsible business operations across all locations.

TALENT ATTRACTION, RETENTION, AND ENGAGEMENT

Stakeholders' concern:

What is Pacific Textiles' view on complying with the principles of diversity and fair employment in response to clients' concerns?

The Group applies standardised selection criteria and management procedures across recruitment, promotion, and employee compensation and benefits. All human resources practices are implemented in accordance with the principle of equality, ensuring fair and consistent treatment of employees. The Group maintains a zero-tolerance policy towards discrimination of any kind and strictly prohibits the use of forced labour and the employment of individuals below the minimum legal working age in all operating locations.

Recognising that our people are central to the Group's continued success, Pacific Textiles remains committed to cultivating a supportive, inclusive, and rewarding workplace environment. During the Reporting Period, the Group advanced a holistic approach to talent management, encompassing competitive remuneration, comprehensive employee benefits, and a wide range of engagement and wellbeing initiatives. These efforts not only reinforce our ability to attract and retain skilled professionals but also contribute to enhanced morale, productivity, and long-term organisational resilience.

As of the end of the Reporting Period, the Group employed a total of 5,115 full-time employees¹⁰ (2023/24: 4,874), representing an increase of 4.9% year-on-year. The workforce is structured to support the Group's operational needs across various functions, with employee distribution as follows:

Gender	Number	%
Male	3,388	66%
Female	1,727	34%

Region	Number	%
Hong Kong and Others	59	1%
Mainland China	3,070	60%
Vietnam	1,986	39%

Employee Category	Number	%
Senior Management	17	0.3%
Middle Management	80	1.6%
Supervisor	280	5.5%
General Staff	4,738	92.6%

Age	Number	%
18–24	481	9%
25–34	1,452	28%
35–44	1,769	35%
45–54	1,171	23%
55+	242	5%

COMPETITIVE REMUNERATION AND EMPLOYEE BENEFITS

The Group provides employees with a competitive remuneration package aligned with individual performance, contributions, and market conditions. This includes salary, statutory and supplementary insurance, various subsidies, maternity and paternity leaves, and paid leave. We also provide additional allowances for meals and transportation



¹⁰ We have enhanced our data disclosure practices to include the total number of employees, along with the percentage, starting from the 2024/25 period.

Social Responsibilities

TALENT ENGAGEMENT AND WELLBEING

Beyond compliance and compensation, the Group invests in initiatives to improve the working environment and support staff wellbeing, to relieve work-related stress, enhance team spirit, and improve workplace cohesion, as well as efforts to build a strong sense of community. Key activities during the Reporting Period included:

Monthly birthday celebrations for over 2,600 employees



Engagement activities

Engagement events such as giving mooncakes to employees, International Women's Day celebration, year-end lucky draw, and year-end party to foster a positive workplace culture.



Retirement farewell party

Organised a retirement farewell party for 89 employees who have grown and succeeded alongside us



Long-service awards

Prizes totalling around RMB200,000 for 249 employees with over 10 years of service



Sports and wellness activities

Recreational activities such as basketball, football, table tennis, and Tai Chi, badminton, tug-of-war, yoga, and group outings. These activities help employees to unwind, foster team spirit, and reduce workplace stress.



Facility improvements

China Nansha Plant

In 2024, the plant built a 2,560 m² staff lounge featuring a reading room, maternity rest areas, and leisure facilities.

Vietnam Hai Duong Plant

In 2022, the plant invested in automation equipment to enhance ventilation, upgraded dyeing tanks to reduce noise levels, renovated dormitories to ensure better living conditions for workers, and provides sports and fitness equipment.

Health-Themed workshops

Sessions on workplace health topics including women's health, AIDS awareness, understanding medical check-up results, and stress management

Social Responsibilities

As of the end of the Reporting Period, the employee turnover of the Group was 1,193 (2023/24: 945), resulting in an overall turnover rate¹¹ of 23.3% – a 4.1% increase compared to the previous year.

Gender	Number	%
Male	787	23.2%
Female	406	23.5%

Region	Number	%
Hong Kong and Others	22	37.3%
Mainland China	357	11.6%
Vietnam	814	41.0%

Employee Category	Number	%
Senior Management	4	23.5%
Middle Management	7	8.8%
Supervisor	29	10.4%
General Staff	1,153	24.3%

Age	Number	%
18–24	334	69.4%
25–34	465	32.0%
35–44	225	12.7%
45–54	127	10.8%
55+	42	17.4%

EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITIES

The Group is committed to fostering a diverse and inclusive work environment where all employees are treated fairly and with respect. Equal opportunity principles are embedded across recruitment, promotion, training, and daily operations, with all employment decisions based on objective criteria such as qualifications, experience, and performance. Discrimination based on gender, race, ethnic origin, religion, marital status, or disability is strictly prohibited, in alignment with the Group’s core values and applicable regulations.

Our Anti-Discrimination Statement explicitly prohibits discrimination based on gender, ethnicity, religion, disability, sexual orientation, and other personal characteristics. These principles are central to our values as we strive to create a fair and diverse workforce.

During the Reporting Period, the China Nansha Plant actively promoted these principles through training programmes, including the Corporate Ethics Training. Additionally, childcare services were introduced for employees with young children, empowering women to develop their careers. We believe that embracing diversity enhances creativity, fosters collaboration, and improves performance across all levels of the company.

For Vietnam Hai Duong plant and Vietnam Nam Dinh Plant, regular training on CSR Policy Guide is conducted for all employees to foster an understanding of equality and fairness in the workplace. Written policies/procedures relevant to anti-harassment is also in place to prevent any form of harassment, and this is communicated clearly to all employees. Bias and discrimination awareness training is provided to all employees, fostering an environment where discrimination is actively avoided.

To the best of the management’s knowledge, Pacific Textiles complied with all applicable local laws and regulations related to employee diversity and equal opportunities during the Reporting Period. No instances of non-compliance or violations were identified.



¹¹ Turnover rate is calculated by dividing the number of employees in a specific employee category by the total number of employees at the end of the Reporting Period. We have enhanced our data disclosure practices to include the total number of employees left, along with the percentage, starting from the 2024/25 period.

Social Responsibilities

TRADE UNION, COLLECTIVE NEGOTIATION AND COMMUNICATION

Pacific Textiles established respective Trade Unions across its factories in compliance with local laws.

To support Trade Union activities, Pacific Textiles has implemented clear regulations covering operations, dues, and election procedures. Regular internal and external audits are conducted to ensure compliance with policies and legal requirements. Employees are also trained on the value of Trade Unions to foster awareness and participation. If challenges arise, the company follows internal Corrective Action Procedures, communicates with local unions, and publicises relevant activities.

The company promotes collaboration between employees, management, and external stakeholders to align organisational goals with broader societal benefits. Effectiveness is monitored through audits and annual stakeholder meetings, ensuring transparency and continuous improvement.

Pacific Textiles maintains open communication channels with its workforce. The Group have signed the Wage Collective Negotiation Agreement with Trade Union representatives at both the China Nansha Plant and Vietnam Hai Duong Plant. Regular Trade Union committee meetings are held to discuss matters of employee concern, such as annual salary adjustments, trade union-related expenses, and travel arrangements for the Spring Festival period.

EMPLOYEE TRAINING AND DEVELOPMENT

We recognise that employee knowledge and technical skills are fundamental to the Group’s sustainable growth, also, continuous development of our employees is essential to maintaining a competitive edge. In line with its long-term business development objectives, the Group continues to implement structured and practical training initiatives to improve employee capabilities across all levels. Training is provided based on strategic succession planning of the Group, job roles, operational requirements, and future skill development needs.

Stakeholders’ concern:

What is Pacific Textiles’ view on training employees to lay a foundation for its business development?

The Group has established a comprehensive **Training Policy** aligned with operational needs and role-specific requirements. In addition to internal training programmes, the Group provides subsidies for external training to support the development of job-related knowledge and skills. These opportunities are extended to designated roles, including security personnel, forklift operators, and safety officers, to ensure employees are equipped with the necessary competencies to perform their duties effectively and safely.

During the Reporting Period, training coverage¹² reached 94.5% of employees, with an average of 34.5 training hours completed per employee¹³ (2023/24: 37.7 hours). A detailed breakdown of training hours by category is provided in the performance data section of this report.

Gender	Number	%
Male	4,011	96.1%
Female	1,951	91.5%

Employee Category	Number	%
Senior Management	11	52.4%
Middle Management	64	73.6%
Supervisor	276	89.3%
General Staff	5,611	95.2%

Gender	Hours
Male	35.1 hours
Female	33.3 hours

Employee Category	Number
Senior Management	25.6 hours
Middle Management	24.0 hours
Supervisor	42.9 hours
General Staff	34.2 hours



¹² The training coverage, expressed as a percentage (%), is calculated by dividing the number of employees in a specific category who received training by the sum of the total number of employees in that category at the end of the Reporting Period and the number of employees who left that category during the Reporting Period. We have enhanced our data disclosure practices to include the total number of trained employees, along with the percentage, starting from the 2024/25 period.

¹³ Training hours per employee is calculated by dividing the total training hours of employees in a specific employee category by the number of employees in that category who received training.

Social Responsibilities

TRAINING STRUCTURE AND IMPLEMENTATION

The in house training structure of the Group’s China Nansha Plant is formed by four main streams:

Training	Description	No. of participants/ sessions
Induction Training and Orientation	New employees undergo orientation led by the HR Department, covering company policies, factory rules, basic safety requirements, attendance, salary structure, employee benefits, and CSR Policy Guide, to ensure they are well-versed in their roles and responsibilities. Departmental teams also provide introductory sessions on ISO standards (ISO 45001, ISO 9001, ISO 14001, ISO 50001), crisis management, operating procedures, and relevant work instructions.	91 sessions 249 new employees
Skills Training (Basic)	Delivered in an apprenticeship format, these on-the-job sessions include instruction in basic operating skills, safety practices, quality awareness, environmental protection, and occupational health.	36 sessions 249 employees trained
Skills Training (Advanced)	Each department follows an annual plan to deliver targeted training aimed at enhancing technical competencies	24 training sessions 3,260 participants
Management Training	To improve management-level competencies, the Group held several training sessions in 2025 for over 143 managers, covering topics such as crisis handling, production efficiency, budgeting, energy saving, safe production, and the Group’s management philosophy.	143 participants

In addition to structured training programmes, the Group actively promotes a culture of continuous learning through hands-on competitions and idea incubation initiatives. These efforts aim to enhance practical skills, encourage innovation, and foster a proactive mindset among employees. During the Reporting Period, the Group supported both internal and external skill-building activities, as well as mechanisms for employees to contribute to operational improvements through structured proposal schemes.



EXTERNAL TRAINING OPPORTUNITIES

During the Reporting Period, the Vietnam Hai Duong Plant further supported skill development by offering funding for external training and education programs. These initiatives are complemented by in-house courses such as cybersecurity, fire prevention drills, first aid, and environmental safety training, ensuring that all employees are equipped with the necessary knowledge and skills to perform their jobs safely and efficiently.

CULTURE OF SUSTAINABILITY TRAINING AND AWARENESS BUILDING

We are dedicated to cultivating a robust culture of sustainability through targeted capacity-building and awareness initiatives. During the Reporting Period, the Group conducted CSR training for all employees, ensuring a thorough understanding of the “CSR Compliance Code of Conduct” manual and its importance in fostering ethical and sustainable practices. Senior leaders and managers undertook additional sessions on sustainable development and corporate culture, designed to embed sustainability at all levels of decision-making and leadership. For instance, 249 employees attended the “Corporate Culture – Pacific Textiles’ Philosophy” training, further strengthening awareness of the Group’s values and sustainability vision. These initiatives reflect the Group’s unwavering commitment to empowering its workforce with the knowledge and skills to drive sustainable progress across all operations.

During the Reporting Period, the China Nansha Plant hosted the “SBTi and Greenhouse Gas Verification Training Conference,” inviting department heads to attend sessions on “Climate Change and Business Operational Risks,” benefiting 30 participants. 20 individuals also completed the “Greenhouse Gas Verifier” certification, with the “Internal Greenhouse Gas Auditor” qualification accredited.

INTERNAL AND EXTERNAL SKILLS COMPETITIONS

Through various skill competitions, the company has effectively stimulated employee enthusiasm, enhanced proficiency across roles, promoted practical skill development, and established a platform for mutual learning. During the Reporting Period, a total sponsorship of RMB65,000 (2023/24: RMB100,000) supported 11 skill competitions including the department specific contest such as the “Single Jersey Structure Modification Competition” and “Operator Yarn Feeding and Frame Adjustment Competition,” “Excel Skills Competition”, “Yarn Sorting Competition”, and “Colour Matching Contest”, and company-wide events such as the “Fabric Stitching Contest,” “Canteen Culinary Competition”, and the “Safety Knowledge Quiz”. Collectively, these activities engaged 3,178 employee participants (2023/24: 2,238 participants).



Social Responsibilities

Externally, employees were encouraged to participate in local and district-level skill competitions. The China Nansha Plant achieved first place in the enterprise category at both the Nansha District Micro Fire Station Skills Competition and the Nansha Craftsman Cup (Forklift Driver) Competition.



IMPROVEMENT PROPOSALS (改善提案)

We encouraged employees to submit **Improvement Proposals** since 2019, focusing on equipment, technology, quality, safety, and energy saving. During the Reporting Period, 648 proposals (2023/24: 950 proposals) were deployed, resulting in cost savings of RMB15 million (2023/24: RMB9.1 million), with approximately RMB130,000 prize incentives awarded.



TRAINING SUBSIDIES

Subsidies were also provided to support job-specific external training, particularly for forklift drivers, security personnel, safety officers, and first aid responders.

OCCUPATIONAL HEALTH AND SAFETY

At Pacific Textiles, the health and safety of our workers remain a top priority. Each of our plants –whether in China or Vietnam – has made significant strides in ensuring that employees work in safe and healthy environments. Through proactive health assessments, rigorous risk management protocols, comprehensive training, and a strong commitment to worker well-being, we continue to strive towards a zero-harm workplace. We remain committed to further enhancing our Occupational Health and Safety (“OHS”) practices and ensuring compliance with all relevant health and safety regulations.

Stakeholders' concern:

How does Pacific Textiles view workplace Health and Safety?

The Group has established a comprehensive framework of safety rules and internal evaluation mechanisms to monitor and manage workplace safety performance. Each year, a systematic identification of hazard sources and risk assessments is conducted, supported by professional testing agencies that evaluate occupational hazard exposure and carry out equipment testing and maintenance. To safeguard employee health, the Group also arranges regular occupational health examinations for all staff in accordance with relevant regulatory requirements.

The Group strictly follows all relevant local legislation and regulations related to occupational Health and Safety across its operations. Our **Health and Safety Policy** is based on the principles of legal compliance, care, risk identification, hazard control, and safety management, with the aim of fostering a safe and cooperative working environment. Guided by this policy, we have developed standard procedures for production safety and a corresponding management system.

CHINA NANSHA PLANT

Occupational Health and Safety Management System

China Nansha Plant adheres to a robust OHS management system certified to ISO 45001, ensuring the safety and well-being of all workers. The plant's approach to OHS is informed by comprehensive legal requirements, including but not limited to the Labour Law of the People's Republic of China and the Work Safety Law of the People's Republic of China. In line with these legal standards, the Nansha Plant conducts regular assessments of potential workplace hazards, such as temperature, noise, air quality, dust, and gas exposure. These assessments are carried out by professional third-party agencies and the results are made publicly available to all staff. Also, China Nansha Plant has been certified under the Social & Labour Convergence Program (“SLCP”).

Social Responsibilities

Risk Management and Protective Measures

Based on risk assessments, appropriate measures are implemented to minimise hazards. This includes the provision of personal protective equipment (“PPE”) such as earplugs, goggles, charcoal masks, dust masks, gloves, and safety boots. Employees also undergo annual health checks to detect occupational diseases and health issues. In case of any health-related concerns, the company ensures that employees receive necessary medical assistance and work adjustments to support their recovery.

In addition to monitoring workplace conditions, variety of health services to employees were offered, including annual health check-ups and physical assessments. The plant also promotes employee mental well-being through activities such as yoga classes, Tai Chi sessions, and psychological counselling available during non-working hours at the dormitory activity room.

The China Nansha Plant conducts annual hazard identification and risk assessments to proactively identify potential risks. Based on the assessment outcomes, the plant implements targeted control measures and standard safety procedures to mitigate key risks effectively. Regular emergency drills are carried out, simulating a wide range of scenarios such as fire evacuation, confined space rescue, chemical spills, equipment failure, and sewage leakage. Furthermore, all equipment is regularly tested and maintained to ensure it operates safely and reliably. Third-party specialists are engaged annually to inspect firefighting and lightning protection systems, further enhancing safety measures across the plant’s operations.

Training and Communication on Occupational Health and Safety

OHS Training is comprehensive and mandatory. All employees participate in safety training covering topics such as chemical safety, electrical safety, and fire protection. The training is conducted in compliance with legal requirements, and workers are compensated for the time spent in these sessions. Regular safety drills, including fire drills and emergency evacuation procedures, further ensure that employees are prepared for potential hazards.

In line with our commitment to OHS, including fire safety, hazardous materials handling, and emergency procedures. In total, over 36,000 participants were received trainings during the Reporting Period, reflecting our dedication to employee safety and skill advancement.

During the Reporting Period, the China Nansha Plant organised a specialised training programme on “Special Equipment Safety Management and Operator Certification (Forklift Driver N1 Certificate),” with 188 employees participating in the training and 48 completing the certification exam.

External instructors conducted health-focused training sessions, including “First Aid Technical Training,” “Occupational Health Knowledge Seminars,” “Hypertension Prevention and Management,” and “Injury Prevention Awareness” training, collectively benefitted 214 employees.

To ensure employees are fully informed about their work environment, the China Nansha Plant requires all staff to sign a Notice of Occupational Hazards, in line with local government regulations. This notice provides information on job duties, working hours, rest periods, statutory benefits, and preventive measures for role-specific risks. This process supports clear communication and transparency, helping employees better understand their responsibilities and workplace conditions.

Workplace Incidents and Injury Management

During the Reporting Period, the China Nansha Plant recorded 18 work-related injuries among employees, none of which resulted in fatalities. In addition, there were 1,783 lost working days due to work-related injuries with the majority of injuries being minor, such as falls or mechanical injuries. A well-established incident reporting and response system is in placed to ensure the prompt investigation and resolution of all accidents.

VIETNAM HAI DUONG PLANT AND THE VIETNAM NAM DINH PLANT

Occupational Health and Safety Management System

Both the Vietnam Hai Duong Plant and the Vietnam Nam Dinh Plant is committed to providing a safe working environment in compliance with the Vietnamese *Labor Law 2019*, *Labor Safety Law 2015*, as well as any relevant applicable laws. Both plants also strictly adhere to local safety regulations and takes necessary steps to mitigate risks. In addition, the Vietnam Hai Duong Plant has been certified under the Social & Labour Convergence Program (“SLCP”), demonstrating its compliance with recognised social and labour practices.

Risk Management and Protective Measures

The Vietnam Hai Duong Plant uses various measures to safeguard employees, including monitoring the work environment for potential hazards, including noise, dust, air quality, temperature, gas, and providing personal protective equipment (“PPE”), whereas the Vietnam Nam Dinh Plant focuses on risk management by providing safe working conditions through monitoring potential risks such as noise and dust exposure, and ensuring employees have appropriate PPE.

To comply with local laws, both the Vietnam Hai Duong Plant and the Vietnam Nam Dinh Plant conduct annual health checks for all employees, as well as occupational disease screenings. These screenings help identify any potential work-related health issues early on, enabling timely intervention and risk management.

Annual hazard identification and risk assessments are conducted at both plants. Based on the findings, the Group implements targeted control measures and standard safety procedures to address key risks. Emergency drills are held regularly and cover a range of scenarios, including fire evacuation, confined space rescue, chemical spills, equipment failure, and sewage leakage. Equipment is also routinely tested and maintained to ensure safe and reliable operation.

Training and Communication on Occupational Health and Safety

Training on occupational safety at the Vietnam Hai Duong Plant is conducted regularly, covering topics such as general safety procedures, chemical handling, and machinery operation hazards. These sessions are mandatory, provided free of charge during paid working hours, and their effectiveness is assessed through practical tests and safety audits.

At the Vietnam Nam Dinh Plant, training also addresses essential safety topics, including machinery operation, chemical safety, and emergency response. These sessions are mandatory and free of charge, with employees encouraged to attend as part of their health and safety responsibilities.

The Group conduct yearly assessments of occupational hazards – such as noise, dust, air quality, temperature, and gas – across various job positions in both plants. These evaluations are carried out by professional testing organisations, and the results are shared with employees to increase awareness. Based on the assessment outcomes, preventive measures are implemented, and staff receive relevant training to help them understand and manage these risks effectively.

Social Responsibilities

Workplace Incidents and Injury Management

During the Reporting Period, the Vietnam Hai Duong Plant recorded 4 work-related injuries, and the Vietnam Nam Dinh Plant reported 2 work-related injuries, with no work-related fatalities reported from the two plants. The Vietnam Hai Duong Plant also recorded 90 lost working days due to work-related injuries. Both plants follow a systematic approach with rigorous safety protocols for managing work-related incidents. All injuries are documented, investigated to identify root causes, and corrective measures are implemented accordingly.

COMMUNITY INVESTMENT AND ENGAGEMENT

Pacific Textiles remains committed to supporting the long-term development of the communities in which it operates. Recognising the importance of stakeholder well-being, the Group continues to share the benefits of its economic growth through targeted investments in education, employment, and the improvement of local living environments. During the Reporting Period, the Group engaged in a range of community-focused initiatives, delivering tangible outcomes and reinforcing its role as a responsible corporate citizen.

As a means of exercising prudent control over community investments, during the Reporting Period, the Vietnam Nam Dinh Plant established a formal policy to address community grievances, particularly regarding environmental issues, ensuring that any concerns are promptly addressed in collaboration with local stakeholders. This initiative underscores the company's proactive approach to maintaining strong community relationships and promoting environmental responsibility.

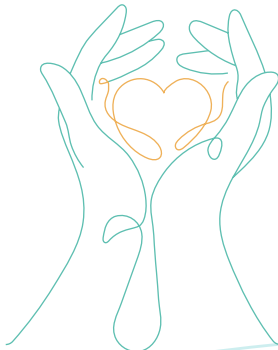
Stakeholders' concern:

What is Pacific Textiles' view on participating in civic affairs to promote the common development of the community?

The Group supports the sustainable development of the community through various channels, including the donation of funds and materials and the coordination of community-based initiatives. Efforts are primarily focused on **education assistance, nurturing talents and promoting local employment, and improving living conditions**, with the aim of contributing to long-term social and economic well-being.

EDUCATION ASSISTANCE

The Group views education as a key driver of long-term community development and individual empowerment. In underprivileged regions, Pacific Textiles provides financial assistance to enhance the learning environment for students from low-income families. Support includes the construction of school infrastructure, improvements to teaching facilities, and the provision of scholarships. During the Reporting Period, we funded various educational projects, including scholarships for outstanding students and support for local schools.



1. Awarding Scholarship to Outstanding Students of Textile Industry

During the Reporting Period, China Nansha Plant awarded scholarships totalling RMB43,000 to 47 outstanding students and contributed RMB11,000 to support infrastructure improvements at Guangzhou Textile Vocational School. These efforts aim to create equal learning opportunities, enhance educational environments, and nurture future talent.

2. Mid-Autumn Festival Celebration

During the Mid-Autumn Festival, China Nansha Plant distributed 100 boxes of mooncakes (valued at RMB5,100) to students, fostering a sense of community and cultural connection. The Vietnam Nam Dinh Plant, on the other hand, continued its tradition of community engagement by celebrating the Mid-Autumn Festival in partnership with Rang Dong town preschool, distributing gifts to approximately 200 local children, ensuring they had a joyful celebration.



NURTURING TALENTS AND PROMOTING LOCAL EMPLOYMENT

Pacific Textiles is committed to empowering local communities through initiatives that nurture talent and create meaningful employment opportunities. The company actively collaborates with local agencies and educational institutions to bridge skill gaps and prepare individuals for employment in the textile industry. By funding vocational training programmes and providing career advancement opportunities, Pacific Textiles directly contributes to improving employability and supporting economic growth.

Since 2018, the Group has partnered with Guangzhou Vocational School of Textile and Garment through the “National Dewdrop Project” (《國家雨露計劃》). Under this initiative, the Group places training orders and provides financial assistance of RMB10,000 per year for eligible students, for a duration of up to 2.5 years. Students enrolled in the programme are also offered internship and employment opportunities within the Group. During the Reporting Period, a total of 11 students have benefited from this programme.

This commitment to talent development aligns with the company's strategic goals of fostering long-term partnerships with the communities it serves.

Social Responsibilities

IMPROVING LIVING CONDITIONS

Pacific Textiles recognises the importance of contributing to the communities where it operates. In addition to its efforts in education and employment, the Group contributes to the overall well-being of communities by supporting projects aimed at improving living conditions. During the Reporting Period, Pacific Textiles funded local infrastructure initiatives and coordinated charitable activities in the regions where it operates, providing financial assistance to families in need and supporting local cultural and sports activities.

1. Tree Planting Programme

At the Vietnam Hai Duong Plant, Pacific Textiles launched a tree-planting initiative in January 2025 to enhance local greenery and contribute to environmental sustainability. In collaboration with local agencies, the programme aims to nurture 50 trees by the end of 2025, demonstrating the company’s commitment to sustainable development and environmental stewardship.



2. Supporting Flood Victims in Hai Duong and Nam Dinh

During the Reporting Period, the Vietnam Nam Dinh Plant partnered with the Fatherland Front Committee to provide assistance to communities affected by severe flooding. Contributions were made to support relief efforts, offering much-needed aid to flood victims. This initiative reflects Pacific Textiles’ dedication to promptly addressing local needs and supporting communities during times of crisis.



3. Environmental and Grievance Initiatives

During the Reporting Period, the Vietnam Nam Dinh Plant participated in the “Environmental Connections” event organised by Aurora IP, focusing on fostering environmental awareness and community collaboration.



4. Can Donation

During the Reporting Period, the Vietnam Hai Duong Plant donated trash cans to local authorities and supported rural traffic construction projects, demonstrating its commitment to improving local infrastructure and living conditions.



Social Responsibilities

Case Study:

Enhancing Educational Access and Community Well-being in Tongxing Village, Mainland China

We remain committed to supporting local communities by focusing on improving education and enhancing overall community well-being. Over the years, we have dedicated resources to Tongxing Village to further strengthen its development and create lasting positive impacts.

Pacific Textiles launched a targeted initiative in 2024 to further enhance the quality of life for the residents of Tongxing Village, with a focus on improving educational access, supporting local residents, and strengthening community development. The company provided:

- **Transportation Support:** RMB55,000 to fund transportation services for students, ensuring they could safely and reliably commute to school.
- **Festive Celebration:** RMB65,600 in gifts for 656 elderly residents and RMB3,300 for 33 disabled individuals during Chinese New Year, promoting inclusivity and cultural celebration. RMB6,000 for children of Tongxing Village celebrating the Children's Day.
- **Cultural Connection:** 100 boxes of mooncakes worth RMB5,100 were distributed during the Mid-Autumn Festival, fostering a sense of community and tradition.

The transportation funding is designed to make school commutes easier, enhancing students' access to education and supporting their learning journey. Meanwhile, festive donations brought joy to local groups, highlighting the company's dedication to social inclusion and the preservation of cultural traditions.

The Tongxing Village initiative highlighted the importance of tailoring community support to local needs. By further enhancing various aspects of quality of life, such as education access and support for local groups, Pacific Textiles was able to make a meaningful and lasting impact. The programme also underscored the value of engaging with local stakeholders to ensure resources are allocated effectively and initiatives align with community priorities. Building on the success of this programme, Pacific Textiles aims to expand its community engagement efforts in Tongxing Village. The Tongxing Village donation programme exemplifies Pacific Textiles' commitment to improving the lives of local communities. By addressing education, social inclusion, and cultural needs, the company has fostered a stronger, more resilient community while reinforcing its role as a responsible corporate citizen.



Case Study:

Upholding the Rights and Empowerment of Local Communities

Pacific Textiles is firmly committed to respecting and protecting the rights of local peoples across all its operations. Guided by international standards, the company prioritises meaningful consultation with local communities to ensure their rights are upheld, particularly in relation to land use, environmental protection, cultural preservation, and social inclusion. Through its structured resilience approach, the company aims to prevent and mitigate potential negative impacts on local communities while fostering positive outcomes.

Our Efforts in the Vietnam Nam Dinh Plant Development Project

To fully comply with Vietnam's Environmental Protection Law, the Group ensures that any development projects or resource extraction activities involving local lands are conducted only with the free, prior, and informed consent ("FPIC") of the affected communities. Comprehensive EIAs are carried out for each of our investment projects in Vietnam prior to project initiation to evaluate potential negative impacts, such as harm to local lands, environmental degradation, and damage to cultural heritage.

In cases of significant project changes, such as increased scale, technology updates, or relocation, the Group re-establishes the EIA process in accordance with Article 37 of the Law on Environmental Protection 2020 and Clause 2, Article 27, Decree 08/2022/ND-CP of Vietnam's laws. The EIA reports are publicly disclosed on the Ministry of Natural Resources and Environment's portal, ensuring transparency and accountability, with the first report published on 25 February 2021.

When adverse impacts are identified, the Group employs grievance mechanisms, independent third-party audits, and public transparency measures to address concerns and ensure accountability. These mechanisms are further strengthened through collaboration with key stakeholders, including the Ministry of Natural Resources and Environment, the Nam Dinh Department of Natural Resources and Environment, the Nam Dinh Provincial People's Committee, and the Management Board of Industrial Zones in Nam Dinh Province.

Beyond mitigation, Pacific Textiles actively promotes equal employment opportunities for local peoples, providing access to meaningful jobs, fair treatment, and avenues for career advancement. The Vietnam Nam Dinh plant, for example, has created numerous skilled and unskilled jobs for local communities, with recruitment conducted on a monthly basis to ensure sustained employment opportunities.

The effectiveness of these efforts is closely monitored through quarterly environmental tests, audits, and grievance feedback. Key lessons are integrated into operational policies to strengthen consultation processes, improve transparency, and ensure ethical and legal compliance. This comprehensive approach underscores Pacific Textiles' commitment to fostering respectful, inclusive, and sustainable partnerships with local communities while contributing to their socio-economic development.

Governance Responsibility



We are committed to building a sound and efficient corporate governance framework that supports long-term, sustainable growth. Guided by the principles of integrity, transparency, and accountability, our governance practices are designed to enhance organisational resilience and stakeholder trust.

To address the complexity of customised products and the uncertainties of market demand, we have implemented two distinct procurement strategies: safety stock management and make-to-order purchasing. For standard products, safety stock management ensures flexibility in meeting delivery timelines, while for non-standard products, the make-to-order approach minimises the risk of excess inventory from demand fluctuations. Safety stock strategies are regularly formulated for key materials, while non-standard items are procured through systematic planning. Together, these approaches balance efficiency and adaptability, enabling us to meet market needs while maintaining operational resilience.

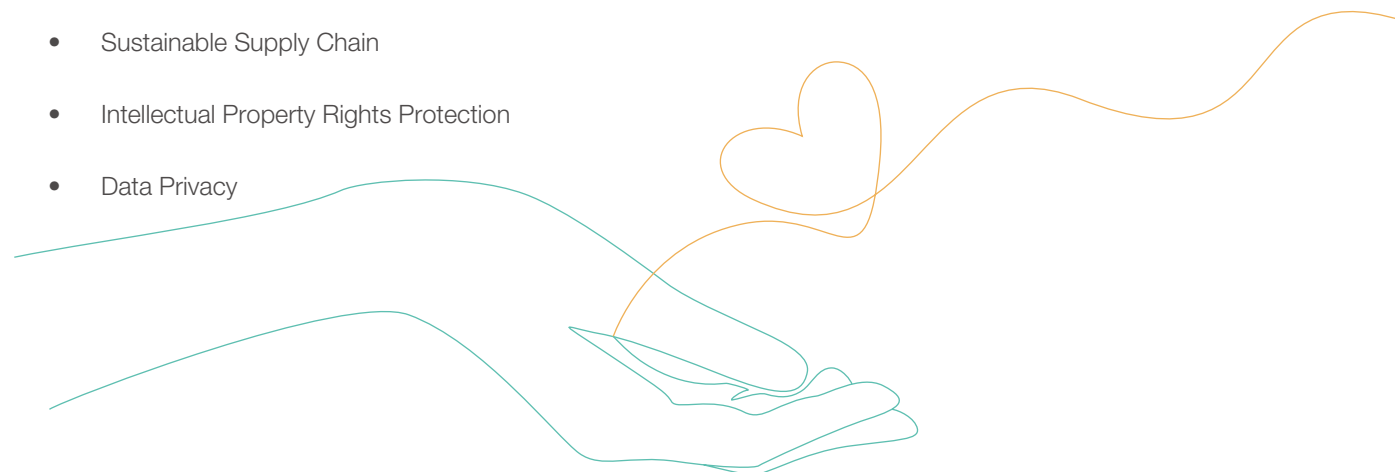
We ensure that we:

- **Establish a robust corporate governance structure** supported by a strong leadership team and effective oversight mechanisms
- **Strictly comply with all applicable laws and regulations** in the regions where we operate

Uphold high standards of business ethics and maintain a professional code of conduct across all levels of the organisation

Material topics:

- Compliance
- Risk Management
- Business Ethics and Integrity
- Sustainable Supply Chain
- Intellectual Property Rights Protection
- Data Privacy



COMPLIANCE

We established a set of policies to ensure that all operation units are well-informed of their responsibilities and obligations, enabling strict adherence to relevant laws and regulations. This proactive approach to compliance has been instrumental in fostering a culture of accountability and transparency.

During the Reporting Period, no significant instances of non-compliance related to corrupt practices were reported, and the Group was not aware of any breaches of regulations or legislation concerning non-compliance. This demonstrates the Group's unwavering commitment to upholding the highest standards of corporate governance and integrity.

RISK MANAGEMENT

The Board of Directors acknowledges its responsibility for overseeing the risk management and internal control systems of the Group. These systems are designed to manage, rather than eliminate, the risk of failure in achieving business objectives. As such, the systems provide reasonable, but not absolute, assurance against material misstatement or loss.

To ensure that the Group's risk management and internal control systems remain effective and adapt to the ever-changing business environment, the Board, with the assistance of the Audit Committee, conducts regular reviews. These reviews are carried out periodically and at least annually, in compliance with the requirements under the Listing Rules.

The Group has implemented sound and effective internal controls to safeguard shareholders' investments and the Group's assets. The Board regularly reviews the internal control systems and adopts corresponding measures to address any identified weaknesses. Additionally, management committees were established to set policies and monitor potential vulnerabilities, ensuring that the systems remain robust and responsive to dynamic business conditions.

Further details about our risk management strategy can be found in the Corporate Governance Report section of the Annual Report.



Governance Responsibility

BUSINESS ETHICS AND INTEGRITY

The Group maintains a steadfast commitment to integrity, transparency, and accountability across all facets of our operations. We recognise that corruption poses serious risks to business sustainability, market fairness, and stakeholder trust.

Our anti-corruption strategy is rooted in the belief that ethical business practices are not only a moral imperative but a strategic asset. As such, we have established a comprehensive anti-corruption framework, underpinned by robust policies and rigorous internal controls, to safeguard our business and uphold ethical conduct.

Stakeholders' concern:

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 established a set of internal rules and policies, including a formal Code of Conduct, to define the disciplinary standards expected of all employees. Anti-corruption policies and procedures have also been implemented to support ongoing monitoring of operations. A whistle-blowing mechanism is in place to allow staff to confidentially report suspected misconduct or corrupt practices. To strengthen awareness and compliance, the Group conducts regular anti-corruption training for employees across various departments.

RISK IDENTIFICATION AND MANAGEMENT

No significant corruption risks were identified during the Reporting Period. Corruption risks are actively managed through a structured and proactive framework:

- **Risk Identification:** Regular assessments of supply chains, contractual obligations, and financial activities.
- **Risk Analysis:** Scenario modelling to understand and prioritise corruption-related vulnerabilities.
- **Integration with ERM:** Corruption is a designated component of our Enterprise Risk Management framework, subject to continuous review.
- **Monitoring and Reporting:** Use of key indicators and internal audits to detect anomalies and report findings to senior leadership.



GOVERNANCE AND RESILIENCE

Pacific Textiles operates a zero-tolerance policy towards all forms of corruption, including bribery, extortion, fraud, and money laundering. Our corporate governance structure empowers the Board to oversee compliance risks while enabling management to evaluate the effectiveness of internal controls. Whilst the Board is responsible to monitor key operational risks, our senior management team is responsible for the effectiveness of internal control systems. This dual-layered approach promotes transparency and accountability in line with the Group's core values.

Throughout the Reporting Period, we remained fully compliant with anti-corruption laws, including the Law of the People's Republic of China Against Unfair Competition, the Hong Kong Prevention of Bribery Ordinance (Cap. 201), and applicable Vietnamese regulations. No confirmed breaches of the Code of Conduct or reported misconduct were recorded during the Reporting Period.

Key measures include:

1. Implementation of **anti-corruption policies** and **Codes of Conduct**.
2. Strict prohibitions against soliciting or accepting improper benefits from suppliers or offering unauthorised inducements.
3. Regular **training and communication** to reinforce expectations and ethical standards.
4. **Whistleblower mechanisms** to report unethical conduct anonymously, with full assurance against retaliation.

Disciplinary actions for violations range from internal sanctions to termination of employment or business relationships, depending on the severity of the breach.



Governance Responsibility

1. Anti-corruption policies and Codes of Conduct

A comprehensive Code of Conduct sets out clear expectations for professional and ethical behaviour, with emphasis on integrity, fairness, and responsibility. It includes specific guidance on managing conflicts of interest, protecting confidential information, and working with suppliers and contractors.

Serious breaches – such as unauthorised business activities, disclosure of trade secrets, theft, or misuse of the Group’s name – may lead to immediate summary dismissal without notice or pay in lieu of notice.

Internal Oversight and Auditing

To enhance monitoring, the Group introduced a three-year internal audit plan covering 2023/24 to 2025/26. These audits assess compliance with the Code of Conduct across all operational units. Findings are reviewed by senior management and the Board.

The Group’s anti-corruption policies apply to employees, suppliers, and contractors, particularly at the China and Vietnam plants. Staff must adhere to professional and ethical standards, local legislation, and policies opposing corruption and malpractice. Confirmed breaches may result in dismissal or termination of business relationships.

To strengthen the internal control and oversight, the Audit Department introduced the **Asset Protection Enhancement Requirements** during the Reporting Period, which include key measures such as internal training and education to reinforce the importance of compliance with Standard Operating Procedures (“SOPs”) and a strong emphasis on strict adherence to the new asset protection guidelines to mitigate future risks and prevent losses.

2. Offer and Acceptance of Benefits and Conflict of Interest

We maintain clear policies to identify and manage conflicts of interest, particularly in matters involving personal relationships, financial gain, or secondary employment. All employees are required to declare potential conflicts annually or when they arise, with regular monitoring and education provided to ensure ongoing compliance.

All employees are prohibited from offering or accepting improper benefits without prior approval. Furthermore, all **charitable donations and sponsorships** undergo a formal approval process to eliminate the risk of misuse as disguised bribery. Contributions are made solely to verified and legitimate entities, with detailed documentation retained for audit purposes.

3. Training and Communication

While internal employee training has been comprehensive, communication with external business partners is identified as an area for further development. Tailored anti-corruption training is delivered to all levels along the supply chain:

- Governance Body Members:** Strategic briefings and workshops during onboarding and periodically thereafter.
- Employees:** Mandatory induction training and annual refreshers specific to job roles and responsibilities. During the Reporting Period, we offered training on the Code of Business Ethics. A total of 1,302 participants attended the training sessions.
- Business Partners:** Onboarding sessions and contractual clauses outlining compliance obligations.

We remain dedicated to fostering a culture where integrity is embedded in every action and decision, reinforcing our role as a responsible and trusted corporate citizen.

4. Whistle-blower Mechanism

To combat unethical practices, fraud, malpractice, and corruption, the Group has established a **Whistle-blowing Policy** and system. This policy provides a confidential communication channel for employees, business partners, and suppliers to raise concerns about potential improprieties in relation to the Group. Reports can be submitted to a designated committee comprising the Chief Financial Officer, Head of Human Resources, and Head of Internal Audit.

All reported cases are treated fairly, with strong non-retaliation protections in place, and assessed with due care under the oversight of top management. For valid complaints, appropriate actions are taken to address the concerns raised.

Partnership on Combating Corruption

Our efforts to combat corruption extend beyond our own operations. Our Group proactively addresses corruption through collective action, implementing a variety of initiatives to enhance accountability and ethical practices across industries and partnerships. These efforts include collaborating with industry coalitions to establish ethical standards and share best practices, conducting joint training programs with external stakeholders to mitigate corruption risks, and supporting transparency initiatives and reporting standards. Furthermore, we reinforce its commitment to anti-corruption principles by signing integrity pacts. Collectively, these actions promote a culture of integrity, transparency, and accountability across all areas of operation and collaboration.



Governance Responsibility

SUSTAINABLE SUPPLY CHAIN – SUPPLIER MANAGEMENT

Pacific Textiles places significant emphasis on the sustainability and social responsibility of its operations, particularly through its value chain. By focusing on the management of environmental and social impacts, the Group ensures its operations not only meet industry standards, quality, operational efficiency, and customer satisfaction, but also contribute positively to the economy, environment, and the well-being of communities.

We are committed to enforcing stringent supplier management protocols that prioritise compliance, traceability, and sustainability. Our comprehensive management framework extends to our suppliers, integrating climate and sustainability considerations alongside quality, safety, and compliance.

Stakeholders’ concern:

How does Pacific Textiles manage its supply chain and ensure quality standards?

The Group enforces strict supply chain management policies to ensure the quality and reliability of raw materials. All new suppliers are required to submit material samples for testing, which are assessed against the Group’s established quality standards before approval.

SUPPLIER ASSESSMENT

Our approach to environmental and social assessments is integral to its value chain. We recognise that the stability and quality assurance of the supply chain directly determine the consistency of our end products. Hence, for example, for our two of our main production raw materials – yarns and dyeing chemicals/auxiliaries – dedicated departments are assigned to carry out targeted assessment. Based on the characteristics of the products and the specific needs of our customers, we carefully select suitable suppliers and raw materials. This process ensures that both industry standards and the unique requirements of different customers are met, all while arranging production efficiently.

1. Environmental Assessment

Suppliers are assessed against ESG-related criteria. Environmental performance indicators – such as energy consumption, emissions, and waste generation – form part of the selection and evaluation process. Under the ZDHC programme, the Group maintains a Restricted Substance List applicable to all dye and auxiliary material suppliers. Non-compliant parties are replaced as required to meet ZDHC objectives. Our environmental assessment also involves scrutinising raw material procurement, focusing on sustainability. The company prioritises the use of sustainable materials, where feasible, to ensure minimal environmental impact.

Key strategies include:

- Supplier Qualification and Compliance:** All new suppliers are required to undergo a rigorous screening process, including sample testing and documentation review, to ensure alignment with the Group’s quality and compliance standards. This process includes verification of valid business licences and internationally recognised certifications such as OEKO-TEX®, REACH, bluesign®, ISO standards, and Supima® accreditation. Trade security credentials, such as Authorized Economic Operator (“AEO”) and C-TPAT, are also reviewed as part of the due diligence. Post-approval, suppliers are subject to random inspections and ongoing batch testing in line with the Group’s Code of Yarn Testing. Independent third-party laboratories are engaged as needed. Suppliers that do not meet required standards may be suspended until corrective actions are taken.
- Sustainable Raw Materials:** We identify raw materials that are sustainably sourced. This involves selecting materials from suppliers who demonstrate adherence to environmental standards, including certifications such as GOTS, GRS, and OCS.
- Supplier Evaluation of Chemical Fibres:** Suppliers involved in the production of chemical fibres and dyes undergo rigorous qualification assessments to ensure compliance with environmental regulations. Regular checks, including the OEKO-TEX® annual certification, are conducted to ensure adherence to sustainable production practices.
- Wastewater Management:** Suppliers whose production processes result in wastewater emissions are assessed for their waste management systems, ensuring that proper treatments are in place to prevent environmental contamination.

2. Social Assessment

The Group also evaluate the social impact of its suppliers, ensuring that operations meet local legal requirements and social responsibility standards. As a member of BCI, we prioritise sourcing from socially responsible entities with a proven track record in ethical practices and workplace safety.

The key areas of social assessment include:

- Supplier Qualification and Compliance:** Prior to onboarding new suppliers, the Group ensures they meet legal, regulatory, and safety requirements. New suppliers are required to sign the “Trade Partner Cooperation Safety Agreement” and the “Supplier Code of Conduct.” Post-approval, suppliers are subject to random inspections and independent third-party are engaged as needed. Suppliers that do not meet required standards may be suspended until corrective actions are taken.
- Social Responsibility Audits:** The Group conducts annual audits, including SLCP (Social Labor Convergence Program) assessments, to evaluate the social compliance of its suppliers, ensuring that labour practices align with global standards, including fair wages, health and safety, and the protection of human rights.
- Customs and Trade Compliance:** Suppliers are also evaluated on their trade certifications, such as customs clearance qualifications, to ensure that their operations comply with international trade standards.

Governance Responsibility

SUPPLIER ENGAGEMENT

The Group's approach to engaging suppliers is proactive and structured, ensuring that all suppliers are thoroughly vetted and monitored to mitigate any potential risks, whether environmental, social, or economic.

Before a new supplier is introduced, we require the supplier to complete a comprehensive entry evaluation form, which is reviewed and signed off by relevant departments. This ensures that only those suppliers who meet the Group's high standards are included in the supplier database.

We also believe in collective responsibility and actively participates in multi-stakeholder initiatives to promote ethical business practices, including:

- Environmental and Sustainability Projects:** Reducing carbon emissions and advancing renewable energy.
- CSR and Community Engagement:** Supporting education, healthcare, and welfare programmes.
- Diversity and Inclusion:** Promoting equal opportunities and inclusive workplace culture.
- Industry Standards and Certifications:** Advocating for elevated operational standards and ethical compliance.

Through these initiatives, we contribute to a global movement along our supply chain towards integrity and transparency in business.

RISK IDENTIFICATION AND MITIGATION

The Group continuously identifies and mitigates risks within the supply chain. Following steps is taken to ensure risks are managed effectively:

1. Environmental Risk Management	2. Social Risk Management	3. Traceability and Transparency
Environmental risks are identified through the ZDHC and OEKO-TEX® annual certifications. Suppliers must adhere to these rigorous standards, ensuring that harmful chemicals and processes are not used in the production of raw materials like dyes and fibres.	Social risks, such as potential violations of labour laws, are assessed before suppliers are onboarded. We use a systematic approach to evaluate suppliers' adherence to safety standards, fair labour practices, and environmental responsibility.	The Group ensures traceability of its raw materials by requiring suppliers to provide traceability documents and guarantees for the raw materials they provide. This allows us to maintain transparency in the supply chain and ensure that all products are compliant with environmental and social standards.

ENSURING OPERATIONAL RELIABILITY

While sustainability remains a core focus, Pacific Textiles also considers operational capacity, delivery performance, and cost-efficiency in its procurement and outsourcing decisions. Regular engagement and communication with suppliers help ensure alignment with the Group's business requirements and supply chain continuity.

TRACKING THE EFFECTIVENESS OF ACTIONS

The Group employs rigorous monitoring and evaluation processes to track the effectiveness of the actions it has taken to mitigate environmental and social risks. We strictly adhere to our internal policies and practices, including the Quality Management and Procurement Control Process for Yarn Suppliers, ensuring that supplier assessments are conducted regularly and comprehensively. KPIs and audits are also regularly used to assess the company's progress in meeting sustainability and social responsibility goals.

- Annual Audits and Certifications:** All our suppliers are required to undergo annual audits, including OEKO-TEX® certification and ZDHC assessments, to ensure compliance with environmental and social standards. These audits serve as a key mechanism for ensuring that supplier practices remain aligned with the company's sustainability goals.
- Supplier Data Management:** All supplier data, including entry evaluations and audit results, are centrally managed in a secure system. This enables us to effectively track supplier performance and make informed decisions based on up-to-date information.
- Continuous Improvement:** Based on the lessons learned from previous assessments, we incorporated improvements into our operational procedures. This includes refining the procurement process, improving supplier engagement practices, and enhancing risk mitigation strategies.

As of 31 March 2025, the Group worked with 247 suppliers. During the Reporting Period, no violations related to supply chain compliance or anti-corruption regulations were reported. Additionally, none of our suppliers were identified as having significant actual or potential negative environmental and social impacts, and therefore, none were terminated. The total number of production-related suppliers by geographical region is listed as follows:

Geographical region	Production-related suppliers	Geographical region	Production-related suppliers
Total	247		
Mainland China	164	Indonesia	6
Vietnam	25	Thailand	2
Hong Kong SAR	18	Japan	5
Taiwan	12	Singapore	3
India	6	Other region	1
Korea	5		

Governance Responsibility

SUB-CONTRACTOR OVERSIGHT

Sub-contractors form a critical part of Pacific Textiles’ supply chain and play a significant role in ensuring timely delivery and product quality. To uphold high standards and business ethics, the Group has implemented stringent sub-contractor management policies and ESG monitoring procedures, continuously enhancing these processes. The Rules for Suppliers Assessment, applicable to all suppliers and sub-contractors, provide a framework for maintaining quality and managing supply chain risks. For sub-contractors offering specialised services, the Group has developed detailed quality requirements and guidelines to ensure effective oversight.

Applied to all of our plants, sub-contractor assessments are conducted during the tendering process, with potential partners evaluated on machinery, production capacity, quality management systems, inspection systems, and workforce skills. Only sub-contractors who pass these assessments are approved for collaboration. During the contract period, the Group conducts regular reviews, including monthly product quality inspections, progress monitoring, and annual audits focusing on facility conditions and quality control. Close engagement and communication with sub-contractors is maintained via phone, email, and in-person meetings to improve efficiency and promptly address urgent issues. For those who fail to meet requirements during these reviews risk termination of their contracts.

As of 31 March 2025, a total of 24 sub-contractors were engaged by the Group (2024: 28). No violations related to supply chain compliance or anti-corruption regulations were reported during the Reporting Period. Looking ahead, the Group plans to incorporate environmental and social factors into its sub-contractor evaluation and tendering processes.

Geographical region	Sub-contractors
Total	24
Mainland China	22
Vietnam	2

Our value chain is built on the principles of environmental sustainability and social responsibility. Through rigorous supplier and sub-contractor assessments, continuous risk management, and the promotion of environmentally preferable products, the Group ensure that its operations produce minimal negative impact on the environment, society, and its business model.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Pacific Textiles continues to strengthen its intellectual property (“IP”) framework as part of its broader strategy to support innovation and safeguard business operations. The Group is committed to upholding the legal rights associated with creative and technical developments across its value chain, as well as to protecting the proprietary assets of its customers.

Intellectual Property Management

The Group has established a formal Intellectual Property Rights Management Policy (《知識產權管理制度》), which sets out responsibilities for managing patents, copyrights, trademarks, trade secrets, and research outcomes. The policy includes provisions for patent applications, data access controls, secure storage procedures, and internal incentive mechanisms. These measures are designed to encourage innovation, safeguard legitimate rights, and facilitate the commercialisation of research outputs.

Over the years, the Group registered multiple invention patents and utility model patents with the China National Intellectual Property Administration. These patents cover developments in weaving processes, equipment, and textile technologies. All have been authorised for use at the Group’s Nansha facility in China.

Patented Innovation for Improving Synthetic Fabric Production

In November 2024, we achieved a significant innovation milestone by securing a utility model patent titled “*Crease-Free Roller for Synthetic Fabrics.*” (用於化纖布的無折痕捲筒). This invention, designed for the textile dyeing and finishing industry, offers a novel solution to prevent creases and material defects during the winding process of synthetic fabrics. The patented roller includes a roller body and a flexible rope, with the rope strategically fixed to specific points on the roller. By securing the fabric’s edge with the flexible rope and winding it smoothly around the roller, this design eliminates creases near the roller’s axis and minimises risks like fabric shrinkage or material distortion.

This cutting-edge technology not only improves operational efficiency but also enhances product quality while reducing material waste. Key features and benefits of the “*Crease-Free Roller for Synthetic Fabrics*” include:

- **Crease-free winding:** Prevents wrinkles and distortion by securing the fabric edge with a flexible rope before automated winding.
- **Adaptability:** The flexible rope provides self-adjusting tension, reducing risks of snagging or fiber damage.
- **Material efficiency:** Minimises defects like hook marks or shrinkage, cutting down on fabric waste.
- **Sustainability:** Supports resource conservation by reducing material losses during production.

This innovation reflects our dedication to advancing textile technology and sustainability, setting a new benchmark for efficient and environmentally friendly manufacturing processes.

Governance Responsibility

Customer Property Management

The Group is firmly committed to protecting customers’ intellectual property rights. The internal Customer Property Management Procedure governs the proper handling of customer-owned tools, designs, and technical specifications. Copyright protection protocols are applied to prevent unauthorised duplication or misuse of creative content and proprietary information.

A strict prohibition is enforced against the use or distribution of any product or service that infringes upon third-party copyrights, trademarks, or patents. Confidentiality agreements are entered into with business partners, suppliers, and clients when handling sensitive information or engaging in collaborative development. These agreements serve to ensure mutual trust and legal protection throughout the partnership lifecycle.

No incidents of intellectual property violations were reported during the Reporting Period. These practices reinforce Pacific Textiles’ standing as a reliable and responsible partner in the global textile supply chain.

DATA PRIVACY

Pacific Textiles places great emphasis on the secure handling of all customer data and actively restricts unauthorised access. We are fully committed to respecting and protecting customer privacy, and we treat all sensitive information with the highest level of confidentiality.

Our commitment extends to safeguarding customer information, including customer-owned intellectual property, trade secrets, and commercially sensitive data. Upon receipt of any business or technical information from clients, we implement stringent control measures to prevent unauthorised access, use, or disclosure. These measures include regulated internal access, secure data storage, and the inclusion of confidentiality clauses in contracts where applicable.

During the Reporting Period, no breaches of data privacy or unauthorised disclosures of confidential customer information were reported. We remain vigilant in reviewing and strengthening our data management practices and systems to ensure they continue to meet both current and emerging standards in data protection and cyber risk management.



Certification, Accolades, and Recognitions

ACCOLADES AND RECOGNITIONS



Awards/honours
Hong Kong – Guangdong Cleaner Production Excellent Partner (Manufacturing)

Issued by
Department of Industry and Infrastructure Technology of Guangdong Province and Environment and Ecology Bureau of the Government of the Hong Kong Special Administrative Region of the People's Republic of China

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



Awards/honours
2024 7th China Eco-friendly Fabric Design Competition – Innovative Enterprise

Issued by
Award-winning entity/project



Awards/honours
Top 30 High-tech Enterprises in Nansha District in 2024

Issued by
Guangdong Hi-Tech Enterprise Association, Guangzhou Hi-Tech Enterprise Association and Guangzhou Nansha District High Tech Enterprise Association

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



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

- Baiyun Rongrou: Soft and warm recycled fiber fabric
- Anzong Daka: Soft and warm knitted fabric
- Linlin Boguang: Solona environmentally friendly knitted fabric



Awards/honours
Fabrics China – Outstanding Products Award

Issued by
China Textile Information Center and China Textile Development Center

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

- Zihong Xiayun: Ultra-soft and ultra-delicate recycled fiber knitted fabric
- Huaihua Piaoxiang: Light, cool and quick-drying knitted fabric
- Weiduokong Suqian Mianliao: Moisture-absorbing and quick-drying, cooling and sun-proof, micro-porous functional yarn sports fabric
- Duocai Yuanhuan: Light and silky underwear fabric



Awards/honours
Excellent Member Unit

Issued by
Guangdong Cleaner Production Association

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

Awards/honours
Hong Kong Green Organisation

Issued by
Environmental Campaign Committee

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

Issued by
Intertek Certification Limited

Accredited entity
Pacific Textiles Limited
Trillion Trading Macao Limited
Pacific (Panyu) Textiles Limited



Certification
Global Organic Textile Standard, (GOTS) (Version 7.0)

Issued by
Intertek Certification Limited

Accredited entity
Pacific Textiles Limited
Trillion Trading Macao Limited
Pacific (Panyu) Textiles Limited

Certification, Accolades, and Recognitions

							
Certification Organic Content Standard 3.0	Certification Recycled Claim Standard 2.0	Certification OEKO-TEX® Standard 100	Certification Responsible Wool Standard (RWS) 2.2	Certification Global Organic Textile Standard (GOTS) Version 7.0	Certification ISO14001 Environmental Management System	Certification Global Recycled Standard (GRS) (Version 4.0)	Certification Recycled Claim Standard (RCS) (Version 2.0)
Issued by Intertek Certification Limited	Issued by Intertek Certification Limited	Issued by TESTEX AG	Issued by Intertek Certification Limited	Issued by IDFL Laboratory and Institute Inc.	Issued by National Quality Assurance	Issued by Taiwan IDFL Laboratory and Institute	Issued by Taiwan IDFL Laboratory and Institute
Accredited entity Pacific Textiles Limited Trillion Trading Macao Limited Pacific (Panyu) Textiles Limited	Accredited entity Pacific Textiles Limited Trillion Trading Macao Limited Pacific (Panyu) Textiles Limited	Accredited entity Pacific Textiles Limited	Accredited entity Pacific Textiles Limited	Accredited entity Top Textiles Limited	Accredited entity Pacific Crystal Textiles Limited	Accredited entity Pacific Crystal Textiles Limited	Accredited entity Pacific Crystal Textiles Limited
							
Certification Global Recycled Standard (GRS) (Version 4.0)	Certification Recycled Claim Standard (RCS) (Version 2.0)	Certification OEKO-TEX® Standard 100	Certification Organic Content Standard (OCS) (Version 3.0)	Certification Organic Content Standard (OCS) (Version 3.0)	Certification Global Organic Textile Standard (GOTS) Version 7.0		
Issued by Cong Ty TNHH IDFL Viet Nam	Issued by Taiwan IDFL Laboratory and Institute Limited	Issued by OEKO-TEX® Service GmbH	Issued by Taiwan IDFL Laboratory and Institute Limited	Issued by Taiwan IDFL Laboratory and Institute Limited	Issued by IDFL Laboratory and Institute Inc.		
Accredited entity Top Textiles Limited	Accredited entity Top Textiles Limited	Accredited entity Top Textiles Limited	Accredited entity Top Textiles Limited	Accredited entity Pacific Crystal Textiles Limited	Accredited entity Pacific Crystal Textiles Limited		

The Stock Exchange ESG Reporting Code
Content Index

Subject areas, aspects, general disclosures and KPIs		Corresponding section
A. Environmental		
Aspect A1: Emissions		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Emissions Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Sustainability targets; Climate Adaptation and Resilience; Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Sustainability targets; Waste Management
Aspect A2: Use of resources		
	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Management; Water Resources Management; Packaging Materials Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Management; Water Resources Management; Packaging Materials Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water Resources Management

Subject areas, aspects, general disclosures and KPIs		Corresponding section
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Sustainability targets; Energy Management
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.	Sustainability targets; Water Resources Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Materials Management
Aspect A3: The environment and natural resources		
	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Other Environmental Impact Management; Emergency Preparedness and Environmental Safety
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Other Environmental Impact Management; Emergency Preparedness and Environmental Safety
B. Social – Employment and labour practices		
Aspect B1: Employment		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Employees; Employee Diversity and Equal Opportunities; Trade Union, Collective Negotiation and Communication
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Caring for Employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for Employees

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Subject areas, aspects, general disclosures and KPIs		Corresponding section
Aspect B2: Health and safety		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety
Aspect B3: Development and training		
	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Training and Development
Aspect B4: Labour standards		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Caring for Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Employees

Subject areas, aspects, general disclosures and KPIs		Corresponding section
B. Social – Employment and labour practices		
Aspect B5: Supply chain management		
	General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain – Supplier Management
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain – Supplier Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Procurement; Sustainable Supply Chain – Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain – Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Procurement; Sustainable Supply Chain – Supplier Management
B. Social – Operating practices		
Aspect B6: Product responsibility		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Quality Assurance/Handling of Defective Products; Data Privacy
KPI B6.1	Percentage of total products sold or shipped subject to recalls for Health and Safety reasons.	Quality Assurance/Handling of Defective Products
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Assurance/Handling of Defective Products
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Assurance/Handling of Defective Products

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Subject areas, aspects, general disclosures and KPIs		Corresponding section
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy
Aspect B7: Anti-corruption		
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics and Integrity
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.	Business Ethics and Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics and Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics and Integrity

Subject areas, aspects, general disclosures and KPIs		Corresponding section
B. Social – Community		
Aspect B8: Community investment		
	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment and Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment and Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	2024/25 Key Sustainability Performance; Community Investment and Engagement

Effective 1 January 2025, the Hong Kong Stock Exchange implemented new regulations under the ESG Reporting Code, which repealed Aspect A4 and KPI A4.1 related to climate change, as well as KPI A1.2 related to emissions. However, these aspects and KPIs remain applicable to the Group's reporting requirements for the current reporting year.

Subject areas, aspects, general disclosures and KPIs		Corresponding section
A. Environmental		
Aspect A1: Emissions		
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions Management
Aspect A4: Climate change		
	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Resilience and Adaptation
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.	Climate Resilience and Adaptation



PACIFIC TEXTILES HOLDINGS LIMITED
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(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)