



SHAPING A SUSTAINABLE TOMORROW

SUSTAINABILITY REPORT 2026



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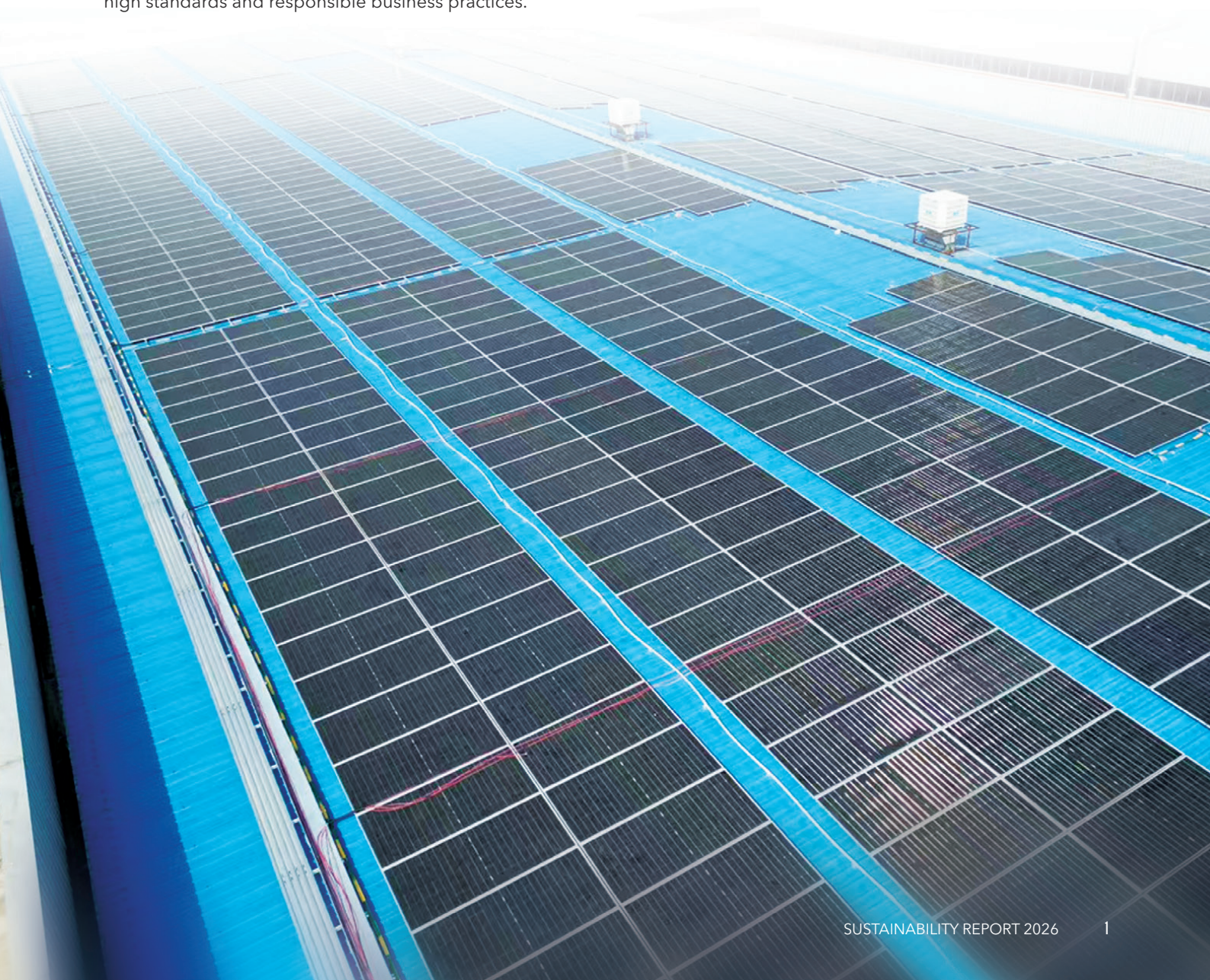
ABOUT THE GROUP

Luxking Group Holdings Limited ("**Luxking**" or the "**Group**"), publicly listed on the Singapore Exchange under stock code BKK since 2005, is a leading manufacturer of biaxially oriented polypropylene ("**BOPP**") films and pressure-sensitive adhesive ("**PSA**") tape products. With its headquarters in Hong Kong, Luxking operates advanced manufacturing facilities in Zhongshan, Guangdong, and Anlu, Hubei, within the People's Republic of China ("**PRC**").

The Group has established a strong global presence, with customers spanning across Mainland China, broader Asia, Southeast Asia, Europe, North and South America, the Middle East, and Oceania. Its business activities are segmented into three principal segments: BOPP films, general-purpose adhesive tapes ("**general tapes**") and industrial specialty tapes ("**IS tapes**"). Luxking serves a wide range of industries, including printing, packaging, automotive, electrical appliances and electronics, catering to both domestic and international customers. Through its continued focus on product quality and reliability, Luxking has established a distinguished global reputation, reflecting its ongoing dedication to excellence and customer satisfaction.

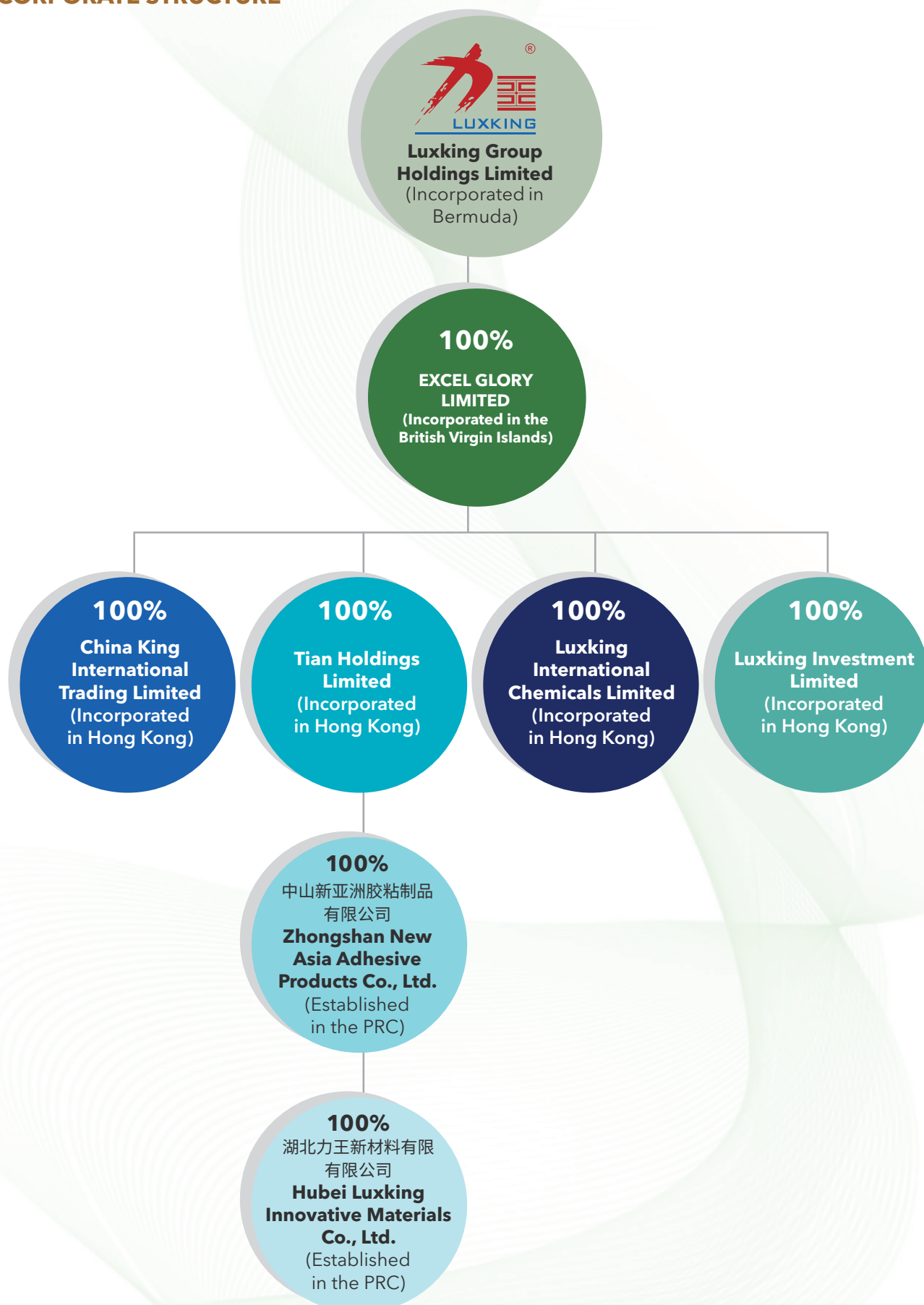
OUR VALUES AND MISSION

The Group is committed to embedding sustainability throughout its operations, guided by core values of excellence, continuous innovation, and a commitment to exceeding customer expectations. It upholds the principles of being "Dedicated, Professional, and Meticulous" in its approach to quality control, reflecting a strong dedication to maintaining high standards and responsible business practices.



INTRODUCTION

CORPORATE STRUCTURE



ABOUT THIS REPORT

Luxking Group Holdings Limited is proud to present its annual sustainability report, reflecting our commitment to continually strengthening disclosure practices. The report outlines the Group's sustainability policies, objectives, principal performance indicators, and progress on material sustainability issues. This submission to Singapore Exchange Limited ("**SGX**") supports our ongoing communication regarding sustainability initiatives. Digital copies of reports are available via the Luxking investor relations page.

SCOPE AND BOUNDARY

This report details Luxking's performance for the period from 1 July 2025 to 30 June 2026 ("**FY2026**"), with emphasis on the operations of our subsidiaries: Zhongshan New Asia Adhesive Products Co., Ltd. ("**Zhongshan Factory**") and Hubei Luxking Innovative Materials Co., Ltd. ("**Hubei Plant**"). These entities are responsible for the entirety of the Group's production volume, including BOPP films as well as general tapes and IS tapes (collectively referred to as "**Tapes**"). Information for the period from 1 July 2024 to 30 June 2025 ("**FY2025**") is included in the respective sections where prior-year data are available or applicable.

Consistent with the International Financial Reporting Standards S2 Climate-related disclosures ("**IFRS S2**") set by the International Sustainability Standards Board ("**ISSB**"), our greenhouse gas ("**GHG**") emissions inventory encompasses all subsidiaries within the consolidated accounting group. The Group has no associates, joint ventures, or unconsolidated subsidiaries under its operational control.

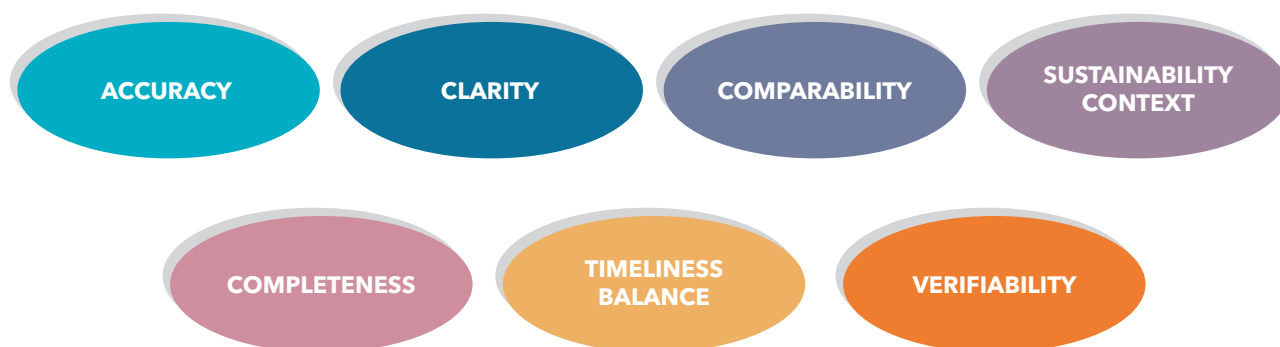
Throughout this document, references to "Luxking," "the Group," "the organisation," and "we" pertain to Luxking Group Holdings Limited unless otherwise specified. We remain dedicated to enhancing transparency regarding the effects of internal and external factors on our business, including significant events, risks, and opportunities. Looking ahead, we intend to broaden the scope of our sustainability reporting in tandem with business expansion and increased data availability.

REPORTING STANDARDS

This sustainability report has been prepared in compliance with SGX-ST Listing Rules 711A and 711B, guided by Practice Note 7.6: Sustainability Reporting Guide issued by the SGX. Consistent with previous editions, this report is also prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021, an internationally recognised framework established by the GRI. The Group continues to utilise the GRI Standards as its preferred reporting framework due to their credibility, widespread acceptance, and compatibility with other standards such as ISSB and others.

In line with SGX requirements, the Group will progressively align with IFRS S2 disclosure requirements by FY2031, the financial year commencing 1 July 2030. Luxking maintains a phased approach to sustainability reporting and remains dedicated to further enhancing disclosures on climate governance, strategy, risk management, metrics, and targets in subsequent reports.

The disclosures presented in this report are designed to meet the GRI's Reporting Principles for defining report quality:



Readers may find the GRI Content Index, corresponding to the different topic-specific disclosures, at the end of this report for reference.

ABOUT THIS REPORT

EXTERNAL ASSURANCE

Luxking acknowledges that external assurance can enhance the credibility of its sustainability reporting by confirming the reliability of data collection and reporting procedures. While this report has not undergone external assurance, the Group will work towards obtaining assurance for its Scope 1 and Scope 2 GHG emissions by FY2030, the financial year commencing 1 July 2029, aligning with SGX's requirements.

To reinforce its commitment, the Group conducts an annual internal review of environmental, social, and governance ("ESG") and internal control processes, performed by an Internal Auditor independent from business operations. The outcomes of this review are submitted to the Audit Committee.

CONFIRMATION AND APPROVAL

Luxking's Board of Directors and senior management have approved the scope and content of this sustainability report as of 29 September 2026.

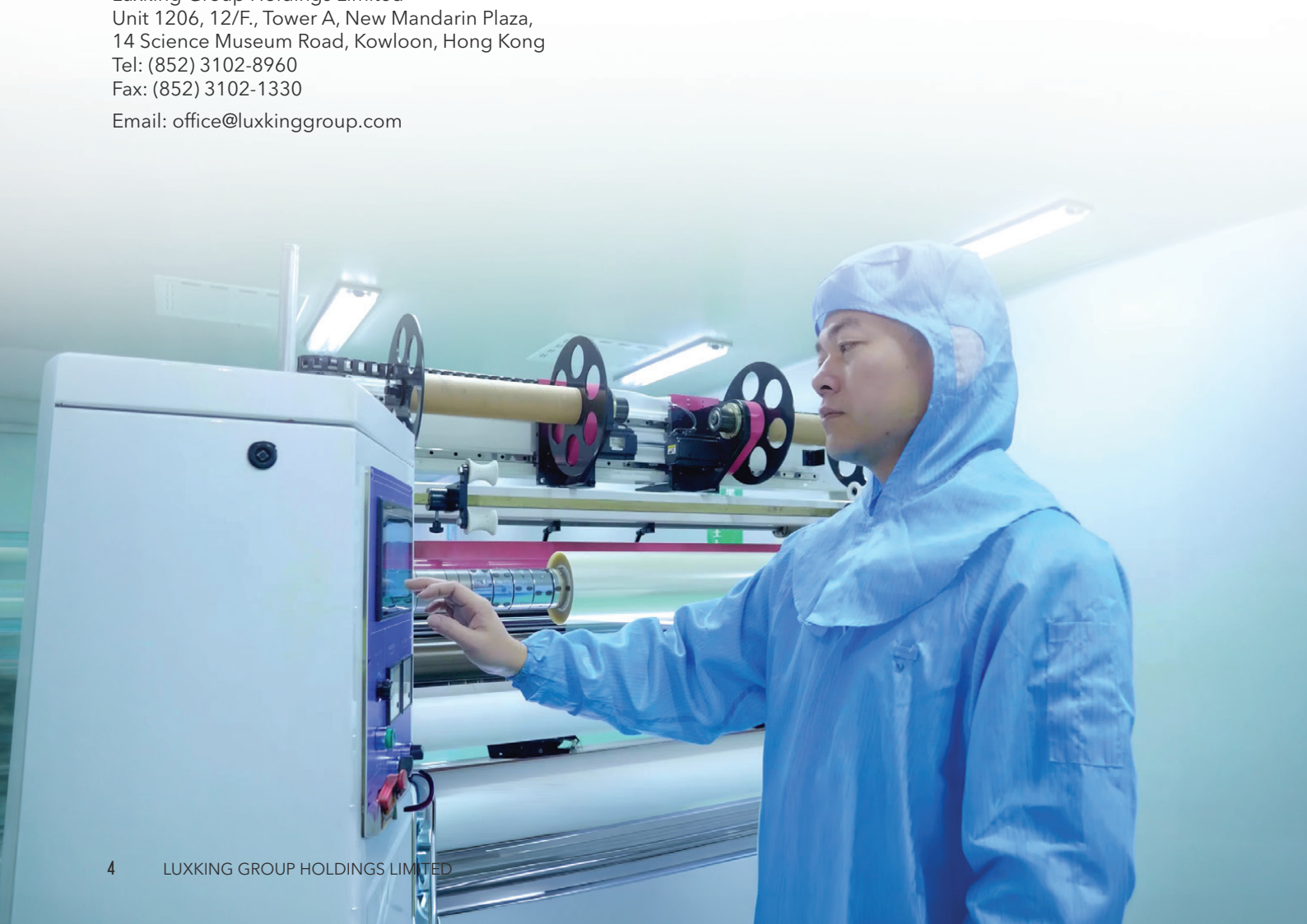
REPORT FEEDBACK

The Group values feedback from stakeholders regarding this report. Shareholders are invited to present their perspectives to the Board and management at the Annual General Meeting, or to communicate directly with the organisation via the contact channels listed on Luxking's website and in its annual reports.

Please direct your feedback and comments through the following channels:

Mailing Address:

Luxking Group Holdings Limited
Unit 1206, 12/F., Tower A, New Mandarin Plaza,
14 Science Museum Road, Kowloon, Hong Kong
Tel: (852) 3102-8960
Fax: (852) 3102-1330
Email: office@luxkinggroup.com



Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present Luxking Group's Sustainability Report, which outlines the Group's approach to managing its material ESG matters for the financial year ended FY2026. This report reflects the Board's ongoing responsibility for overseeing sustainability related risks and opportunities and ensuring that ESG considerations are appropriately integrated into the Group's long-term strategy, governance, and risk management processes.

FY2026 was characterised by a challenging and uncertain economic environment, marked by moderating global growth, ongoing supply-chain adjustments, cost pressures, and heightened geopolitical and trade related uncertainties. As a result, the Group's revenue registered a decrease of 2.6% from 570.1 million RMB in FY2025 to 555.6 million RMB in FY2026. Within this context, the Board remained focused on strengthening the Group's operational resilience, cost discipline, and governance foundations, while continuing to advance sustainability practices in a measured and pragmatic manner.

The Group has continued to strengthen its climate-related disclosures. In FY2026, efforts began to align with IFRS S2, building on the Task Force on Climate-related Financial Disclosures framework adopted in prior years. This progression reflects the Board's commitment to maintaining transparent, consistent, and standards-aligned reporting, supporting a robust evaluation of the Group's sustainability performance, risks, and impacts across the organisation.

The Board recognises that employees are integral to the Group's stability and long-term performance, particularly in a period of economic uncertainty. During the year, the Group maintained stable employment levels and continued to promote fair employment practices, equal opportunities, and employee development. Investments in machinery and equipment upgrades contributed to improved energy efficiency, while also enhancing workplace safety, working conditions, and operational productivity.

In FY2025, the Group established its medium- and long-term climate targets, with medium-term goals focusing on increasing solar power capacity, improving energy efficiency and reducing GHG emissions, and a long-term ambition of achieving carbon neutrality by 2060. FY2026 saw meaningful progress towards these objectives, with solar capacity increasing by 50%, energy intensity reducing by 3.4% and GHG emissions reducing by 13.1% as compared to FY2025. These achievements demonstrate the Group's commitment to advancing its sustainability agenda and creating long-term value for stakeholders through responsible environmental stewardship.

In addition, the Zhongshan Factory was elected as a Council Member Unit of the China Adhesive and Tape Industry Association's ("**CATIA**") 10th Council, recognising the factory's efforts for its participation in governance and contribution to standards while representing the sector in major technical and regulatory matters.

This Sustainability Report has been reviewed and approved by the Board of Directors. The Board retains overall responsibility for the oversight of the Group's sustainability strategy and material ESG matters, including climate related risks and opportunities. The Board is supported by a Sustainability Committee, led by the Chief Sustainability Officer ("**CSO**"), which oversees the implementation of sustainability initiatives and facilitates coordination across business functions.

Looking ahead, against a backdrop of continued economic uncertainty and evolving regulatory expectations, the Board remains focused on strengthening governance, enhancing data quality, and improving the Group's ability to identify and manage sustainability related risks and opportunities. These efforts support the Group's objective of long-term value creation while maintaining operational and financial resilience.

We thank our stakeholders for their continued trust and support.

Leung Chee Kwong
Executive Chairman and Chief Executive Officer

MESSAGE FROM CHIEF SUSTAINABILITY OFFICER

At Luxking, sustainability is embedded into the way we operate, manage risk, and make decisions. As Chief Sustainability Officer, I am pleased to share the Group's sustainability progress for FY2026, as we continued to strengthen our governance, enhance data quality, and advance the integration of ESG considerations across the organisation.

The reporting year marked several important developments in our sustainability journey. FY2026 marked our first year working towards alignment with IFRS S2, adopting a phased approach in line with SGX's implementation timeline by FY2031. By advancing the underlying methodology of our climate-related reporting, we enhance the robustness and consistency of our climate related information, supporting improved internal monitoring and decision making while reinforcing our commitment to transparency.

Operationally, we continued to focus on energy efficiency and GHG emissions intensity management through investments in machinery upgrades and process optimisation. In FY2025, the Group established its medium- and long-term environmental targets, centred on expanding solar power capacity, improving energy efficiency, and reducing GHG emissions, with the long-term aspiration of achieving carbon neutrality by 2060. These initiatives contributed to improvements in energy intensity while also supporting safer working conditions. At the same time, we remained attentive to the need for operational resilience, particularly in light of increasing climate-related physical risks affecting parts of our operating regions. The Group is making gradual progress towards our medium- and long-term targets, demonstrating our commitment to ensuring sustainable growth and long-term value creation.

Across the organisation, we continued to build a stronger culture of sustainability through internal coordination, awareness, and accountability, supported by the Sustainability Committee and functional teams. Sustainability considerations are increasingly embedded into operational planning and performance discussions, reinforcing alignment between strategy, risk management, and execution.

Looking ahead, our focus remains on enhancing GHG emissions data coverage, refining metrics and methodologies, and strengthening our approach to managing climate-related risks and opportunities in line with evolving regulatory and stakeholder expectations. These efforts are intended to support the Group's long-term resilience and value creation.

Luxking's sustainability journey is guided by discipline, continuous improvement, and a clear understanding of our responsibilities as a listed manufacturing group. We remain committed to progressing in a structured and transparent manner as we build a resilient and future-ready business.

LEUNG HI MAN

Executive Director and Chief Sustainability Officer

OUR APPROACH TO SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

Luxking recognises that stakeholder engagement is essential to creating long-term value and advancing its sustainability objectives. The Group regularly engages internal and external stakeholders to identify and assess material ESG matters, with findings reviewed by management and escalated to the Board where appropriate. In FY2026, no material concerns were raised; however, stakeholder feedback provided valuable insights to support continuous improvement.

Employees expressed overall satisfaction while highlighting opportunities to enhance workplace amenities, leading to improvements in the range of products available through self-service vending machines. Suppliers reported positive and collaborative working relationships with the Group. Customers provided feedback on product development, technical support and the demand for more sustainable solutions, including biodegradable packaging. In response, the Group continues to strengthen its product development capabilities, enhance quality control processes and invest in research and development ("R&D") to deliver innovative, high-quality and sustainable solutions that meet evolving customer needs. Through ongoing stakeholder engagement, the Group remains committed to addressing stakeholder expectations while supporting sustainable long-term growth.

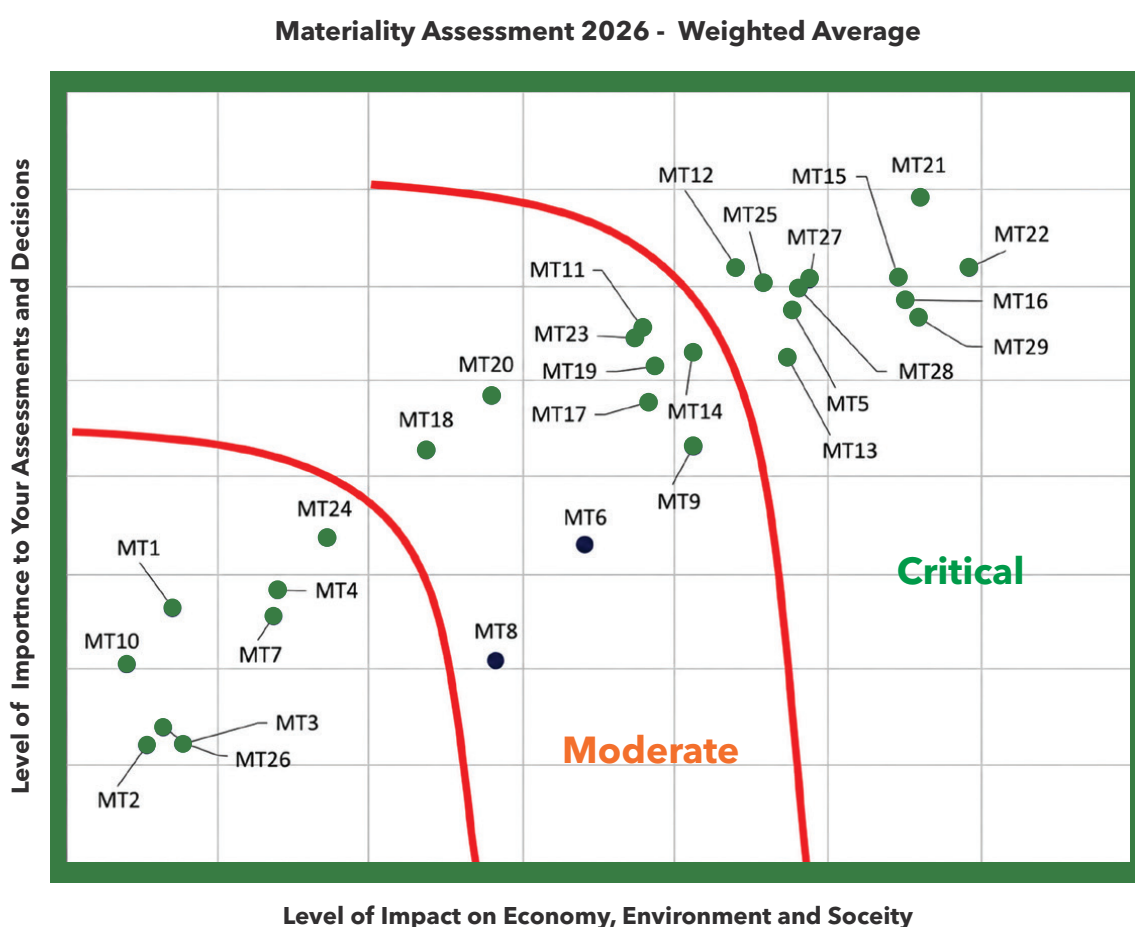
KEY STAKEHOLDER GROUPS	ENGAGEMENT PLATFORMS	FREQUENCY
Internal Stakeholders		
Board of Directors, Management, Executive Staff, General Staff	• Training and development programmes • Annual appreciation events and festival celebrations • Internal Group discussions, interviews and focus groups • Opinion and feedback boxes for factory staff	• Ongoing • Ongoing • Ongoing • Ongoing
External Stakeholders		
Customers	• Industry seminars, exhibitions and events • Company website • Dedicated customer support teams	• Ongoing • Ongoing • Ongoing
Shareholders and Investors	• Annual report and sustainability report • Announcements and circulars on SGX • Company website • Annual General Meeting	• Annually • As required • Ongoing • Annually
Business Partners (including Suppliers, Distributors etc.)	• Regular supplier visits and meetings • Events, trade shows and procurement fairs • Constant communication and evaluation process	• Ongoing • Ongoing • Ongoing
Employees' Families	• Company events	• Ongoing
Governments and Regulators	• Participation in conferences, meetings and discussions • Factory site visits and office meetings	• Ongoing • Ongoing
Banks and Financial Institutions	• Communication through investor relations team • Announcements and circulars on SGX	• Ongoing • As required

OUR APPROACH TO SUSTAINABILITY

MATERIALITY ASSESSMENT AND MATRIX

In FY2026, a stakeholder engagement survey was conducted by an external ESG consultant among a diverse group of both internal and external stakeholders to reassess and prioritise ESG topics most relevant to Luxking and its stakeholders. 246 valid responses were received and the final list of material topics was reviewed and approved by the Board. In comparison with FY2025, two low-importance topics were removed while two critical topics and two moderate topics were incorporated in FY2026, bringing the total to 21 material topics that were deemed to be highly pertinent to Luxking's operations, contributing to substantial economic, environmental, and social implications.

Luxking maintains a commitment to reassessing these material topics biennially, or when necessary. The materiality matrix, produced in both English and Chinese, incorporates perspectives from customers, suppliers, business partners, investors, employees, senior management, and Board members. The matrix continues to be an essential instrument in guiding our sustainability strategy.



OUR APPROACH TO SUSTAINABILITY

The table below outlines our updated targets on the sustainability material topics for FY2026:

PRIORITY	TOPIC NAME	NUMBER CODE
Critical	Anti-Corruption	5
	Waste	12
	Supplier Environmental Assessment	13
	Labour Management/Relations	15
	Occupational Health and Safety	16
	Child Labour	21
	Forced or Compulsory Labour	22
	Supplier Social Assessment	25
	Customer Health and Safety	27
	Marketing and Labelling	28
	Customer Data Protection and Customer Privacy	29
Moderate	Anti-Competition	6
	Energy	8
	Water and Effluents	9
	Emissions	11
	Employment System	14
	Training and Development	17
	Diversity and Equal Opportunity	18
	Non-Discrimination	19
	Freedom of Association and Collective Bargaining	20
	Human Rights Assessment	23

GOVERNANCE

CORPORATE GOVERNANCE

Our Group adheres to a well-defined framework of corporate ethics and governance standards. The Board sets the Group's ethical benchmarks, while our guiding principles are designed to cultivate ethical conduct as an integral aspect of our organisational culture.

SUSTAINABILITY GOVERNANCE

At Luxking, the Board of Directors maintains full responsibility for the Group's business strategy and sustainability objectives. The Board Charter incorporates ESG and sustainability oversight responsibilities, ensuring that sustainability and climate-related risks and opportunities are effectively monitored and managed. The Board ensures the integration of ESG factors into corporate strategy and risk management and evaluates the effectiveness of the Group's governance and sustainability frameworks.

To facilitate the Board in overseeing sustainability matters and in formulating the Group's sustainability strategy, we have established a Sustainability Committee. The committee is chaired by CSO Leung Hi Man, who provides bi-annual reports to the Chief Executive Officer ("CEO") and the Board. The committee provides strategic direction and analysis, recommendations, and implementation oversight to ensure that sustainability processes remain robust and are aligned with the Group's annual targets and long-term sustainability objectives. Sustainability initiatives that are supported by the Board are communicated to the Sustainability Task Force, composed of departmental heads responsible for facilitating strategic planning and implementing actions on material ESG issues and climate-related risks and opportunities at the operational level. The Board systematically reviews Group ESG metrics and targets, endorses sustainability initiatives, and approves the scope and content of the Sustainability Report.

ESG standards are communicated to business partners through formal agreements and continuous dialogue, reinforcing shared accountability, while updates regarding climate and ESG developments are delivered to the Board annually through structured reporting involving the Sustainability Committee, Sustainability Task Force, and external ESG consultants. To strengthen our dedication to transparency and accountability, Luxking engaged an independent Internal Auditor to conduct an annual review of ESG governance and internal controls for FY2026. These efforts are woven into the Group's enterprise risk management ("ERM") framework, strategic planning, and daily activities, aligning with business objectives.



GOVERNANCE



All directors have earned either the “LED - Environmental, Social and Governance Essentials (Core)” certification from the Singapore Institute of Directors or the “ISCA-SAC Board of Directors Masterclass Programme: Director’s Role in Sustainability” certification from the Institute of Singapore Chartered Accountants (“ISCA”) with SAC Capital (“**SAC**”). In FY2026, the CSO also attended “Sustainability Reporting - Applying the IFRS Sustainability Disclosure Standards (ISSB Standards)” training by ISCA and “Virtual Technical Training on the IFRS Sustainability Disclosure Standards for Corporate Preparers” by ASEAN Capital Markets Forum (“**ACMF**”) and ISSB.

Although Luxking does not directly tie employee compensation to sustainability outcomes, the Board acknowledges that advancing sustainability will drive long-term financial performance, thereby supporting improved remuneration. Furthermore, the Board recognises sustainability as both a strategic necessity and an ethical obligation in response to climate change.

GOVERNANCE

SUSTAINABILITY RISKS AND OPPORTUNITIES

As Luxking advances in its sustainability initiatives, the identification and monitoring of sustainability-related risks and opportunities are essential. These elements play a pivotal role in shaping the long-term resilience of our business and influencing the welfare of both individuals and the environment. Our comprehensive risk management system and internal controls are designed to protect stakeholder interests while supporting our strategic objectives. Since FY2024, we have incorporated sustainability factors into our risk management framework.

We have identified the following key areas as potential sustainability risks and opportunities impacting our operations and the organisation as a whole:

RISKS	OPPORTUNITIES
Climate Change	
Climate change encompasses the broad shifts in weather patterns and temperature changes. This external phenomenon can affect our resource consumption rates, and manufacturing capability as high temperatures, floods, and typhoons are increasing in intensity year-on-year. For more details, please refer to the 'Addressing Climate Change' section of this report.	We are cognisant of the impacts of climate change and have taken steps to address this risk and identify new opportunities. The solar photovoltaic system of the Zhongshan Factory continues to be in full operation, which reduces the carbon footprint of our operations and generates additional income from selling surplus electricity back to the grid. Solar photovoltaic system has also been installed at the Hubei Plant, where most of the electricity generated is consumed onsite, with excess electricity sold to the grid. For more details, please refer to the 'Addressing Climate Change' section of this report.
Talent Attraction and Retention	
We recognise that retaining a skilled workforce is essential to the development of a strong talent pipeline and our long-term success. In the PRC, the combined effect of the ambition in the manufacturing industry and the economic downturn has increased the competitiveness within the talent market and for the companies to attract and retain these valuable talents. The risk of low retention rates can disrupt our operations and reduce the return on investment in talent development.	At Luxking, our dedication to nurturing a committed and passionate workforce positions us uniquely in the industry. By investing in long-term employee development and talent management, we not only ensure the retention of top talent but also foster an environment of innovation and continuous improvement. Our annual performance reviews and competitive compensation packages mean that our employees are motivated and aligned with our corporate goals. This approach to talent management gives us a competitive edge, ensuring that we are always at the forefront of industry developments, ready to seize new market opportunities and drive sustainable growth for the Group.

For the defined time horizons, please refer to 'Climate Strategy and Resilience' section of this report.

Luxking is firmly dedicated to responsible employment by cultivating a safe, healthy, and inclusive workplace that attracts and retains skilled professionals. Employees receive appropriate social security coverage based on their employment type and eligibility. Regular staff within stipulated age groups are enrolled in state pension and insurance schemes, while re-employed personnel and interns outside these categories are protected through targeted measures such as the Individual Work Injury Insurance for Specific Personnel (“特定人员单项 工伤保险”) or Group Personal Accident Insurance (“意外伤害保险”). This approach ensures all employees benefit from suitable protection in accordance with regulatory standards.

We adhere to fair labour practices, with entry-level wages meeting or exceeding local minimum wage standards and compensation aligned to their roles, irrespective of gender. Our compensation structure, comprehensive onboarding, and ongoing investment in professional development foster a strong talent pipeline. To safeguard employee rights and encourage collective dialogue, our Zhongshan Factory and Hubei Plant have entered into collective agreements compliant with PRC labour laws and relevant provincial regulations, with elected employee representatives advocating for the workforce. Our total workforce has grown to 646 employees, all contributing to the performance and success of Luxking.

We continuously review our employment practices and supply chain relationships to proactively identify and mitigate potential or actual adverse impacts. Where negative impacts are detected, we address them promptly in accordance with our established human rights and labour policies. By implementing a comprehensive strategy for workforce protection and development, we strive to uphold workforce stability, increase job satisfaction, and reinforce our employer brand, thereby supporting long-term organisational resilience.

OUR WORKFORCE¹

TOTAL NUMBER OF EMPLOYEES

EMPLOYMENT BY GENDER	GROUP	
	FY2025	FY2026
Male	456	484
Female	158	162
Total	614	646

EMPLOYMENT BY GENDER	ZHONGSHAN		HUBEI		OTHER LOCATIONS ²	
	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
Male	423	443	28	37	5	4
Female	129	129	25	28	4	5
Total	552	572	53	65	9	9

During FY2026, the Group's workforce experienced overall growth as both the Zhongshan Factory and the Hubei Plant increased headcount to support ongoing business development and operational expansion. The Zhongshan Factory recorded higher increase in new hires than turnover during the reporting period, while the Hubei Plant experienced lower turnover as compared to FY2025. In addition, other locations recorded one new hire and one departure in FY2026.

As a result of increased recruitment activity, the Zhongshan Factory reported higher new hire rate and slight increase in its turnover rate compared to FY2025. Meanwhile, the Hubei Plant recorded lower turnover and new hire rates, reflecting improvements in employee retention. Overall, the Group's new hire rate increased from 17.7% in FY2025 to 20.4% in FY2026, while the turnover rate remained broadly stable, edging down marginally from 15.2% to 15.1%. These trends demonstrate the Group's continued ability to attract talent while maintaining a stable workforce through effective retention efforts.

¹ Employee figures are compiled using the headcount by employment contract as of 15th June every year. Internships and dispatched workers are not part of the total headcount.

² Other locations represent offices in Hong Kong and Hangzhou, PRC.

OUR PEOPLE

TOTAL NUMBER OF NEW HIRES³

NEW HIRES BY GENDER	ZHONGSHAN		HUBEI		OTHER LOCATIONS	
	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
Male	77	92	13	14	0	0
Female	10	13	6	5	0	1
New Hire rate ⁴	16.0%	19.0%	42.2%	35.8%	0.0%	11.1%

NEW HIRES BY AGE	ZHONGSHAN		HUBEI		OTHER LOCATIONS	
	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
<30 Years Old	32	50	4	4	0	0
30-50 years old	49	50	13	14	0	1
>50 years old	6	5	2	1	0	0
Total	87	105	19	19	0	1

TOTAL EMPLOYEE TURNOVER⁵

RESIGNEES BY GENDER	ZHONGSHAN		HUBEI		OTHER LOCATIONS	
	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
Male	65	72	9	5	0	1
Female	15	13	2	2	0	0
New Hire rate ⁶	14.7%	15.4%	24.4%	13.2%	0.0%	11.1%

RESIGNEES BY AGE	ZHONGSHAN		HUBEI		OTHER LOCATIONS	
	FY2025	FY2026	FY2025	FY2026	FY2025	FY2026
<30 Years Old	15	31	3	0	0	1
30-50 years old	36	37	6	6	0	0
>50 years old	29	17	2	1	0	0
Total	80	85	11	7	0	1

³ These figures exclude any employees who left during their 3-month probation period.

⁴ New hire rate equals number of new hires for current reporting period divided by headcount as of the end of last reporting period.

⁵ These figures exclude any employees who left during their 3-month probation period.

⁶ Turnover rate equals number of resignees for current reporting period divided by headcount as of the end of last reporting period.

PERFORMANCE AND TARGETS

In FY2026, we maintained our policy of covering every employee under state pensions and relevant insurance programs and providing fair compensation above minimum wage standards, underscoring our dedication to equitable support and employee protection.

Given the heightened competition in the labour market, intensified by ambitious industry goals and a slowing economy, we acknowledge the challenges in attracting and retaining skilled talent. We also place emphasis on enhancing our internal capabilities and advancing employee engagement and well-being initiatives.

As we move towards FY2027, these practices will continue, supported by open communication with employees to address their changing needs. Progress is monitored through internal reviews and metrics such as retention rates, wage compliance and insurance coverage.

While immediate objectives centre on full social protection and equitable wages, our medium- and long-term plans are focused on expanding talent development, improving retention rates and aligning with strategic workforce goals.

UPHOLDING HUMAN RIGHTS

Luxking considers respect for human rights and adherence to ethical workplace standards as essential components of responsible corporate behaviour. This commitment is demonstrated through comprehensive policies and rigorous recruitment protocols designed to prevent child labour, forced labour, and discrimination. The Recruitment Guide outlines a thorough vetting process to ensure all new employees embody our ethical standards. We enforce a zero-tolerance approach to mistreatment, including harassment or inhumane treatment. In addition, Luxking and its suppliers operate under strict controls that prohibit any form of child labour.

We actively monitor labour conditions throughout our supply chain, assessing the risk of violations as low based on applicable labour legislation in our sourcing regions. Nevertheless, we remain diligent by continuously engaging with suppliers to ensure ongoing compliance with our standards. Policies such as the Job Transfer Management System—which requires a minimum 30-day notice prior to major operational adjustments—and restrictions on overtime hours support transparency and fair workplace practices across the Group. These initiatives have been instrumental in maintaining workforce stability and cultivating a values-based culture.

PERFORMANCE AND TARGETS

In FY2026, we established specific goals to reinforce fundamental human rights within our organisation and supply chain. We are proud to share that these objectives were fully met, with no cases of child labour, forced labour, or other human rights breaches reported throughout the year.

To consistently uphold these standards, we routinely revise our recruitment policies to comply with applicable local labour laws and regulations. Structured grievance and remediation mechanisms to address stakeholder concerns, internal reviews, ongoing communication with employees and supplier monitoring are also in place to monitor progress and ensure compliance.

We continue to target zero incidents of forced labour or compulsory labour and maintain a strict prohibition on all forms of child labour across our operations. These commitments are supported by maintaining open and ongoing dialogue with employees to address their concerns and proactively prevent forced or compulsory labour through continuous supplier engagement.

OUR PEOPLE

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Luxking remains dedicated to safeguarding its employees' rights to freedom of association and collective bargaining, supported by clear and steady communication channels. These achievements highlight our steadfast devotion to human rights, which permeates all aspects of our work.

At both our Zhongshan Factory and Hubei Plant, collective agreements have been established in accordance with the PRC Labour Law and the respective local regulations. These agreements are signed by nominated representatives of each manufacturing site's Trade Union Committee, who are authorised to represent the interests of the entire workforce in collective negotiations and consultations. The agreements are also regularly renewed to ensure alignment with local regulatory requirements.

The Trade Union Committees at both locations function as employee elected bodies that facilitate open dialogue between employees and management, provide constructive feedback on workplace conditions, and support initiatives that promote fairness, well being, and inclusiveness. Through their participation in collective consultations and ongoing engagement activities, the Committees contribute to the Company's broader ESG commitments by enhancing transparency, safeguarding employee rights, and fostering stable, respectful, and collaborative working environments across all operations.

Through these arrangements, Luxking seeks to ensure that employees are able to express their views, participate in workplace dialogue, and engage constructively with management on matters affecting their employment and working conditions.

PERFORMANCE AND TARGETS

In FY2026, we met our target of zero incidents of non-compliance, reports and complaints. We continue to respect employees' rights to freedom of association and collective bargaining. We ensure that all employees can freely join or form trade unions without fear of retaliation or interference, and we require our suppliers to uphold the same principles. Moving forward, we remain committed to maintaining these high standards by continuing to engage with stakeholders, monitor and strengthen our practices, and reinforce our core values across all operations.

OCCUPATIONAL HEALTH AND SAFETY

Luxking prioritises Occupational Health and Safety ("**OHS**") as an integral aspect of operational excellence. The Group has strengthened its OHS commitment by upgrading protocols for production line staff and special equipment operators at both the Zhongshan Factory and the Hubei Plant. Our comprehensive OHS strategy continues to emphasise proactive risk management and improvements, ensuring compliance with regulatory standards through regular inspections, unannounced audits, hazard assessments, and meticulous incident investigations.

To assess production safety performance across its operations, Luxking produces three detailed safety reports annually, which analyse incident trends, identify areas for improvement and drive corrective actions. In addition, regular role-specific OHS training, monitoring of OHS-related incidents and annual review of internal guidelines and safety handbooks further reinforce compliance. Our sustained low incident rate demonstrates the effectiveness of these measures and underscores our commitment to safeguarding employee well-being.

To maintain high safety awareness, all new employees must undergo safety training and pass a competency assessment, following our Safety Production Training System and PRC regulations. Chemical operators receive 72 hours of specialised training, while general workers undergo 24 hours of training. Special equipment operators are also required to acquire professional certification through government-accredited training prior to assuming their positions.

Both the Hubei Plant and the Zhongshan Factory also achieved certification under the Chinese national standard GB/T 45001-2020 for Occupational Health and Safety Management Systems, consistent with International Organisation for Standardisation ("**ISO**") 45001:2018. Across both sites, the entire workforce remains fully covered by our comprehensive OHS management system, maintaining full compliance with the PRC Production Safety Law. These measures reflect Luxking's proactive stance in fostering a safe and compliant workplace.

PERFORMANCE AND TARGETS

In FY2026, Luxking conducted a thorough review of our production lines and generated three health and safety reports, resulting in updates to OHS guidelines and revised handbooks.

During the year, no high-consequence work-related injury, work-related fatality or occupational ill-health was recorded. However, we recorded ten minor work-related injuries such as bone fractures and scratches. Each case was promptly managed, with all affected employees making a full recovery. These incidents were primarily attributed to momentary lapses in concentration, inadequate situational awareness, unsafe work practices, and the tendency to take shortcuts. The incidents highlighted the ongoing importance of targeted safety training, reinforced safety awareness, and the installation of additional warning signage to further strengthen workplace safety.

Going forward, we are committed to achieving zero high-consequence injuries, work-related fatalities, and occupational ill-health, while working to minimise overall incidents. In the near term, we will further enhance our safety evaluation procedures and maintain a proactive safety culture that prioritises employee well-being across all operations.

TRAINING AND DEVELOPMENT

At Luxking, we view continuous learning as fundamental to cultivating a highly skilled and motivated workforce. In FY2026, the organisation provided comprehensive training programmes designed to equip employees with current skills relevant to their positions and aligned with corporate objectives. For Senior and Middle Management, training programmes focused on leadership development, production optimisation, ESG management, and strengthening partnerships with external stakeholders. Operational and general staff received targeted training emphasising proficiency in specialised tools, enhancement of daily operational effectiveness, and compliance with stringent safety standards. This commitment to professional growth has resulted in increased job satisfaction, improved performance, and higher employee retention.

Additionally, Luxking encourages open communication, allowing staff to articulate their career goals and development needs via supervisors or established feedback mechanisms. By integrating individual aspirations with organisational targets, Luxking fosters an environment that actively supports professional advancement and personal growth.

EMPLOYEE GROUPS	TRAINING AND DEVELOPMENT TOPICS
General Staff	• Occupational Health, Safety and Emergency Response Trainings (e.g. Machine and Production Safety Operations, Fire Safety and Firefighting Equipment Usage) • Quality Management and Product Quality Control Trainings (e.g. Product Process and Optimization Training Quality Objectives and Testing Methods Training) • Operational Skills and Technical Competency Trainings (e.g. Product Development Training, Machine Safety and Job Skills Training) • Management and Leadership Development Trainings (e.g. Job Responsibilities Training, Team Leader Management Training) • Quality Systems, Internal Audit and Compliance Trainings (e.g. ISO9001/ISO14001 Internal Auditor Training, Forest Stewardship Council ("FSC") Documentation Training) • Environmental Awareness Training (e.g. Environmental Protection Training) • Corporate Governance, Ethics and Conduct Training (e.g. Anti-corruption and Integrity Awareness Training, Anti-Fraud and Cyber Scam Prevention Training) • Workplace Organisation and Continuous Improvement (e.g. 5S Workplace Management, Supervisor On-site Management Training) • Employee Development and Soft Skills (e.g. Structured Thinking and Effective Communication, Career Advancement Training)
Middle Management	• Leadership and Management Development (e.g. Teamwork and Communication Training, 5S/6S Management Training) • Quality and Continuous Improvement (e.g. Product Development Strategy Training, Quality Objectives Training) • Compliance and Management Systems (e.g. Sustainability Follow-up Meeting, Relevant Controls of REACH Annexes) • Occupational Health & Safety (e.g. Training on Workplace Safety and Production Requirements, Fire Extinguisher Usage and Fire Drill Training) • Technical & Functional Skills (e.g. Trade Safety and Import-Export Management, Procurement Cost Analysis and Control)

OUR PEOPLE

EMPLOYEE GROUPS	TRAINING AND DEVELOPMENT TOPICS
cont'd. Middle Management	• Corporate Governance & Ethics (e.g. Anti-Corruption and Business Ethics Training, Integrity and Ethical Conduct Training) • Industry Knowledge & Professional Development (e.g. Film and Tape Exhibition, Adhesives and Sealants Industry Exhibition)
Senior Management	• Strategic Leadership & Organisational Development (e.g. Structured Thinking and Effective Communication, Sustainability Follow-up Meeting) • Sustainability, Compliance & Governance (e.g. Environmental Training, Supplier Agreement and 4M Change Management Training) • Corporate Governance & Integrity (e.g. Anti-Corruption and Ethics Training, Compliance and Integrity Awareness Training) • Industry & Strategic Market Development (e.g. China Adhesives and Adhesive Tape Industry Annual Conference, Adhesive Tape Innovation and Applications Development Forum) • Technical & Innovation Development (e.g. Acrylic Adhesive Defect Analysis Training) • Business, Digitalisation & Finance (e.g. Financial Statement Analysis and Forecasting, Sales Strategy and Annual Targets Workshop)

The total employee training hours are presented below:

TOTAL TRAINING HOURS	FY2025				FY2026			
	ZHONG-SHAN	HUBEI	OTHER LOCATIONS	TOTAL	ZHONG-SHAN	HUBEI	OTHER LOCATIONS	TOTAL
Senior Management	402.0	NA	47.0	449.0	697.5	5.0	47.0	749.5
Middle Management	547.0	NA	NA	547.0	657.5	57.0	NA	714.5
General Staff	9,742.0	982.0	NA	10,724.0	10,460.5	2,041.5	20.0	12,522.0
Female	2,681.0	400.5	7.0	3,088.5	2,981.0	1,248.0	15.0	4,244.0
Male	8,010.0	581.5	40.0	8,631.5	8,834.5	855.5	52.0	9,742.0

In FY2026, employees at the Zhongshan Factory and the Hubei Plant completed a total of 11,816 and 2,104 training hours respectively. Training hours increased across all employee levels and genders for Zhongshan due to workforce growth during the year.

Across the Group, more training sessions were conducted for talent development, resulting in an overall increase in total training hours to 13,986 hours in FY2026 as compared to 11,720 hours recorded in FY2025. With a combined headcount of 646 employees across all sites, the average training hours per employee increased to 21.7 hours from 19.1 hours in FY2025.

PERFORMANCE AND TARGETS

As part of our ongoing commitment to training and development, our focus has now shifted to enhancing the quality of training content. While training hours for general staff remained steady, we increased training hours and refined materials for middle and senior management based on feedback, ensuring greater relevance and efficiency. To increase safety awareness, especially for high-risk roles, more safety training has been provided to our operators. This reflects our continued commitment to delivering impactful, role-specific development across all segments of the organisation.

In FY2026, we achieved a 100% participation rate in performance and career development reviews across our workforce and aim to maintain this level of engagement in the years ahead. Over the medium term, we will focus on enhancing training materials and strengthening role-specific development programmes to better support employee growth. In the long term, we seek to cultivate a skilled, motivated, and future-ready workforce by promoting continuous learning and aligning employee development with the Group's strategic objectives.

DIVERSITY, NON-DISCRIMINATION AND EQUAL OPPORTUNITIES

At Luxking, we recognise that workforce diversity is integral to fostering innovation, enhancing collaboration, and achieving sustainable growth. By embracing a broad spectrum of perspectives, experiences, and competencies, we cultivate an organisational culture that encourages creativity and constructive dialogue. Our dedication to diversity is firmly established in our Employee Handbook, which ensures fair, merit-based hiring and employment practices, free from discrimination. We remain committed to maintaining an inclusive environment that guarantees equal opportunities for all employees. This approach supports our broader ESG priorities by promoting equitable treatment, strengthening workforce integrity, and ensuring alignment with responsible business conduct.

We consistently promote a workplace environment that values constructive feedback and suggestions to enhance inclusivity. We remain dedicated to furthering diversity at all levels of the organisation, acknowledging its pivotal role in fostering innovation, collaboration, and sustainable success.

PERFORMANCE AND TARGETS

In FY2026, we maintained our zero-tolerance policy on discrimination, with no reported incidents during the year. The Group also strengthened gender diversity at the Board level, with two female directors serving on the Board, exceeding the requirement under our Gender Diversity Policy of having at least one female representative on the highest governance body. This reflects our continued commitment to fostering an inclusive and diverse workplace, supported by equal opportunities for development and advancement across all levels of the organisation.

During the year, we continued to reinforce our human capital governance framework by improving transparency in promotion criteria, expanding employee feedback channels, and strengthening oversight of fair employment practices across our operations. These efforts support our long term ambition to embed diversity, equity, and inclusion into core business processes and leadership accountability.

Moving forward, we will continue to enforce our zero-tolerance policy on discrimination. In the medium term, we will focus on enhancing awareness of inclusion through periodic training and communication. In the long run, we aim to enhance our talent development and performance management frameworks to support equitable career progression and an inclusive workplace culture. In parallel, we require all suppliers to uphold the same standards by strictly prohibiting any form of discrimination in their employment practices, ensuring that our commitment to fairness and equal opportunity extends throughout our value chain.



ETHICAL MARKETS

The Group has set up grievance mechanisms to handle any possible negative impacts. These may include routine, state-based or non-state-based, judicial or non-judicial processes, as outlined in relevant policies. For instance, work-related injuries are handled using established state-based mechanisms, while customer complaints can be settled through friendly negotiations or, if necessary, through the courts. Users are informed about these options and can raise concerns directly with the Group. Valid feedback is reviewed and used to continuously improve these processes.

When negative impacts are reported or discovered, they are brought to management's attention, and in rare cases, to the Board of Directors. Management decides if remediation is required and supervises its implementation. For newly identified issues, management gathers the relevant department or working group to investigate root causes and implement corrective actions.

Management regularly reviews the effectiveness of grievance and remediation mechanisms, considering stakeholder input and changes in laws and regulations, to ensure these systems stay strong, transparent, and accountable. We are pleased to note that no major legal or regulatory violations were recorded in FY2026.

ANTI-CORRUPTION

At Luxking, we fully acknowledge the significant impact corruption can have on businesses, societies, and individual rights, including its adverse implications for human rights. In response, we have implemented comprehensive policies focused on conflict of interest, employee conduct, and whistleblowing to uphold the highest standards of ethical behaviour. Since 2008, our whistleblowing system has provided employees with a secure and confidential means to report suspected misconduct. Employees may escalate concerns internally or submit them directly to the Audit Committee via a dedicated email address, ensuring an anonymous option for those preferring not to engage senior management.

We foster a robust culture of compliance through regular employee training and transparent communication of our anti-corruption measures. This ongoing engagement ensures our team remains abreast of regulatory requirements and affirms our organisation's sustained commitment to integrity and transparency.

PERFORMANCE AND TARGETS

In FY2026, 425 employees, including temporary personnel, participated in either introductory or refresher anti-corruption training. Notably, there were no reported incidents of corruption, dismissals, contract terminations, or legal proceedings. A review of our business partnerships was also conducted, confirming that 88% of partners either comply with their own anti-corruption standards or align with ours. We will continue to enhance and routinely assess these practices in the future to uphold these standards.

Our objectives are focused on delivering targeted employee training, informing business partners about our anti-corruption policies, and ensuring complete compliance with all applicable laws and regulations. These policies have been effectively communicated to governance members, permanent staff, and partners.

ANTI-COMPETITIVE BEHAVIOUR

Anti-competitive behaviour can negatively affect our business, the economy, and society. At Luxking, we work hard to ensure the market stays fair and open. We follow all laws, regulations, and ethical guidelines strictly, so our operations remain honest and trustworthy. By supporting healthy competition, we maintain our good reputation and contribute to a better business environment for everyone involved. Our focus on compliance and ethics shows that we take our role as a reliable and responsible business seriously.

In 2025, we formalised “供应商社会责任承诺书” (Supplier Social Responsibility Commitment), which includes explicit requirements prohibiting anti-competitive behaviour alongside other responsible business conduct obligations, thereby reinforcing our dedication to a fair and transparent marketplace throughout our supply chain.

PERFORMANCE AND TARGETS

In FY2026, we are pleased to report that no legal actions were initiated in relation to anti-competitive conduct or breaches of anti-trust and monopoly legislation. Additionally, our supplier review established that 76% of suppliers either maintain their own anti-competition policies or comply with ours.

Our immediate objective is to maintain zero legal actions related to anti-competitive behaviours, anti-trust violations and monopolistic practices. Moving forward, we will enhance supplier oversight by strengthening policy communication and conducting targeted reviews of high-risk suppliers.

MARKETING AND LABELLING, AND CUSTOMER HEALTH AND SAFETY

Marketing and labelling are essential in the chemical manufacturing industry, not just for promoting products but also for ensuring compliance with safety and regulatory requirements. At Luxking, we understand that these processes have significant impacts on economics, the environment, human rights, and both employee and consumer safety.

Our Zhongshan Factory implements a comprehensive Environment and Chemical Substance Management system to safeguard everyone involved from chemical risks. This includes rigorous procedures for monitoring chemical usage, thorough supply-chain documentation, and prohibiting dangerous substances in our products. We place health and safety at the forefront throughout product design and production, following regulations such as the Restriction of Hazardous Substances ("RoHS") Directive, Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), EU Regulation on Persistent Organic Pollutants ("EU POPs"), and California Proposition 65. We remain informed on updates from relevant regulatory bodies and conduct timely compliance assessments to ensure our products meet applicable requirements. The Group ensures that all product details—including components, usage instructions, and disposal guidelines—are communicated clearly to customers. Products are subject to regular independent laboratory testing to confirm compliance with regulations concerning harmful substances, and comprehensive reports support these efforts. Material Safety Data Sheets are provided for all products, ensuring transparency and enabling customers to make well-informed choices.

In addition, our quality assurance framework underpinned by the “不合格与客户投诉控制程序” (Non-compliance and Customer Complaint Control Procedures) and the “采购与供应商控制程序” (Procurement and Supplier Control Procedures), underscores Luxking’s commitment to ethical marketing and precise labelling. These robust practices safeguard both employees and customers, while fostering safety, transparency, and adherence to regulatory standards.

PERFORMANCE AND TARGETS

In FY2026, Luxking demonstrated exemplary compliance by achieving a record of zero regulatory breaches, fines, or penalties related to product information and labelling accuracy, and we aim to uphold these standards for FY2027.

This achievement reflects our commitment to product responsibility and regulatory compliance, and we remain dedicated to sustaining this high level of excellence in marketing and labelling practices.

SUPPLIER SOCIAL ASSESSMENT

Luxking is committed to responsible sourcing and actively manages supplier social risks through its supplier assessment and due diligence processes. All suppliers have been informed about our Corporate Social Responsibility ("CSR") policy, and they are required to demonstrate compliance by signing the Group’s “供应商社会责任承诺书” (Supplier Social Responsibility Commitment) or by providing their own CSR policies. In addition, new and existing suppliers are evaluated against relevant social criteria, including labour practices, human rights, workplace health and safety, and ethical business conduct. Where potential social risks are identified, the Group engages suppliers to address gaps and implement appropriate corrective actions, fostering continuous improvement throughout the supply chain.

PERFORMANCE AND TARGETS

In FY2026, our supplier review established that 76% of suppliers either maintain their own social responsibility policies or comply with ours. This demonstrates the Group’s commitment to promoting responsible sourcing and enhancing transparency across its supply chain.

Looking ahead, we will strengthen our supplier assessment framework by adopting a risk based review methodology and conducting targeted evaluations of high-risk suppliers. The Group seeks to promote responsible supply chain practices, mitigate social risks, and support sustainable value creation across its operations and value chain by maintaining ongoing monitoring and supplier engagement.

CUSTOMER PROTECTION AND CUSTOMER PRIVACY

Safeguarding customer data and privacy is integral to Luxking's overarching business objectives. In response to increasing data security challenges, we have strengthened our privacy framework by categorising operational data according to sensitivity and applying tailored security measures. Access to customer information is stringently restricted to authorised personnel on a need-to-know basis, with confidential records maintained within secure Information Technology ("IT") infrastructure.

All employees are bound by confidentiality provisions detailed in the Employee Handbook and corresponding agreements. Should a potential or confirmed data breach occur, Human Resources and IT Administrators are promptly notified to initiate remedial action, while senior management supervises the investigation process and liaises with relevant authorities as required.

Furthermore, as stipulated in our internal guideline “顾客供方财产管理规范” (Customer and Supplier Property Management Specification), any incidents concerning the loss, damage, or misuse of customer or supplier assets must be reported via an “Information Contact Form” and escalated without delay to the sales or procurement teams for timely notification to affected stakeholders. In the event of a suspected or actual data breach, the Human Resources and IT teams will be promptly notified and tasked with implementing appropriate remedial measures. Management will assess the nature and extent of the incident and, where necessary, collaborate with relevant authorities to investigate and address the matter in a timely and effective manner.

These procedures underscore our ongoing dedication to protecting customer data, safeguarding stakeholder property, and maintaining trust throughout our value chain.

PERFORMANCE AND TARGETS

In FY2026, we did not experience any data breaches, which demonstrates the effectiveness of our data protection protocols. Looking ahead, we plan to keep up this success by further enhancing our cybersecurity efforts and strengthening employee understanding of data security best practices. Our commitment to high standards of data privacy remains strong, and we will continue to work hard to safeguard our customers' confidential information.



WATER STEWARDSHIP

At Luxking, responsible water stewardship constitutes a fundamental component of our sustainability policy. Acknowledging the essential role of water in our manufacturing processes and its broader environmental significance, we rigorously monitor both water withdrawal and effluent discharge.

MANAGING WATER WITHDRAWAL

At our Zhongshan Factory, which specialises in the production of BOPP films and Tapes, water is utilised across multiple processes including manufacturing, evaporative cooling, sanitation, and for operational needs. Recognising the potential implications for the environment and local community, we have implemented proactive strategies to optimise water efficiency.

To ensure consistency and comparability in reporting, a standard conversion rate of 1 megalitre (“ML”) per 1,000 tonnes of water withdrawn is employed. Water consumption data from our Hangzhou and Hong Kong offices is excluded, as these locations occupy shared premises and office-specific figures are not available from building management. In alignment with GRI Standards, these volumes are considered immaterial and are therefore omitted from reporting due to both the limitations in data and their minimal impact.

WATER WITHDRAWAL	FY2025	FY2026
Water withdrawn from third-party sources (ML)	207.3	194.2
Water intensity (ML/million RMB)	0.364	0.350

MANAGING EFFLUENTS DISCHARGE

At Luxking, robust effluent discharge management is fundamental to our commitment to environmental stewardship. The Environmental Safety Department rigorously monitors and controls the quality of all treated effluents, ensuring full compliance with local regulations and ISO 14001:2015 standards.

PERFORMANCE AND TARGETS

In FY2026, we continued to uphold effective water management practices, including routine leak inspections, anomaly tracking, and promoting conservation efforts.

With effective water-management practices, water consumption at the Zhongshan Factory decreased from 200.2 ML in FY2025 to 184.7 ML in FY2026. In contrast, water consumption at the Hubei Plant increased slightly from 7.1 ML in FY2025 to 9.5 ML in FY2026 due to higher operational demands. With the combined effects, the Group’s overall water consumption decreased from 207.3 ML in FY2025 to 194.2 ML in FY2026 and resulted in a water intensity of 0.350 ML/million RMB in FY2026 as compared to 0.364 ML/million RMB in FY2025.

With the Group water intensity level at 0.350 ML/million RMB, we have achieved the FY2026 water intensity target of 0.364 ML/million RMB. Despite anticipation of warmer climates in FY2027, we aim to maintain a water intensity of 0.350 ML/million RMB at the Group level.

These outcomes reflect our ongoing commitment to sustainable water use. We remain focused on continuous improvement, strategic action, and adopting innovative practices to reduce our environmental impact and support the communities we operate in.

ENVIRONMENTAL STEWARDSHIP

MANAGING WASTE

Our waste management framework follows important procedures like the Environmental Monitoring and Measurement Management Procedure and Resource Recycling Management Measures. We oversee waste using two reporting systems: third-party contractor documentation for direct disposal, while our internal teams monitor materials reused. This system enables the tracking of waste generated, facilitating waste reduction and resource recovery efforts such as the reuse of wooden pallets through repair and the recycling of applicable paper cores.

PERFORMANCE AND TARGETS

In FY2026, total waste disposed across the Zhongshan Factory and Hubei Plant increased to 1,143.0 tonnes from 1,052.4 tonnes recorded in FY2025.

All hazardous waste across our operations was managed exclusively by licensed third-party contractors for disposal. In FY2026, the Zhongshan Factory disposed of 88.0 tonnes of hazardous waste, of which 55.0 tonnes were treated through off-site incineration with energy recovery. This was an increase from 34.5 tonnes in FY2025, reflecting improvements in waste-to-energy recovery practices. The remaining 33.0 tonnes were handled by a licensed third-party contractor through off-site storage prior to subsequent treatment or final disposal. At the Hubei Plant, 10.4 tonnes of hazardous waste were disposed of through incineration without energy recovery.

Non-hazardous waste remained the major component of our waste disposal. In FY2026, a total of 1,044.6 tonnes of non-hazardous waste were incinerated with energy recovery, up from 1,017.9 tonnes in FY2025. At the Zhongshan Factory, disposal volumes remained relatively stable at 645.4 tonnes in FY2026 compared with 642.3 tonnes in FY2025. At the Hubei Plant, non-hazardous waste increased to 399.2 tonnes in FY2026 from 375.6 tonnes in FY2025, driven primarily by expanded production activities.

Zhongshan Factory remained the only entity that diverted waste from disposal and saw an improvement in waste diversion from disposal. In FY2026, we successfully diverted 98.1 tonnes of packaging materials, with 46.2 tonnes of wooden pallets and 51.9 tonnes of paper cores repaired and reused, which was up from the 80.4 tonnes in FY2025.

Looking ahead, we remain committed to conserving resources and maximising the reuse of materials throughout our operations.

SUPPLIER ENVIRONMENTAL ASSESSMENT

The Group sources its primary raw materials—polypropylene resin, butyl acrylate, and 2-ethylhexyl acrylate—from reputable petrochemical suppliers in the PRC to support the manufacturing of BOPP films and pressure-sensitive adhesives (“PSA”). The customer portfolio encompasses a broad spectrum of industries, including printing, packaging, automotive, and electronics, serving both domestic and international markets.

Our “采购与供应商控制程序” (Procurement and Supplier Control Procedure) implements comprehensive supplier evaluations. The supplier management procedure integrates environmental requirements into supplier selection, evaluation, and ongoing oversight. Only suppliers that meet our environmental and harmful-substance control standards, provide valid third-party test reports, and are approved within our Green Qualified Supplier List may participate in procurement. Regular audits, periodic re-evaluation, and clear corrective action mechanisms further ensure that environmental compliance is maintained across our supply chain. Through this structured approach, the Group strengthens its Supplier Environmental Assessment and promotes responsible, environmentally aligned sourcing practices. In line with our ongoing sustainability strategy, we are further enhancing this framework by incorporating expanded environmental criteria within our supplier review processes.

PERFORMANCE AND TARGETS

We take a systematic approach to monitoring our suppliers' environmental performance, combining clear policy communication, confirmation of compliance, and on-site evaluations. Every supplier has received information about our Environmental Protection Policy, and we continuously engage with them to highlight its significance and practical implementation. By FY2026, 69% of our suppliers have either confirmed adherence to their own environmental policies or aligned with ours, showing a positive trend in awareness and compliance throughout our supply chain.

To enhance oversight, we have implemented formal on-site environmental assessment procedures for suppliers with manufacturing facilities since 2025. We apply a risk-based approach to identify suppliers with higher environmental exposure and conduct on-site assessments accordingly. Since the establishment of the procedure, 24 manufacturers have been reviewed and all have met our standards, confirming that suppliers are adhering to environmental expectations. We track progress using metrics such as the percentage of suppliers aligning with our policies, the number of on-site checks completed, and the proportion meeting environmental benchmarks.

Going forward, we will continue to sustain regular communication with suppliers to reinforce environmental standards and continually improve our assessment processes. These actions help ensure that environmental responsibility stays central in our supply chain and lay the groundwork for setting more ambitious medium- and long-term sustainability targets.



ADDRESSING CLIMATE CHANGE

ENERGY AND EMISSIONS

At Luxking, addressing climate change is a principal objective. Our approach focuses on effective energy management, reducing GHG emissions, and advancing the use of renewable energy sources. Acknowledging the challenges and opportunities presented by climate change across our operations, we enhanced our efforts in FY2026 by initiating a staged plan towards full IFRS S2 compliance, thereby aligning with international standards.

Our focus includes monitoring and improving our performance metrics, particularly in the context of our operations at the Zhongshan Factory and the Hubei Plant, where we primarily utilise natural gas and biomass for stationary combustion. Additionally, mobile combustion is contributed by our fleet of forklifts and trucks that are running on diesel. We hope to transition towards more sustainable fuel alternatives for these vehicles.

The Group continued to enhance its energy efficiency and renewable energy adoption during the year. In particular, our Hubei Plant successfully completed the installation of a 0.8 MWp solar photovoltaic system, enabling the site to generate renewable electricity. A combined 1,859.8 MWh of solar electricity was generated from both the Zhongshan Factory and the Hubei Plant. A total of 1,552.5 MWh was consumed onsite, with 1,442.1 MWh consumed at the Zhongshan Factory and 110.4 MWh consumed at the Hubei Plant, accounting for 4.6% of the two facilities' total electricity usage. In addition, the Group invested in energy-efficient technologies, including two high-speed coating machines, a high-speed slitting machine, and other machinery upgrades. These technological upgrades have improved manufacturing efficiency and reduced energy intensity, contributing to lower GHG emissions and supporting the Group's long-term sustainability.

Looking ahead, we remain committed to adopting additional energy-saving measures to support our near-term GHG emissions targets and long-term sustainability goals.

The following tables present the Group's energy consumption and GHG emissions data for FY2025 and FY2026. Intensity ratios are calculated using Group revenues in million RMB as the denominators.

ONSITE FUEL AND ELECTRICITY CONSUMPTION AND INTENSITY

FUEL AND ELECTRICITY CONSUMPTION GIGAJOULES ("GJ") ⁷				ENERGY INTENSITY (GJ/MILLION RMB)	
SOURCE	TYPE OF ENERGY	FY2025	FY2026	FY2025	FY2026
Diesel	Non-Renewable	2,933.2	2,571.4	755.9	730.3
Gasoline		279.0	290.6		
Natural Gas		17,428.0	36,923.1		
Grid Electricity		111,282.8	115,657.0		
Biomass	Renewable	293,134.6	244,733.1		
Solar Photovoltaics (onsite)		5,878.3	5,591.9		
Total		430,935.9	405,767.1		

The Group demonstrated enhanced energy performance, with total energy consumption decreasing from 430,935.9 GJ in FY2025 to 405,767.1 GJ in FY2026. Consequently, the Group's energy intensity decreased by 3.4%, from 755.9 GJ/million RMB in FY2025 to 730.3 GJ/million RMB in FY2026. This reduction was mainly driven by the renewal and upgrade of machinery and equipment.

Although natural gas and electricity consumption increased during the year, the increase was more than offset by a significant reduction in biomass consumption, resulting in an overall decrease in energy use. As a result, the Group recorded a lower energy intensity, reflecting improved energy efficiency across its operations.

⁷ Energy conversion factors were with reference to the GB/T 2589-2020 for gasoline, diesel, natural gas, grid electricity and solar electricity, while the energy conversion factor of biomass is taken with reference to 广州市统计局 (Guangzhou Statistics Bureau) 能源统计报表制度 as of December 2024. The density of gasoline is with reference to GB17930-2016, and the density of diesel is with reference to GB19147-2016.

SCOPE 1 GHG EMISSIONS AND INTENSITY

SOURCE	EMISSIONS IN TONNES OF CARBON DIOXIDE EQUIVALENT ("tCO ₂ e") ⁸		EMISSIONS INTENSITY (tCO ₂ e/MILLION RMB)	
	FY2025	FY2026	FY2025	FY2026
Diesel	216.4	189.7	5.5	7.1
Gasoline	19.7	20.5		
Natural Gas	965.7	2,046.1		
Biomass anthropogenic emissions)	1,865.2	1,557.2		
Air Conditioning and Refrigeration	95.1	119.1		
Solar Photovoltaics (onsite) ⁹	0.0	0.0		
Total	3,162.1	3,932.6		

In FY2026, the Group's total Scope 1 GHG emissions increased from 3,162.1 tCO₂e in FY2025 to 3,932.6 tCO₂e, and emissions intensity increased from 5.5 tCO₂e/million RMB in FY2025 to 7.1 tCO₂e/million RMB, despite lower energy consumption compared with FY2025. This was mainly attributable to higher natural gas consumption which generated more GHG emissions, along with a small proportion of GHG emissions contributed by refrigerants and gasoline consumption.

At the Zhongshan Factory, its onsite heating systems comprise both biomass and natural gas, which operate in parallel. During the year, the biomass heating system underwent more regular repairs and maintenance, resulting in increased reliance on the natural gas heating system to support operational requirements.

To address this, the Zhongshan Factory is currently undertaking the renewal and upgrading of its onsite heating systems, which are expected to deliver improved energy efficiency and lower GHG emissions to support the Group's long-term sustainability objectives.

BIOGENIC EMISSIONS

SOURCE	BIOGENIC (tCO ₂ e) ¹⁰		EMISSIONS INTENSITY (TONNES/MILLION RMB)	
	FY2025	FY2026	FY2025	FY2026
Biomass	42,343.7	35,352.0	74.3	63.6

In FY2026, both biogenic CO₂ emissions from biomass and biogenic emissions intensity decreased 16.5% and 14.4% respectively as compared to FY2025. This was mainly attributed to lower biomass consumption as a result of more regular maintenance to the biomass heating system in the Zhongshan Factory.

⁸ Emission factors for diesel, gasoline, natural gas, and biomass (anthropogenic emissions only) are obtained from Chinese Academy of Environmental Planning, Beijing Normal University, Sun Yat-Sen University, China City Greenhouse Gas Working Group. China Products Carbon Footprint Factors Database (2022) [R]. Beijing, 2022 生态环境部环境规划院,北京师范大学,中山大学,中国城市温室气体工作组.中国产品全生命周期温室气体排放系数集, where the Global Warming Potential ("GWP") values from the Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report ("AR6", 2021) were applied in developing the emission factors. The density for gasoline is with reference to GB17930-2016, and the density for diesel is reference to GB19147-2016. Refrigerant emissions are calculated using the GHG Protocol Refrigeration and Air-Conditioning Equipment Worksheet ver 1.0 from <https://ghgprotocol.org/calculation-tools-and-guidance>. The emission factors used are sourced from: 1) the User Guide Greenhouse Gas Emissions Calculator developed by The Hong Kong University of Science and Technology cooperated with the Green and Sustainable Finance Cross-Agency Steering Group, which adopts GWP values from the IPCC AR6 Report 2021 and 2) for refrigerant types R, their GWP values under AR6 are projected by referencing to the GWP of their constituent refrigerants proportionally as describe by the California Air Resources Board.

⁹ Emissions from onsite solar photovoltaic generation are reported as zero, in line with the assumption that renewable electricity sourced from solar photovoltaic system does not produce direct Scope 1 GHG emissions.

¹⁰ Biogenic emissions for biomass are derived by taking the anthropogenic emissions (calculated by using emission factors obtained from Chinese Academy of Environmental Planning, Beijing Normal University, Sun Yat-Sen University, China City Greenhouse Gas Working Group. China Products Carbon Footprint Factors Database (2022) [R]. Beijing, 2022 生态环境部环境规划院,北京师范大学,中山大学,中国城市温室气体工作组.中国产品全生命周期温室气体排放系数集, where GWP values from the IPCC AR6 Report 2021 were applied in developing the emission factors) away from the total biomass emissions (calculated using GHG Emissions Calculator by the Hong Kong University of Science and Technology cooperated with the Green and Sustainable Finance Cross-Agency Steering Group <https://www.sustainablefinance.org.hk/en/data-technology/calculator-for-scope-1-and-scope-2-greenhouse-gas-emissions-of-a-corporation> and the emission factor was obtained from the User Guide Greenhouse Gas Emissions Calculator https://www.sustainablefinance.org.hk/storage/uploads/a29ae2a7-eb9a-4116-b975-3b25e57a60bb/Calculation_tool_user_manual.pdf, which adopts GWP values from the IPCC AR6 Report 2021.

ADDRESSING CLIMATE CHANGE

SCOPE 2 GHG EMISSIONS AND INTENSITY

SCOPE 2 CALCULATION METHODOLOGY	EMISSIONS IN TONNES OF CARBON DIOXIDE EQUIVALENT (tCO ₂ e)		EMISSIONS INTENSITY (tCO ₂ e/MILLION RMB)	
	FY2025	FY2026	FY2025	FY2026
Location Based ¹¹	24,175.2	25,576.2	42.4	46.0
Market Based ¹²	22,912.3 ¹³	18,127.1 ¹⁴	40.2	32.6

Driven by higher grid electricity consumption, the Group's location-based Scope 2 GHG emissions intensity increased from 42.4 tCO₂e/million RMB in FY2025 to 46.0 tCO₂e/million RMB in FY2026. However, the Group continued its efforts towards cleaner energy by acquiring and retiring more Green Energy Certificates ("GECs") in FY2026 as compared to FY2025. Through the use of GECs, the Group's market-based Scope 2 GHG emissions recorded a lower emissions intensity, achieving a reduction from 40.2 tCO₂e/million RMB in FY2025 to 32.6 tCO₂e/million RMB in FY2026. This reflects the positive impact of renewable energy in reducing carbon footprint.

OVERALL ENERGY AND EMISSIONS PERFORMANCE

Overall, the Group's total energy intensity improved, achieving a reduction of 3.4% from 755.9 GJ/million RMB in FY2025 to 730.3 GJ/million RMB in FY2026. This improvement was primarily due to enhanced energy efficiency achieved through the renewal and upgrade of machinery and equipment. While overall energy consumption declined, Scope 1 GHG emissions intensity increased as the Zhongshan Factory relied more heavily on the natural gas heating system while the biomass heating system underwent more frequent maintenance. This shift in the energy mix resulted in higher GHG emissions.

Despite this, the Group's combined Scope 1 and market-based Scope 2 GHG emissions intensity still improved, decreasing by 13.1% from 45.7 tCO₂e/million RMB in FY2025 to 39.7 tCO₂e/million RMB in FY2026. This reduction was contributed by the acquisition and retirement of GECs which reduced the Group's market-based Scope 2 GHG emissions. In FY2026, the Group acquired and retired 9,422.0 MWh of GECs, which was significantly higher as compared to 1,632.0 MWh of GECs acquired and retired in FY2025.

The Group has made progress in energy efficiency this reporting year through the renewal and upgrade of machinery and equipment. In addition, the Group continued to utilise solar electricity generated onsite, supported by further installation of solar photovoltaic system at the Hubei Plant which was in full operation for 2 months during the reporting period. The solar photovoltaic system at the Zhongshan Factory generated 1,729.7 MWh of electricity while the Hubei Plant contributed 130.1 MWh during its 2 months of operation. As the Hubei Plant solar photovoltaic system operates for a full year in the next reporting period, the Group expects solar electricity generation to increase further. We remain committed to enhancing energy efficiency, expanding the use of renewable energy, and reducing our environmental footprint in the years ahead.

¹¹ Emission factors of electricity purchased are derived and applied on a location-basis from the China Ministry of Ecology and Environment's report. FY2025 emission factors were obtained from 2023 年 减排项目中国区域电网基准线排放因子, and FY2026 emission factors were obtained from 2024 年 减排项目中国区域电网基准线排放因子. Both FY2025 and FY2026 utilised the CLP Power's grid emissions factor to calculate emissions for Hong Kong.

¹² Luxking has acquired and retired GECs, the issuance and retirement of which are regulated by the 国家能源局 (National Energy Administration).

¹³ Green Energy Certificate codes: WPC190444078100192022110008736W1 to WPC190444078100192022110010367W1

¹⁴ Green Energy Certificate codes: WPC190444078100192023070003724W1 to WPC190444078100192023070006092W1, PPC1906441882002T202 2080008825B1 to PPC1906441882002T2022080010378B1, WPC190444078100192023110006968W1 to WPC190444078100192023110009379W1 and WPC190444078100192023120000101W1 to WPC190444078100192023120002322W1

CLIMATE STRATEGY AND RESILIENCE

UNDERSTANDING CLIMATE RISKS AND OPPORTUNITIES OVER TIME HORIZONS

At Luxking, defined timeframes have been established to guide our response to climate-related risks and opportunities. These include short-term (1-3 years), medium-term (up to 2035), and long-term (up to 2050) horizons. This structured methodology facilitates systematic assessment of evolving climate conditions and enables strategic adjustments as necessary.

- **Short-term:** Implementation of operational enhancements to augment climate resilience.
- **Medium-term:** Integration of climate-related opportunities into comprehensive strategic planning initiatives.
- **Long-term:** Full incorporation of climate-resilient operations targeted by 2050.

This framework ensures that Luxking maintains a proactive stance in addressing both immediate and emerging climate challenges. Luxking has conducted a climate scenario analysis to evaluate the resilience of business strategies under various climate futures. The analysis utilises both historical climate data and scientific projections, assessing potential physical and transitional risks across the designated timeframes.

The analysis is aligned with international climate scenarios, including:

- The Paris Agreement, which aims to restrict global warming to well below 2°C, ideally 1.5°C;
- The IPCC Representative Concentration Pathways (“RCPs”);
- China’s national climate policies, given their direct relevance to operational activities.

Macroeconomic effects of climate change such as global or regional Gross Domestic Product (“GDP”) growth, industry cost affecting customers’ demand, and shipping capacity affecting supply chain are not considered, given the high uncertainty of the magnitude and timing of these effects. With these considerations in mind, two principal scenarios were selected:

- **1.5°C Scenario:** Reflects a low-emissions future characterised by extensive mitigation efforts globally. It identifies related enhanced opportunities and operational efficiencies stemming from robust climate action such as energy-efficient technologies and renewable energy adoption.
- **4.0°C Scenario:** Indicates a high-emissions pathway with restricted global mitigation, highlighting considerable risks such as extreme weather events, regulatory challenges, and operational disruptions. It also identifies the potential strategic opportunities through the need for climate-resilient solutions.

Integrating scenario analysis with Luxking’s risk management framework enhances the ability to anticipate and adapt to climate-related developments. The insights gained support informed decision-making, facilitate long-term investment planning, and reinforce Luxking’s dedication to sustainability, resilience, and enduring value creation for stakeholders.

IMPACT OF CHINA’S CLIMATE SITUATION ON LUXKING

China’s Climate Situation Under Different Scenarios

1.5°C SCENARIO: ALIGNING WITH THE PARIS AGREEMENT GOALS

This scenario assumes coordinated global efforts to substantially reduce GHG emissions in alignment with the objectives of the Paris Agreement. It incorporates China’s national commitments to peak carbon emissions by 2030 and achieves carbon neutrality by 2060. The principal implications for Luxking are as follow:

- **Reduced Physical Risks:** Climate impacts are anticipated to be less severe, with fewer extreme weather events and diminished heat stress. This would mitigate operational disruptions, especially in manufacturing processes and cooling systems.
- **Increased Transition Risks:** In pursuit of national climate targets, China is expected to implement stricter regulatory frameworks. Although this may lead to increased compliance and operational expenses, it will provide a more stable policy environment that supports long-term strategic planning.
- **Enhanced Opportunities:** Robust climate policies will foster demand for energy-efficient technologies and greater adoption of renewable energy. This creates opportunities for investment in sustainable practices, which can enhance operational efficiency and elevate Luxking’s brand and market position.

ADDRESSING CLIMATE CHANGE

4.0°C SCENARIO: IMPLICATIONS OF MORE SEVERE CLIMATE CHANGE

This scenario depicts a future with insufficient global GHG emissions reductions, resulting in pronounced and disruptive climate effects. Key implications for Luxking include:

- **Increased Physical Risks:** Escalation in extreme weather events and higher average temperatures could disrupt supply chains, drive up cooling and energy costs, and undermine operational continuity.
- **Decreased Transition Risks:** A diminished focus on reducing GHG emissions worldwide may postpone the implementation of stringent regulations. While this might reduce immediate compliance expenses, it also heightens regulatory uncertainty and elevates long-term business risks.
- **Strategic Opportunities:** There will be an increased demand for climate-resilient products and solutions. Luxking has the potential to establish itself as a market leader by innovating and providing durable, sustainable products engineered to perform effectively under extreme climate conditions.

TRANSITION PLAN FOR LUXKING

In response to climate change and to sustain long-term resilience and competitiveness, Luxking has formulated an initial transition plan that is aligned with the results of our scenario analysis. This plan establishes strategic priorities for mitigating climate-related risks, leveraging emerging opportunities, and facilitating the global shift towards a low-carbon economy:

1. Investment in Energy Efficiency and Renewable Energy:

- Continuous assessment and modernisation of manufacturing equipment and processes to optimise energy efficiency.
- Expansion of renewable energy usage as a means to lower GHG emissions and operational expenses, thereby advancing sustained sustainability objectives.

2. Enhancement of Supply Chain Resilience:

- Collaborating with suppliers to integrate sustainable practices throughout the supply chain.
- Implementation of robust risk management frameworks to address potential disruptions arising from climate-induced events such as extreme weather and resource scarcity.

3. Emphasis on Compliance and Innovation:

- Ensuring alignment with evolving climate regulations, including China's national climate policies, to maintain compliance and secure ongoing market access.
- Allocating resources to research and development for environmentally responsible, market-driven products that satisfy regulatory requirements and consumer demands.

4. Integration of Scenario-Based Strategic Planning:

- Conducting periodic climate scenario analyses to evaluate changing risks and opportunities under varying global warming scenarios.
- Developing flexible strategies that enable effective responses to different levels of physical and transition risks over time.

Through this transition plan, Luxking seeks to proactively manage climate-related risks while advancing its sustainability performance. By prioritising innovation, operational excellence, and supply chain resilience, Luxking is well-positioned to succeed in a low-carbon economy. This approach not only supports the Group's long-term growth ambitions but also demonstrates its dedication to responsible environmental stewardship.

CLIMATE-RELATED RISKS

Chronic Changes In Temperature and Precipitation (short- to long-term time horizon)

Chronic changes in temperature and precipitation are physical chronic climate risks affecting Luxking's operations, particularly in China. Luxking's adhesive formulations and curing processes are sensitive to environmental conditions, making manufacturing performance vulnerable to long-term shifts in temperature and rainfall patterns.

Higher temperatures may increase cooling demand, energy consumption, and operating costs, while also accelerating curing processes and potentially affecting product quality. Conversely, cooler or more humid conditions may slow curing rates, disrupt production schedules, and compromise manufacturing consistency.

Business and Financial impact

Key impacts include reduced worker productivity, inconsistent product quality, potential compensation costs, and higher operating and capital expenditure associated with climate adaptation measures. These may include enhancements to climate-control systems, equipment upgrades, and workplace improvements.

Under a 1.5°C warming scenario, temperature increases are expected to be moderate and largely manageable through existing adaptation efforts. Under a 4.0°C warming scenario, more significant temperature increases could materially elevate operational risks, requiring greater investment and more flexible capital allocation to maintain business continuity and production efficiency.

Adaptation measures

Luxking is responding to moderate temperature increase by continuously refining formulation processes, upgrading production equipment, and improving working environments to protect employee health and sustain productivity.

To support temperature management, the Group has installed and upgraded cooling equipment and cooling systems across its operations. In FY2026, there was an operating cost of 1.1 million RMB for the maintenance of cooling system and 0.7 million RMB of high-temperature allowance for workers, while an expenditure of 0.6 million RMB was invested in cooling equipment and system upgrades. These measures are intended to mitigate near-term impacts while providing time to develop and implement longer-term adaptation strategies.

In the short-term, the operating cost is expected to increase by 5%. As a medium- to long- term response, Luxking plans to further invest in cooling equipment and enclosed systems for existing machinery to better combat production heat and improve operational resilience. These investment needs cannot be reliably quantified at this stage due to uncertainties in future technology availability, equipment specifications, and market pricing.

In more severe warming scenarios, the Group expects to invest further in R&D, automation, machinery, and employee benefits to maintain output and resilience.

Overall, Luxking's current adaptation strategy is considered reasonably resilient under lower warming scenarios. However, as climate impacts intensify, we may need to adopt more flexible capital planning and increase investment in operational adaptation measures to sustain long-term business performance.

Risk of Extreme Weather Events, e.g. floods and typhoons (short- to long- term time horizon)

Extreme weather events, such as floods, typhoons, heavy rainfall, and windstorms, represent an acute physical climate risk to Luxking's operations, particularly in China, where such events are not uncommon. Increasing frequency and severity of these events may disrupt manufacturing facilities, transportation networks, and supply chains, resulting in delays in production and delivery of materials and products and damage to inventory and infrastructure.

Business and Financial impact

Operational disruptions, physical damage to assets and inventory, supply chain delays, and financial losses are potential primary impacts. Without adequate mitigation, these events could create significant operational and financial stress.

Under a 1.5°C warming scenario, we anticipate lower frequency and magnitude of extreme weather events, allowing risks to be managed through preparedness measures and adaptive planning. Under a 4.0°C warming scenario, more frequent and severe weather events could result in increased operational disruptions, higher insurance premiums, greater inventory buffering requirements, and additional capital expenditure on facility strengthening, relocation, or adaptation.

ADDRESSING CLIMATE CHANGE

Adaptation measures

Luxking is enhancing resilience to extreme weather events through improving wind and flood protection measures, emergency preparedness, reviewing drainage systems, and business continuity planning.

Current preparedness measures include expenditures in emergency equipment such as water pumps, routine facility inspections, emergency response drills, and insurance coverage for inventory, properties, and photovoltaic systems. In FY2026, the Group spent 0.2 million RMB in these areas to enhance and ensure preparedness against unexpected events.

In the short term, these expenditures are expected to increase by 5%. Looking ahead, Luxking may further strengthen resilience by building new warehouses to better protect inventory from high temperatures and water damage in the long term. The cost of constructing new warehouses cannot be reliably quantified at this stage due to uncertainties in future design requirements and construction pricing, and climate resilience specifications.

In more severe climate scenarios, the Group may need to relocate certain warehouse facilities or invest in more resilient infrastructure to safeguard operations and critical assets. Additional adaptation measures may include increasing inventory buffers, expanding insurance coverage, and prioritising localised supply chains to reduce exposure to weather-related disruptions and supply chain interruptions.

Overall, the strategy is reasonably resilient under lower warming scenarios. However, it will require more flexible capital planning as physical climate impacts intensify to maintain operational continuity and long-term resilience.

Policy and Law Compliance Risk (short- to long- term time horizon)

Policy and Law Compliance Risk is a transition climate risk that may affect all operations. As climate-related regulations continue to evolve, including environmental requirements, energy efficiency standards, and product labelling obligations, Luxking may face increasing compliance pressure across its business. Failure to adapt to changing regulatory requirements could result in penalties, reputational damage, or reduced market access.

Business and Financial impact

The key impacts include potential fines or penalties for non-compliance, reputational risks, and reduced market access. Compliance with new environmental and energy-related requirements may also increase operating expenses through additional monitoring, testing, certification, and reporting activities, while capital expenditure may be required to upgrade facilities and equipment to meet evolving standards.

Under a 1.5°C warming scenario, compliance requirements are likely to tighten, making active monitoring and investment important. In a 4.0°C warming scenario, transition-policy pressure may be lower due to slower regulatory development. However, broader physical risks to the business still remains high.

Adaptation measures

Luxking manages this risk through continuous monitoring of legal and regulatory developments, regular reviews of internal policies and procedures, and planning gradual investments to meet evolving environmental and product compliance requirements. These efforts include ongoing compliance monitoring, product testing, and certification activities to ensure adherence to applicable environmental, safety, and product regulations.

In FY2026, we incurred an operating cost of 2.0 million RMB on regulatory monitoring, testing, and certification activities. To further mitigate these risks and stay ahead of regulatory changes, the Group invested 4.6 million RMB in environmental protection systems during the year.

In the short term, expenditure for regulatory monitoring, testing, and certification activities is anticipated to increase by approximately 10% as compliance requirements evolve, while the Group plans to allocate approximately 15.0–19.0 million RMB to upgrade its environmental protection systems. Staying proactive, the Group will continue to invest in sustainable production practices moving forward.

At present, China does not impose a carbon tax applicable to the Group, nor are there specific carbon emissions reduction targets applicable to its industry. Nevertheless, Luxking will continue to closely monitor regulatory developments and maintain the flexibility to respond promptly to future policy changes.

By maintaining strong compliance monitoring processes while gradually investing in operational upgrades and environmental performance improvements, the strategy is reasonably resilient while preserving flexibility for different transition pathways.

Technology R&D Risk (short- to long- term time horizon)

Technology R&D risk is a transition climate risk that may affect all operations. The shift to a low-carbon economy may require new technologies, production processes, and product innovation, such as bio-based materials or more energy-efficient manufacturing methods. Failure to keep pace with technological developments and evolving customer expectations could reduce the Group's competitiveness and market share.

Business and financial impact

The main impacts include higher upfront R&D costs, capital investment in new equipment and processes, and the risk that certain innovation initiatives may not deliver the expected commercial outcomes. Conversely, insufficient investment in innovation could limit the Group's ability to meet changing customer requirements and market expectations, potentially affecting future revenue growth.

In both the 1.5°C and 4.0°C warming scenarios, R&D spending is expected to rise. However, the value generated from these investments will depend on the Group's ability to successfully develop products and processes that align with evolving market demands.

Under a 1.5°C warming scenario, the planned response focuses on gradual investment in lower-carbon, higher-quality, and more environmentally friendly products and processes to meet rising customer and market expectations. Under a 4.0°C warming scenario, there may be stronger demand for products capable of performing under harsher climatic conditions, increasing the importance of innovation related to durability, heat resistance, weather resilience, and overall product performance.

Mitigation measures

Luxking is addressing this risk through continuous improvement of formulations and production processes, while investing in new equipment, methods, and products that improve quality and environmental performance.

In FY2026, the R&D costs for Zhongshan Factory and Hubei Plant amounted to 3.6 million RMB and 0.8 million RMB respectively. The Group also invested 0.4 million RMB in R&D equipment during the year.

In the short term, the Group's R&D cost is budgeted at 4.6 million RMB per year, and it is expected to rise by 50% over the medium term to support continued product innovation, process optimisation, and technology development. For the medium to long term, the Group will acquire new equipment and machineries to support the development of products that can meet the needs of different climate pathways. These investment needs, however, cannot be reliably quantified at this stage due to uncertainties in future technology specifications and procurement requirements.

Through these investments, Luxking aims to enhance product quality, reduce environmental impact, improve manufacturing efficiency, and maintain long-term competitiveness across a range of climate transition pathways. Overall, the Group's strategy is considered reasonably resilient under both climate scenarios. By investing in technologies and products that support lower-carbon markets while also enhancing product performance under more challenging physical climate conditions, Luxking is developing products to respond effectively to changing customer needs and evolving market expectations.

ADDRESSING CLIMATE CHANGE

CLIMATE-RELATED OPPORTUNITIES

Energy-efficient Manufacturing (short- to long-term time horizon)

Energy-efficient manufacturing represents a key climate-related opportunity for Luxking. By investing in energy-efficient machinery, process optimisation, and renewable energy solutions, the Group can reduce energy consumption, lower carbon emissions, and enhance operational resilience.

Business and financial impact

Improved energy efficiency can reduce operating costs, strengthen margins, and minimise exposure to energy price fluctuations. It may also enhance customer perception and competitiveness by supporting the production of lower-carbon products. While implementation requires upfront capital investment, the long-term benefits are expected to outweigh the costs.

Under a 1.5°C warming scenario, this opportunity becomes more attractive because tighter transition expectations and stronger demand for low-carbon products increase the value of efficient manufacturing. Under a 4.0°C warming scenario, extreme physical risks require resilient operations, making inefficiency a costly liability. However, energy-efficient manufacturing remains valuable by protecting financial performance and asset value by improving resilience.

Mitigation actions

Luxking is already exploring energy-saving and carbon-reduction measures from multiple angles, including reviewing existing equipment and processes and considering gradual upgrades to more efficient machinery and methods. Photovoltaic systems have performed well to date, supporting confidence in further renewable-energy deployment and investments.

In FY2026, the Group invested 5.7 million RMB in two new adhesive coating lines, energy systems and other machineries at Zhongshan Factory and retired one old adhesive coating line. The Group also invested 1.4 million RMB in a solar photovoltaic system at the Hubei Plant.

In the short to medium term, the Group will continue to phase out and renew aging equipment with a budget of approximately 30.0-40.0 million RMB and invest in solar photovoltaic projects with a budget of approximately 8.0-10.0 million RMB. In the long term, the Group plans to progressively replace diesel vehicles with electric alternatives as technology advances to suit our operational requirements. Together with enhanced process controls, these initiatives reinforce the Group's energy-saving and carbon emission-reduction objectives across all time horizons.

Under more severe climate scenarios, additional investments may be required to strengthen facility resilience against rising temperatures and extreme weather events. The Group would also prioritise greater supply chain localisation to reduce energy consumption and minimise disruption risks.

Through these initiatives, the Group aims to enhance resilience and capture long term operational benefits under a range of climate pathways.

Eco-friendly and High-functionality Products (medium-term time horizon)

Eco-friendly and high-functionality products present opportunities related to products and services across all operations. As sustainability awareness continues to grow, more customers are shifting towards environmentally friendly, low-impact, and climate-resilient solutions. Luxking can create long-term value for customers by developing products with improved environmental performance and greater durability against factors such as heat, moisture, and ultraviolet ("UV") exposure.

Business and financial impact

This opportunity has the potential to strengthen revenue growth, enhance brand reputation, and reinforce Luxking's market position. However, capturing this opportunity may require significant upfront costs, including sustainable raw material premiums, additional management systems, product certifications, and capital spending on new equipment, processes, and formulations.

Under both 1.5°C and 4.0°C climate scenarios, demand for sustainable and higher-performance products is expected to increase, driven by evolving regulations, customer preferences, and climate adaptation needs.

ADDRESSING CLIMATE CHANGE

Adaptation actions

Luxking continues to review and refine its formulation processes while gradually investing in new equipment, sustainable materials, methods, and formulas that support product sustainability.

In FY2026, both Zhongshan Factory and Hubei Plant have obtained FSC Chain of Custody ("CoC") certifications, strengthening our supply-chain traceability controls and supporting our responsible-sourcing commitments. An expenditure of 0.2 million RMB was incurred for maintaining management systems and product certifications and obtaining product qualifications.

In the short term, annual expenditure of approximately 0.2 million RMB has been budgeted for product qualification and management system maintenance. In the medium term, investments remain difficult to quantify due to lack of meaningful input available. However, we will continue to enhance our product portfolio by introducing more eco-friendly and high-functionality products to meet evolving customer and market expectations, pursuing additional certifications as needed.

Overall, the strategy is well positioned to capture opportunities across both scenarios, with the Group advancing products tailored to different climate pathways to strengthen competitiveness and meet evolving customer needs.



ADDRESSING CLIMATE CHANGE

RISK MANAGEMENT

As the Group progresses towards alignment with IFRS S2 climate-related disclosures, Luxking has continued to strengthen its management of climate-related risks and opportunities. Climate-related physical and transition risks and opportunities relevant to China and the Group's business operations are assessed as part of our sustainability and risk management processes. The evaluation considers both quantitative and qualitative factors to determine the nature, likelihood, and potential magnitude of these impacts. Identified risks and opportunities are then prioritised based on their potential operational, strategic, and financial implications for the Group, enabling informed decision-making and effective resource allocation.

One of the most material physical risks we face is flooding at our Zhongshan Factory. To address this, we have taken preventive measures such as installing water pumps, reinforcing drainage systems, and maintaining sandbag barriers. We also conduct regular flood-response training for employees and are exploring the use of more advanced technologies to further reduce exposure to flood-related disruptions.

In parallel, we are preparing for the broader transition to a low-carbon economy. This involves adjusting our product mix and long-term business strategy, while also working closely with suppliers to support their alignment with our sustainability goals and enhance overall supply chain resilience.

Our ERM framework undergoes an annual review, enabling us to evaluate past incidents, assess potential financial implications, and ensure that our responses remain effective. To strengthen governance, we have also established an ESG control framework and accompanying data management manual. Internal audits are conducted each year to test the reliability of ESG data and controls, reflecting our ongoing commitment to transparency, accountability, and continuous improvement.

METRICS AND TARGETS

Luxking maintains a strong commitment to advancing transparency and accountability in climate-related reporting. Central to this commitment is the establishment and application of explicit, quantifiable metrics and targets that facilitate our transition toward a low-carbon future.

As a chemical manufacturer, we recognise that increased energy consumption and GHG emissions are inherently linked to higher production volumes and revenue. Accordingly, we monitor energy and emissions intensities as key performance indicators. An operational control approach has been adopted, with GHG emissions measured in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard (2004) using activity-based measurements and calculation.

This approach enables the Group to account for GHG emissions from operations over which it has direct control and influence, providing a practical, scalable, and internationally recognised basis for managing climate-related impacts. By focusing on intensity-based metrics, we are better able to assess and improve environmental performance independently of business growth, through enhanced operational efficiency and the adoption of more sustainable practices.

In 2025, Luxking established specific and measurable carbon reduction targets. These targets were developed using a data-driven methodology to ensure they accurately reflect GHG emissions trends and account for the effects of economic production cycles on intensity ratios. We regularly monitor progress towards reaching the target and update the Board on a yearly basis.

Our ongoing initiatives and their projected financial implications are integrated into our scenario analysis, including:

- Installation of solar photovoltaic systems at the Hubei facility.
- Transitioning to electric vehicles in alignment with operational requirements.
- Decommissioning and replacing outdated process plant equipment ("**PPE**") with newer, more energy-efficient units, as well as upgrading existing PPE for improved performance.

Acknowledging that certain GHG emissions may persist, Luxking considers carbon credits only as a last-resort solution to offset residual emissions that cannot be eliminated through operational measures, thereby ensuring achievement of our reduction targets.

ADDRESSING CLIMATE CHANGE

Through these efforts, Luxking seeks to embed environmental responsibility across its operations. By the end of the implementation phase, we anticipate significant improvements in operational efficiency and sustainability, further strengthening our position in responsible chemical manufacturing.

The following table summarises our medium- and long-term objectives, referencing FY2025 as the baseline year:

TARGET AREA	MEDIUM-TERM TARGET (YEAR 2035)	LONG-TERM TARGET (YEAR 2050)	FY2026 PERFORMANCE	PERCENTAGE CHANGE (%)
Installed solar capacity	Increase by 100% (FY2025: 1.6 MWp)	-	2.4 MWp	Increased by 50.0%
Group energy intensity ratio (GJ per revenue)	Reduce by 15% (FY2025: 755.9 GJ/ million RMB)	Reduce by 30%	730.3 GJ/million RMB	Reduced by 3.4%
GHG Scope 1 and 2 intensity ratio, market-based (tCO₂e per revenue)	Reduce by 30% (FY2025: 45.7 tCO ₂ e/ million RMB)	Reduce by 50% Carbon neutrality by 2060	39.7 tCO ₂ e/ million RMB	Reduced by 13.1%

In FY2026, we have expanded our solar capacity by 50.0% to 2.4 MWp with the installation of a 0.8 MWp solar photovoltaic system at the Hubei Plant. In addition, the Group's energy intensity ratio and GHG Scope 1 and Scope 2 market-based emissions intensity ratio reflected improvements of 3.4% and 13.1% respectively, showing gradual progress towards our medium- and long-term targets. Looking ahead, we plan to broaden our scope of metrics and targets in additional areas in subsequent years, provided our data collection processes remain meaningful and accurate. This incremental strategy ensures that our climate action remains based on reliable and comprehensive data.



GRI CONTENT INDEX

Statement of Use	Luxking Group Holdings Limited has reported the information cited in this GRI content index for the period 1 July 2025 to 30 June 2026 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI	DISCLOSURE	PAGE	REMARKS
The organisation and its reporting practices			
2-1	Organisational details	1-2	
2-2	Entities included in the organisation's sustainability reporting	2-3	
2-3	Reporting period, frequency, and contact point	3-4	
2-4	Restatements of information	-	
2-5	External assurance	4	
Activities and workers			
2-6	Activities, value chain and other business relationships	1	
2-7	Employees	13-14	
2-8	Workers who are not employees	We had 4 male interns in the Zhongshan Factory, 2 male interns and 3 dispatched workers in the Hubei Plant.	
Governance			
2-9	Government structure and composition	10-11	
2-10	Nomination and selection of the highest governance body	AR: Pg 19-20	
2-11	Chair of the highest governance body	AR: Pg 18	
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2-13	Delegation of responsibility for managing impacts	10-11	
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