



時代集團控股有限公司
SITOY GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1023



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

2025



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ABOUT THE REPORT

The Environmental, Social and Governance (“ESG”) Report elaborates on various types of work done by Sitoy Group Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) to fully implement the concept of sustainable development and perform its corporate social responsibilities, and its environmental and corporate governance from 1 July 2024 to 30 June 2025 (the “Year”).

SCOPE OF THE REPORT

The ESG Report focuses on the ESG performance of the Group’s manufacture and sale of handbags, small leather goods and travel goods business in the People’s Republic of China (the “PRC” or “Mainland China”), Indonesia and Hong Kong during the Year. The key performance indicators (“KPIs”) disclosed in the ESG Report are based on the data collected from the Group’s subsidiaries, namely (i) Dongguan Shidai Leather Products Factory Co., Ltd. (“Dongguan Shidai”), (ii) Sitoy (Yingde) Leather Products Co., Ltd. (“Yingde Leather”) and (iii) PT Sitoy Leather Products Indonesia (Indonesia Sitoy). The scope of the ESG Report has been carefully determined based on the entities of the Group’s operations that have significant ESG impacts.

REPORTING FRAMEWORK

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and in compliance with the mandatory disclosure requirements and “comply or explain” provision thereof.

REPORTING PRINCIPLES

In preparing this report, we meet the four reporting principles stipulated in the Guide – “materiality”, “quantitative”, “consistency” and “balance”.

Materiality:

Stakeholder engagement and materiality assessment were conducted for the determination of the content of the ESG Report. The Group has identified ESG-related issues, collected and reviewed the views of internal management and various stakeholders, assessed the relevance and materiality of the issues, and prepared and validated the information in the ESG Report. The ESG Report covers a comprehensive range of material ESG issues of concern to the Group’s stakeholders.

Quantitative:

The Group has disclosed quantitative environmental and social KPIs in the ESG Report. To enable stakeholders to have a full understanding of the Group’s ESG performance, the standards, methodologies, references and conversion factors used to calculate the KPIs are described wherever appropriate.

Consistency:

The Group uses consistent reporting and calculation methods, as far as reasonable, to facilitate the comparability of ESG performance between years. In case of any changes in methodologies, the Group will present and explain in detail in the corresponding sections.

Balance:

The Group discloses the ESG achievement and areas for improvement in a transparent and unbiased manner for objective review by stakeholders.

INFORMATION AND FEEDBACK

For detailed information about the environmental, social and corporate governance of the Group, please refer to the official website (www.sitoy.com). Your opinions are highly valued by the Group. Should you have any advice, please contact the Group at esg@sitoy.com.

KEY HIGHLIGHTS

Achievement in Multiple Environmental Aspects:

Accredited both “Wastewi\$e” Certificate in good level and “Energywi\$e” Certificate in basic level by Hong Kong Green Organisation Certification, received a Certificate of Merit in the “Hong Kong Awards for Environmental Excellence” as well as being recognised as “Hong Kong Green Organisation”

Attainment of Internationally Nationally
Recognised Certification:
WRAP Certification
Gold level Certification

Locally Recognised Awards and Honors:
“Happy Company” and
“Caring Company”

Community Donation:
> HKD200,000

Commitment to Sustainable Development:
ESG Pledge Scheme

BOARD STATEMENT

Effective ESG governance approach is vital to the sustainable development of the Group. With the aim of ensuring proper ESG governance within the Group, the board of directors (the “Board”) of the Group has established an Environmental, Social and Governance Committee (the “ESG Committee”).

The ESG Committee identifies and manages ESG-related risks, while authority has been properly delegated to the management of the Group to execute ESG policies. To better manage ESG-related matters, the ESG Committee keeps track of local and international emerging market trends regarding ESG-related issues that may potentially impact its business operations, and make timely adjustment to its strategies accordingly. The ESG Committee holds regular meetings every year and upon request of any member of the ESG Committee, and in accordance with its terms of reference, has the following responsibilities, including but not limited to:

- Propose long-term development plan and sustainable development policies;
- Monitor and review the Group’s compliance with ESG-related laws and regulations set by regulatory authorities;
- Identify material ESG risks and opportunities and determine their relevant importance to the business operation through reviewing and assessing internal operation; and
- Formulate sustainable development strategies in all ESG aspects, including health and safety, community relations, environment, human rights and anti-corruption.

To gather the opinions of the Group’s stakeholders on ESG issues, the ESG Committee has engaged a third-party ESG consultant in conducting a materiality assessment to identify issues that are likely to influence the business and our stakeholders, especially in the environmental and social aspects. The issues would be reviewed and prioritised, and those with high significance to the Group and stakeholders are considered to be material. The ESG Committee reviews and concludes the material ESG issues of the Group. In addition, the ESG Committee regularly reviews the stakeholder communication channels to ensure effective communication between the Group and different stakeholders.

BOARD STATEMENT

With the aim of formulating and executing effective ESG policies and measures, the ESG Committee reviews the plans and execution of ESG-related work with respect to its targets and goals during regular meetings. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG Report. The chairman of the ESG Committee also has to attend the annual general meeting to answer questions thereat on the ESG Committee's activities and responsibilities. The board fully recognizes that ESG goals are not additional requirements independent of the Company's business, but rather key pillars deeply integrated with and mutually driving the Company's core businesses, including manufacturing, retail, and supply chain procurement. For example, we enhance suppliers' environmental compliance to ensure the stability of raw material quality; meanwhile, we optimize the energy consumption system in production workshops to improve production capacity and reduce carbon emissions.

The Group has joined the ESG Pledge Scheme organised by The Chinese Manufacturers' Association of Hong Kong and co-operated with Hong Kong Brand Development Council. The scheme aims at strengthening the concern of sustainable development. By joining the scheme, the Group has demonstrated our commitment to adopt, practice and promote the concept of sustainable development. Also, we have also committed to formulating specific and concrete action plans to fulfill the concept.



BOARD STATEMENT

COMMUNICATION WITH STAKEHOLDERS

The Group attaches great importance to the opinions of different stakeholders, which form the basis for the Group to formulate short-term and long-term strategies for sustainable development. With an aim of communicating effectively with stakeholders, the Group strives to understand and respond to their expectations and needs through a wide range of communication channels.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and Regulators	• Strict compliance with national policies, laws and regulations • Paying taxes in full and on time • Production safety	• Regular information reporting • Regular meetings with regulators
Shareholders	• Returns • Compliant operation • Enhancement of company value • Transparency of information and effective communication	• General meetings • Company announcements • Email, telephone communication and company website
Business Partners	• Operational integrity • Performance of contracts • Mutual benefit and win-win result	• Business communications • Engagement and cooperation
Customers	• Outstanding products and services • Health and safety • Performance of contracts • Operational integrity	• Customer communication meetings • Return visits • Social media platforms
Environmental regulatory department	• Energy conservation and emission reduction • Ecosystem protection • Reasonable water consumption	• Communication with local environmental department • Communication with local residents
Industry	• Establish industry standards	• Communication with local labour department • Participation in industry forums • Visits and mutual inspections
Employee	• Protection of rights • Occupational health and safety • Remunerations and benefits • Humanitarian Care	• Employee communication meetings/ activities • Training and workshops • Employee activities
Community and the Public	• Participation in charity	• Company website • Company announcements • Interview with media • Mutual visits

BOARD STATEMENT

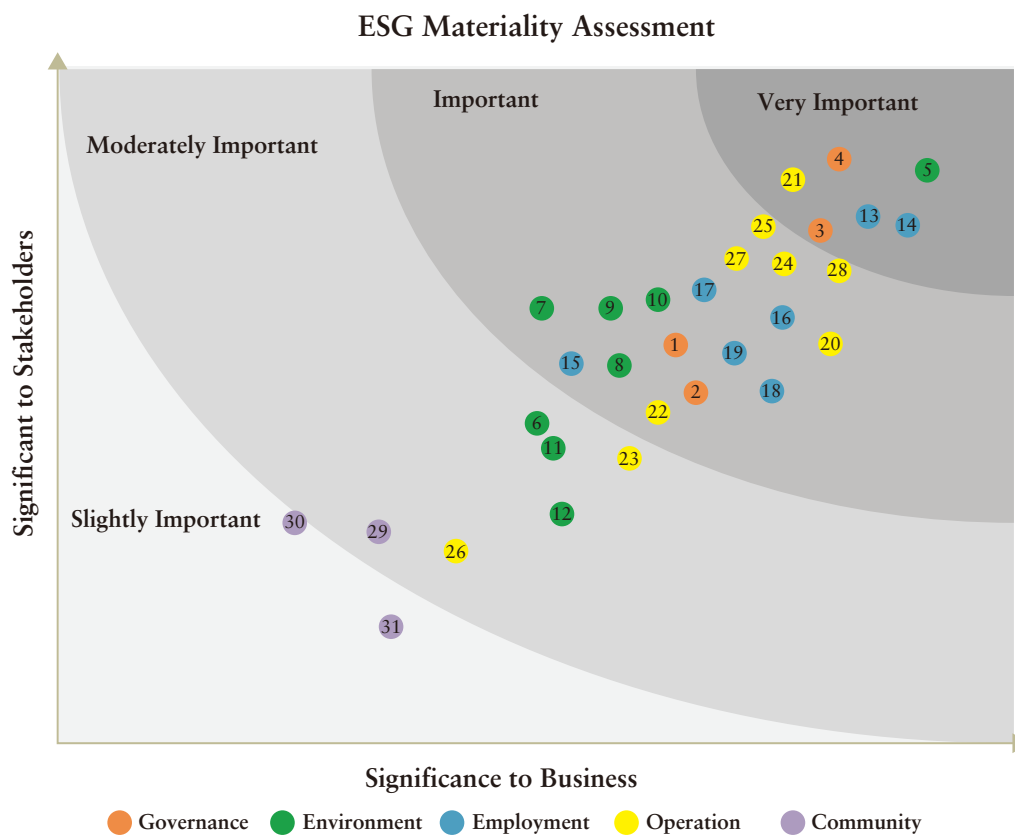
The Group will strive to continually enhance the level of stakeholder engagement so as to collect stakeholders' opinions towards the Group's business and ESG strategies comprehensively.

MATERIALITY ASSESSMENT

To establish a precise and efficient ESG management strategy, the Group undertook a materiality assessment supported by a third-party ESG consultant during the year to pinpoint ESG issues crucial to the Group's operations and stakeholders. This materiality assessment was conducted in 4 main phases:

1. Identified several ESG-related concerns that may have potential implications for the business or stakeholders based on the industry and the Group's business characteristics.
2. Organised a survey to collect data on the significance that both internal and external stakeholders of the Group place on ESG-related matters and to grasp their expectations regarding the Group's approach and transparency in addressing ESG concerns.
3. Compared the survey findings with the ESG Industry Materiality Map and the SASB Materiality Map produced by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standard Board (SASB), respectively.
4. Identification of material ESG issues has been conducted, and the matrix below demonstrated the prioritisation of ESG-related concerns.

BOARD STATEMENT



BOARD STATEMENT

Governance		Environment		Employment and Labour Practices		Operation Practices		Community Investment	
1.	ESG Responsibility	5.	Environmental Compliance	13.	Employment Compliance	20.	Operational Compliance	29.	Charity
2.	Stakeholder Communication	6.	Fleet Emissions Management	14.	Remuneration and Benefits	21.	Supply Chain and Procurement Management	30.	Promotion of Community Development
3.	Corporate Governance and Risk Management	7.	Greenhouse Gas Emission	15.	Working Hours and Rest Periods	22.	Product Quality Management	31.	Rural Revitalization
4.	Business Ethics and Anti-Corruption	8.	Waste Management	16.	Diversity and Equal Opportunity	23.	Customer Health and Safety		
		9.	Energy Consumption	17.	Occupational Health and Safety	24.	Responsible Sales and Marketing		
		10.	Water Resources Management	18.	Training and Development	25.	Customer Service Management		
		11.	Green Practices	19.	Prevention of Child Labour and Forced Labour	26.	Intellectual Property Protection		
		12.	Responding to Climate Change			27.	Research and Development		
						28.	Information Security and Customer Privacy Protection		

Following the materiality assessment process outlined above, the Group has identified 6 significant ESG issues. The table below details the key ESG issues determined through the Group's assessment and their corresponding sections in the report.

Aspects	Material Issues		Corresponding Sections
Governance	3	Corporate Governance and Risk Management	Board statement
	4	Business Ethics and Anti-Corruption	Anti-Corruption
Environment	5	Environmental Compliance	Environmental protection
Employment and Labour Practices	13	Employment Compliance	Employment Policies
	14	Remuneration and Benefits	Salary and Benefits
Operation Practices	21	Supply Chain and Procurement Management	Supply Chain Management

ENVIRONMENTAL PROTECTION

The Group is engaged in the design, research and development, production, sales, retail and wholesale of handbags, small leather goods, travel accessories and footwear products, as well as the provision of advertising and marketing services and property investment. As the Group's manufacturing and operational facilities are mainly located in the People's Republic of China and Indonesia, it complies with local relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law No. 32/2009 on Environmental Management and Protection of Indonesia, the Law No. 17/2019 on Water Resources of Indonesia, the Air Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes. No non-compliance with applicable regulations was identified during the year.

As a corporate citizen, the Group attaches great importance to conducting its business in an environmentally sustainable manner. For instance, we have formulated a comprehensive environmental management system, which includes environmental management approaches and frameworks, emission handling policies, management of environmental pollution incidents, and procedures and standards for setting environmental-related objectives. The Group conducts regular internal audits to assess the effectiveness of this environmental management system.

Employees' understanding of and participation in environmental protection are crucial for the Group to implement environmental policies and measures. Therefore, we regularly provide training on its environmental policies to enhance employees' participation in and awareness of environmental protection.

ENVIRONMENTAL GOALS AND PROGRESS

The Group is committed to maintaining transparency and tracking the progress of the various initiatives that address our goals set in the Year. The table below highlights our environmental-related goals in different aspects. The Group also ensures that the environmental impacts of its production bases are minimised through continuous improvement and promises to constantly monitor the progress of its goals.

ENVIRONMENTAL PROTECTION

Aspects	Our Goals	Progress	Section with Corresponding Measures
Emissions	- Gradually reduce the emissions of harmful gases from production process - Commit to the long-term production of carbon dioxide neutral products and the provision of carbon dioxide neutral services - Continue to drive the transition to the use of renewable energy instead of traditional fuels	- Upgraded Dongguan Shidai's exhaust gas purification treatment equipment to reduce the emission of harmful gaseous volatile organic compounds ("VOCs") - Increased the portion of recycled material in our product in compliance with Global Recycled Standard ("GRS") to reduce carbon footprint	Emission Management
Waste	- Maximise resource utilisation, with the goal of establishing a production process that will not cause serious damage to the environment - Reduce waste paper and other waste generated production processes and from the use of our products	The intensity of both total hazardous waste and non-hazardous waste has increased, primarily due to the newly establishment of Indonesia Sitoy in 2024, which is one of the primary manufacturing factory of the group.	Emission Management
Electricity	- Dongguan Shidai's annual electricity saving target is to strive for 35,000 kWh - Prioritise the use of energy-saving, highly efficient and environmentally friendly equipment and machinery - Continue to drive the transition to the use of renewable energy instead of traditional fuels	- Dongguan Shidai's target has been achieved, with actual electricity saved reaching approximately 43,000 kWh - Dongguan Shidai has also reduced the average daily operation time of central air-conditioning by 3 hours and increased the idle rate of split air-conditioning by 25%. Moreover, all energy-saving lamps in the production workshop were replaced this year, with their height reduced by 1.2 meters, and the coverage rate of energy-saving lamps has been increased to 95% - Yingde Leather continues to drive the transition to the use of renewable energy by replacing the conventional street lamps to solar street lights - Consideration of using new energy, such as solar energy - The intensity of total electricity consumption has decreased compared to last year	Sustainable Operation
Water	Continue to implement water conservation measures so as to reduce water consumption	- Yingde Leather has designed and arranged reasonable pipe diameters based on water consumption, effectively reducing leakage in the pipe network and water-using appliances. Furthermore, water-saving faucets are adopted for domestic water use in both production and living areas - The intensity of total water consumption has decreased compared to last year	Sustainable Operation

ENVIRONMENTAL PROTECTION

EMISSION MANAGEMENT

Apart from complying with relevant local laws and regulations relating to the management of air emission, water discharge and solid waste (including but not limited to Emission Limits of Air Pollutants (DB44/27-2001) of Guangdong Province, Discharge Limits of Water Pollutants (DB44/26- 2001) of Guangdong Province), the Group endeavours to control and mitigate environmental pollution, and strictly controls the management of exhaust emissions from the manufacturing process.

Air Emissions

Major sources of exhaust emission from the Group include the industrial exhaust emission generated from the paint spraying and gluing during the manufacturing process, emissions from vehicle exhaust and stationary combustion sources.

Exhaust emission generated from the glue sprayer in the gluing process is transferred to a closed water tank for dilution, sedimentation, filtration and disinfection before discharge. Regular inspection by third-party consultants and clearance of emission pipelines is carried out by the Group to ensure proper functioning.

The Group has a well-established management plan for the installation of the paint spraying process and gluing process so as to meet the continuously improving requirements of environmental protection. The details of the management plan are as below:

- Replace old, less efficient facilities of the paint spraying process;
- Centralise the installation of paint spraying equipment for more standardised management; and
- Upgrade the exhaust gas purification treatment equipment of paint spraying process and gluing process.

With regard to vehicle exhaust emissions, the Group carries out regular vehicle maintenance and requires drivers to turn off idling engines, so as to minimize the environmental impact of vehicle exhaust. Additionally, the Group provides training for drivers to strengthen their awareness of low-carbon driving, such as avoiding sudden acceleration. Indonesia SitoY also implements a vehicle rotation system, evaluates and reports on the emissions from fleet activities annually to prioritize the use of vehicles with higher energy efficiency. Meanwhile, the Group also promotes the use of low-emission vehicles and new energy vehicles.

ENVIRONMENTAL PROTECTION

Wastewater

The Group's wastewater mainly comes from domestic sewage and industrial wastewater. All sewage undergoes a series of treatments before discharge, and the sewage treatment facilities are regularly cleaned and maintained to ensure their normal operation. In addition, we encourage the use of rags to wipe tools instead of washing with water, so as to reduce wastewater generation at the source. The Group also emphasizes workers' awareness through visual campaigns to ensure that water usage for equipment washing is limited and controlled. Posters remind workers to limit water when cleaning tools to reduce hazardous wastewater.



ENVIRONMENTAL PROTECTION

Hazardous and Non-hazardous Waste

The non-hazardous waste generated by the Group mainly includes leftover materials from the cutting of leather, fabrics and other raw materials or components. The Group adopts computer typesetting technology to maximize the utilization rate of raw materials and reduce waste generation. Recyclable waste is sorted and recycled, and the remaining waste is handed over to qualified entities for unified recycling and disposal. All waste disposal strictly complies with the Measures of the General Administration of Customs of the People's Republic of China for the Administration of Processing Trade Scrap, Remaining Materials, Defective Products, By-products and Damaged Bonded Goods and other relevant laws and regulations. In addition, domestic waste generated from daily operations is sorted and collected by the municipal environmental sanitation department on a daily basis. Indonesia SitoY supports the principles of circular economy by promoting reuse and recycling practices in the workplace. In addition to reusing paper and paper towels in the office, it also converts organic kitchen waste into cleaning enzymes through fermentation.



The converted cleaning enzymes

Hazardous waste (such as scrapped computers, waste batteries and waste ink cartridges) is delivered to qualified recycling enterprises for disposal. Other hazardous waste generated during production (including sewage, waste engine oil, waste activated carbon and waste glue) is classified, packaged and stored in accordance with the requirements of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Environmental Protection Law of the People's Republic of China and the Civil Code of the People's Republic of China, and is centrally treated harmlessly by environmental protection technology enterprises.

ENVIRONMENTAL PROTECTION

SUSTAINABLE OPERATION

Apart from emission management, the Group has also recognised the importance of sustainable development in its daily operations. During the Year, the Group did not have any issues in sourcing water.

The Group has formulated and implemented resources and energy management policies, such as the energy-saving and consumption reduction management system of Yingde Leather, Dongguan Shidai and Indonesia Sitoy, as well as the green office policy of the Group, to reduce consumption and conserving resources.

Various measures have been implemented during the year, such as:

Energy Conservation

Lighting System

- ✓ Utilising light-emitting diode (LED) lights instead of traditional incandescent light bulbs;
- ✓ Dividing the indoor areas into different light areas with independent switches;
- ✓ Installing motion sensors in infrequently used areas;
- ✓ Reducing the number of light fixtures in areas with brightness levels higher than required;
- ✓ Maintaining lighting fixtures and bulbs clean to maximise their energy efficiency;
- ✓ Reminding employees to switch off lights and electric devices when leaving workplaces;
- ✓ Maximising natural light in the workplace as far as practicable; and
- ✓ All lighting in Dongguan Shidai production workshops has been replaced with energy-saving lamps, with their height reduced by 1.2 meters, and the coverage rate of energy-saving lamps has risen to 95%.

Air Conditioning and Cooling

- ✓ Adopting central control for the air-conditioning system;
- ✓ Utilising air-conditioning system with first-tier energy efficiency labels;
- ✓ Regularly inspect and replace pressure gauges, pressure hoses, and connectors of air compressors to reduce the likelihood of cooling agent leaks;
- ✓ Adding shade nets in summer to reduce indoor temperatures;
- ✓ Shortening the operating time of air-conditioning; and
- ✓ The average daily operation time of central air-conditioning in Dongguan Shidai has been reduced by 3 hours, and the idle rate of split air-conditioning has increased by 25%.

Staff Engagement

- ✓ Promote eco-friendly practices to employees through emails, posters, and internal networks to boost their environmental awareness; and
- ✓ Encourage employees to utilise public transportation.

Operation Management

- ✓ Optimise transportation and delivery routes for goods;
- ✓ Planning the production process in advance to avoid the unnecessary use of high-powered equipment; and
- ✓ Adjusting operating time during summer to avoid operation at high-temperature.

Others

- ✓ Installing dedicated meters for high-powered equipment and regularly assessing their energy efficiency;
- ✓ Cutting off power supply after working hours and on holidays; and
- ✓ Promoting the use of the new technology and equipment.

Water Consumption

Operation Management

- ✓ Adopting reasonable pipe network design based on water usage to reduce damage or leakage of pipe network and water-using equipment;
- ✓ Installing water-saving faucets and water spray system; and
- ✓ Checking water meter readings periodically, and regularly checking for hidden water leakage.

Others

- ✓ Collecting rainwater and reusing it for greening and fish ponds;
- ✓ Repairing dripping pipelines and faucets;
- ✓ Reminding employees by placing water saving reminder labels in toilets; and
- ✓ Using products with "Water Efficiency Labels", such as water taps and urinal equipment.

ENVIRONMENTAL PROTECTION

In terms of specific measures, the Group continues to monitor water and electricity consumption data and regularly inspect the status of existing equipment. When replacing damaged equipment, it evaluates new equipment on the market and gives priority to energy-saving models. Beyond energy and water conservation, the Group has deeply integrated green office concepts into daily operations: encouraging employees to print on both sides, use recycled paper, adjust document formats to reduce paper usage, and promote electronic information transmission. It monitors paper consumption through regular inventory checks and adopts targeted improvement measures. In the packaging process, it prioritizes size-optimized materials and minimizes the use of fillers to effectively reduce packaging material consumption.

The Group fully recognizes the impact of greenhouse gas emissions and is committed to reducing its carbon footprint. It has effectively reduced carbon emissions from commuting by advocating green commuting and replacing non-essential business trips with video conferences.

During the Year, the Group was accredited with the “Wastewi\$e” at a Good Level and “Energywi\$e” certificates at a basic Level by the Hong Kong Green Organisation Certification. Additionally, the Group’s exceptional performance across different environmental aspects led to its recognition as a “Hong Kong Green Organisation.” Moreover, the Group was acknowledged for its outstanding environmental practices within its sector, receiving a Certificate of Merit in the “2023 Hong Kong Awards for Environmental Excellence” in November 2024. These collective achievements over the year underscore our unwavering commitment and significant contributions to environmental preservation. Indonesia Sitoy has also completed the HIGG FEM SELF-ASSESSMENT to help ourselves to measure, understand and improve our environmental performance.



ENVIRONMENTAL PROTECTION

As an environmentally responsible company, we actively participate in green living and energy-saving event to demonstrate our commitment to support the environment and raise environmental awareness of our employees. In collaboration with the WWF-Hong Kong, we participated in “Earth Hour” on 22 March 2025 by switching off non-essential lights and electric-powered devices in our factories, offices and retail stores for one hour in response to the global challenge of climate change.



ENVIRONMENTAL PROTECTION

RESPONSE TO CLIMATE CHANGE

At present, the global community is facing with the significant challenge of climate change. The Group demonstrates a keen interest in climate-related concerns and has carefully identified and evaluated the principal physical and transitional risks and opportunities resulting from climate change on its operational framework through qualitative analysis. The insights derived from this assessment have been instrumental in formulating strategies aimed at fortifying the Group's resilience against climate-induced risks.

Time Horizon	Risk/Opportunities		Potential Financial Impact (+/-)	Responses
Short to Medium Term	Physical Risks	The factories and equipment of Dongguan Shidai, Yingde Leather and Indonesia Sitoy are susceptible to increasingly severe weather occurrences like floods, typhoons, and heavy rainstorms. These conditions have the potential to impact daily operations and the company's investments.	(-) Rising operating and capital costs are attributable to maintenance and repair expenses. (-) Decreases in production capacity caused by supply chain disruptions, leading to a decline in revenue. (-) The likelihood of being impacted by severe weather conditions, leading to higher insurance costs and posing challenges for the company in investing their assets in insurance.	The Group has implemented a series of natural disaster emergency plans in accordance with the "Emergency Response Law of the PRC", "Flood Control Law of the PRC", "Law of the PRC on Protecting Against and Mitigating Earthquake Disasters" and other national laws and regulations to address climate related risks.

ENVIRONMENTAL PROTECTION

Time Horizon	Risk/Opportunities		Potential Financial Impact (+/-)	Responses
Long Term	Transition Risks	Consumers are increasingly adopting a sustainable lifestyle due to heightened awareness of environmental conservation, which is influencing their purchasing preferences. This shift could affect the demand for the company's products, including handbags and footwear.	(-) Higher capital costs to allocate resources towards meeting customer preferences. (-) The revenue mix and sources undergo changes. (-) Reduction in revenue due to reduced demand for specific products.	The Group will consider and develop new products aligned with sustainability trends and diversity operations to mitigate sector-specific transition risks.
		Increasing awareness of environmental issues may indirectly lead to negative perceptions among individuals, potentially resulting in a decline in reputation.	(-) Increasing operating costs, such as implementing new measures to rebuild the brand image. (-) Decrease in revenue due to reduced demand for specific products and a decrease in production capacity resulting from changes in operational practices. (-) The revenue mix and sources undergo changes.	
		Shift in stakeholders' expectations and perceptions towards the company as a result of the heightened environmental awareness.	(-) The revenue mix and sources undergo changes. (-) Increasing operating costs, such as implementing new measures to rebuild the brand image. (-) Decreased demand for specific products due to unaddressed stakeholders' concerns.	
	Opportunities	Investing in development of environmentally-friendly footwear, handbag and small leather products, etc.	(+) Revenue growth through addressing consumer's concerns.	

EMPLOYMENT AND LABOUR PRACTICES

The Group is committed to creating a harmonious workplace for employees, aiming to enhance sincere and interactive communication, support their career development, and protect their interests. As a responsible employer, we strive to implement better employment practices and advocate ethics and human rights in the workplace.

EMPLOYMENT POLICIES

The Group believes that employees are the core driving force behind the company's success. It is dedicated to providing a fair and open working environment for employees and strengthening their sense of belonging. The Group formulates employment policies not only in accordance with all local laws and regulations on employment and labour practices, including but not limited to the "Labour Law of the PRC", "Labour Contract Law of the PRC", Indonesian Labour Law and "Employment Ordinance of Hong Kong", but also in compliance with the employment standards required by its original equipment manufacturer customers.

In the recruitment process, the Group offers fair and open opportunities to all employees, without discrimination based on age, gender, health status, marital or family status, race, nationality, religious belief, political affiliation, sexual orientation, or any other grounds. It adheres to a recruitment strategy that prioritises internal employees, providing them with promotion opportunities before considering external candidates. This ensures that current employees have the chance to advance within the organisation. However, when necessary, the Group will also consider external recruitment to introduce new perspectives and expertise.

Working hours, clearly specified in labour contracts, vary depending on the nature of the employee's work and their location. The Group strictly prohibits forced labour. In case of exceptional circumstances requiring overtime work, employees are promptly informed. Recognising the impact of such situations on employees, the Group provides compensatory leave or allowances for overtime work, demonstrating its commitment to employee welfare and promoting a healthy work-life balance.

The Group does not tolerate discrimination based on gender, sexual orientation, disability, age, race, national or ethnic origin, family status, or any other legally protected characteristics. It formulates employment policies in line with relevant regulations in the regions where it operates. This policy applies to all employment activities and human resources-related matters, including recruitment, training, promotion, job transfer, remuneration, benefits, and contract termination. Additionally, the Group actively adopts inclusive employment practices, such as recruiting people with disabilities, and provides necessary facilities to help disabled employees adapt to the working environment. It also endeavours to organise or participate in activities related to equality and anti-discrimination to advocate against discrimination.

When an employee intends to resign or is laid off, the human resources department conducts exit interviews to understand the reasons for departure and implement improvement measures to reduce future employee turnover.

The Group strictly complies with laws and regulations and maintains a firm zero-tolerance policy towards child labour and forced labour. It has an internal policy prohibiting such practices, and the Group reviews the implementation and effectiveness of such policy from time to time as appropriate. Job applicants are required to provide personal information such as ID cards, birth certificates, driver's licenses, household registers, and academic certificates to verify their age, identity, educational background, and appearance, ensuring consistency with the provided documents. If any cases of child labour or forced labour are found, immediate measures will be taken to terminate their employment.

During the Year, the Group did not find any violations of applicable labour laws and regulations in its operating areas, nor did it receive any disciplinary actions related to labour protection issues.

EMPLOYMENT AND LABOUR PRACTICES

SALARY AND BENEFITS

To retain top industry talents, the Group provides employees with competitive remuneration and offers rewards and bonuses to outstanding performers. An employee's remuneration package is determined based on their qualifications, position and seniority, and is reviewed annually. Regular performance evaluations are conducted, with results used as a basis for assessing training needs and formulating other human resources policies, such as promotion, job transfer and remuneration setting. In addition to public holidays and other statutory holidays, employees are also entitled to maternity leave, marriage leave, paternity leave and compassionate leave, among others.

In accordance with the Social Insurance Law of the PRC, Mandatory Provident Fund ("MPF") Schemes Ordinance of Hong Kong, BPJS Regulations in Indonesia and other relevant laws and regulations, the Group pays social insurance and housing provident fund for employees in Mainland China, and contributes to the Mandatory Provident Fund schemes for employees in Hong Kong and contributes as required by BPJS regulations in Indonesia. Beyond statutory requirements, the Group provides employer liability insurance for employees in Mainland China, and medical insurance and labour insurance for employees in Hong Kong. Dongguan Shidai and Yingde Leather provide employees with various amenities, medical and recreational facilities, including canteens, clinics, sports grounds, libraries and internet centres. In Indonesia, the Group safeguards employees' welfare by providing BPJS Kesehatan and BPJS Ketenagakerjaan in compliance with statutory requirements, complemented by additional benefits including canteens, clinics and meal allowances.

With an aim to promote work-life balance, the Group organised various activities and provided employees with different benefits during the Year. Some of the activities are shown below:

Celebration of Chinese New Year



During the Chinese New Year, the Group distributed red packets to employees and made handcrafts to decorate the office, so as to create a festive atmosphere and strengthen employees' sense of belonging.



Moreover, the company hosted a Spring Festival Gala jointly organized by employees from Dongguan, Hong Kong, Shanghai, Yingde and Indonesia. The gala featured a variety of programs including catwalk shows, singing and dancing performances, and lucky draws, with employees actively participating with great enthusiasm.

EMPLOYMENT AND LABOUR PRACTICES

Celebration of Chinese Mid-Autumn Festival



The Group distributed gifts, mooncakes and organised activities to celebrate the Mid-Autumn Festival and enhance company cohesion.

Celebration of Dragon Boat Festival



In the Dragon Boat Festival, the Group delivered traditional festival food such as rice dumplings in order to express company's care to the employees.

EMPLOYMENT AND LABOUR PRACTICES

Sitoy Summer Fiesta



In August, the Group launched the “Summer Fiesta” to promote work-life balance among employees. This event included a series of health-enhancing activities such as Fruit Day, offerings of ice cream, soups, and refreshing drinks. These initiatives helped employees reduce stress and improve productivity. Additionally, a “Happy Workplace Discussion” was held, providing a platform for employees to voice their thoughts and feelings.

Our commitment to promoting work-life balance and happy work culture has been recognised and awarded as “Happy Company” by The Chinese Manufacturers’ Association of Hong Kong for five consecutive years and Promoting Happiness Index Foundation in 2025.

In recognition of the Group’s continuous contributions in caring for the environment, employees and the community, the Group has been awarded “Caring Company” by the Caring Company Scheme launched by the Hong Kong Council of Social Service.



EMPLOYMENT AND LABOUR PRACTICES

DEVELOPMENT AND TRAINING

The Group attaches great importance to building a team with diverse expertise and helping employees explore their potential. To this end, it conducts regular performance appraisals to evaluate employees' work abilities, efficiency, attitudes, interpersonal skills, and other competencies. Outstanding employees will be given promotion opportunities. With the aim of fully unlocking employees' potential, the Group has developed a comprehensive internal promotion system and provides them with smooth career development paths.

Meanwhile, the Group offers pre-job training programs to new recruits before they start working, enabling them to familiarize themselves with the Group's policies and organizational structure, work culture, employee benefits, and safety knowledge. From time to time, it also provides on-the-job training at different levels to help employees enhance their skills and productivity. For example:

- Training on the introduction of manufacturing requirements and the origin of customers' brands is provided for workshop leaders and management;
- Training on manufacturing skills such as the oblique opening of cutting bed is provided for leaders working in workshops;
- Orientation training such as occupational health and safety, business ethic and chemicals knowledge is provided for new employees;
- Training on safety awareness of supply chain is provided for the management of different departments;
- Training on risk and emergency management is provided for new employees and different departments;
- Training on information security management and disposal is provided for employees using computers and working in the office premises;
- Training on the latest relevant laws, regulations and policies is provided for custom department, human resources department and other related departments;
- Training on custom and shipping and the latest relevant laws, regulations and policies is provided for employees of the custom department, finance department, and human resources department;
- Warehouse management training is provided for employees working in warehouses;
- Trade security training;
- Training on operation procedural for management in workshop;
- Training on social responsibility including occupational health, safety, environment and business standard of clients is provided for management in workshop;

EMPLOYMENT AND LABOUR PRACTICES

- Training on displaying new arrival products for employees in the retail store; and
- First Aid Training and Fire Brigade Training for colleagues.



In addition to internal training, the Group offers external training programs to meet employees' training needs, such as leadership training, management training, and team-building training. To encourage employees to participate in work-related training courses offered by external professional organizations, the Group provides subsidies for external training to eligible employees.

EMPLOYMENT AND LABOUR PRACTICES

OCCUPATIONAL HEALTH AND SAFETY

The Group is paying close attention to employees' health and safety. The Group not only adheres to the provisions of the "Law of the PRC on the Prevention and Control of Occupational Diseases", "Occupational Safety and Health Ordinance of Hong Kong", Indonesia Work Safety Law and other local relevant laws and regulations, but also complies with all occupational health and safety guidelines imposed by customers. During the Year, Dongguan Shidai obtained the Worldwide Responsible Accredited Production ("WRAP") Certification to assure that the manufacturing process is safe, legal and ethical.



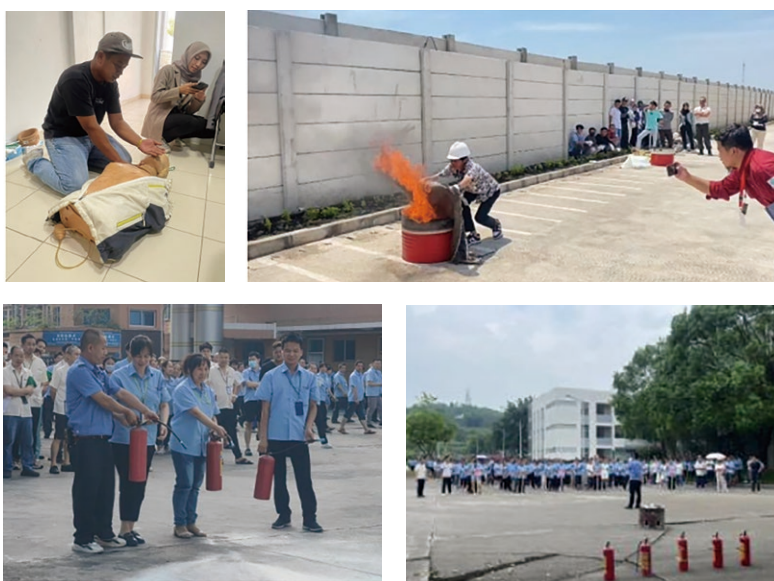
The Group has formulated a work safety plan, which specifies policies for work safety inspections, incident reporting and handling, safety training, and equipment safety management. These measures are aimed at strengthening safety management and enhancing employees' safety knowledge and awareness. To uphold the concept of "prevention is better than cure" in the workplace, four internal safety inspections are conducted every month. All employees have actively cooperated and attached great importance to workplace safety.

Upon recruitment, the Group informs new recruits of basic information such as job content, occupational hazards, and work safety during pre-job training. Employees are required to attend induction training and pass an examination before taking up their posts. To minimize work-related risks and injuries, the Group has formulated safety guidelines and operation manuals for manufacturing processes, which are posted on walls or tables in employees' work areas. The Group also provides employees with work safety training programs and adequate personal protective equipment and supplies. The Group has established a system to standardize the distribution, provision, and management of personal protective equipment and supplies to ensure work safety during operations. In accordance with applicable national or industry standards, third-party consultants regularly inspect occupational hazards caused by chemical materials, indoor air quality, dust, and noise, and conduct equipment maintenance checks to ensure a safe working environment.

EMPLOYMENT AND LABOUR PRACTICES

To promptly and effectively respond to dangerous incidents, injuries, and other emergencies, the Group has formulated detailed emergency management procedures for each type of incident, including fires, hazardous chemical spills, work-related injuries, infectious diseases, and natural disasters.

The Group conducts safety and fire drills to enhance employees' safety awareness and emergency response capabilities. During the current year, Dongguan Shidai, Yingde Leather and Indonesia SitoY all carried out hazardous chemical leakage drills and fire drills.



The Group carried out material risk assessment to identify the source of risks and safety assessment, and continuously improved and monitored the issues. During the Year, there were 155 lost days due to 32 cases of work injury among our employees. In the past three years, there was no work-related fatality. The Group did not notice any non-compliance with the applicable laws and regulations relating to occupational health and safety in the areas where it operates and did not face any disciplinary action with respect to occupational health and safety issues.

OPERATION MANAGEMENT

Integrity, responsibility and compassion are the foundation stones we use to build excellence in our operation. We have continued to safeguard the quality of our products and services with reliable and accountable management systems whilst adhering to the principle of sustainable development at the same time.

SUPPLY CHAIN MANAGEMENT

The raw materials for producing handbags, small leather goods, travel items, and footwear mainly include leather, fabric, straw, polyurethane, polyvinyl chloride, etc. In addition, there are auxiliary materials used in the manufacturing process, such as threads, linings, reinforcing materials, edge paints, and various packaging materials.

When receiving orders with suppliers designated by customers, the Group strictly follows the requirements in the orders to purchase raw materials of specific quantity, type, and quality. For orders without designated suppliers, the Group's procurement team selects suppliers based on its own criteria, including quality, price, experience, service, compliance, and payment terms. To maintain an efficient and stable supply chain, the procurement team also conducts regular visits to both designated and non-designated suppliers to ensure that the raw materials meet standards and can be delivered on time. Only suppliers that meet the criteria are included in the list of certified suppliers. The Group continues to conduct strict inspections on the quality of raw materials to ensure they meet the required standards. Raw materials that fail the Group's tests will be returned to the relevant suppliers. If a supplier repeatedly fails to meet the Group's requirements, it will be removed from the list of certified suppliers and procurement will be terminated.

The Group pays attention to environmental and social risks in the supply chain. It regularly reviews updates to supply chain-related policies and regulations in the regions where it operates to identify potential risks. The Group also communicates with internal and external stakeholders to understand the environmental and social risks associated with its supply chain. Suppliers' environmental and social performance is considered during the supplier selection process. The Group absolutely cannot accept suppliers that do not comply with environmental and social-related policies and regulations, such as those involved in child labour, human rights violations, occupational safety issues, and environmental protection risks. In addition, the Group's procurement processes are subject to various customer-imposed guidelines on safety, health, environment, and human rights to reduce environmental and social risks in its manufacturing operations. Many of the raw material suppliers are designated by customers and have been recognized by the Group's customers for their performance in environmental and social governance.

The Group integrates the concept of environmental protection into its supply chain management and procurement practices. It assesses the environmental impact of products or raw materials and gives priority to those with minimal environmental impact, including items with water-saving labels, recyclability, and energy efficiency. In addition, items with significant recycling benefits, minimal packaging, and extended shelf life are also preferred. Where appropriate, preference is given to suppliers that are geographically closer and more accessible to the Group to reduce carbon emissions from transportation. Employees are encouraged to use products purchased earlier to avoid waste caused by product expiration.

During the Year, there were total 371 suppliers from PRC, in which 358 suppliers were from Guangdong Province while the remainders originated from other provinces within PRC. This year, as Indonesia Sitoy put into production, we added 52 new suppliers from Indonesia.

Locations	Number of Suppliers
Guangdong Province	358
Others	13
Indonesia	52

OPERATION MANAGEMENT

QUALITY CONTROL

Product quality and safety are the foundation of the Group's product commitment and have been embedded in its manufacturing process. Through its long-term cooperation with international brands, the Group has accumulated in-depth expertise and know-how with respect to every key step of the manufacturing process of its products, especially high-end and luxury handbags and small leather goods. Dongguan Shidai and Yingde Leather are both recognised as an advanced Authorised Economic Operator ("AEO") (高級認證企業) by the Customs of PRC for complying with the relevant supply chain security standard.



The Group adheres to a scientific management approach. The Group has adopted the Electronic Tracking System ("ETS") and Enterprise Resources Planning ("ERP") system to evaluate manufacturing performance, identify production bottlenecks, improve operational efficiency, and further enhance manufacturing capabilities. By virtue of these systems, real-time management of the production process, tracking of the status of raw materials and finished products, and evaluation of employees' work efficiency can be easily achieved. After inspection, each batch of leather and fabric – key raw materials – is assigned a barcode by the ERP system and stored in warehouses equipped with air-conditioning, humidity control, and specially designed racks before being delivered to the production lines.

On the production lines, employees are well-trained and possess the necessary experience and skills. Each employee is assigned to a specific step in the manufacturing process to enhance work efficiency. To ensure high productivity, ETS displays the daily target number of components each employee needs to complete in every workshop, and a team leader is responsible for supervising and monitoring the quality of a specific step on each production line. To ensure that the quality of finished products meets relevant requirements and that defective products are identified at an early stage, the Group conducts various quality inspections, including random sampling tests at different stages of the manufacturing process. It also carries out various testing procedures in laboratories, such as tests for decolourisation and fading, warping, abrasion, tensile strength, and water resistance. Meanwhile, customers also arrange on-site quality control personnel to inspect the quality of finished products. If customers report any non-conforming products, the Group will recall them in accordance with the procedures required by customers and take corresponding remedial measures to minimize impacts and customers' losses. During the Year, the Group was not aware of any products being recalled for safety or health reasons.

OPERATION MANAGEMENT

The Group has also established a chemical management team to implement various quality management measures. For example, it engages third parties to conduct chemical testing on finished products to ensure compliance with product safety standards of the United States, the European Union, or other international standards, as required by customers and by the laws and regulations on restricted and hazardous materials in the regions where the products are imported and sold.

CUSTOMER SERVICE

The Group sells handbags, small leather goods, travel items, and footwear under the brands TUSCAN'S and Fashion & Joy through its retail stores and e-commerce platforms in Mainland China and Hong Kong. Committed to delivering high-quality products and services, the Group strictly enforces quality control throughout the manufacturing process.

The Group has formulated guidelines for retail store employees, requiring them to serve customers with enthusiasm and sincerity, have a good grasp of product knowledge, and promote sales based on customers' needs. When receiving customer complaints, employees must respond politely and promptly and take follow-up measures. The Group generally provides a warranty period for all products sold in retail stores. If defective products are found, employees shall carefully confirm and record customers' maintenance requirements. The Group also focuses on improving its service level and refining product development by collecting and retaining customers' opinions and suggestions, as well as conducting customer satisfaction surveys.

During the Year, the Group did not receive any complaints regarding our retail businesses.

ADVERTISEMENT AND PROMOTION

The Group strictly complies with applicable laws and regulations, such as the "Advertising Law of the People's Republic of China". It promotes the products sold in its retail stores through both online and offline activities. Online activities mainly include interactions on social media platforms like Facebook, Instagram, WeChat, Weibo, and TikTok, as well as promotions on the official website and other online media. Offline activities encompass roadshows, new store opening events, in-store displays and promotions, and advertisements in magazines, among others.

The Group is committed to ensuring that all advertising and promotional activities comply with the laws and regulations on advertising and promotion in the regions where it operates, including but not limited to the "Advertising Law of the PRC" and "Trade Descriptions Ordinance of Hong Kong". It has formulated clear standards for advertising and product label design, procedures for obtaining promotional materials, and relevant considerations. All published product information undergoes strict review and contains no form of false advertising that could harm consumers' rights and interests.

OPERATION MANAGEMENT

PRIVACY AND INTELLECTUAL PROPERTY PROTECTION

The Group attaches great importance to privacy protection and complies with relevant privacy protection laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong. All new recruits are required to sign a confidentiality agreement. In accordance with the confidentiality provisions and non-compete restrictions formulated by the Group, employees are prohibited from disclosing any technical information (such as manufacturing methods, experimental data, drawings, and operation manuals), business information (such as customer lists, marketing plans, procurement documents, and cooperation agreements), and customer information. Employees must provide sufficient justification when intending to access any customer information. The collection and use of such data must be conducted lawfully, and the use of customer information is limited to the channels specified in the contract. In addition, employees are required to store and use the Group's information and documents in strict compliance with the Group's regulations. The Group continuously monitors and tests for privacy risks, and also organises employee training sessions on privacy matters to promote privacy awareness.

The Group strictly abides by the "Trademark Law of the PRC", "Copyright Law of the PRC", "Copyright Ordinance of Hong Kong", and other relevant laws and regulations on intellectual property protection. In addition to manufacturing products for customers, the Group has also established its own brands. It has implemented internal policies to eliminate the risk of infringing on the intellectual property rights of customers and third parties in its design, research, development, and manufacturing processes, while also protecting its own rights. Employees engaged in manufacturing customers' products are not allowed to participate in manufacturing the Group's own products. The Group's design and development team must ensure that their designs are not identical or closely similar to products of other customers or those available in the public market. In addition, measures have been adopted to facilitate the management and protection of intellectual property, such as using password-protected computers to store product information, encrypting files during transmission, and prohibiting employees from taking out product prototypes and samples without permission.

During the Year, the Group did not find any violations of applicable laws and regulations on privacy and intellectual property protection in its operating areas, nor did it face any disciplinary actions related to these issues.

OPERATION MANAGEMENT

ANTI-CORRUPTION

The Group has long held that honesty and integrity are among the most important moral conducts. It adheres to all anti-corruption laws and regulations, including but not limited to the “Criminal Law of the PRC”, Law on Prevention and Eradication of Money Laundering Crimes of Indonesia and “Prevention of Bribery Ordinance of Hong Kong”, and strictly prohibits any form of bribery and corruption in its operations. We also introduced a dedicated Whistleblowing Policy this year, which further demonstrates the company’s determination to implement anti-corruption efforts.

Employees are obliged to avoid conflicts of interest when dealing with suppliers, customers, and other third parties cooperating with the Group. Any potential conflicts of interest must be reported to the Group. Employees in important positions are required to sign an anti-commercial bribery statement with the Group. If employees discover any illegal behaviour, they should report it through the dedicated reporting email to the company secretary at comsec@sitoy.com, and the whistle-blower’s privacy will be strictly protected.

Moreover, to enhance employees’ awareness of ethical issues and corruption risks, training was provided to employees during the Year. For instance, 1.5-hour anti-corruption training sessions were organized for employees, during which they were informed of laws, regulations, and company policies related to corruption prevention, as well as skills for handling ethical situations in the workplace and procedures for reporting corruption or other illegal conducts.

In terms of the procurement process, the Group has established an internal monitoring team to assess suppliers’ performance on a monthly basis, aiming to identify and prevent any illegal activities. When selecting suppliers, priority is given to those that have signed international anti-corruption agreements. The Group also proactively promotes business integrity and ethics among its staff by regularly organizing anti-corruption seminars.

During the Year, the Group did not find any violations of applicable anti-corruption laws and regulations, nor did it face any disciplinary actions related to corruption issues.

COMMUNITY INVESTMENT

While focusing on its business operation, the Group consistently meets its social responsibilities through community contributions. The Group remains committed to engaging in public welfare initiatives to assist the underprivileged in the communities it serves. During the Year, the Group has made contributions in the following areas:

Active Support for Education

The Group firmly believes that access to quality education can have a profound impact on one's future. Therefore, during the Year, we actively contributed to the field of education by offering scholarships. For instance, we awarded scholarships to a total of 180 students in Indonesia, with a total amount of approximately HKD190,000. These scholarships are intended to recognize students' achievements and expand educational opportunities for people from all walks of life.



Poverty alleviation

During the Year, the Group participated in the “Guangdong Poverty Alleviation and Relief Day”. Yingde Leather carried out targeted poverty alleviation efforts, assisting 4 poor families and supporting the renovation of 2 township poverty alleviation projects, with a total donation of RMB140,000. This initiative aims to promote broader community support for rural development, and as a result, the Group was awarded the “Silver Cup” in the Yingde City Poverty Alleviation and Relief Kapok Cup.



COMMUNITY INVESTMENT

Support for Gender Equality

During the Year, the Group actively participated in International Women's Day, with a firm commitment to promoting gender equality. As part of our efforts to foster inclusivity and equality, we organized a major event called "Encourage Inclusion" across all offices and production sites. During this event, we took photos of heart-shaped hand gestures to demonstrate our unwavering commitment to promoting inclusivity and gender equality within the organization and the broader community. The Shanghai branch created a festive atmosphere through the making of handmade flowers, sending holiday blessings to female employees and their female family members. This was a tribute to women's strength and a way to care for female colleagues from multiple perspectives. In addition, as part of the celebration, we gave gifts to all employees and held competitive games to enhance the festive mood.



Supporting Cancer Patients

The Group actively participates in charitable and public welfare activities, and in particular, encourages employees to take part in the "Pink Dress Day" event organized by the Hong Kong Cancer Fund on 25 October 2024. Such initiatives have achieved positive results, receiving support not only from employees in Hong Kong but also from those in different regions such as the Shanghai Office and Yingde leather. On "Pink Dress Day", our employees wear pink clothes, and participants receive stickers on that day to show our solidarity with breast cancer patients. Moreover, all the donations raised on that day are used to provide free support services for breast cancer patients and their families, offering them assistance in their fight against the disease.



COMMUNITY INVESTMENT

Caring our Environment – Tree Planting Challenge

During the current year, the Group actively encouraged employees and their families to participate in the Tree-Planting Day activity. This activity aims to promote carbon reduction, address climate change, and advocate for urban greening. A lot of people participated in this event, planting approximately 20 trees. Together, we added greenery to jointly build a beautiful home.



Caring our Environment – Red Packets Recycling Initiative

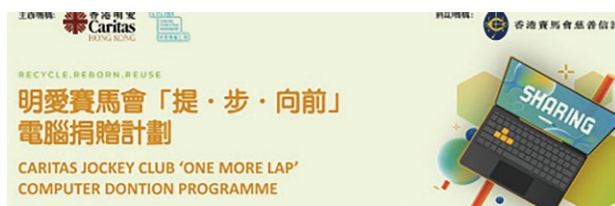
During the Year, the Hong Kong Office actively participated in the “Red Packets Recycling Initiative”. It set up distribution points to provide “renewed red packets” to the public and employees. In addition, the office voluntarily signed the “Eco-Friendly Red Packets Charter” to reduce the printing of red packets, with the aim of cutting the production volume by 10% compared to the previous year. Moreover, the Hong Kong Office used these “renewed red packets” to distribute Chinese New Year red packets to its employees.



COMMUNITY INVESTMENT

Caring our Environment – Donation of Computers to the Caritas Computer Workshop

During the year, Sitoy Hong Kong Office has donated computers or electronic products to Caritas Computer Workshop, contributing significantly to environmental protection.



Caring our Environment – Supporting Earth Day

To welcome the 2025 World Earth Day, SITOY Hong Kong Office invited our colleagues to participate in the “21-Day Green Challenge” themed “Digital Detox – Ecological Empathy”. During these 21 days of challenge, we provided a simple green action every day, which colleagues can practice easily.



COMMUNITY INVESTMENT

Caring our Environment – Cleaning up Litter in the Wild

To clean up leisure environments and preserve green mountains and clear waters, a group of 120 people, including our employees and their family members, went to Shenxi Mountain Scenic Area to clean up litter randomly discarded by tourists. A total of approximately 85 kilograms of various types of garbage was cleaned up, effectively protecting the ecological environment from pollution.



Giving back to Society – Sharing Happiness

Throughout the year, the Group remains committed to making significant contributions to society through a variety of initiatives. One notable example is our donation of materials during the Ramadan period.



SUMMARY OF KEY PERFORMANCE INDICATORS

The environmental and social key performance indicators are as follows (comparison of 2025 and 2024, where 2025 includes Dongguan Shidai, Yingde Leather and Indonesia Sitoy, whereas 2024 includes only Dongguan Shidai and Yingde Leather. This is because Indonesia Sitoy is a newly established production factory that began its operations in 2025):

Indicators	Year ended 30 June 2025	Year ended 30 June 2024
Environmental Aspect		
Vehicle Exhaust Emissions¹		
Total Emission of Nitrogen Oxides (NO _x) (kg)	62.85	77.07
Total Emission of Sulphur Oxides (SO _x) (kg)	0.35	0.35
Total Emission of Particulate Matter (PM) (kg)	4.58	7.12
GHG Emissions²		
Total Emission (Scope 1, 2 & 3) (t CO ₂ e)	6,681	6,372
Emission Intensity (kg CO ₂ e/m ² of floor area)	34.01	35.62
Scope 1 Direct Emissions ³ (t CO ₂ e)	508	470
Scope 2 Energy Indirect Emissions ⁴ (t CO ₂ e)	5,942	5,744
Scope 3 Other Indirect Emissions ⁵ (t CO ₂ e)	231	158

¹ The calculations of air pollutants from the PRC take reference from the emission factors from the Appendix II “Reporting Guidance on Environmental KPIs” (“Appendix II”) published by the Stock Exchange.

² The Group’s greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide. For the ease of reading and understanding, the greenhouse gas emissions data is presented in carbon dioxide equivalent (CO₂e). The conversion factors of carbon dioxide, methane and nitrous oxide are based on the Sixth Assessment Report provided by the Intergovernmental Panel on Climate Change.

³ Scope 1 covers emissions from stationary combustion sources, emissions from vehicles, and fugitive emissions from refrigerant use and emission reductions from tree planting. The calculation method of stationary combustion sources is based on Appendix II provided by the Stock Exchange and the emission factors are from the “Enterprises in Other Sectors of Industry — Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” issued by the National Development and Reform Commission (“NDRC”) of the PRC. The calculation method of emissions from vehicles is based on Appendix II provided by the Stock Exchange and the emission factors are from the “Land Transport Enterprises — Guidelines for Accounting and Reporting of Greenhouse Gas Emissions (Trial)” issued by the NDRC of the PRC. The calculation method and emission factors of fugitive emissions from refrigerant use are based on Appendix II provided by the Stock Exchange.

⁴ Scope 2 covers emissions from electricity purchased from power companies. This is calculated based on the emission factors in the “2022 Average Carbon Dioxide Emission Factor of China Regional Power Grid” provided by the NDRC.

⁵ Scope 3 covers the outbound business trip for employees, the methane gas generation at landfill due to paper waste and the electricity for water treatment. The calculation of outbound business trip is based on the International Civil Aviation Organisation Carbon Emissions Calculator. The calculation method and the emission factor of methane gas generation at landfill due to disposal of paper waste is based on Appendix II provided by the Hong Kong Stock Exchange. The calculation of electricity for water treatment is based on emission factors are provided by the research published by Tsinghua University in “China Urban Water Supply System Energy Consumption Study” and the statistical analysis and quantitative identification of the energy consumption law of urban sewage treatment plants in China published by Tsinghua University and the National Urban Water Supply and Drainage Engineering Technology Research Centre.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2025	Year ended 30 June 2024
Solid Wastes		
<i>Non-hazardous Wastes^{6 & 7}</i>		
Total Production (t)	487	403
Production Intensity (kg/m ² of floor area)	2.48	2.25
<i>Hazardous Wastes⁸</i>		
Total Production (t)	40	31
Production Intensity (kg/m ² of floor area)	0.20	0.17
Use of Resources		
<i>Energy</i>		
Total Consumption (MWh)	12,088	11,615
Consumption Intensity (kWh/m ² of floor area)	61.54	64.93
Direct Energy Consumption ⁹ (MWh)	1,616	1,729
Indirect Energy Consumption ¹⁰ (MWh)	10,472	9,886
<i>Water¹¹</i>		
Total Consumption (m ³)	339,107	311,165
Consumption Intensity (m ³ /m ² of floor area)	1.73	1.74
<i>Packaging Materials</i>		
Total Consumption of Plastic Products (piece)	6,862,058	5,311,837
Consumption Intensity of Plastic Products (piece/product)	1.29	1.32
Total Consumption of Paper Products (piece)	27,737,918	21,416,186
Consumption Intensity of Paper Products (piece/product)	5.23	5.32

⁶ Non-hazardous waste for the year ended 30 June 2025 included domestic waste and food waste. The non-hazardous waste data for the year ended 30 June 2025 is based on the daily estimated volume of general waste and the volume-to-weight conversion factors provided by the Beijing Municipal Commission of Urban Management. The increase in non-hazardous waste generation this year is primarily generated from the new operation of the Indonesia Sitoy.

⁷ The generation of non-hazardous waste in 2024 and 2025 were modified due to the adoption of an updated calculation methodology.

⁸ Hazardous waste included waste light tube, toner cartridge, sewage, computers and lubricant, and is calculated based on the actual amount of waste. The hazardous waste generation over the past two years has been updated by incorporating sewage discharge volume based on actual conditions. The increase in hazardous waste generation this year is mainly because the new operation of the Indonesia Sitoy.

⁹ Direct energy consumption is derived from the fuel consumption of generators, gas cooking ovens and vehicles. The emission factors for generators and gas cooking ovens are provided by the “Enterprises in Other Sectors of Industry — Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” issued by the NDRC of the PRC. The calculation method of emissions from vehicles is based on the emission factors provided by the “Land Transport Enterprises — Guidelines for Accounting and Reporting of Greenhouse Gas Emissions (Trial)” issued by the NDRC of the PRC.

¹⁰ Indirect energy consumption is derived from purchased electricity consumption and is calculated based on the actual amount consumed.

¹¹ Water consumption is calculated based on the actual amount consumed.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2025	Year ended 30 June 2024
Social Aspect		
Employment		
<i>Total Number of Employees</i>	4,474	3,227
<i>By Gender</i>		
Male	1,579	1,233
Female	2,895	1,994
<i>By Age Group</i>		
Below 30 Years Old	1,202	183
30 ~ 50 Years Old	2,477	2,311
Above 50 Years Old	795	733
<i>By Type of Employment</i>		
Full-time	4,441	3,215
Part-time	33	12
<i>By Geographical Location</i>		
Mainland China	3,020	3,223
Hong Kong	3	4
Indonesia	1,449	–
Malaysia	2	–
Employee Turnover Rate¹³		
<i>Total Employee Turnover Rate</i>	33%	37%
<i>By Gender</i>		
Male	34%	37%
Female	33%	38%
<i>By Age Group</i>		
Below 30 Years Old	68%	110%
30 ~ 50 Years Old	28%	33%
Above 50 Years Old	18%	27%
<i>By Geographical Location</i>		
Mainland China	29%	38%
Hong Kong	29%	0%
Indonesia	51%	–
Malaysia	–	–

¹³ Employee turnover rate is calculated in accordance with the calculation formula: number of resigned employees divided by the average number of employees at the beginning and end of the year.

SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Year ended 30 June 2025	Year ended 30 June 2024
Percentage of Employees Trained¹⁴		
<i>Total Percentage of Employees Trained</i>	100%	100%
<i>By Gender</i>		
Male	100%	100%
Female	100%	100%
<i>By Employee Category</i>		
Senior Management	100%	100%
Middle Management	100%	100%
Entry-level Management	100%	100%
Frontline Employees-Operators	100%	100%
Frontline Employees-Equipment Technicians	100%	100%
Average Training Hours Completed¹⁵		
<i>Total Average Training Hours Completed</i>	35	35
<i>By Gender</i>		
Male	28	26
Female	39	40
<i>By Employee Category</i>		
Senior Management	16	14
Middle Management	32	24
Entry-level Management	30	27
Frontline Employees-Operators	32	37
Frontline Employees-Equipment Technicians	53	37

¹⁴ Percentage of employees trained is calculated in accordance with the Appendix III published by the Stock Exchange.

¹⁵ Average training hours completed is calculated in accordance with the Appendix III published by the Stock Exchange.

APPENDIX: CONTENT INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE”

ESG Indicators	Summary	Sections	Page
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.	Environmental Protection	10
		Environmental Protection – Emission Management;	12
		Sustainable Operation	15
KPI A1.1	The types of emissions and respective emissions data.	Summary of Key Performance Indicators	38
KPI A1.2	Direct and energy indirect greenhouse gas emissions in total and intensity.	Summary of Key Performance Indicators	38
KPI A1.3	Total hazardous waste produced and intensity.	Summary of Key Performance Indicators	39
KPI A1.4	Total non-hazardous waste produced and intensity.	Summary of Key Performance Indicators	39
KPI A1.5	Description of emissions target set and steps taken to achieve them.	Environmental Protection – Environmental Goals and Progress;	11
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(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

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