

CROCODILE

2025 Environmental, Social and Governance Report 環境、社會及管治報告書

Crocodile Garments Limited | 鱷魚恤有限公司



Environmental, Social and Governance Report

ABOUT THE REPORT

Crocodile Garments Limited (hereinafter referred as “**Company**”, and together with its subsidiaries referred as “**Group**”) is delighted to publish its annual Environmental, Social and Governance (“**ESG**”) Report, highlighting its performance, with disclosure reference made to the ESG Reporting Code as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**HKEX**” respectively). The Group has complied with all the “comply or explain” provisions set out in the ESG Reporting Code during the period from 1 January 2025 to 31 December 2025 (“**Reporting Period**”). The corresponding comparative figures presented for the ESG report covered the figures of the reporting period from 1 August 2023 to 31 December 2024 and therefore are not comparable with those shown for the current year.

REPORTING SCOPE

This report covers the Group’s principal operations in two subject areas, namely, Environmental and Social of the “Garment and related accessories business” and “Property investment and letting business” in Hong Kong and Mainland China during the Reporting Period, unless otherwise stated. These two business operations represent the core operations of the Group during the Reporting Period.

The scope of this report includes a total of 2 offices, 2 warehouses and all retail stores (18 retail stores as of 31 December 2025) in Hong Kong and Mainland China. The franchise store in the Macau Special Administrative Region of the People’s Republic of China (“**PRC**”), which the Group has relatively less control over, is excluded from the scope.

REPORTING PRINCIPLES

The preparation of this Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders. The significant stakeholders, process, and results of the engagement which are presented in the section “Stakeholder Engagement and Materiality Assessment”.

Quantitative – key performance indicators (“**KPI**”)s have been established, and are measurable and applicable to make valid comparisons under appropriate conditions, information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, has been disclosed when applicable.

Balance – performance of the Group has been presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

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THE BOARD STATEMENT

The Board of Directors of the Group (“**Board**” and “**Directors**” respectively) understands its full responsibility for overseeing the Group’s ESG issues and risks. The Board is committed to managing and minimising its environmental and social impact. To prioritise material ESG issues and identify potential risks, the Board conducts materiality assessment and pays attention to the metrics which are most relevant to “Garment and related accessories business” and “Property investment and letting business”.

The ESG working group (“**Working Group**”) is formed by different employees from various departments of the Group. The Working Group implements various environmental and social measures and cooperates with third-party professionals, such as ESG consultants to evaluate the Group’s ESG issues and to adopt suggestions for the Group’s ESG progress. The Board assesses the environmental and social risks of the Group’s businesses through annual meetings and integrates the environmental and social issues into its corporate governance structure to promote environmental and social strategies, set up goals and monitor the ESG performance of the Group. The Board reviews the Group’s ESG performance and effectiveness of policies and measures annually to improve the measures which are considered with room for improvement in the stakeholders’ views.

The Board has integrated the ESG-related risks into the Group’s risk management system, which assesses and manages the ESG-related risks comprehensively. By adopting the risk management system, the Board can ensure that the Group complies with the relevant environmental and social laws and regulations, and maintain the balance between the efficiency of business operations and the improvement of the Group’s ESG performance. The Board evaluates the policies and the strategies of the ESG-related risks annually through the Board meeting.

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SUSTAINABILITY MISSION AND VISION

Having been a “Caring Company” for more than a decade, the Group believes that a high standard of corporate social responsibility is essential for building up and maintaining a good corporate and social relationship, motivating staff and creating a sustainable return to the Group. The Group is committed to contributing to the sustainability of the environment and community in which the Group conducts business and where its stakeholders live.

Apart from focusing on business development, the Group also actively shoulders social corporate responsibilities. The Group is committed to strictly complying with laws and regulations related to environmental protection and social compliance. The Group is determined to reduce its environmental impact, and promptly implements the 3R concept, namely, “Recycle”, “Reduce” and “Reuse” to promote green living. The Group eliminates unnecessary packaging materials while ensuring the protection of the product is not compromised. Besides, the Group encourages the public to take action to protect the environment and improve the quality of the environment.

The Group is committed to adopting good employee-oriented human resource management practices while supporting community activities and sponsoring and donating to society and charitable organisations to promote social services and community welfare.

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AWARDS AND HONOURS

- (i) Since 2008, the Group has been certified as a “Hong Kong Green Organisation” by the Environmental Campaign Committee and issued a “Wastewi\$e” Certificate of “Good Level” and a “Energywi\$e” Certificate of “Excellence Level” by the Environmental Campaign Committee for 18 consecutive years.
- (ii) The Group has been awarded the “Caring Company” for 17 consecutive years and has garnered the “15 years Plus Caring Company Logo” by The Hong Kong Council of Social Service, recognising the Group’s commitment to corporate social responsibility and continuous effort in community services.
- (iii) The Group has participated in the “Good Employer Charter” Scheme launched by the Hong Kong Labour Department as a signatory organisation of the Good Employer Charter for three consecutive terms (2018, 2020 and 2024) and has pledged to adopt employee-oriented good human resource management practices. The Group is also authorised to use the “Supportive Family-friendly Good Employer” logo for its dedication to implement family-friendly employment measures.
- (iv) The Group has been awarded the “Quality Tourism Services Scheme” for more than 19 consecutive years, the “Outstanding QTS Merchant Award” in 2019 and the “Quality Tourism Services Silver Award” in 2022 from the Hong Kong Tourism Board, recognising the Group’s high-quality services.
- (v) Since 2006, the Group has been awarded the “Hong Kong Top Brand Mark (Top Mark) – Ordinary & Premier Mark” on men’s wear, as well as “Hong Kong Premier Brand” and “Hong Kong Top Brand Ten Year Achievement Award” since 2009 by Hong Kong Brand Development Council and The Chinese Manufacturers’ Association of Hong Kong.

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

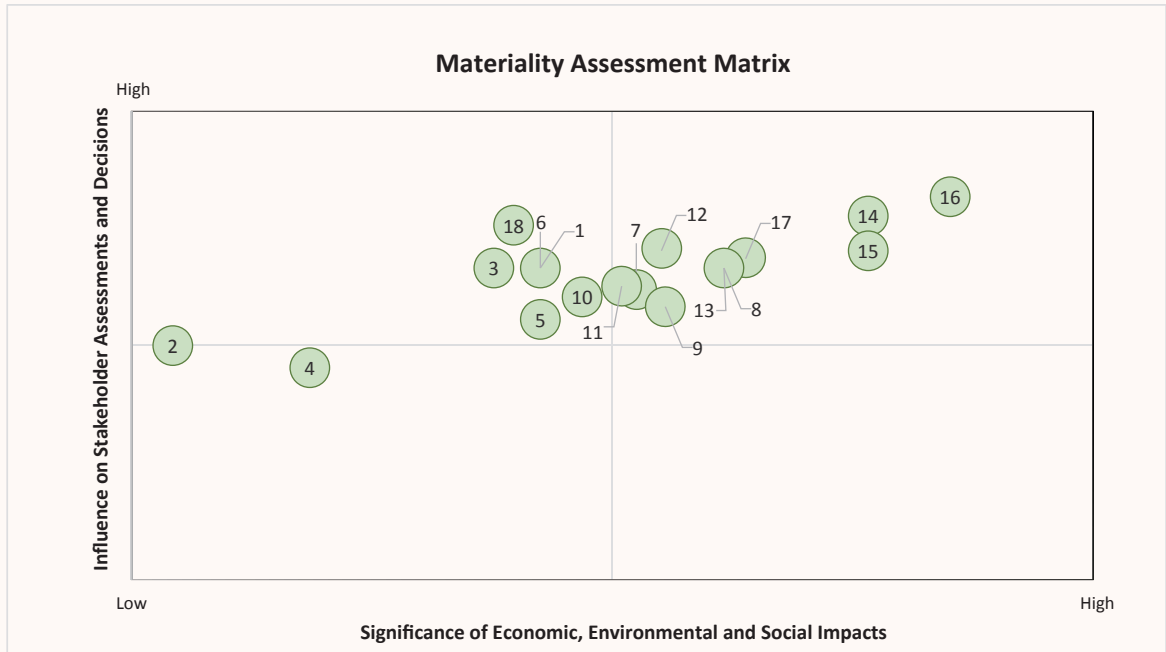
The Group communicates regularly with and gathers feedback from stakeholders through various channels to understand their expectations, build and maintain a good relationship, and identify the most significant environmental and social aspects of the Group's operations to its stakeholders. The table below outlines the Group's various dialogue channels for different types of stakeholders:

Stakeholders	Means of communications
Shareholders	<ul style="list-style-type: none"> • Shareholders' annual and general meetings • Press releases, such as annual reports, interim reports, periodic announcements and circulars • The Group's website (www.crocodile.com.hk) • Website of HKEX (www.hkexnews.hk) • Survey • Share registrar
Clients	<ul style="list-style-type: none"> • Meeting and promotion activities • Email or telephone • Social media: Rednote, Instagram, WeChat and Facebook • Hong Kong online ordering hotline: WhatsApp • Mainland China online shopping platform: Suning.com, JD.com, Tmall Global, Rednote and Wechat Mall • Offline customer services: Customer service hotline and SMS • Annual ESG Survey
Suppliers	<ul style="list-style-type: none"> • Supplier meetings • Email or telephone • WeChat • Annual ESG survey
Internal Stakeholders (such as Directors & employees)	<ul style="list-style-type: none"> • Email • Training • Annual ESG Survey • Meetings

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (continued)

During the Reporting Period, the Group has specifically engaged Board members, shareholders, clients, suppliers, management and frontline and other employees to gain further insights on ESG aspects they find material. The Materiality Matrix below shows the results of the Group’s materiality assessment process:



Environmental	Social
1 Energy	8 Employment
2 Water	9 Occupational Health and Safety
3 Air Emission and Climate Change	10 Development and Training
4 Waste and Effluent	11 Labour Standards
5 Other Raw Materials Consumption	12 Supplier Management
6 Environmental Protection Measures	13 Intellectual Property Right
7 Climate Change	14 Data Protection
	15 Customer Service
	16 Product/Service Quality
	17 Anti-corruption
	18 Community Investment

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STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT (continued)

The following topics have been deemed as the most important by stakeholders:

- (i) Product/Service Quality
- (ii) Data Protection
- (iii) Customer Service

The Group reviews and manages the material aspects with policies and best practices and will continue to work towards building positive relations with its stakeholders, improving the overall ESG performance and developing better control of ESG-related risks. The Group strives to reduce its impact on the environment and society and to achieve sustainable and optimum economic growth with the Group strategy on new products and energy business.

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Stakeholders may at any time give their suggestions or share their views with the Group via email at corpadmin@crocodile.com.hk.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

As a responsible garment business participant, the Group has strictly endeavoured to comply with laws and regulations regarding environmental protection and has adopted effective environmental technologies to ensure that its merchandises meet the material standards and ethics with respect to environmental protection. The Group has actively promoted material-saving and extensive use of environmentally friendly clothing materials, aiming at protecting the environment and improving the air quality in the community.

The Group strictly abides by laws, rules and regulations enforced by the Mainland China and Hong Kong in relation to environmental protection and pollution control, including but not limited to the following:

- (i) Environmental Protection Law of the PRC;
- (ii) Energy Conservation Law of the PRC; and
- (iii) Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

No cases of material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been recorded during the Reporting Period.

A1. Emissions

A1.1 Air Emissions

Air pollutants emitted by the Group were mainly generated from the use of the Group’s motor vehicles to deliver products to and from its stores and warehouses. The Group strives to realign the routes of transportation to maximise the cost-effectiveness while keeping the emission of pollutants as low as possible.

During the Reporting Period, air pollutant emissions of nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”) and respiratory suspended particles (“PM”) were 55.70 kg (Period ended 31 December 2024: 221.12 kg), 0.27 kg (Period ended 31 December 2024: 0.36 kg) and 2.75 kg (Period ended 31 December 2024: 18.25 kg), respectively.

The amount of diesel and petrol consumption decreased compared with the last reporting period due to that the Group having commenced to replace the existing vehicles with electric vehicles. The Group strives to plan and adjust transportation routes to maximise its effectiveness of business service with lower exploitation of resources and emissions.

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A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.2 GHG Emissions

During the Reporting Period, 225.20 tonnes (Period ended 31 December 2024: 350.56 tonnes) of carbon dioxide equivalent (CO₂eq) were emitted, resulting in an intensity of 0.0024 tonnes/HKD'000 revenue (Period ended 31 December 2024: 0.0025 tonnes/HKD'000 revenue). The reported GHG emissions of the Group were attributed to the following activities:

- (i) Direct (scope 1) GHG emissions: the mobile combustion of fuels for transportation;
- (ii) Indirect (scope 2) GHG emissions: purchased electricity; and
- (iii) Other indirect (scope 3) GHG emissions: freshwater processing, sewerage processing, paper waste disposal at landfills and business traveling.

Scope	Emission sources	Year ended	Period ended
		31 December 2025	31 December 2024
		GHG Emission (in tonnes CO ₂ eq)	GHG Emission (in tonnes CO ₂ eq)
Scope 1	Petrol	35.61	46.12
Direct GHG emission	Diesel	6.17	8.77
Scope 2	Purchased electricity	179.14	284.51
Indirect GHG emission			
Scope 3	Freshwater processing	0.02	0.02
Other indirect GHG emission	Sewerage processing	0.01	0.04
	Paper waste disposed at landfills	1.96	5.66
	Business traveling	2.29	5.44
		<u>2.29</u>	<u>5.44</u>
Total GHG Emission		<u>225.20</u>	<u>350.56</u>

Notes:

1. Emission factors were referred to Appendix C2 of the Listing Rules and their referred documentation as set out by the HKEX unless stated otherwise.
2. Emission factors for purchased electricity in Hong Kong and Mainland China were obtained from HK Electric Investments Limited, CLP Power Hong Kong Limited and The Ministry of Ecology and Environment of the PRC, respectively.

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A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.3 Hazardous Waste

No significant amount of hazardous waste was generated, and no electronic waste has been disposed of during the Reporting Period.

A1.4 Non-hazardous Waste

Non-hazardous waste generated by the Group's business operations during the Reporting Period included office paper waste, general office waste and carton boxes. A total of 4.58 tonnes of non-hazardous waste, of which 45% was general garbage, 46% was carton boxes, and 9% was office paper waste, were generated during the Reporting Period. The waste intensity was 0.050 kg/HKD'000 revenue (Period ended 31 December 2024: 0.057 kg/HKD'000 revenue).

A1.5 Measures to Mitigate Emissions

The Group is aware of the emissions generated from its operations. Since the Group's operations involve the distribution of products, which result in air and GHG emissions from mobile combustion, the Group strives to plan and adjust transportation routes to maximise cost-effectiveness while preventing emissions.

The Group has initiated a target of 3% emission reduction intensity in 5 years, using the reporting period 2020/21 as a baseline. The amount of GHG emission intensity in this Reporting Period has decreased by 43% compared with the baseline. The Group plans to further increase the overall portfolio energy efficiency and decrease the Group's energy consumption. The Group will minimise emissions from vehicles by optimising the transportation route. Besides, the Group has commenced to replace the existing vehicles with electric vehicles and facilitated more management and employees to adopt electric vehicles in the future in order to expand the proportion of electric vehicle use.

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A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.6 Wastes Handling and Reduction Initiative

Hazardous waste generated by the Group was collected by licensed handlers or property management of the office buildings and warehouses for proper recycling or treatment before disposal. The reusable parts or accessories of the waste electronic and electrical appliances are either retained or sent to waste management and recycling companies to convert into raw materials. All carton boxes were collected by the property management of the office buildings and were sent to recyclers.

The Group has implemented the following waste reduction initiatives:

- (i) placing recycling bins and promoting recycling of wastepaper, plastic bottles, and aluminium cans in the office;
- (ii) filing documents electronically whenever possible;
- (iii) using recycled paper, toners and cartridges for printing and photocopying;
- (iv) setting the default mode of the printers and computers to black and white printing;
- (v) simplifying product packaging and encouraging retail customers to use their own shopping bags;
- (vi) providing reusable tableware for employees to reduce the use of disposable tableware;
- (vii) placing water dispensers in common areas to reduce the demand for bottled water;
- (viii) collecting used red pockets after Chinese New Year;
- (ix) adopting new automation system for the Group's human resource operation to reduce paper consumption, such as storing the personal information of the staff, e-leave application, online working schedule and attendance records; and
- (x) collecting all bulbs and fluorescent lamp wastes in the designated recycled boxes provided by the government.

The Group also consolidates its retail network by shutting down stores with poor performance and negotiating with landlords to get short-term leases and rent concessions, avoiding the generation of hazardous and non-hazardous waste during relocation.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A1. Emissions (continued)

A1.6 Wastes Handling and Reduction Initiative (continued)

The Group has been awarded the “Wastewi\$e Certificate” of “Excellence Level” and was recognised as a Hong Kong Green Organisation by the Environmental Campaign Committee for its effort in pursuing environmental initiatives and participation. The Group would review its initiatives and strive for better performance.

As a responsible garment company, the Group believes that avoiding overproduction of clothing is an important issue to its sustainable business development. The Group strictly controls the level of clothing inventory which is only adequate for nine months of sales.

Besides, the confidential document waste was collected and destroyed by a qualified third-party confidential document waste handling company. All the destroyed document waste was sent to recycling factories in Mainland China and overseas to further handle the document waste.

The Group has set a target of reducing 3% of waste generation intensity in 5 years, using the reporting period 2020/21 as a baseline. The non-hazardous waste production intensity in this Reporting Period has decreased by 42% compared with baseline. The Group encourages its employees to separate and recycle the waste generated as much as possible. With recycling measures implemented, the Group believes that it can effectively reduce the amount of waste being sent to the landfill.

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources. To meet the Group’s environmental commitments, various efficiency initiatives have been implemented to minimise energy use and water consumption.

A2.1 Energy Consumption

During the Reporting Period, purchased electricity, diesel and gasoline were consumed for the office and warehouse operations, and transportation respectively. A total of 405,371 kWh of electricity consumption of the Group was recorded. The consumption of petrol and diesel was 16,017 Litres and 2,244 Litres respectively. The total energy consumption was calculated to be 597.20 MWh, representing an energy intensity of 0.0065 MWh/HKD’000 revenue during the Reporting Period.

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A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.1 Energy Consumption (continued)

The major source of energy used by the Group was electricity. It was used in all areas of the Group's business operations, such as general lighting, powering of laptops, printers, Point-of-Sale systems and other electrical equipment in the offices, stores and warehouses. The Group has been actively seeking more energy-efficient equipment to reduce electricity consumption and hence, GHG emissions. The energy consumption intensity was reduced due to the Group's energy efficiency effort made on its business.

Gasoline and diesel were used for goods and materials delivery and passenger transportation purposes in the Group's several motor vehicles. The following table shows the breakdown of the Group's energy consumption during the Reporting Period.

Energy Consumption Sources	Year ended	Year ended	Period ended	Period ended
	31 December	31 December	31 December	31 December
	2025	2025	2024	2024
	(Usage unit)	(in MWh)	(Usage unit)	(in MWh)
Purchased Electricity	405,371 kWh	405.37	642,042 kWh	642.04
Diesel	2,244 Litres	20.39	3,188 Litres	28.96
Petrol	16,017 Litres	171.44	20,745 Litres	222.04
Total		597.20		893.04
Energy intensity (MWh/HKD'000 revenue)		0.0065		0.0065

Note: Conversion factors were referred to the IEA Energy Statistics Manual and 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

A2.2 Water Consumption

The water consumption of the Group was a total of 59.60 m³ (Period ended 31 December 2024: 103.26 m³), resulting in an intensity of 0.0006 m³/HKD'000 revenue (Period ended 31 December 2024: 0.0008 m³/HKD'000 revenue). Water was used in the pantries and washrooms of the offices. The Group constantly reminds its employees of the importance of saving water. As some retail outlets of the Group are in shopping malls, water usage was managed by the property management and therefore consumption figures were not available. Nevertheless, the Group spares no effort to save the natural resources of the earth.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.3 Energy Use Efficiency Initiative

The Group has adopted the following measures to consume energy efficiently:

- (i) establishing energy-saving policies and guidelines and informing employees thereof via email;
- (ii) including energy efficiency requirements when procuring energy-related products;
- (iii) assigning representatives to coordinate energy-saving programs;
- (iv) conducting energy audit/check to monitor energy consumption per type (e.g. fuel and electricity);
- (v) turning off unnecessary lighting during lunch hour, overtime work and after normal operating hours;
- (vi) applying lighting zone control to enable switching on/off lighting independently in different parts of offices;
- (vii) applying electronic ballasts for at least 50% of the applicable lighting devices in offices;
- (viii) using fans to enhance cooling effect and reduce the use of air-conditioners;
- (ix) applying solar film on windows to reduce direct sunlight and the demand for air-conditioning;
- (x) ensuring indoor temperature controllers are correctly set to maintain temperature at 24°C–26°C in offices;
- (xi) replacing the existing vehicles with electric vehicles and encouraging management and employees to use electric vehicles in the future in order to increase the proportion of electric vehicle use; and
- (xii) installing an intelligent control system to automatically turn off unnecessary lights and air conditioners.

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A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.3 Energy Use Efficiency Initiative (continued)

In the property investment sector, specific measures, if possible, have been implemented to consume energy efficiently in the Group's properties:

- (i) controlling the usage of air-conditioning units during night-time;
- (ii) using LED lamps in public areas; and
- (iii) switching off some passenger lifts after office hours.

In addition, the Group has joined and supported various environmental protection programs organised by reputable institutions. Its dedication has been recognised with certifications.

The Group aims at a 3% reduction in energy consumption intensity in 5 years, using the reporting period 2020/21 as a baseline. The amount of total energy consumption intensity in this Reporting Period has decreased by 35% compared with the baseline. The Group strives to increase overall energy efficiency and decrease its energy consumption continuously by ensuring the above measures are stringently followed. Energy-saving LED lights or electrical appliances have also been installed whenever feasible. The Group will regularly review and update its energy use efficiency initiatives.

A2.4 Water Use Efficiency Initiatives

The Group's businesses do not involve heavy use of water, and thus no formal policy has been implemented. Nevertheless, the Group reminds its employees to conserve water resources. When a water leak is found, it will be repaired immediately to prevent water loss. There was no issue in sourcing water that was fit for purpose.

The Group aims at a 3% decrease in water consumption intensity in 5 years, using the reporting period 2020/21 as a baseline. The water consumption intensity in this Reporting Period is decreased by 99.6% compared with the baseline. The Group will remind its employees to be conscious of their water consumption continuously.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A2. Use of Resources (continued)

A2.5 Packaging Materials

The total weight of packing materials used, including paper shopping bags and carton boxes, was 2.2 tonnes (Period ended 31 December 2024: 3.52 tonnes), with an intensity of 0.02 kg/HKD'000 revenue (Period ended 31 December 2024: 0.03 kg/HKD'000 revenue) during the Reporting Period. The Group prevents over-packaging and encourages its customers to bring their own bags instead of purchasing shopping bags. The Group also uses recyclable packaging materials, such as recycle bags made from polypropylene material, which is a lightweight, wear-resistant, heat-resistant and chemically stable thermoplastic, and widely used in many fields for sustainable requirements from 1 April 2025. Coupled with the fashionable and beautiful designs, the shopping bags can be reused by customers.

A3. The Environment and Natural Resources

The impact of the Group's main businesses on the environment and natural resources is caused by the garment manufacturing business, including production in the factories and transportation of goods, and the emissions derived from the office operation. The Group strives to reduce air pollutants and GHG emissions from its vehicles used in the process of transportation, reduce electricity used in offices, shops and warehouses, and reduce waste production and water consumption. The detailed reduction measures of air pollutants, GHG emissions, water consumption and energy consumption are stated in sections A1.5, A1.6, A2.3 and A2.4. The Group is committed to comply with all applicable environmental laws and regulations. During the Reporting Period, the Group did not receive any related complaints, nor had it breached any relevant environmental laws and regulations.

A4. Climate Change

Governance of Climate-related Risks Management

The Board focuses on managing the risks brought by climate change, integrating ESG (including climate-related issues) into the corporate governance process, improving board-level supervision, and leading the management to cope with the climate risk in the existing business processes and the impact on the company's overall strategy. The climate-related risk management has been integrated into the Group's risk management system. The Board has the responsibility to monitor the effectiveness of its climate-related risk management, discuss, report and formulate related measures within the risk management process, such as the Board meetings, and formulate emergency plans according to the risks identified in order to strengthen its ability to cope with the negative impacts brought from extreme weather emergency conditions. The Group strived to ensure normal production and operations and maintain the safety of public security and employees' lives and property. For detailed information about the ESG governance of the Group, please refer to "The Board Statement" section.

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A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

Climate-related Risks Management

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low. Risks are then classified into three overall risk levels, high, medium and low based on the possibility and impact ratings.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

The Group's Climate-related Risks identification

The Group believes that climate change is important to the Group's business development. To ensure the Group is more capable of coping with the challenges brought by climate change, it has identified its climate-related risks and opportunities and implemented some measures to cope with the negative impacts and grasp the benefits of climate change. The details are shown in the following tables.

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A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

The Group's Climate-related Risks identification (continued)

Physical and Transition Risks:

Climate-related Risk	Timeframe	Potential financial impacts	Risk level	Trend
Physical Risks				
Extreme weather	Short term	<ul style="list-style-type: none"> Frequent typhoons and rainstorms may reduce the foot traffic in the shopping malls. The operation of the shops will be suspended in serious situations. As a result, the sales revenue of the Group may be decreased. Frequent typhoons and rainstorms may disrupt the transportation of products. It may cause damage to products and delays in transportation. 	Medium	Increase
Extreme weather	Long term	In the global warming trend, the number of hot days is increasing, which may affect the sales of winter clothes and reduce the Group's revenue.	Low	Increase

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A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

The Group's Climate-related Risks identification (continued)

Climate-related Risk	Timeframe	Potential financial impacts	Risk level	Trend
Transition Risks				
Tightening of climate-related policies	Long term	<p>The tightening of climate-related policies may affect:</p> <ul style="list-style-type: none"> The operation of the suppliers, may lead to an unstable supply of products, and increase the cost of raw materials. The business of the suppliers directly affects the Group's stability of product supply. 	Low	Increase
Cost to transition to lower emissions technology	Long term	The clothing manufacturers may bear high costs derived from the transition to the lower emissions technology and thus may increase the cost of manufacturing the clothes.	Low	Increase
Changing customer behaviour	Medium term	With the customers' preference for low-carbon and environmentally friendly products, high costs may be derived from allocating human and financial resources to research and development of low-carbon products.	High	Increase

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

Measures to cope with the climate-related physical and transition risks

1. To meet the market preference for environmentally friendly garment products, the Group has given priority to environmentally friendly and durable raw materials for clothing production, such as certified responsible animal and plant fibres or recycled fibres. The Group strives to monitor its suppliers by inspecting the quality, safety and environmental protection standards of their raw materials and products.
2. To minimise the short-term physical risks brought by the extreme weather conditions, the Group has developed an online shopping platform for customers to shop even though the businesses of physical retail shops are suspended under typhoon and rainstorm conditions. Besides, the Group has realigned transportation routes to increase transportation efficiency under extreme climate conditions.
3. Since the number of hot days is increasing, the Group has implemented a sales strategy by adjusting the sale combination of different types of clothes year by year gradually, so the lost revenue from the sales of winter clothes can be compensated by the sales of other types of clothes.
4. In order to avoid the high cost of manufacturing the clothes derived from the transition to lower emissions technology and stricter environmental policies, the Group will compare the average cost among the clothing manufacturers regularly which strengthens the cost control of clothing supply. Besides, the Group discusses with the suppliers their difficulties during the transition period of stricter environmental policies and the adoption of lower emission technologies and provides support to them.

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Climate-related Opportunity

The Group strives to promote long-term environmentally friendly and low-carbon business under the global warming trend, which can maintain the Group's reputation and the stability of the business operation and thus can maintain stable revenue in the future. The Group has adopted some measures regarding climate-related opportunities. For instance, adopting energy-saving initiatives to reduce consumption of natural resources, GHG and pollutant emissions. The detailed reduction measures of air pollutants, GHG emissions, water consumption and energy consumption are stated in sections A1.5, A1.6, A2.3 and A2.4.

Environmental, Social and Governance Report

A. ENVIRONMENTAL (continued)

A4. Climate Change (continued)

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO₂eq.), total GHG emissions (in tCO₂eq.) and the GHG emission intensity (in tCO₂eq./HKD'000 revenue) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this Report.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

The Group stringently complies with the national and local laws and regulations concerning employment and labour practices, including but not limited to the following:

- (i) Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- (ii) Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- (iii) Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong);
- (iv) Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- (v) Independent Commission Against Corruption Ordinance (Chapter 204 of the Laws of Hong Kong);
- (vi) Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- (vii) The Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong);
- (viii) The Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong);
- (ix) The Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong);
- (x) Labour Law of the PRC;
- (xi) Labour Contract Law of the PRC;

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

(xii) Law of the PRC on the Protection of Rights and Interests of Women;

(xiii) Law of the PRC on the Protection of Minors;

(xiv) Law of the PRC on the Protection of Disabled Persons; and

(xv) Social insurance Law of the PRC.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

Being a signatory of the “Good Employer Charter” organised by the Hong Kong Labour Department, the Group pledges to adopt employee-oriented human resources management practices.

Environmental, Social and Governance Report

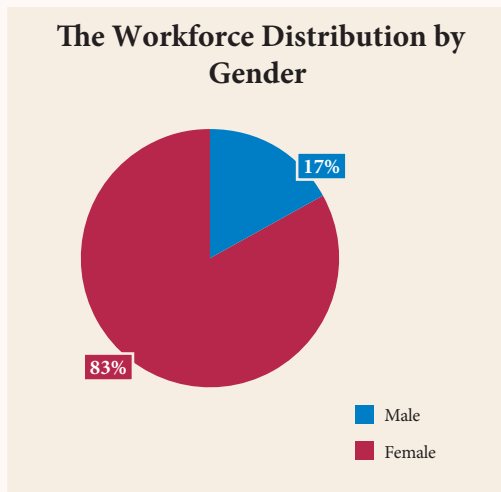
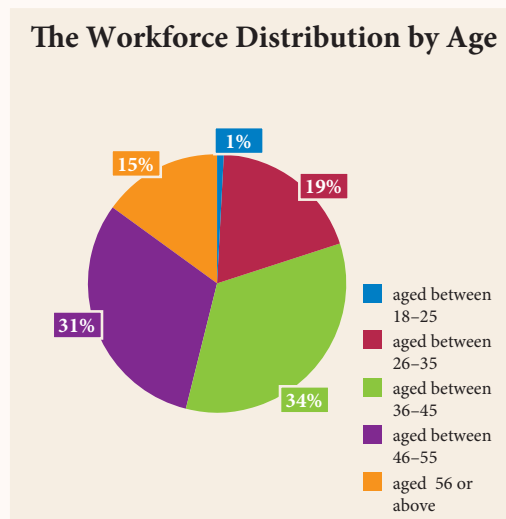
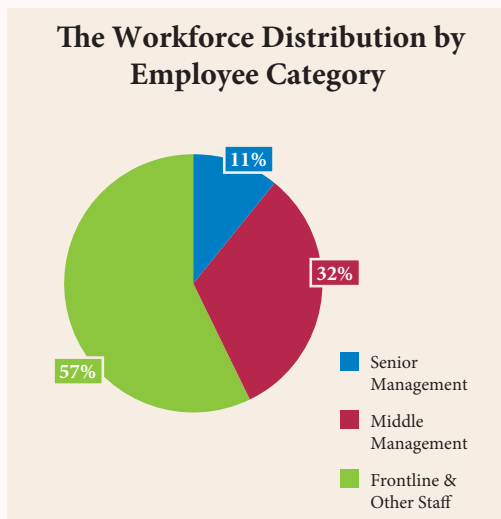
B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Workforce

At the end of the Reporting Period, the Group had a total of 94, of which 88% were full-time employees. The figures below present the workforce distribution by different categories:



Environmental, Social and Governance Report

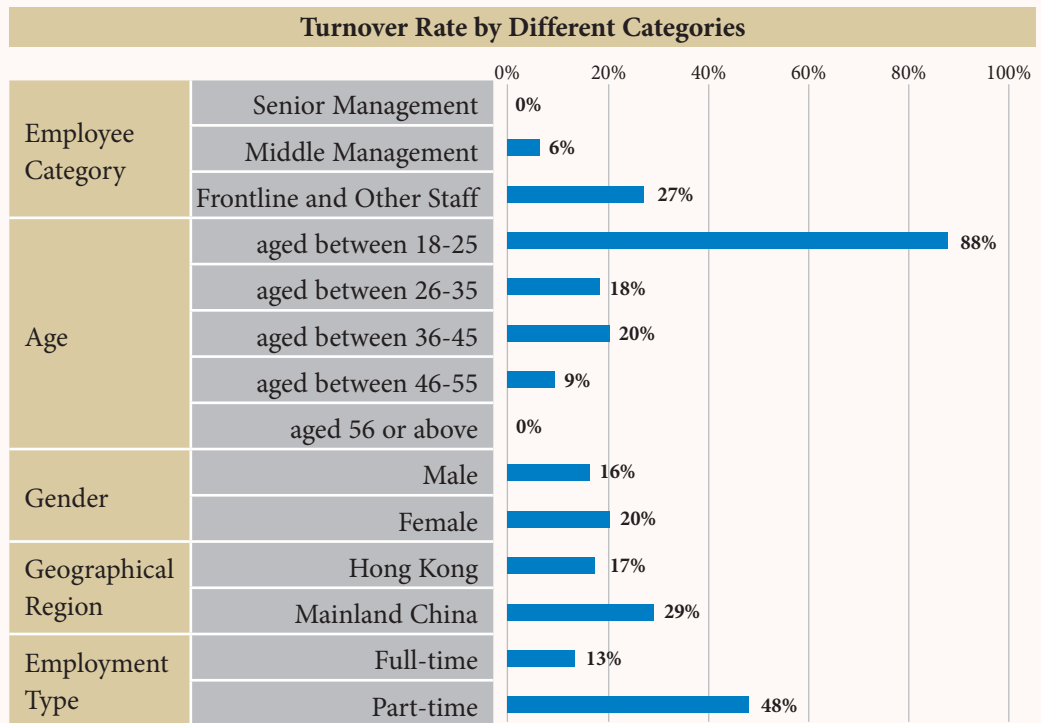
B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Turnover

The total turnover rate of the Group during the Reporting Period was 18.97%. The detailed distribution is illustrated in the graph below:



The demographic groups with the highest turnover rates were employees between 18-25 years old employees as usual.

*Note: The turnover rate was calculated by (no. of employees leaving the Group during the Reporting Period/(no. of employees leaving the Group during the Reporting Period + no. of employees as of 31 December 2025))*100%.*

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Recruitment and Dismissal

The recruitment procedure is guided by relevant laws and regulations, including but not limited to:

- Labour Law of the PRC; and
- Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

The Group adopts a fair recruitment policy to offer open and equal opportunities, free of gender, race, family status and age discrimination, with a view to recruiting the best talents. The Group's employee handbook outlines the terms and conditions of employment, expectations for employees' conduct and behaviours, and employees' rights and benefits. The Group reviews its compensation and benefits programs regularly to ensure that its compensation and benefits packages remain competitive. Such benefits include a mandatory provident fund, subsidised medical care, employee insurance, staff discounts on purchases, education subsidies and special leaves.

The Group's employee handbook contains resignation and retirement policies. The Group has formulated resignation checklist and forms, ensuring smooth progress of the resignation process and allowing the resigned employees to express opinions on the Group. Termination of the employment contract shall be made in writing by either party. An employee may be summarily dismissed without advance notice or payment in lieu of notice for serious misconduct in accordance with relevant laws.

Compensation, Allowance and Benefits

In addition to strictly adhering to applicable laws and regulations, the Group strives to provide various benefits to its employees. Employees are entitled to salary packages, public holidays, and various types of paid leave including annual leave, birthday leave, family care leave, compensation leave, marriage leave, maternity leave, paternity leave, sick leave and compassionate leave, etc. The number of annual leave entitlement has been increased in 2024. Our goal is to create a supportive work environment that employees are well behaved and satisfied.

Additional benefits include staff purchase discounts, new join bonus, referral bonus, educational subsidy, wedding gifts, condolence money, and annual free dental scaling and polishing.

The Group provides extra time off during significant cultural celebrations such as Chinese New Year in order to encourage employees' connectivity to their families, which greatly enhance morale and work-life balance.

To enhance the Group's commitment to employee health and wellbeing, the insurance coverage has been strengthened, including inpatient and outpatient medical, life, travel and personal accident insurance. Enhancements announced in 2025 and effective from 1 January 2026 include increased outpatient medical reimbursement for office staff and a more flexible reimbursement model for retail staff.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B1. Employment (continued)

Working Hours

The Group limits the opening hours of the head office and warehouses to ensure adequate rest periods are provided for its employees. The Group does not encourage unauthorised overtime work.

In addition, enhancements announced in 2025 and effective from 1 January 2026 introduce remodelled overtime allowance framework for retail staff, ensuring a fair remuneration for additional working hours and reinforcing the Group's commitment to employee wellbeing and work-life balance.

Equal Opportunity

The Group endeavours to promote the concept of equal opportunity and non-discrimination in employment practices. It has established and implemented policies that promote a harmonious and respectful workplace. Equal opportunities are offered to candidates and employees during recruitment, internal transfer and promotion, on the grounds of equality on gender, nationality, marital status, disability and religious belief. Any employee is entitled to the same benefits and equal treatment. The Group takes a zero-tolerance policy against any workplace harassment and discrimination through exercising a grievance reporting mechanism. Upon finding or encountering any suspicious actions, employees can make a complaint to the Human Resources Department. The case will be investigated thoroughly and confidentially in accordance with the guidelines for handling harassment complaints. No incidents of workplace discrimination were filed during the Reporting Period.

Communication

Annually, department heads conduct performance evaluations with their team members. It includes completing appraisal forms and conducting interviews. This approach emphasises the review of past performance to facilitate meaningful improvements and achieve the Group's goals. Constructive feedback and valuable opinions significantly enhance personal growth and self-awareness.

Boosting employee engagement and involvement is crucial for a positive workplace culture. The Group organises workshops, trainings, seminars and recreational activities regularly.

Fostering team spirits through celebrations can enhance collaboration and morale within the workplace. The Group allocates a budget for each department to organise gatherings during Christmas and Chinese New Year. This could include food and team-building activities. In addition, Chinese New Year lion dance and red pockets create an atmosphere of celebration. Both symbolise good fortune and prosperity.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B2. Employee Health and Safety

Workplace safety is of the Group's high priority. The Group strictly complies with all applicable laws and regulations in relation to occupational health and safety, including but not limited to:

- Law of the PRC on the Prevention and Control of Occupational Diseases;
- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong); and
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong).

The Group attaches great importance to the health and well-being of its employees. The Group is committed to providing a safe and comfortable work environment for its employees. To provide employees with health protection, the following are the major measures:

- Apart from conducting regular defaunation, replacement of filters in water dispensers, and cleaning of air-conditioning systems, the Group has also added certified natural air sanitising and purifying liquid to the air-conditioning systems to reduce the risk of infection;
- Displaying fire escape signs to guide people from wherever they are in a building, via a place of relative safety to the assembly area;
- Cleaning and disinfecting offices and retail shops regularly;
- Providing medical insurance and annual dental scaling and polishing to all staff; and
- Providing health and safety-related training to employees to raise their safety and health awareness.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B2. Employee Health and Safety (continued)

Occupational Health and Safety Statistics

	Year ended 31 December 2025	Period ended 31 December 2024	Year ended 31 July 2023
Work-related fatality cases	0	0	0
Work-related fatality rate	0%	0%	0%
Work injury cases	0	0	1
Lost days due to work injury	0	0	233

No instances of non-compliance with relevant laws and regulations significantly impacting the Group's provision of a safe working environment and protection of employees from occupational hazards were identified during the Reporting Period.

B3. Development and Training

The Group believes that employees are the valuable assets of an enterprise and regards human resources as part of the corporate wealth. The Group provides on-the-job training and development opportunities to facilitate its employees' career progression and to enhance their competencies in performing their jobs effectively and efficiently. Through different kinds of training, employees' professional knowledge of corporate operations, and occupational and management skills are enhanced.

The Group encourages self-development of employees through attending internal and external training programs. Employees can apply for educational subsidy for external training programs relevant to their jobs. Prior approval from their department heads is required and applicants must present relevant certificates to the Human Resources Department for verification after completing the course.

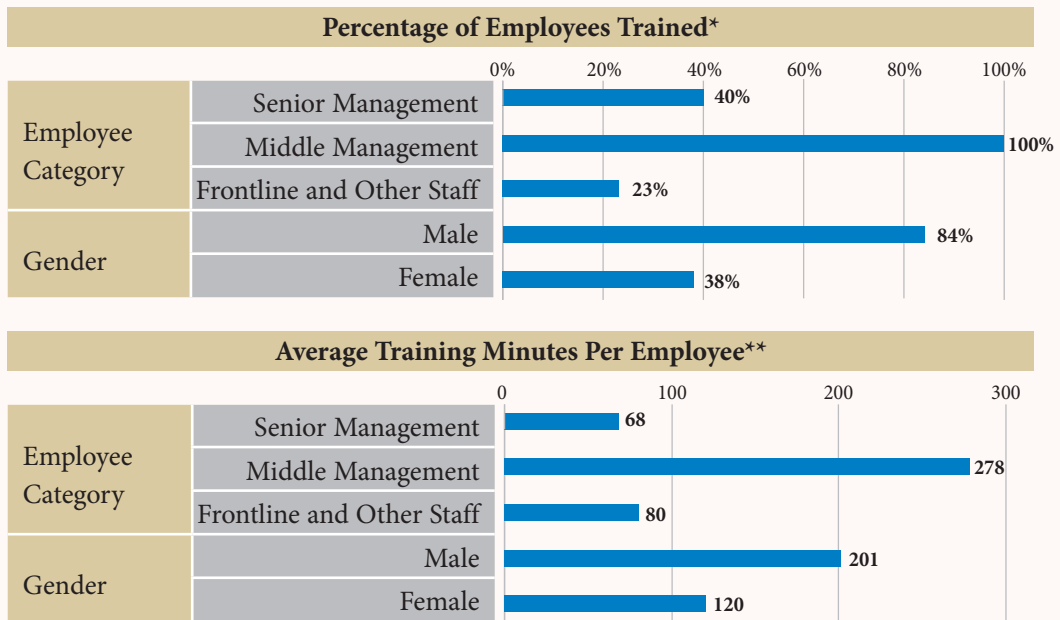
During the Reporting Period, the Group has provided training for 46% of its employees, and a total of 15,465 minutes of training has been provided to 53 employees.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B3. Development and Training (continued)



* Number of employees trained in the category/the total number of employees in the category.

** Total training minutes/the total number of employees in the category.

The Group provided various topics of training for employees during the Reporting Period, which include Cyber Security, ICAC integrity training, the latest update of the eMPF Platform and special Board training on AI adoption.

B4. Labour Standards

Safeguarding the rights of employees and creating an environment of respect, integrity and fairness for employees is of paramount importance to the Group. Child labour and forced labour is strictly prohibited in the Group. For operations in Hong Kong, the Group ensures full compliance with relevant regulations and refers to the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong). For the Group's operations in Mainland China, ensure full compliance to relevant laws and regulations in the Labour Law and the Labour Contract Law of the PRC which stipulate the prevention of the use of child labour of ages under 16 and the prevention of any unlawful way of forced labour.

The Human Resources Department implements a comprehensive checking system during the recruitment process to ensure compliance with all the applicable laws and regulations regarding employment and labour standards. A background check process is conducted in each recruitment process to ensure no child and forced labour is hired. If the misuse of child labour or forced labour is found, the Group will immediately terminate the employment and conduct an investigation on the relevant people involved therein.

Environmental, Social and Governance Report

B. SOCIAL (continued)

1. Employment and Labour Practices (continued)

B4. Labour Standards (continued)

The Group has equally stringent requirements for its contractors, who are required to observe and comply with the same applicable regulations in the relevant jurisdictions. If child or forced labour is found in any place of production, the Group will warn the particular supplier. If repeated violations occur, the Group will terminate all business with the supplier concerned.

No non-compliance with relevant laws and regulations relating to preventing child and forced labour had been identified during the Reporting Period.

2. Operating Practices

B5. Supply Chain Management

Supply chain management is of crucial when it comes to a sustainable business strategy. The Group adheres to the principle that both the quality of its products and stable business relationship with its premier suppliers are essential to maximise the “Crocodile” brand value in the long-term. Hence, the Group has adopted a stringent approach to procurement by conducting a preliminary assessment on the potential suppliers’ credentials to ascertain their backgrounds, production facilities and goodwill. The Group also checks whether the products and services provided by the suppliers meet the relevant safety and environmental protection standards. The Group has also actively promoted material saving and extensive use of environmentally friendly clothing materials.

The Group makes a preliminary assessment on the supplier’s official website to understand its background, production facilities, and corporate responsibilities. The Group will also check whether the potential suppliers obtain any certificates regarding their corporate responsibility, product, or other relevant recognition, and prevent cooperating with suppliers with negative news and reviews, including the environmental and social performance, etc. After assessing the potential suppliers’ credentials preliminarily, the Group will select the suppliers by further scrutinising the qualities of their fabrics, yarns, manufacturing parts and delivery capabilities, and examining whether the materials and/or products supplied comply with the relevant safety and environmental standards.

The Group proposed to sign the agreement “Social Responsibility and Ethics Commitment Letter for Suppliers” with the suppliers annually in its future plan, which means requiring the suppliers to make commitments to environmental and social standards, including but not limited to labour rights, labour health and safety, environmental protection and ethical business. The Group monitors the performance of its suppliers by taking reference from the public comments on the suppliers, requiring the suppliers to complete an assessment report annually, which evaluates their productivity and material usage by ranking, and arranging site visits to the suppliers’ production factories if they are feasible.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B5. Supply Chain Management (continued)

The Group has given priority to environmentally friendly and durable raw materials for clothing production when selecting suppliers, such as certified responsible animal and plant fibres or recycled fibres.

The Group cooperates with various suppliers. During the Reporting Period, the Group engaged with 65 suppliers from Hong Kong, 25 suppliers from Mainland China, 1 supplier from Macau and 1 supplier from Singapore.

B6. Product Responsibility

Product and Service Quality

The Group requires all suppliers and manufacturers of its products and packaging to comply with the Group's policy. The Group keeps its sourcing protocols reviewed regularly and up-to-date in order to maintain the high quality and safety standards of its products and customer satisfaction. The Group cooperates only with suppliers which can provide products of high quality and checks if flaws are found to ensure the product quality.

The Group cherishes feedback from customers, which helps the Group improve its services and product quality. The Retail Department is responsible for handling customer suggestions relating to products and services to ensure timely responses are provided to customers' inquiries and opinions.

During the Reporting Period, the Group had not recorded any product recall cases for safety and health reasons, which contributed to the recall rate of 0%. Besides, it had received 13 product-related complaints. All complaints have been solved by product inspection, product repair, product exchange or communication. If the products need to be recalled, the retail shop staff will record the purchased information of the customers, and send the returned commodities for further inspection. If product quality problems are found during the inspection process, the exchange of products will be arranged. Furthermore, the Group realises the importance of ensuring product quality before sales. The Group sets the quality targets for its products, such as colours and materials, and requires its suppliers to provide product samples for reviewing at the initial stage of manufacturing the clothes, then the Group conducts a final product quality check before sending the products to the market for sales. The Group continues to provide training to new employees, senior sales and supervisors, enabling them to better understand customer needs and excel their performance to meet customers' expectations. The Group has also provided product training for frontline staff and sales staff, so as to ensure they have more understanding of the characteristics of various products and enable them to introduce the most suitable products to customers with different needs.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility (continued)

Product Labelling, Health and Safety, and Advertising

For any marketing and promotional activities, the Group ensures that relevant activities observe applicable laws and regulations such as the Advertisement Law of the PRC and Advertisements Regulation (Cap. 132, sections 104 and 149) in Hong Kong. No false nor misleading contents shall be contained in any advertisement.

For the property investment and letting business, to ensure the customer is not misled and fully understands the terms of the property leasing policy, the Group explains the details of the lease clause of the property unit to the customer and answers the customer's questions clearly.

During the Reporting Period, the Group had not recorded any cases of material non-compliance with laws and regulations regarding health and safety, advertising, labelling and privacy matters relating to products and services provided.

Intellectual Properties (“IPs”)

It is the Group's prominent code of conduct that all employees need to protect the Group's assets and uphold the privacy of confidential information of IPs such as copyrights, trademarks, and patents. The Group ensures compliance with all IP laws and regulations, including but not limited to the Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) and the Prevention of Copyright Piracy Ordinance (Chapter 544 of the Laws of Hong Kong). All employees are required to sign a non-disclosure undertaking upon commencement of their employment. Superiors are responsible for ensuring their subordinates fully understand and comply with the code of conduct. The Group also provides a channel for staff to report any potential breach of the code. In addition, the Group also precludes any sales of pirated goods, counterfeits and knockoffs in Hong Kong and overseas. There are no non-compliance cases in the above-mentioned laws and regulations during the Reporting Period.

As of 31 December 2025, 449 active trademarks had been registered within various regions, including Mainland China, Hong Kong and overseas.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility (continued)

Data Protection

The Group understands that it has an indispensable responsibility for the protection of personal data. Data privacy of consumers and suppliers is strictly protected by the Group. The Group has policies and written guidelines in place for all staff of the collection, processing, use of and access to employees' and customers' personal data and information. When collecting any personal data and information, the Group strictly complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and all the relevant regulations to secure the information collected is solely for specific purposes, e.g., personnel, advertising and promotional; and only authorised staff can access to it. The Group never sells, transfers or discloses any personal data to third parties unless with the consent of data owners. Sound security protection of the personal data is in place.

To preserve the confidentiality of customer personal data and other sensitive information, the Group maintains the following data privacy principles:

- (i) Without authorisation of the Company's authorised persons, employees shall not disclose any confidential information of the Group, such as the Group's undisclosed business policies, the Group's performance, sales information, cost, customer information, product styles and personal information of other employees, etc. Employees also shall not disclose, sell, or transfer any confidential information about the customers to third parties without the authorisation of the customers, such as name, address, phone number and email address.
- (ii) Employees who are authorised to access or manage such information must take adequate confidentiality measures to prevent such information from being misused or misunderstood. The Group strictly prohibits all employees from taking or reselling the Group's property, including servers, computer systems, or other equipment, etc., and can only be used for purposes related to the Group's businesses or other purposes approved by the Company's authorised persons.
- (iii) Employees are not allowed to change any equipment, facilities, or installed software without the approval of the Company's authorised persons, or develop any applications that have not been approved by the supervisor.
- (iv) When using personal computer software, appropriate security measures should be taken, and only personal computer software provided by suppliers specified by the Group can be used. The use of all computer software must strictly abide by the provisions of the Group's employee handbook.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B6. Product Responsibility (continued)

Data Protection (continued)

- (v) Data is backed up every day and is protected by firewalls to prevent hackers. In addition to the storage devices of the Group, data is also stored in authorised third-party companies, ensuring that data will not be lost accidentally.
- (vi) To strengthen user identity verification and system access control, the Group has implemented Two-Factor Authentication for Microsoft Office 365 accounts. This measure reduces the risk of unauthorised access and data leakage, and further enhances the Group's cyber and information security.
- (vii) Personal data of applicants will be properly destroyed or deleted permanently after 180 days, and the personal data of resigned employees will be properly destroyed or deleted within no more than 7 years.

If the intrusion of private and sensitive data is being discovered, the Group will plug the loopholes immediately, and will further assess the scale of the data breached. The Group will take corresponding measures to prevent intrusion of private and sensitive data in the future.

During the Reporting Period, the Group had not received any noticeable cases of unauthorised use of/access to personal and private information of employees and customers.

B7. Anti-corruption

The Group advocates strong work ethic that insists on compliance with law, integrity, honesty and professional dedication. The Group strictly observes the following laws and regulations, including but not limited to:

- Criminal Law of the PRC;
- Anti-Unfair Competition Law of the PRC;
- Anti-Money Laundering Law of the PRC;
- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong); and
- other laws and regulations relating to commercial bribery.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B7. Anti-corruption (continued)

The Group forbids any form of acceptance of advantages or acts of bribery. Explicit rules concerning employees' professional integrity are stated on the Group's employee handbook. It is the Group's principle that all staff are not allowed to receive or offer any advantages such as money, gift, loan, reward, contract and services from or to any business associates. All employees are required to declare whether there is a conflict of interest when they sign the employment contract. If there are any cases of conflict of interest afterwards, the concerned employee is required to update and notify, based on his/her seniority, the Management or the Board.

The Group has a whistle-blowing policy which encourages reporting of any suspected corruption issues. Whistle-blowers can report the suspected cases to the supervisors in verbal and written ways. Investigation will be carried out promptly for any suspected fraudulent incidents and staff will be dismissed if found to have committed fraud, and the case will be reported to the respective authority when necessary. All the information on the reported cases is kept strictly confidential to protect the whistle-blowers from intimidation and retaliation.

The Group provides training to its Directors and employees to ensure that they are aware of money laundering and extortion-related operations and suspicious activities or transactions. During the Reporting Period, the Group has invited Independent Commission Against Corruption ("ICAC") to conduct an anti-corruption seminar for all the staffs. The content of the seminar included corruption reporting, corruption prevention laws and cases, personal corruption prevention tips and a question-and-answer session.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, fraud and money laundering had been identified during the Reporting Period.

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B8. Community Investment

While formal policies on community engagement are yet to be established, the Group continues to put resources into community welfare services, disaster relief, pandemic support and environmental protection and strives to implement corporate social responsibility and participate in public welfare activities.

During the Reporting Period, the Group participated in the following activities:

- (i) Donated RMB10,000 to Qingyuan Red Cross Society. The Qingyuan Red Cross Society was established in 1989 and engaged in humanitarian relief and social assistance.
- (ii) Donated RMB10,000 to Qingyuan Charity Federation, which was established in 2011 as a non-profit public welfare organisation to provide education and social services.
- (iii) Mobilised more than 20 employees to participate in 12 times of meal box distribution and sponsored meals and fruits in total amount of approximately HKD69,000 for the needy in Kwun Tong District through the Banyan Services Association, which has been supporting the elderly in Hong Kong for over 30 years.
- (iv) Procured 35 sets of health product and 200 charity lottery tickets totally HKD5,500 from Yan Chai Hospital, a charitable organisation that provides medical, educational and social services as well as long-standing welfare programmes for the public.
- (v) Donated HKD100,000 to the Por Yen Charitable Foundation to support Yan Chai Hospital Lim Por Yen Secondary School's 2024-2025 overseas study tours. The Foundation promotes education, youth development, medical relief, heritage, culture, poverty alleviation and disaster relief.
- (vi) Donated own brand products in the total amount of HKD67,270 for assisting the individuals affected by Taipo Wang Fuk Court fire incident.
- (vii) Donated 4 boxes of winter coats to The Salvation Army Hong Kong and Macau Territory for redistribution to the needy or charity sale at discounted price.
- (viii) Participated activity for "WWF Earth Hour 2025 Campaign".

Environmental, Social and Governance Report

B. SOCIAL (continued)

2. Operating Practices (continued)

B8. Community Investment (continued)

- (ix) Donated HKD350,000 to Children Chiropractic Foundation Limited and provided volunteer manpower for the “Spinal Emotions Inside Out Workshop” to support the organisation’s efforts in delivering chiropractic and spinal care services for children.
- (x) Donated 25 pieces of computers and related equipment to the Caritas Computer Workshop, for promotion of environmental protection and technological empowerment.
- (xi) Sponsored HKD100,000 to Eastern Athletic Association Football Team Limited as one of the official partners of Eastern Football Club for 2025/26 season, specifically the sleeve sponsorship for the football team jersey.

These initiatives reflect our dedication to making a positive impact on society, fostering community well-being, and promoting sustainable practices. We remain committed to integrating ESG principles into our operations and continuing to support meaningful causes that align with our values.

