EMPOWERING CHANGE FOR A SUSTAINABLE FUTURE

SUSTAINABILITY REPORT 2025

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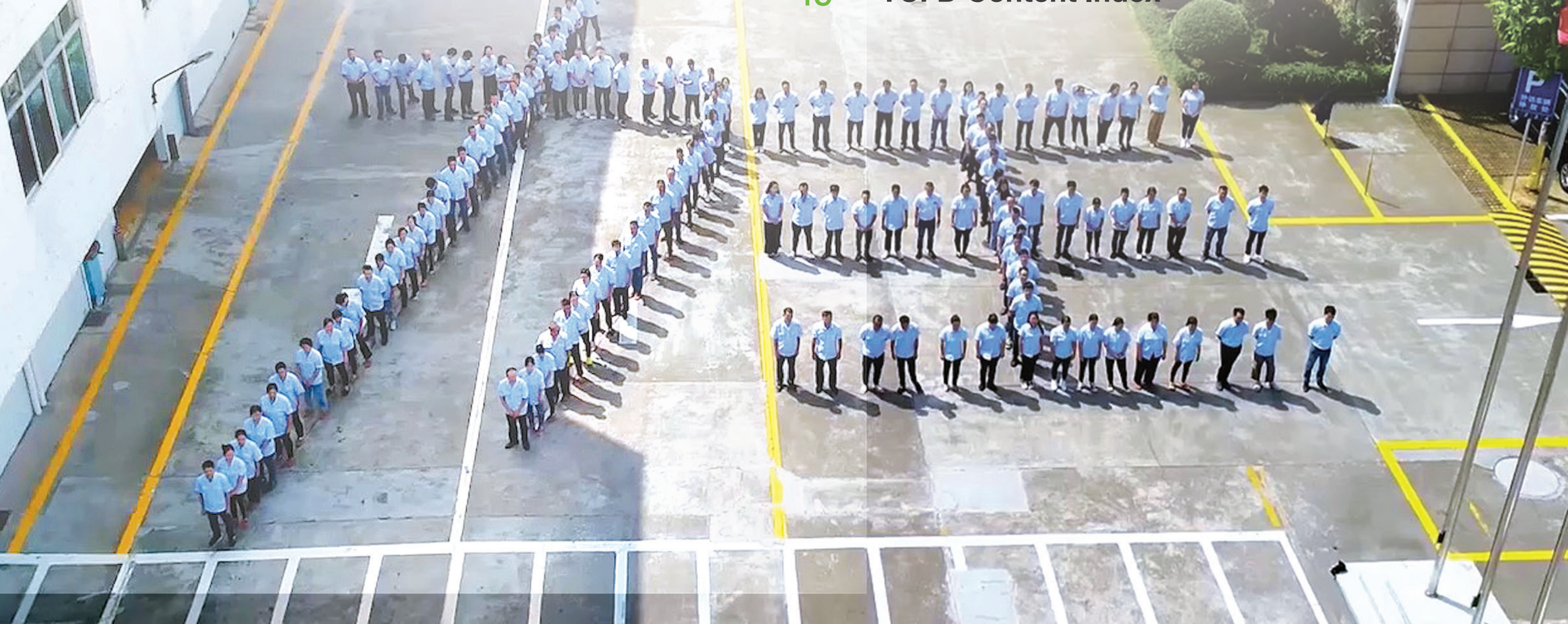


INTRODUCTION

ABOUT THE GROUP

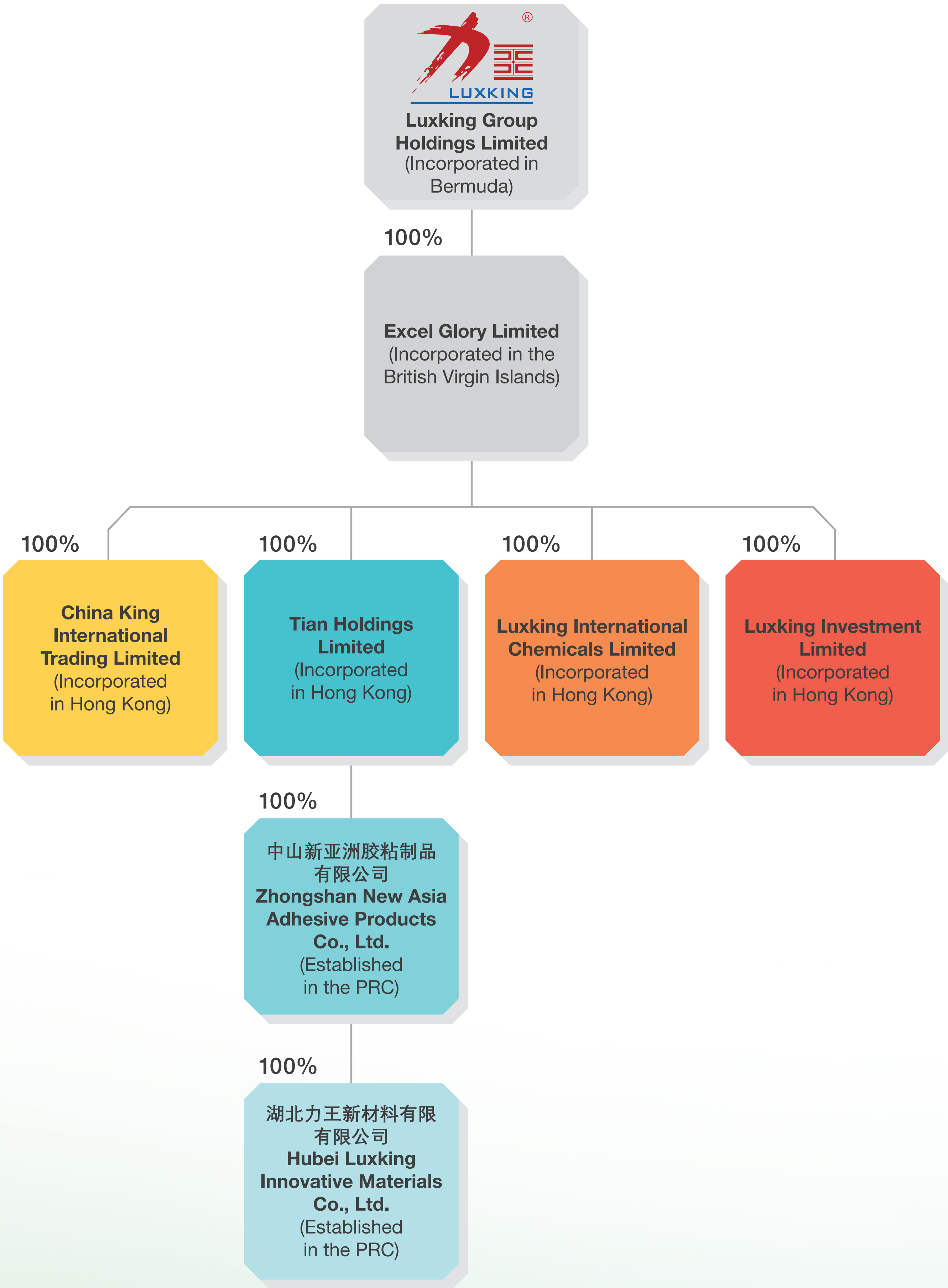
Luxking Group Holdings Limited ("**Luxking**"), listed on the mainboard of the Singapore Exchange under the stock code BKK since 2005, is a leading manufacturer of biaxially oriented polypropylene ("**BOPP**") films and pressure-sensitive adhesive ("**PSA**") tape products. Headquartered in Hong Kong,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

The Group's business spans across Mainland China, Asia, Southeast Asia, Europe, North and South America, the Middle East, Africa, and Oceania. Its operations are structured around four core segments: the production of BOPP films, general-purpose adhesive tapes ("**general tapes**"), industrial specialty tapes ("**IS tapes**"), and the trading of adhesive tapes. Luxking serves a wide range of industries, including printing, packaging, automotive, and electronics, both domestically and abroad. Renowned for its consistent quality and dependable performance, Luxking has earned a strong reputation worldwide — an achievement that underscores the Group's steadfast dedication to excellence and customer satisfaction.

OUR VALUES AND MISSION

Committed to integrating sustainability into its operations, the Group embraces core values centred on excellence, continuous innovation, and exceeding customer expectations. It strives to uphold the principles of being "Dedicated, Professional, and Meticulous" in all aspects of quality control, reflecting its unwavering focus on high standards and responsible practices.

CORPORATE STRUCTURE



ABOUT THIS REPORT

Luxking Group Holdings Limited ("**Luxking**") is pleased to present its eighth sustainability report as we strive to enhance our disclosures annually. We aim to present our Group's sustainability policies, targets, key performance indicators, and progress based on our material sustainability topics. This report is submitted to Singapore Exchange Limited ("**SGX**") as part of our ongoing communication efforts on our sustainability initiatives. Readers can find digital versions of these reports on the Luxking investor relations page.

SCOPE AND BOUNDARY

This report presents Luxking's performance for the period from 1 July 2024 to 30 June 2025 ("**FY2025**"), focusing on the operations of our subsidiaries, Zhongshan New Asia Adhesive Products Co., Ltd. ("**Zhongshan Factory**") and Hubei Luxking Innovative Materials Co., Ltd. ("**Hubei Plant**") which accounts for 100% production volume of the Group. These two subsidiaries are responsible for the production processes of biaxially oriented polypropylene ("**BOPP**") films, and general-purpose adhesive tapes and industrial speciality tapes (collectively referred to as the "**Tapes**"). As this is the first year data has been collected for the Hubei Plant, all figures for the period from 1 July 2023 to 30 June 2024 ("**FY2024**") in this report only include data from the Zhongshan Factory unless otherwise stated.

Throughout this report, terms such as "Luxking," "the Group," "the organisation," and "we" refer to Luxking Group Holdings Limited, unless otherwise stated. We are committed to improving transparency around the impacts of both internal and external factors on our business, including significant events, risks, and opportunities. Moving forward, we aim to expand the scope of our sustainability reporting in line with business growth and data availability.

REPORTING STANDARDS

This sustainability report has been prepared in accordance with SGX-ST Listing Rules 711A and 711B, following the guidance provided in Practice Note 7.6: Sustainability Reporting Guide issued by the SGX. As with past reports, it is prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021, part of the internationally recognised framework developed by the GRI. We continue to adopt the GRI Standards as our preferred reporting framework for its credibility, broad adoption, and compatibility with other standards such as CDP, SASB, TCFD, and IIRC.

This report also incorporates climate-related disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). Luxking continues to take a phased approach to sustainability reporting and will further enhance our disclosures on climate governance, strategy, risk management, metrics, and targets in subsequent reports.

The disclosures in this report seek to achieve the GRI's Reporting Principles for defining report quality:

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

ABOUT THIS REPORT

EXTERNAL ASSURANCE

Luxking recognises the value of external assurance in strengthening the credibility of its sustainability reporting, particularly in validating the integrity of data collection and reporting processes. Although external assurance has not been obtained for this report, the Group views it as a natural next step following the internal review process and intends to adopt it in future reporting cycles, in line with the evolving sustainability reporting landscape. In anticipation of potential future requirements—such as a possible mandate by SGX for listed companies to obtain external assurance—Luxking is closely monitoring regulatory developments.

To support this, an annual internal review of the Group's environmental, social, and governance ("**ESG**") and internal control processes was conducted by an Internal Auditor who is independent of the Group's business operations. The findings of this review were reported 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 15 October 2025.

REPORT FEEDBACK

The Group welcomes feedback from stakeholders on this report. Shareholders are encouraged to share their views with the Board and management during the Annual General Meeting, or to communicate directly with the organisation through the contact channels provided 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

BOARD'S STATEMENT

DEAR STAKEHOLDERS,

I am proud to present Luxking Group's eighth Sustainability Report, which reaffirms our ongoing commitment to building a resilient, responsible, and forward-thinking organisation. FY2025 was a year of transformation—shaped by both global challenges and meaningful opportunities—as we continued to adapt, strengthen our foundations, and deepen our sustainability integration across operations.

A key milestone this year was the expansion of our reporting boundaries to include all subsidiaries of the Group, reflecting our commitment to more holistic and transparent disclosure of sustainability performance. This broader scope enables us to provide stakeholders with a clearer and more accurate view of our progress and challenges across the entire organisation.
Our climate strategy advanced significantly in FY2025. We undertook a quantitative scenario analysis aligned with the recommendations of the TCFD, covering short-term (to 2027), medium-term (to 2035), and long-term (to 2050) horizons. We established climate-related metrics and targets, developed a strategic roadmap, and initiated actions to address climate risks and opportunities. These efforts strengthen our climate resilience and demonstrate our determination to contribute meaningfully to the low-carbon transition.

Our employees remain the cornerstone of our success. In FY2025, we sustained stable employment levels and invested in a fair, inclusive, and supportive workplace. We continued to uphold equal opportunities and professional development as core principles, fostering a culture where all employees can thrive. Additionally, upgrades to our machinery and equipment have not only improved energy efficiency, leading to better electricity intensity performance, but also enhanced working conditions, safety, and productivity for our staff.

Beyond our own operations, we actively contributed to shaping industry standards. As a member of the China Adhesive and Tape Industry Association, we participated in the development of a new National Industry Standard, "Ultra-thin Pressure Sensitive Adhesive Tape", as well as the enhancement of an existing standard, "Release Materials for Adhesive Products". Both standards were adopted during the year, reinforcing our role as an active participant in advancing best practices.

This report has been reviewed and fully endorsed by our Board of Directors, reflecting our unwavering commitment to integrating sustainability into the Group's long-term business strategy. The Board continues to oversee the identification and management of material ESG factors and is supported by a dedicated Sustainability Committee, led by our Chief Sustainability Officer ("**CSO**"). Together, they ensure our sustainability ambitions are fully embedded across business functions and aligned with strategic goals.

As we advance, Luxking remains focused on strengthening our sustainability foundations, deepening climate resilience, and delivering long-term value. Through innovation, transparency, and collaboration, we aim to generate long-term value while creating a meaningful and lasting impact across the communities, environments, and markets we serve.

We thank all our stakeholders for their continued trust and support as we move forward together.

LEUNG CHEE KWONG
Executive Chairman and Chief Executive Officer

MESSAGE FROM CHIEF SUSTAINABILITY OFFICER

At Luxking, sustainability is not an initiative—it is embedded in the way we operate, innovate, and grow. As Chief Sustainability Officer, I am proud to share our continued progress in FY2025 and how we have deepened our commitment to long-term ESG goals.

This year marks several key milestones in our sustainability journey. Most notably, we have expanded our reporting boundaries to include all subsidiaries of the Group, enabling a more comprehensive and transparent disclosure of our ESG performance. This enhanced scope reflects our evolving governance maturity and readiness to meet growing stakeholder expectations.

We are also pleased to report full alignment with all recommendations of the TCFD. In FY2025, we completed a quantitative scenario analysis across short-term (up to 2027), medium-term (up to 2035), and long-term (up to 2050) horizons. We have developed corresponding metrics, set science-aligned environmental targets, and outlined a strategic roadmap to guide our transition toward a low-carbon future. These initiatives strengthen our internal resilience and position us to manage climate-related risks and opportunities proactively.

Operationally, we advanced our decarbonisation efforts through continued investment in energy-efficient equipment and process optimisation. These measures have helped us further reduce emissions intensity and improve resource efficiency, particularly at our Zhongshan facility. At the same time, we remained vigilant in strengthening climate resilience amid extreme weather events affecting our operating regions.

Across the organisation, we have built a stronger culture of sustainability through training, awareness, and integrated decision-making led by our Sustainability Committee and supported by functional teams.

Looking ahead, our focus is clear. We remain focused on expanding emissions data coverage, refining our metrics, and identifying low-carbon alternatives throughout our supply chain.

Luxking's sustainability journey continues to be defined by ambition, innovation, and a deep sense of responsibility. We are committed to creating shared value for our stakeholders and building a resilient and future-ready business.

Together, we will shape a more sustainable future—step by step, decision by decision.

LEUNG HI MAN
Executive Director and Chief Sustainability Officer

STAKEHOLDER ENGAGEMENT

Luxking is committed to fostering long-term, meaningful engagement with stakeholders, recognising their vital role in shaping our sustainability strategy. We engage internal and external stakeholders through regular surveys—conducted biennially or as needed—to assess the relevance of material ESG topics. In FY2025, no critical concerns were raised; however, all feedback was carefully considered and escalated to the Board by the CSO where necessary.

Stakeholder feedback in FY2025 highlighted several areas of focus. Employees expressed concerns over increasingly high summer temperatures, prompting Luxking to install cooling equipment and provide high-temperature subsidies and refreshments in accordance with local labour regulations. Requests for more opportunities to foster camaraderie led to the organisation of company dinners and interdepartmental activities. In response to suggestions from female employees, we also introduced dedicated interest classes tailored to their preferences.

Externally, customers expressed satisfaction with our product quality and service, encouraging us to maintain these standards. To this end, we remain committed to enhancing production efficiency, strengthening quality control, and equipping our sales teams with the necessary training to deliver superior customer experiences. By actively listening and responding to stakeholder input, we address immediate needs while laying the groundwork for sustainable, long-term value creation.

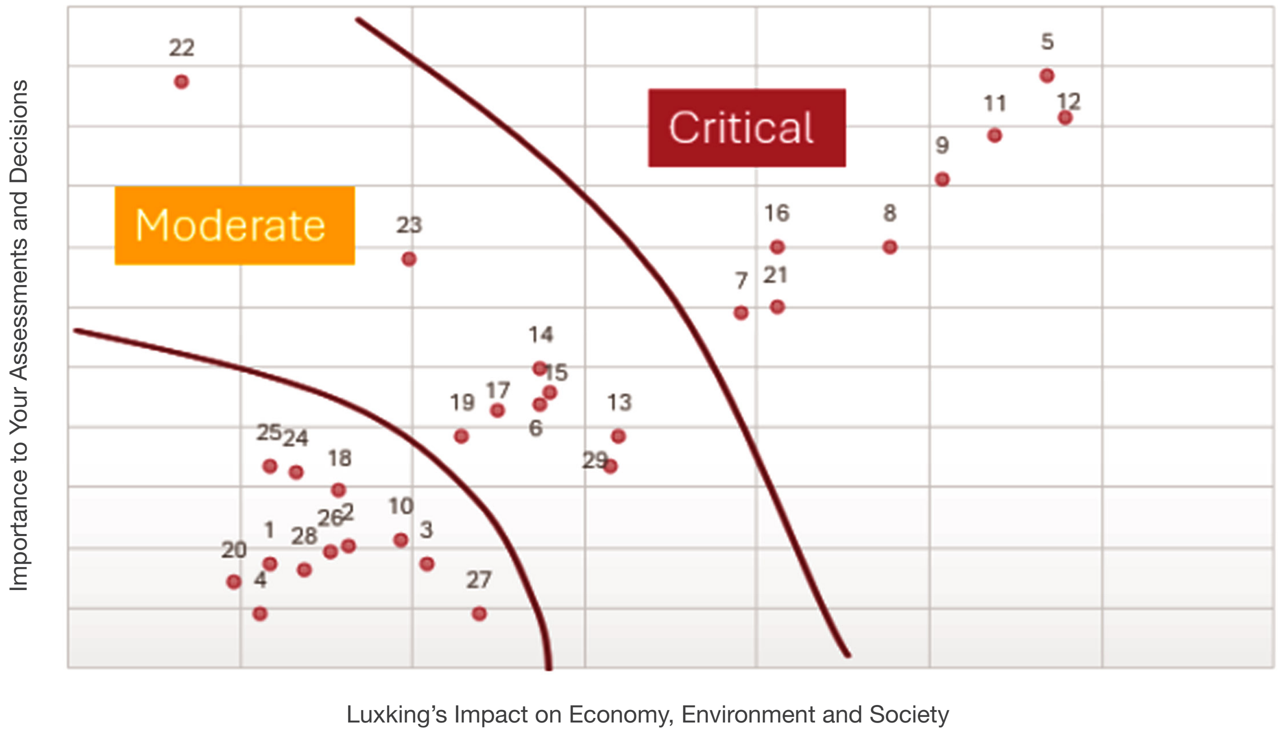
KEY STAKEHOLDER GROUPS	ENGAGEMENT PLATFORMS	FREQUENCY
Internal Stakeholders		
Board of Directors, Management, Executive Staff, General Staff	• Training and development programmes • Annual appreciation events and festival celebrations • Internal company discussions, interviews and focus groups • Opinion 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

We conducted a survey with a diverse group of both internal and external stakeholders to confirm the relevance of our material ESG topics in FY2024. Luxking is committed to reassessing our material topics every two years, or when deemed necessary. In FY2025, the Board has reassessed the FY2024 material topics and deemed them to remain relevant to the Company for FY2025. The materiality matrix—developed in both English and Chinese and representing customers, suppliers, business partners, investors, employees, senior management, and Board members—remains a vital tool in shaping our sustainability focus. These 19 key ESG topics continue to be highly relevant to Luxking's business operations and have significant economic, environmental, and social impacts.

2024 Materiality Matrix of Luxking



The table below outlines our sustainability material topics for FY2025:

PRIORITY	TOPIC NAME	NUMBER CODE
Critical	Waste	12
	Materials	7
	Water and Effluents	9
	Occupational Health and Safety	16
	Anti-Corruption	5
	Energy	8
	Emissions	11
	Child Labour	21
Moderate	Anti-Competition	6
	Supplier Environmental Assessment	13
	Human Rights Assessment	23
	Customer Data Protection and Customer Privacy	29
	Employment System	14
	Non-Discrimination	19
	Forced or Compulsory Labour	22
	Labour Management/Relations	15
	Training and Development	17
Low	Market Presence	2
	Marketing and Labelling	28

Further details on our TCFD implementation timeline are as follows:

	YEAR 1 (FY2023)	YEAR 2 (FY2024)	YEAR 3 (FY2025)
TCFD-aligned climate-related disclosures	• Described the governance structures, including Board oversight and the management's role • Identified the climate-related risks and opportunities • Described the processes for identifying and managing climate-related risks • Disclosed our impacts in qualitative terms • Scope 1 and Scope 2 greenhouse gas ("**GHG**") emissions from the whole Group	• Included metrics used for assessment • Disclosed impacts in more quantitative terms • Scope 1 and Scope 2 GHG emissions across the Group • Set targets in qualitative terms • Conducted qualitative scenario analysis	• Detailed scenario analysis with more quantitative outcomes • Included targets in quantitative terms

GOVERNANCE

CORPORATE GOVERNANCE

Our Group operates within a clear framework of corporate ethics and governance standards. While the Board establishes the company's ethical benchmarks, our principles are structured to foster ethical behaviour as an ingrained mindset across our organisation.

SUSTAINABILITY GOVERNANCE

At Luxking, our Board of Directors retains ultimate responsibility for the Group's business strategy and sustainability goals. The Board Charter includes clauses on ESG and Sustainability oversight, making the Board in charge of overseeing sustainability and climate-related risks and opportunities, integrating ESG considerations into corporate strategy and risk management, as well as overseeing the effectiveness of the Company's governance and sustainability frameworks.

To ensure the robustness of our sustainability processes and the achievement of annual targets, a dedicated Sustainability Committee has been established. Led by our CSO Leung Hi Man, who reports to the Chief Executive Officer ("**CEO**") and the Board bi-annually, this committee spearheads the strategic planning and execution of sustainability efforts across the Group. These initiatives are then cascaded to the Sustainability Task Force, comprising department leaders who facilitate strategic planning and implement relevant initiatives regarding material ESG topics and climate-related risks and opportunities at the operational level.

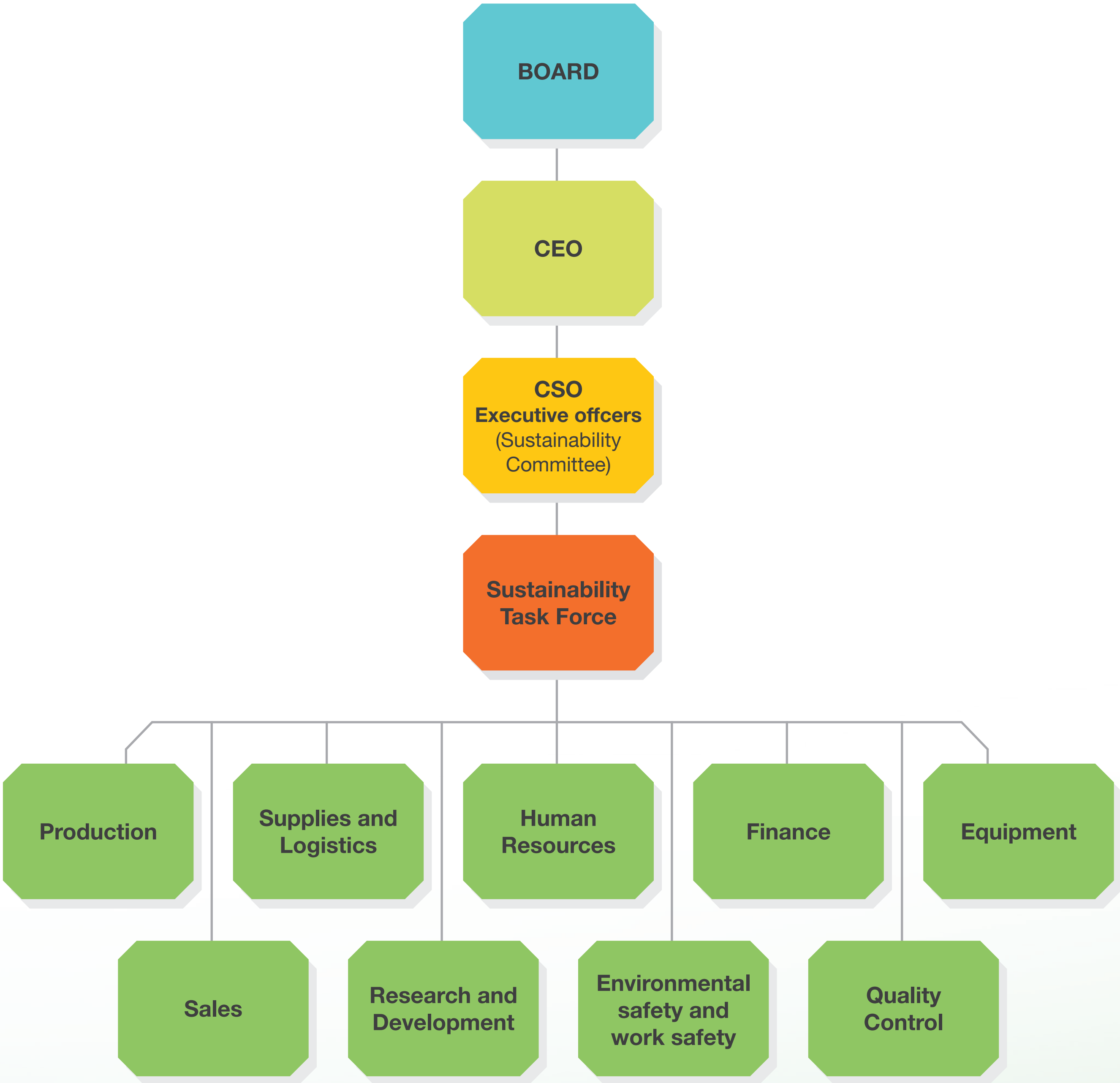
In FY2025, Luxking reinforced its commitment to climate accountability by fully aligning with SGX's climate reporting requirements, extending coverage to all wholly owned subsidiaries. The Board of Directors has reviewed and approved the Group's climate report, ensuring its consistency with Luxking's broader sustainability objectives and affirming our strategic alignment. Under SGX Listing Rule 711B, the Board maintains oversight of climate-related risks and opportunities affecting the Group's operations, integration of ESG considerations into corporate strategy and risk management, and the validation of identified climate impacts.

The Board also reviews Group-wide ESG metrics and targets, endorses sustainability measures, and approves the scope and content of the Sustainability Report. Updates on climate and ESG matters are provided to the Board at least annually through structured reporting lines involving the Sustainability Committee, the Sustainability Task Force, and external ESG consultants. The Board also receives an annual internal control review on ESG governance and relevant consultant recommendations. While Luxking does not link employee remuneration directly to sustainability performance, the Board recognises that improving sustainability outcomes will enhance long-term financial performance, which in turn contributes to better overall remuneration. Moreover, the Board acknowledges sustainability as both a strategic and ethical imperative in the face of climate change.

To ensure effective implementation, sustainability responsibilities are clearly allocated across organisational levels. The Sustainability Committee sets direction and endorses initiatives, which are executed by the Sustainability Task Force at the operational level. These initiatives are embedded into the Group's enterprise risk management ("**ERM**") framework, strategic planning, and daily operations, ensuring alignment with business goals. ESG expectations are communicated across our business relationships via formal agreements and regular engagement, reinforcing shared accountability.

Internally, Luxking provides regular training to employees to strengthen their ESG awareness and capacity. In FY2025, we enhanced our sustainability governance structure, supported by internal and external stakeholders. Regular inputs from ESG consultants, coupled with a stakeholder survey conducted the previous year, informed the accurate identification of impacts and the formulation of this report. We commit to conducting such stakeholder surveys every two years, or as necessary, and will continue engaging stakeholders actively to inform and strengthen our sustainability efforts.

Bolstering our commitment to transparency and accountability, an independent Internal Auditor conducted an annual review of Luxking's ESG governance internal control processes for FY2025. Complementing this, all our directors have successfully completed and obtained the "LED – Environmental, Social and Governance Essentials (Core)" sustainability certification from the Singapore Institute of Directors or "ISCA-SAC Boad of Directors Masterclass Programme: Director's Role in Sustainability" certification from Institute of Singapore Chartered Accountants ("**ISCA**") with SAC Capital ("**SAC**").



SUSTAINABILITY RISKS AND OPPORTUNITIES

As Luxking progresses on its sustainability journey, identifying and monitoring sustainability risks and opportunities is crucial. These factors can significantly impact our business's long-term viability, as well as the well-being of people and the environment. Our established risk management system and internal control processes already safeguard stakeholder interests while pursuing strategic objectives. We have integrated sustainability considerations into our risk management framework since FY2024.

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 panels of our Zhongshan Factory continue 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. 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.

OUR PEOPLE

Luxking remains steadfast in its commitment to responsible employment by fostering a safe, healthy, and inclusive workplace to attract and retain skilled talent. All employees are provided with appropriate social security coverage according to their employment type and eligibility. Regular employees within the designated age ranges, which differ for males and females, are enrolled in the state pension and insurance schemes. Re-employed staff and interns, who fall outside these categories, are covered under targeted protections such as the Individual Work Injury Insurance for Specific Personnel ("特定人员单项工伤保险"). This ensures that every category of employee receives suitable protection aligned with regulatory requirements.

We uphold fair labour practices, ensuring gender-equal entry-level wages that meet or exceed local minimum standards. Our compensation framework, structured onboarding, and continued investment in professional growth support the development of a robust talent pipeline. To further protect workers' rights and promote collective dialogue, our Zhongshan and Hubei facilities each entered into collective agreements in line with PRC labour laws and respective provincial regulations, with employee-elected representatives advocating on behalf of the broader workforce.

Acknowledging the increasingly competitive labour market exacerbated by the combination of high industry ambition and a slowing economy, we recognise the risks associated with attracting and retaining skilled labour. To address this, we are strengthening our internal capabilities, employee engagement, and well-being initiatives. We closely monitor our employment practices and supply chain relationships to identify and manage potential or actual adverse impacts. When negative impacts are identified, we ensure they are appropriately addressed or remediated in line with our human rights and labour policies. Through a comprehensive workforce protection and development strategy, we aim to maintain workforce stability, enhance job satisfaction, and strengthen our employer brand, thereby securing long-term organisational resilience.

Our dedication to engaging with the local community is evident in how we approach our hiring processes. In FY2025, 85.0% of our Senior Management[1] and 88.5% of our Middle Management[2] from our Zhongshan Factory were hired from the Guangdong Province, where our factory site resides. These figures remain broadly consistent with the previous year's levels of 89.5% for Senior Management and 87.1% for Middle Management. Our total workforce has grown to 614 employees, all contributing to the performance and success of Luxking.

In our Zhongshan Factory, our new hire rate[3] decreased from 21.0% in FY2024 to 16.0% in FY2025 while our employee turnover rate[4] increased slightly from 14.1% in FY2024 to 14.7% in FY2025.

1 Defined as employees at manager grade
2 Defined as employees at supervisor grade
3 Equals number of new hires for current reporting period divided by headcount as of the end of last reporting period
4 Equals number of resignees for current reporting period divided by headcount as of the end of last reporting period

OUR PEOPLE

OUR WORKFORCE[5]

TOTAL NUMBER OF EMPLOYEES

EMPLOYMENT BY GENDER	GROUP	
	FY2024	FY2025
Male	440	456
Female	159	158
Total	**599**	**614**

EMPLOYMENT BY GENDER	ZHONGSHAN		HUBEI		OTHER LOCATIONS[6]	
	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025
Male	411	423	24	28	5	5
Female	134	129	21	25	4	4
Total	**545**	**552**	**45**	**53**	**9**	**9**

TOTAL NUMBER OF NEW HIRES[7]

NEW HIRES BY GENDER	ZHONGSHAN		HUBEI	
	FY2024	FY2025	FY2024	FY2025
Male	88	77	NA	13
Female	19	10		6
New Hire rate	21.0%	16.0%		42.2%

NEW HIRES BY AGE	ZHONGSHAN		HUBEI	
	FY2024	FY2025	FY2024	FY2025
<30 Years Old	28	32	NA	4
30-50 years old	59	49		13
>50 years old	20	6		2
Total	**107**	**87**		**19**

During FY2025, Zhongshan experienced a 1.3% increase in headcount, while Hubei experienced a more notable increase of 17.8%, reflecting the plant's ongoing development phase and the corresponding need for additional employees to support its growth. Zhongshan saw a 18.7% drop in new hires, while Hubei, newly included in the reporting scope, accounted for 19 new hires. Other location offices did not hire any new employees.

5 Employee figures are compiled using the headcount by employment contract as of 15th June every year. Internships are not part of the total headcount.
6 Other locations represent offices in Hong Kong and Hangzhou, PRC.
7 These figures exclude any employees who left during their 3-month probation period

TOTAL EMPLOYEE TURNOVER[8]

RESIGNEES BY GENDER	ZHONGSHAN		HUBEI	
	FY2024	FY2025	FY2024	FY2025
Male	59	65		9
Female	13	15	NA	2
Turnover rate	14.1%	14.7%		24.4%

RESIGNEES BY AGE	ZHONGSHAN		HUBEI	
	FY2024	FY2025	FY2024	FY2025
<30 Years Old	20	15		3
30-50 years old	37	36	NA	6
>50 years old	15	29		2
Total	**72**	**80**		**11**

In Zhongshan, turnover edged up from 14.1% to 14.7%, while Hubei reported a notably higher turnover rate of 24.4%, likely due to its relatively new workforce and small employee base.

PERFORMANCE AND TARGETS

At Luxking, employee welfare remains a core priority. In FY2025, we achieved two key objectives: ensuring all employees were covered under state pensions and relevant insurance schemes and upholding fair compensation practices that exceed minimum wage standards. To strengthen protection for all categories of employees, the Employers Liability Insurance was replaced with the Individual Work Injury Insurance for Specific Personnel ("特定人员单项工伤保险"), which provides dedicated coverage for re-employed staff and interns who are not eligible for state pensions and state insurance schemes. As such, all employees are now fully insured, reinforcing our commitment to equitable support and workplace protection.

Our compensation structure remains role-based and gender-aligned, with entry-level wages meeting or exceeding local minimums. Continued emphasis on local recruitment has helped us strengthen community ties and build operational resilience. Looking ahead to FY2026, we will uphold these standards while maintaining open communication channels with employees to better understand and respond to their evolving needs. Progress is tracked through internal reviews and indicators such as retention rates, wage compliance, insurance coverage, and local leadership representation. While short-term targets focus on full social protection and fair wages, medium- and long-term goals are being shaped to strengthen talent development and align with our strategic workforce needs.

[8] These figures exclude any employees who left during their 3-month probation period

OUR PEOPLE

UPHOLDING HUMAN RIGHTS

Luxking upholds human rights and ethical workplace standards as fundamental pillars of responsible business conduct. We reinforced this commitment through robust policies and rigorous hiring protocols aimed at preventing child labour, forced labour, and discrimination. Our Company Recruitment Guide governs a strict vetting process to ensure all new hires align with our ethical values. We maintain a zero-tolerance policy toward mistreatment, including harassment or inhumane conduct, and fully support the rights to freedom of association and collective bargaining, in line with applicable local regulations.

We proactively monitor labour conditions across our supply chain and assess the risk of violations as low, based on prevailing labour laws in our sourcing regions. Nonetheless, we remain vigilant, engaging with suppliers to ensure consistent adherence to our standards. Policies such as our Job Transfer Management System, which mandates at least 30 days' notice before major operational changes, and the Requirement on Restricting Overtime Hours reinforce transparent and fair treatment at the workplace, particularly at our Zhongshan Factory. These measures have contributed to workforce stability and helped foster a values-driven culture.

Luxking also maintains structured grievance and remediation mechanisms tailored to various stakeholder concerns. These may include state-based, judicial, or non-judicial processes depending on the nature of the impact—ranging from formal procedures for workplace injuries to resolution frameworks for customer complaints.

PERFORMANCE AND TARGETS

In FY2024, we set clear targets focused on upholding and advancing fundamental human rights across our organisation and supply chain. We are pleased to report that these targets were fully achieved, with zero incidents of child labour, forced labour, or other human rights violations recorded during the year.

To maintain this standard, we regularly reviewed and updated our recruitment policies in line with the latest local labour laws and regulations. We implemented strict controls to ensure that neither Luxking nor our suppliers engage in any form of child labour. Open and ongoing communication with our employees has been key to identifying and addressing their needs, helping to prevent any instances of forced or compulsory labour. We continue to monitor and engage with our suppliers to ensure adherence to our values and standards.

We will continue to uphold and respect our employees' rights to freedom of association and collective bargaining, supported by transparent and consistent communication channels. These outcomes reflect our deep commitment to human rights, embedded throughout our operations. We remain proactive in engaging stakeholders, monitoring practices, and reinforcing these core principles as we move forward.

OCCUPATIONAL HEALTH AND SAFETY

Luxking places strong emphasis on Occupational Health and Safety ("**OHS**") as a foundational element of our operational excellence. Luxking reinforced its commitment to OHS by enhancing protocols for production line staff and special equipment operators at both the Zhongshan Factory and Hubei Plant. Our OHS strategy is rooted in continuous improvement, supported by regular inspections and unannounced audits to ensure compliance and accountability.

At the Zhongshan Factory, all new hires were required to complete mandatory training and pass an examination, in accordance with our Safety Production Training System and PRC regulations. Chemical operators underwent 72 hours of specialised training, while general workers completed 24 hours. Additionally, special equipment operators were required to obtain professional certification through government-accredited training before assuming their roles. These practices exemplify our proactive approach to cultivating a safe and compliant work environment.

At the Hubei Plant, we successfully obtained certification under the Chinese national standard GB/T 45001-2020 for Occupational Health and Safety Management Systems, which aligns with ISO 45001:2018. Across both locations, 100% of our workforce remained fully covered under our robust OHS management system, in full compliance with the PRC Production Safety Law.

To monitor and improve performance, we issue two detailed safety reports annually covering BOPP films and Tapes. They review incident trends and implement corrective actions as recommended by supervisory teams. Regular role specific OHS training, updated safety manuals, and periodic reviews of internal guidelines help reinforce compliance. Our consistently low incident rate reflects the effectiveness of these measures and our steadfast commitment to safeguarding employee well-being.

PERFORMANCE AND TARGETS

In FY2025, Luxking recorded one high-consequence work-related injury (a fall from height during maintenance) and five minor injuries, including a scratch, a burn, two fractures, and a leg and foot injury during transportation. Each case was promptly managed, with all affected employees making a full recovery. These incidents, largely caused by momentary lapses in concentration, underscored the need for targeted safety training for high-risk roles. No cases of work-related ill health were recorded during the year. Going forward, we are committed to achieving zero high-consequence injuries, work-related fatalities, and occupational ill-health, while working to minimise overall incidents.

As part of our continuous improvement efforts, we conducted a comprehensive review of our BOPP and Tapes production lines, leading to updated OHS guidelines and revised safety handbooks developed in consultation with employees. Our broader OHS strategy remains anchored in proactive risk management aligned with regulatory requirements through regular inspections, surprise audits, hazard assessments, and detailed incident investigations. We continue to publish annual OHS and production safety reports for both our Zhongshan Factory and Hubei Plant, with supervisory teams implementing corrective actions where needed. In the short term, we will further refine our safety evaluation processes and uphold a proactive safety culture that places employee well-being at the forefront of our operational priorities.

TRAINING AND DEVELOPMENT

At Luxking, we recognise continuous learning as essential to building a skilled, motivated workforce. In FY2025, we delivered extensive training programmes to equip employees with relevant, up-to-date skills that align with both their roles and our business goals. For Senior and Middle Management, the focus is on leadership development, improving production efficiency, ESG management and fostering collaboration with external partners. Meanwhile, for operational and general staff, the emphasis is placed on mastering specialised tools, improving day-to-day operational efficiency, and adhering to rigorous safety standards. This focus on professional development has supported higher job satisfaction, stronger performance, and improved retention. We also promote open communication, enabling staff to share their career aspirations and training needs through supervisors or feedback channels. By aligning employee development with individual ambitions and organisational objectives, we cultivate a workplace that actively supports growth and advancement.

OUR PEOPLE

EMPLOYEE GROUPS	TRAINING AND DEVELOPMENT TOPICS
General Staff	• Quality check for semi-finished products. • Defining and achieving department quality goals. • Inspection procedures after machine shutdown, startup, and film breakage. • Use of fire-fighting equipment and fire drills. • Building team cohesion and understanding the value of teamwork. • Anti-corruption and integrity training. • 5S management and training. • Preparing for and responding to summer weather like high temperatures, typhoons, and heavy rain. • Awareness for theft, fire and fraud, and safe travel tips during the Spring Festival. • Production and safety issues, including crane operation, various machine hazard points, and documentation procedure.
Middle Management	• Fundamentals and importance of 5-sigma. • Education on ethical practices and workplace Integrity • Management system and occupational health and safety management training. • Dangerous source identification. • 20 practical techniques for reducing manufacturing costs • Seminar on new accounting guidelines and effective financial governance
Senior Management	• Understanding the updates and key changes of the IATF16949 management (edition 6). • Total Quality Management: real-world implementation training • Leading with Insight: applying psychology to inspire and perform • Energy conservation and carbon emissions management workshop

The total number of total employee training hours are presented below:

TOTAL TRAINING HOURS	FY2024 (ZHONGSHAN ONLY)	FY2025			
		ZHONGSHAN	HUBEI	OTHER LOCATIONS[9]	TOTAL
Senior Management	208.0	402.0	NA	47.0	449.0
Middle Management	363.5	547.0	NA	NA	547.0
General Staff	9,489.5	9,742.0	982.0	NA	10,724.0

TOTAL TRAINING HOURS	FY2024 (ZHONGSHAN ONLY)	FY2025			
		ZHONGSHAN	HUBEI	OTHER LOCATIONS[9]	TOTAL
Female	2,112.0	2,681.0	400.5	7.0	3,088.5
Male	7,949.0	8,010.0	581.5	40.0	8,631.5

In FY2025, employees at the Zhongshan Factory completed a total of 10,691 training hours, representing a 6.3% increase compared to 10,061 hours in FY2024. Training hours increased across Senior Management, Middle Management, and General Staff, with notable growth observed among female employees. At the Group level, total training hours reached 11,720 hours in FY2025. With a combined headcount of 614 employees across all sites, this equates to an average of 19.1 training hours per employee. FY2025 also marks the first year that training data across all entities have been documented, paving the way for broader comparative analysis in future reporting cycles.

[9] Other locations represent offices in Hong Kong and Hangzhou, PRC.

PERFORMANCE AND TARGETS

In FY2025, we maintained 100% participation in performance and career development reviews for the third consecutive year. 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 refined materials for middle and senior management based on feedback, ensuring greater relevance and efficiency. This reflects our continued commitment to delivering impactful, role-specific development across all levels of the organisation.

EMBRACING DIVERSITY

At Luxking, we understand that workforce diversity is essential to sparking innovation, strengthening collaboration, and driving sustainable growth. By welcoming varied perspectives, experiences, and skill sets, we foster a culture where creativity and open dialogue flourish. Our commitment to diversity is embedded in our Employee Handbook, which guides fair, merit-based hiring and employment practices free from discrimination. We continue to nurture an inclusive environment that upholds equal opportunities for every employee.

On March 8, 2025, our Zhongshan Factory celebrated International Women's Day to recognise and appreciate the contributions of our female employees. In response to employee feedback, particularly from female staff, we introduced dedicated interest-based classes tailored to their interests.

To further promote workplace harmony, we also expanded company-wide engagement efforts by organising more dinners and team activities, strengthening bonds among employees across different departments and backgrounds.

PERFORMANCE AND TARGETS

In FY2025, we upheld our zero-tolerance policy on discrimination, with no incidents reported throughout the year. We actively foster a harmonious workplace culture that encourages open feedback and suggestions to strengthen inclusivity. Looking ahead, we remain committed to advancing diversity across all levels of the organisation, recognising its essential role in driving innovation, collaboration, and long-term success.

ETHICAL MARKETS

The Company has established grievance mechanisms to address any potential negative impacts, which may take the form of routinised, state-based or non-state-based, judicial or non-judicial processes, as stipulated in the relevant policies. For example, work-related injuries are managed through established state-based mechanisms, while customer complaints may be resolved through amicable negotiations or, where necessary, judicial processes. Users are informed of these mechanisms and may raise concerns directly with the Company. Valid feedback is reviewed and incorporated into the continuous improvement of these processes.

When negative impacts are reported or identified, they are escalated to Management, and in exceptional cases, to the Board of Directors. Management determines whether remediation is required and oversees its implementation. For newly identified impacts, Management convenes the relevant department or working group to investigate the root causes and take corrective actions.

Finally, the effectiveness of grievance and remediation mechanisms is reviewed regularly by Management, taking into account stakeholder feedback and updates to laws and regulations, to ensure they remain robust, transparent, and accountable. We are proud to report that no significant instance of non-compliance with laws and regulations has been recorded in FY2025.

ANTI-CORRUPTION

At Luxking, we recognise the far-reaching impact of corruption on businesses, societies, and individual rights, including its detrimental effect on human rights. To uphold high standards of ethical conduct, we have established robust policies covering conflict of interest, employee behaviour, and whistleblowing. Since 2008, our whistleblowing framework has provided employees with a secure and confidential channel to report potential misconduct. Reports can be escalated internally or sent directly to the Audit Committee via a designated email, offering an anonymous alternative for those who wish to bypass senior management.

We maintain a strong compliance culture by conducting regular employee training and ensuring clear communication of our anti-corruption policies. This proactive engagement equips our staff with up-to-date knowledge of relevant regulations and reinforces our organisational commitment to integrity and transparency.

PERFORMANCE AND TARGETS

Our immediate goals focus on targeted employee training, informing business partners of our anti-corruption policies, and ensuring full compliance with all relevant laws and regulations. We have successfully communicated these policies to all governance members, permanent staff, and partners. In FY2025, 353 employees, including temporary staff, received either introductory or refresher anti-corruption training. Importantly, no corruption-related incidents, dismissals, contract terminations, or legal actions were reported. We also conducted a review of our business partnerships, confirming that our partners either adhere to their own anti-corruption policies or align with ours. Together with employee training and our whistleblowing system, these efforts form the core of Luxking's commitment to maintaining high ethical standards. We will continue to strengthen and regularly review these practices moving forward.

ETHICAL MARKETS

ANTI-COMPETITIVE BEHAVIOUR

Anti-competitive behaviour poses serious risks to our business, the economy, and society as a whole. At Luxking, we are dedicated to promoting a fair and transparent market. We rigorously comply with all applicable laws, regulations, and ethical standards to uphold the highest level of integrity in our operations. By championing fair competition, we protect our reputation and help create a healthier business environment that benefits all stakeholders. Our commitment to compliance and ethical conduct reflects our responsibility to be a trusted and accountable presence in the industry.

PERFORMANCE AND TARGETS

In FY2025, we are proud to report no legal actions related to anti-competitive behaviour or violations of anti-trust and monopoly laws. We also conducted a review of our suppliers, confirming that 58% of our suppliers either adhere to their own anti-competition policies or align with ours. Our short-term goal is to maintain this clean record. Looking ahead, we plan to work closely with our suppliers to ensure their compliance with anti-competitive regulations. Ultimately, we aim to formalise this commitment by requiring all suppliers to sign an anti-competitive behaviour agreement, reinforcing our dedication to a fair and transparent marketplace across our entire supply chain.

MARKETING AND LABELLING

In the chemical manufacturing sector, marketing and labelling play a crucial role not only in promotion but also in ensuring safety and regulatory compliance. At Luxking, we recognise that these practices affect economic, environmental, and human rights factors, as well as employee and consumer safety. Our Zhongshan Factory operates a robust Environment and Chemical Substance Management system to protect all stakeholders from chemical hazards. This includes strict procedures for monitoring chemical use, supply chain documentation, and banning hazardous substances from our products. We prioritise health and safety from product design through to production, adhering to key regulations like 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. Compliance is regularly verified through assessments, and we provide Material Safety Data Sheets for all products to ensure transparency and help customers make informed decisions.

PERFORMANCE AND TARGETS

In FY2025, Luxking maintained a flawless record with no regulatory breaches, fines, or penalties related to product information and labelling accuracy. We ensure all product details—including components, usage instructions, and disposal guidelines—are clearly communicated to customers. Products regularly undergo independent lab testing to confirm compliance with regulations on harmful substances, supported by detailed reports. Our quality assurance framework, anchored 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), reinforces our commitment to ethical marketing and accurate labelling. These practices protect our employees and customers while promoting safety, transparency, and regulatory compliance. Looking ahead, our short-term goal is to continue upholding this high standard of excellence in marketing and labelling.

CUSTOMER PROTECTION AND CUSTOMER PRIVACY

Protecting customer data and privacy is central to Luxking's business strategy. In response to rising data security concerns, we have enhanced our privacy framework by classifying operational data by sensitivity and implementing corresponding security controls. Access to customer information is strictly limited to authorised personnel on a need-to-know basis, with confidential data stored in secure IT systems.

All employees are subject to confidentiality obligations outlined in the Employee Handbook and supporting agreements. In the event of a suspected or actual data breach, the Human Resources and IT Administrators are immediately alerted to implement remedial actions, while senior management oversees the investigation and coordinates with relevant authorities when necessary.

Additionally, under our internal guideline Customer and Supplier Property Management Specification (顾客供方财产管理规范), any incidents involving the loss, damage, or misapplication of customer or supplier assets must be reported through an "Information Contact Form" and escalated promptly to the sales or procurement teams for onward notification to the affected parties. These protocols reflect our continued commitment to protecting customer data, securing stakeholder property, and upholding trust across our value chain.

PERFORMANCE AND TARGETS

In FY2025, we recorded zero data breaches, highlighting the strength of our data protection protocols. Moving forward, we aim to sustain this performance by continuously improving our cybersecurity measures and reinforcing employee awareness of data security best practices. We remain firmly committed to maintaining high standards of data privacy and ensuring the protection of our customers' confidential information.

WATER STEWARDSHIP

At Luxking, responsible water stewardship is a key pillar of our sustainability strategy. Recognising the vital role water plays in our manufacturing operations and the broader environment, we closely monitor both water withdrawal and effluent discharge.

MANAGING WATER WITHDRAWAL

At our Zhongshan Factory—where BOPP films and tapes are produced—water is used in various processes, including manufacturing, evaporative cooling, sanitation, and for employee needs. Aware of the potential environmental and community impact, we have adopted proactive measures to enhance water efficiency.

To maintain consistency in our reporting and ensure data comparability over time, we use a standard conversion rate of 1 megalitre ("**ML**") per 1,000 tonnes of water withdrawn. Water consumption for the Hangzhou and Hong Kong offices is not included in this disclosure, as the offices operate within shared premises where office-specific data is not provided by building management. In line with GRI Standards, these amounts are assessed to be immaterial and therefore excluded from reporting due to both data limitations and their negligible impact.

WATER WITHDRAWAL	FY2024	FY2025	
	Zhongshan Factory	Zhongshan Factory[10]	Group
Water withdrawn from third-party sources (ML)	177.4	200.2	207.3
Water intensity (ML/million RMB)	0.325	0.361	0.364

MANAGING EFFLUENTS DISCHARGE

At Luxking, effective effluent discharge management is a core aspect of our environmental responsibility. Our Environmental Safety Department ensures all treated effluents meet local regulatory requirements and ISO 14001:2015 standards through strict monitoring and quality control.

PERFORMANCE AND TARGETS

In FY2025, we upheld strong water management practices, including routine leak inspections, anomaly tracking, and employee-led conservation efforts. In FY2025, Luxking's total water consumption stood at 207.3 ML. There was higher usage at the Zhongshan Factory, where water withdrawal grew by 12.9% to 200.2 ML. The Hubei Plant accounted for an additional 7.1 ML.

Water intensity in the Zhongshan Factory also saw an increase of 11.1%, which was primarily due to higher-than-average temperatures and major maintenance activities on cooling systems. These factors were anticipated, and the water intensity target for FY2025 had been accordingly set last year at 0.365 ML/million RMB. As such we have achieved the FY2025 water intensity target.

Looking ahead, we aim to maintain a water intensity of 0.364 ML/million RMB at the Group level. This target accounts for anticipated higher temperatures and major maintenance activities on cooling systems.

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.

[10] Included for comparison with FY2024, to demonstrate that we have met our target set for FY2025. Water intensity is computed based on revenue attributed to the Zhongshan Factory for comparability. We will only be reporting group-level water intensity in subsequent sustainability reports.

ENVIRONMENTAL STEWARDSHIP

OPTIMISING MATERIALS CONSUMPTION

At Luxking, responsible material consumption remains a core pillar of our sustainability strategy. In FY2025, we made notable progress by optimising material use and enhancing operational efficiency. Our Equipment Department actively integrated advanced technologies and upgraded machinery to improve production efficiency, while close collaboration between our Research and Development ("**R&D**") and Production teams helped refine manufacturing processes and boost material utilisation.

To further reduce waste, we continued to repair and reuse wooden pallets and reprocess applicable paper core, practices that reinforce our commitment to circular resource use. These initiatives collectively reflect Luxking's dedication to sustainable operations and environmental stewardship.

PERFORMANCE AND TARGETS

At Luxking, advancing materials management is central to our sustainability strategy. In FY2025, we integrated six new eco-friendly and biodegradable materials into our processes, enabling our R&D teams to offer customers tailored, sustainable material recommendations. These efforts reflect our commitment to innovation and environmental responsibility.

We also successfully diverted 80.4 tonnes of packaging materials from disposal—exceeding last year's figure—through the repair and reuse of paper cores and wooden pallets. By adopting circular practices, we have kept packaging material usage relatively stable even as sales volumes increased. The table below shows the weight of packaging materials consumed, as well as those repaired and reused:

CATEGORY	PACKAGING MATERIAL USED	WEIGHT OF MATERIAL USED (TONNES)		WEIGHT OF MATERIAL REPAIRED AND REUSED (TONNES)	
		FY2024	FY2025	FY2024	FY2025
Renewable	Wooden pallet	957.0	985.5	17.3	25.8
	Paper (paper cartons, cardboard, etc)	999.5	1,008.0	28.6	54.6
Non-renewable	Plastics (shrink wrap, bubble wrap, etc)	93.4	89.4	-	-

Our progress in adopting eco-friendly materials and optimising material use demonstrates Luxking's ongoing dedication to efficient resource management. Through strategic investments, stakeholder engagement, and continuous monitoring, we continue to reduce our material footprint and enhance operational efficiency.

Looking ahead, we aim to continue integrating biodegradable and environmentally responsible materials into product development as well as conserve and reuse materials wherever possible across our operations.

MANAGING WASTE

Our structured waste management framework is guided by key procedures such as the Environmental Monitoring and Measurement Management Procedure and Resource Recycling Management Measures. Waste is managed through a dual reporting system: third-party contractors report on direct disposal, while internal teams track material reuse.

PERFORMANCE AND TARGETS

In FY2025, total waste disposed across the Zhongshan and Hubei sites amounted to 1,052.4 tonnes. Of this, the Zhongshan Factory contributed 676.8 tonnes, marking a slight reduction from 682.9 tonnes in FY2024.

In FY2024 and FY2025, the Zhongshan Factory was the only entity that disposed of hazardous waste and diverted waste from disposal. Hazardous waste in FY2025 was primarily treated through offsite incineration with energy recovery, amounting to 34.5 tonnes, an improvement in waste-to-energy recovery practices. In contrast, FY2024 had reported 25.3 tonnes of hazardous waste incinerated without energy recovery. No hazardous waste was sent to landfill or disposed of through other methods in FY2025, except for a minimal amount of 0.01 tonnes through other physio-chemical treatment.

Waste diversion from disposal also improved significantly. In FY2025, the Zhongshan Factory diverted 81.6 tonnes of waste through recovery and reuse practices, up from 45.9 tonnes in FY2024. This included 1.2 tonnes of hazardous waste recovered offsite and a combined 80.4 tonnes of non-hazardous waste reused onsite through the repair and reuse of wooden pallets amounting to 25.8 tonnes and paper cores totalling to 54.6 tonnes, compared to 17.3 tonnes and 28.6 tonnes respectively, in the previous year.

Non-hazardous waste remained the major component, with a total of 1,017.9 tonnes incinerated with energy recovery in FY2025 for Zhongshan and Hubei sites. Of this, the Zhongshan Factory contributed 642.3 tonnes, down slightly from 657.6 tonnes in FY2024.

Looking ahead, we aim to continue conserving resources and maximising the reuse of materials across our operations.

ENVIRONMENTAL STEWARDSHIP

SUPPLIER ENVIRONMENTAL ASSESSMENT

The Group primarily sources its raw materials—polypropylene resin, butyl acrylate, and 2-ethylhexyl acrylate—from petrochemical suppliers in the PRC for use in the production of BOPP films and pressure-sensitive adhesives ("**PSA**"). Our customer base spans a wide range of industries, including printing, packaging, automotive, and electronics, across both domestic and international markets.

Our Procurement and Supplier Control Procedure (**采购与供应商控制程序**) ensures rigorous supplier evaluations, focusing on legitimacy verification, raw material quality and safety, and delivery reliability. These checks are critical to maintaining operational excellence and upholding product integrity. As we continue to advance our sustainability strategy, we are expanding this framework to integrate broader environmental criteria into our supplier assessments.

PERFORMANCE AND TARGETS

We monitor supplier environmental performance through a structured approach combining policy communication, confirmation of adherence, and on-site assessments. All suppliers have been informed of our Environmental Protection Policy, and we continue to engage them on its importance and application. As of FY2025, 48% of suppliers have confirmed that they either follow their own environmental protection policies or align with ours, demonstrating growing awareness and compliance across our supply chain.

To strengthen oversight, we formalised on-site environmental assessment procedures this year and conducted reviews for 22 manufacturers. All assessments met our expectations, affirming that our suppliers are operating in line with environmental standards. Performance is tracked through key indicators, including the proportion of suppliers that confirm policy alignment, the number of on-site assessments conducted, and the share of suppliers meeting environmental requirements.

Looking ahead, our short-term priorities include maintaining regular communication with suppliers to reinforce environmental expectations and continuing to review and enhance supplier assessment procedures. These steps ensure that environmental considerations remain embedded in our supply chain and provide a foundation for setting more ambitious medium- and long-term targets in the future.

ENERGY AND EMISSIONS

At Luxking, tackling climate change remains a key priority. Our strategy centres on energy management, emissions reduction, and the adoption of renewable energy. Recognising the risks and opportunities climate change poses to our operations, workforce, and the environment, we strengthened our response in FY2025 by expanding our TCFD disclosures to align with global standards.

During the year, our Zhongshan Factory generated 1,849 MWh of solar energy, of which 1,632 MWh was consumed onsite—accounting for 5.5% of the facility's total electricity usage. To further reduce our carbon footprint, we invested in energy-efficient technologies, including a high-speed rewinding machine, slitting machine, unwinder, and two winders. These upgrades have improved operational efficiency and optimised energy use.

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

The following tables present the Group's energy consumption and emissions data for FY2024 and FY2025. Intensity ratios are calculated using Group revenues in million RMB as the denominators. We have restated[11] all FY2024 emissions to align with locally derived, country-specific emission factors instead of using the previous global references, ensuring consistency and comparability with FY2025 data. Additionally, we have changed the reporting format from individual fuel-type units to a unified energy unit in gigajoules ("**GJ**") to provide a more standardised and comparable measure of energy use across all fuel types.

ONSITE FUEL CONSUMPTION AND INTENSITY

FUEL CONSUMPTION BY WHOLE GROUP (GJ)[12]				ENERGY INTENSITY (GJ/MILLION RMB)	
TYPE OF FUEL	TYPE OF ENERGY	FY2024	FY2025	FY2024	FY2025
Diesel	Non- Renewable	2,428.5	2,933.2	**519.2**	**560.7**
Gasoline		297.4	279.0		
Natural Gas		13,837.6	17,428.0		
Biomass	Renewable	265,233.8	293,134.6		
Solar Photovoltaics (onsite)		5,597.4	5,878.3		
Total		**287,394.7**	**319,653.1**		

The Group's total fuel consumption rose by 11.2%, from 287,394.7 GJ in FY2024 to 319,653.1 GJ in FY2025, while energy intensity increased by 8.0%, from 519.2 GJ/million RMB to 560.7 GJ/million RMB. The largest absolute increase came from biomass, which increased by 27,900.8 GJ. This was followed by natural gas consumption, which rose by 3,590.4 GJ. The increase was primarily attributed to our expanding operations and growing business activity during the period.

[11] The effects of restatement are summarised in Appendix I.
[12] Energy conversion factors are with reference to the GB/T 2589-2020 for gasoline, diesel, natural gas and solar electricity, while energy conversion factor of biomass is with reference to Energy Statistics Reporting Protocols (能源统计报表制度) issued by Guangzhou Statistics Bureau (广州市统计局) 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.

ADDRESSING CLIMATE CHANGE

SCOPE 1 EMISSIONS AND INTENSITY

EMISSIONS IN CO_2 EQUIVALENT (TONNES)[13]			EMISSIONS INTENSITY (TONNES CO_2e/ MILLION RMB)	
TYPE OF FUEL	FY2024	FY2025	FY2024	FY2025
Diesel	179.1	216.4	5.0	5.5
Gasoline	21.0	19.7		
Natural Gas	766.8	965.7		
Biomass (anthropogenic emissions)	1,687.6	1,865.2		
Air Conditioning and Refrigeration[14]	88.7	95.1		
Solar Photovoltaics (onsite)[15]	0.0	0.0		
Total	**2,743.2**	**3,162.1**		

In FY2025, the Group's total Scope 1 emissions increased by 15.3%, from 2,743.2 tCO_2e in FY2024 to 3,162.1 tCO_2e. This increase is aligned with higher overall fuel consumption during the year, particularly from natural gas and biomass, which recorded emissions increases of 198.9 tCO_2e and 177.6 tCO_2e respectively.

BIOGENIC EMISSIONS

TYPE OF RENEWABLE FUEL	BIOGENIC CO_2 EQUIVALENT (TONNES)[16]		EMISSIONS INTENSITY (TONNES CO_2e/MILLION RMB)	
	FY2024	FY2025	FY2024	FY2025
Biomass	38,313.4	42,343.7	69.2	74.3

In FY2025, biogenic CO_2 emissions from biomass increased by 10.5%, while biogenic emissions intensity grew by 7.4%.

[13] Emission factors for diesel, gasoline, natural gas, and biomass (anthropogenic emissions only) are derived from the 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 lca.cityghg.com Global warming potential (GWP) values were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) 2021.
The density for gasoline is with reference to GB17930-2016, and the density for diesel is with reference to GB19147-2016.

[14] 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, with emission factors taken from the Greenhouse Gas Emissions Calculator by The Hong Kong University of Science and Technology cooperated with the Green and Sustainable Finance Cross-Agency Steering Group. Global warming potential (GWP) values were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) 2021.

[15] Emissions from onsite solar photovoltaic generation are reported as zero, in line with the assumption that renewable electricity sourced from solar panels does not produce direct Scope 1 greenhouse gas emissions.

[16] Biogenic emissions for biomass are derived by taking away the total emissions (taken from Greenhouse Gas 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) from the anthropogenic emissions calculated above. Global warming potential (GWP) values were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) 2021.

PURCHASED ELECTRICITY CONSUMPTION AND INTENSITY

PURCHASED ELECTRICITY CONSUMPTION BY WHOLE GROUP (GJ)[17]			EMISSIONS INTENSITY (GJ /MILLION RMB)	
SOURCE	**FY2024**	**FY2025**	**FY2024**	**FY2025**
Electricity purchased from grids	109,948.1	111,282.8	198.6	195.2

In FY2025, the amount of electricity purchased from the grids rose by 1.2%, from 109,948.1 GJ in FY2024 to 111,282.8 GJ, due to expanding production activities. The Group's grid electricity intensity decreased by 1.7%. At the same time, total electricity consumed by the Group[18] rose by 1.4%, from 115,545.5 GJ in FY2024 to 117,161.1 GJ in FY2025, resulting in a 1.6% reduction in the Group's total electricity intensity. This reflects greater efficiency in electricity use relative to business growth and highlights the positive impact of our energy optimisation measures.

SCOPE 2 EMISSIONS AND INTENSITY

SCOPE 2 CALCULATION METHODOLOGY	SCOPE 2 CO_2 EQUIVALENT (TONNES)[19]		EMISSIONS INTENSITY (TONNES CO_2e /MILLION RMB)	
	FY2024	FY2025	FY2024	FY2025
Location Based	23,826.3	24,175.2	43.0	42.4
Market Based[20]	22,623.9[21]	22,912.3[22]	40.9	40.2

In FY2025, the Group's Scope 2 emissions showed a slight increase in absolute terms, rising by 1.5% under the location-based method and 1.3% under the market-based method. Despite this, emissions intensity improved, decreasing by 1.4% and 1.7% respectively, reflecting higher operational efficiency relative to revenue growth. This demonstrates that while overall electricity-related emissions have risen slightly, the Group has effectively managed its energy use, maintaining progress toward more sustainable operations.

OVERALL ENERGY AND EMISSIONS PERFORMANCE

The Group's total energy consumption increased by 8.5%, from 397,342.8 GJ in FY2024 to 430,935.9 GJ in FY2025, reflecting our expanding operations and growing business activity. Fuel consumption accounted for most of this increase, with natural gas and biomass accounting for most of the increase in fuel consumption. The Group's total energy intensity rose by 5.3%, from 717.9 GJ/million RMB to 755.9 GJ/million RMB, primarily due to increased energy consumption as operations scaled up, along with temporary inefficiencies from new machinery in Hubei that has yet to reach full capacity.

Overall, the Group's combined Scope 1 and Scope 2 (market-based) emissions increased by 2.8% in FY2025 compared with FY2024, rising from 25,367.1 tCO_2e to 26,074.4 tCO_2e. The increase was primarily attributed to higher energy use, especially electricity, natural gas and biomass, as operations scaled up. Emission intensity remained relatively stable at 45.7 tCO_2e/million RMB in FY2025, compared to 45.8 tCO_2e/million RMB in FY2024.

We have made progress in energy efficiency in FY2025, and we are committed to improving further in the coming years. FY2025 has been designated as the baseline year for setting our medium- and long- term emissions reduction targets. Our efforts to address climate change and our alignment with TCFD recommendations show our dedication to being a responsible and forward-thinking organisation.

[17] Energy conversion factor is taken from GB/T 2589-2020
[18] Total electricity consumed by the Group represents total electricity from onsite solar photovoltaics and grid electricity.
[19] Emission factors are derived and applied on a location-basis from the China Ministry of Ecology and Environment's report on 2023 年减排项目中国区域电网基准线排放因子 and CLP Power's grid emissions factor https://www.clp.com.hk/content/dam/clphk/images/business/low-carbon-solutions/renewable-energy/co2-2023eng.pdf
[20] Luxking has acquired Green Energy Certificates, the issuance and retirement of which are regulated by the 国家能源局 (National Energy Administration).
[21] Green Energy Certificate codes: PPC1906441882002T2022080008825B1 to PPC1906441882002T2022080010378B1
[22] Green Energy Certificate codes: WPC1904440781001920221100087 36W1 to WPC1904440781001920221100103 67W1

ADDRESSING CLIMATE CHANGE

CLIMATE STRATEGY AND RESILIENCE

UNDERSTANDING CLIMATE RISKS AND OPPORTUNITIES OVER TIME HORIZONS

At Luxking, we have established defined timeframes to guide our response to climate-related risks and opportunities. These include **short-term (up to 2027)**, **medium-term (up to 2035)**, and **long-term (up to 2050)** horizons. This structured approach enables us to assess evolving climate conditions systematically and adjust our strategies accordingly.

- **Short-term:** Focused on implementing operational enhancements to improve climate resilience.
- **Medium-term**: Emphasis on integrating climate-related opportunities into broader strategic planning.
- **Long-term:** Targeting full integration of climate-resilient operations by 2050.

This framework ensures that Luxking remains proactive in addressing both immediate and emerging climate challenges.

In line with the recommendations of the TCFD, Luxking continued its climate scenario analysis for the second year to evaluate the resilience of our business strategies under various climate futures. The analysis considers both historical climate data and scientific projections, assessing potential physical and transitional risks across the defined time horizons.

We have aligned our analysis with international climate scenarios, including those from:

- The **Paris Agreement**, which aims to limit global warming to well below 2°C, ideally 1.5°C;
- The **Intergovernmental Panel on Climate Change** ("**IPCC**"), using Representative Concentration Pathways ("**RCPs**");
- **China's national climate policies**, due to their direct relevance to our operations.

Two key scenarios were selected for evaluation:

- **1.5°C Scenario:** Represents a low-emissions future with substantial global mitigation efforts. This scenario helps identify opportunities and operational efficiencies linked to strong climate action.
- **4°C Scenario:** Represents a high-emissions trajectory with limited global mitigation. It highlights significant risks such as extreme weather events, regulatory pressures, and operational disruptions.

Incorporating scenario analysis into our risk management framework strengthens Luxking's ability to anticipate and adapt to climate-related developments. The insights gained support informed decision-making, long-term investment planning, and reinforce our commitment to sustainability, resilience, and long-term 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 action to significantly reduce greenhouse gas emissions, in line with the goals of the Paris Agreement. It reflects China's national targets to peak carbon emissions by 2030 and achieve carbon neutrality by 2060. Key implications for Luxking include:

- **Reduced Physical Risks:** Milder climate impacts are expected, including fewer extreme weather events and reduced heat stress. This would lessen operational disruptions, particularly in manufacturing and cooling systems.
- **Increased Transition Risks:** To meet national climate targets, China is likely to introduce more stringent regulatory frameworks. While this may result in higher compliance and operational costs, it also provides a more predictable policy environment conducive to long-term planning.
- **Enhanced Opportunities:** Strong climate policies will drive demand for energy-efficient technologies and renewable energy adoption. This opens avenues for investment in sustainable practices, improving operational efficiency and strengthening Luxking's brand and market positioning.

4.0°C Scenario: Reflecting More Severe Climate Change Impacts
This scenario reflects a future where global emissions reductions are insufficient, leading to significant and disruptive climate impacts. Key implications for Luxking include:

- **Increased Physical Risks:** A rise in extreme weather events and higher average temperatures could disrupt supply chains, escalate cooling and energy costs, and impair operational continuity.
- **Decreased Transition Risks:** A reduced global focus on emissions reduction may delay the introduction of stringent regulatory measures. While this could lower immediate compliance costs, it also increases regulatory uncertainty and long-term business risk.
- **Strategic Opportunities:** The need for climate-resilient products and solutions will intensify. Luxking can position itself as a market leader by innovating and delivering durable, sustainable products designed to perform under extreme climate conditions.

TRANSITION PLAN FOR LUXKING

To ensure long-term resilience and competitiveness in the face of climate change, Luxking has developed a preliminary transition plan aligned with the outcomes of our scenario analysis. This plan outlines strategic priorities aimed at mitigating climate-related risks, capitalising on emerging opportunities, and supporting the global transition to a low-carbon economy:

- **Investing in Energy Efficiency and Renewable Energy:**
  - Ongoing evaluation and modernisation of manufacturing equipment and processes to improve energy efficiency.
  - Expansion of renewable energy use to reduce greenhouse gas emissions and operational costs, supporting long-term sustainability goals.
- **Strengthening Supply Chain Resilience:**
  - Partnering with suppliers to embed sustainable practices throughout the supply chain.
  - Implementing comprehensive risk management frameworks to address potential disruptions caused by climate-related events, such as extreme weather and resource scarcity.
- **Focusing on Compliance and Innovation:**
  - Maintaining alignment with evolving climate regulations, particularly China's national climate policies, to ensure full compliance and secure continued market access.
  - Investing in research and development to create environmentally friendly, market-responsive products that meet both regulatory standards and consumer expectations.
- **Embedding Scenario-Based Strategic Planning:**
  - Conducting regular climate scenario analyses to assess evolving risks and opportunities under different global warming pathways.
  - Developing adaptable strategies that allow the business to respond effectively to varying levels of physical and transition risk over time.

Through this transition plan, Luxking aims to proactively manage climate risks while enhancing its sustainability performance. By investing in innovation, operational efficiency, and supply chain resilience, Luxking positions itself to thrive in a low-carbon economy. This forward-looking approach supports the company's long-term growth objectives and reinforces its commitment to responsible environmental stewardship.

ADDRESSING CLIMATE CHANGE

SCENARIOS - CLIMATE-RELATED RISKS

TYPE	NAME	DESCRIPTION	SCOPE/ TIME-FRAME	POTENTIAL (FINANCIAL) IMPACT	RISK MANAGEMENT AND MITIGATION 1.5°C	RISK MANAGEMENT AND MITIGATION 4.0°C
PHYSICAL - CHRONIC	PHYSICAL CLIMATE-RELATED RISKS	Luxking's adhesive formulations and curing processes are sensitive to environmental changes. Rising temperatures and shifting rainfall patterns can impact manufacturing efficiency and worker safety. Excessive heat may strain cooling systems, raise energy costs, and require climate control upgrades, while also accelerating curing times and causing quality issues. In contrast, cooler or more humid conditions can delay curing, affecting production schedules and output consistency. These changes may also necessitate adjustments to working conditions to protect employee health.	By sector and geography, medium to long term	Shifts in regional rainfall and rising average temperatures can affect Luxking's manufacturing operations, worker productivity, and product quality. In the short term, temperature regulation will be managed by installing cooling equipment such as evaporative air coolers and using cooling materials, at an estimated annual cost of 100,000 RMB. For the medium to long term, the company increased our planned investment to approximately 3 million RMB in enclosed systems for existing machinery to better contain production heat. Without mitigation, there may be increased quality issues and compensation payouts. With mitigation, the primary impact will be higher fixed asset investment.	• Continuously review and refine current formulation processes. Introduce new equipment, methods, and formulations to produce higher quality products. • Continuously review and improve current equipment and working environments, enhancing processes, and elevating workers' working conditions and productivity.	• Increase investment in R&D, machinery, equipment, and working environments to combat the extreme impacts of climate change under the 4.0°C scenario. These investments will likely exceed those required for the 1.5°C scenario. • Provide better benefits and working conditions for employees to mitigate the severe effects of elevated temperatures on productivity. Invest in more automated machinery to maintain productivity levels in high-temperature environments.

SCENARIOS - CLIMATE-RELATED RISKS (cont.)

TYPE	NAME	DESCRIPTION	SCOPE/ TIME-FRAME	POTENTIAL (FINANCIAL) IMPACT	RISK MANAGEMENT AND MITIGATION 1.5°C	RISK MANAGEMENT AND MITIGATION 4.0°C
PHYSICAL - ACUTE	PHYSICAL CLIMATE-RELATED RISKS	Climate change can influence the frequency and intensity of extreme weather events, including heavy rains, typhoons, and windstorms, posing risks to Luxking's facilities, transportation networks, and supply chains. Strong winds and flooding may lead to production delays, inventory or infrastructural damage, and delays in the delivery of raw materials or finished products.	By geography, short to medium term	Strong winds and flooding pose a significant risk to Luxking's operations, potentially causing production delays, stock or infrastructure damage, delivery disruptions, and resulting financial losses. To enhance resilience against extreme weather, the company plans to implement the following measures: Mid-term • Roof maintenance of the factory buildings, estimated at 1.6 million RMB over the next 10 years. Ongoing • Maintenance of internal drainage system; • Upkeep of photovoltaics system for general maintenance and repairs due to damage or equipment failure; • Implementation of safety and environmental measures, including enhanced inspections and emergency drills. Combined, the ongoing annual costs for drainage, photovoltaic maintenance, and safety activities have an increased total budget of 200,000 RMB. Further planned initiatives include: • Strengthening and regularly reviewing anti-wind and anti-flood protocols. • Procuring additional equipment such as water pumps to handle severe weather. • Conducting frequent checks of underground drainage systems. • Improving logistics controls, inventory storage conditions, and emergency response plans. • Holding annual review meetings with departmental updates on preparedness. • Including extreme weather clauses in relevant contracts. To better protect inventory from high temperatures and water damage, new warehouses are planned, with projected costs between 5–8 million RMB over the next 5 to 10 years.	• Develop and regularly review measures against wind and flood. • Enhance drills and exercises. • Invest in equipment to combat disasters, such as water pumps to address extreme weather calamities. • Strengthen inspections and reviews of underground drainage systems. • Continuously review and improve current inventory conditions, logistics control measures, and emergency plans.	• Relocate warehouse facilities to safer areas. • Build stronger warehouse facilities to withstand extreme weather events. • Account for higher insurance premiums. • Anticipate frequent disruptions in material deliveries within the supply chain. • Maintain a higher inventory volume to avoid production delays due to delivery issues. • Include extreme weather clauses in contracts.

ADDRESSING CLIMATE CHANGE

SCENARIOS - CLIMATE-RELATED RISKS (cont.)

TYPE	NAME	DESCRIPTION	SCOPE/ TIME-FRAME	POTENTIAL (FINANCIAL) IMPACT	RISK MANAGEMENT AND MITIGATION 1.5°C	RISK MANAGEMENT AND MITIGATION 4.0°C
TRANSITION - POLICY AND LEGAL	COMPLIANCE RISK	Compliance risks can arise from evolving regulations and policies aimed at mitigating climate change, i.e., changes in environmental regulations, energy efficiency standards, and product labelling requirements.	By geography and sector, medium term	Failure to comply with evolving climate and environmental regulations may result in penalties, reputational harm, or limited market access. To mitigate these risks and stay ahead of regulatory changes, the company is proactively increasing investments in sustainable production practices, including: • Upgrading production equipment and installing environmental protection systems, with an estimated total investment of 30 million RMB over the next 10 years. • Ongoing monitoring, testing, and certification related to environmental safety, product compliance, and group-level standards, projected at 1.5 million RMB per year. These initiatives are aimed at ensuring long-term regulatory compliance, supporting market competitiveness, and strengthening the company's environmental credentials.	• Stay updated with the latest laws and regulations, reviewing, and refining existing measures to align with the most recent legal requirements. • Make gradual investment in the PPE to align with legal standards.	• Ensure compliance with high standards imposed by government and regulators to combat extreme climate change. • Prepare for new taxes and payments associated with updated energy standards and environmental regulations. • Implement proactive measures to avoid violations and subsequent higher fines, including continuous monitoring and updating of compliance protocols.

SCENARIOS - CLIMATE-RELATED RISKS (cont.)

TYPE	NAME	DESCRIPTION	SCOPE/ TIME-FRAME	POTENTIAL (FINANCIAL) IMPACT	RISK MANAGEMENT AND MITIGATION	
					1.5°C	4.0°C
TRANSITION - TECHNOLOGY	R&D RISK	Transitioning to a low-carbon economy often requires R&D on new technologies and processes. Technological advancements in the adhesives industry may include the usage of bio-based materials or more energy-efficient manufacturing methods.	By sector, medium term	The development of new technologies and production processes often requires significant upfront investment and carries the risk of unsuccessful outcomes. Failing to keep pace with technological advancements may lead to a loss of competitive edge or market share. To mitigate these risks and support the transition to a low-carbon economy, the Group is committed to continuously improving its formulation processes by adopting new equipment, methods, and environmentally friendly formulations. In 2025, the Group invested in new equipment for its Hubei Plant, with a planned budget of 20 million RMB, and allocated approximately 8 million RMB for the retirement and replacement of outdated equipment at Zhongshan Factory. Looking ahead to the mid-to-long term, the Group plans to: • Spend 35 million RMB on phasing out and renewing aging equipment • Invest an additional 35 million RMB in acquiring new equipment to meet low-carbon economy requirements These investments aim to enhance product quality, reduce environmental impact, and ensure long-term competitiveness in a decarbonising global market.	• Continuously review and refine current formulation processes. • Gradual investment in new equipment, methods, and formulas to produce higher quality, more environmentally friendly products.	• Develop and invest in products with higher requirements to withstand extreme weather conditions, such as high temperature and weather resistance. • Allocate significant investment to keep pace with technological advancements, ensuring the adoption of new technologies and processes that enhance sustainability and competitiveness.

ADDRESSING CLIMATE CHANGE

SCENARIOS - CLIMATE-RELATED OPPORTUNITIES

TYPE	NAME	DESCRIPTION	SCOPE/ TIME-FRAME	POTENTIAL (FINANCIAL) IMPACT	MANAGEMENT AND MITIGATION 1.5°C	MANAGEMENT AND MITIGATION 4.0°C
ENERGY SOURCE	ENERGY-EFFICIENT MANUFACTURING	Invest in energy-efficient machinery and renewable energy sources for manufacturing facilities. This can reduce energy costs and carbon emissions.	By geography, short to long term	Reducing energy costs can boost customer brand recognition and drive higher sales, though it may require increased investment in fixed assets and higher operational expenses. Photovoltaic systems have performed well, and we will continue exploring energy-saving and carbon reduction measures from multiple angles. In the mid to long term, photovoltaic projects at Hubei Luxking are planned, with an estimated investment of 10 million RMB. Current maintenance costs for solar panels at Zhongshan Factory are around 70,000 RMB annually, with an additional 30,000 RMB budgeted for contingent repairs. Additionally, we plan to replace diesel forklifts with electric ones in the medium term as the technology advances to suit our operational requirements, with an increased estimated expenditure of 720,000 RMB.	• Continuously review existing equipment and processes. • Gradual introduction of new equipment and methods to achieve energy-saving and emission reduction goals. • Explore energy-saving and carbon-reducing measures from multiple angles.	• Invest significantly in state-of-the-art machinery and equipment to enhance energy efficiency. • Implement more radical energy-saving and carbon-reducing measures to further decrease emissions. • Invest heavily in the most advanced machinery and equipment to improve energy efficiency. • Adopt more aggressive energy saving and carbon reduction measures to further reduce emissions.

SCENARIOS - CLIMATE-RELATED OPPORTUNITIES (cont.)

TYPE	NAME	DESCRIPTION	SCOPE/ TIME-FRAME	POTENTIAL (FINANCIAL) IMPACT	MANAGEMENT AND MITIGATION 1.5°C	MANAGEMENT AND MITIGATION 4.0°C
PRODUCTS AND SERVICES	SUSTAINABLE SUPPLY CHAIN	Collaborate with suppliers to ensure they adopt sustainable practices, leading to a more resilient and eco-friendly supply chain.	By sector, short to long term	While increasing customer brand recognition has the potential to elevate sales, however introducing these initiatives during the early market stages might result in a surge in the cost of raw materials. In the short term, the procurement department will continue to understand new materials and participate in exchange meetings and exhibitions for research and learning. We expect the costs to be about 100,000 RMB per year.	• Continuously keep abreast of new materials in the market, attend exchange meetings, exhibitions to learn new technologies. • Constantly communicate with suppliers about green technology information and apply it to product development.	• Invest significantly in R&D to stay ahead of market trends and meet our customers' needs, which ensures our products remain competitive and are aligned with the latest advancements in sustainability and technology.
PRODUCTS AND SERVICES	ECO-FRIENDLY AND HIGH-FUNCTIONALITY PRODUCTS	As sustainability becomes increasingly important, customers may favour environmentally friendly and low impact products and solutions that exhibit specific qualities such as resistance to extreme temperatures, moisture, or UV radiation.	By sector, short to long term	While enhancing customer brand recognition can boost sales, implementing these initiatives in the market may lead to increased management system costs. The company has already obtained ISO14001 certification and plans to continuously improve its management systems to meet the latest standards and regulatory requirements, pursuing additional green certifications as needed. In the short term, the cost of monitoring of our operations and testing of our products for environmental safety and regulatory compliance is estimated at 1 million RMB per year, while the cost of upholding system certifications is about 230,000 RMB. We have increased our estimated short-term expenses for green certification training courses like FSC and ISO to around 50,000 RMB annually. Over the medium-term, the annual costs expected to increase by 20%-30% depending on development plans.	• Continuously review and refine current formulation processes to greener options. • Gradual investment in new equipment, methods, and formulas to produce higher quality, more environmentally friendly products. • Explore energy saving and carbon reduction measures from multiple perspectives.	• Develop and invest in products with higher requirements to withstand extreme weather conditions, such as high temperature and weather resistance. • Allocate significant investment to keep pace with technological advancements, ensuring the adoption of new technologies and processes that enhance sustainability and competitiveness.

ADDRESSING CLIMATE CHANGE

RISK MANAGEMENT

In line with the TCFD recommendations, Luxking has continued to strengthen its management of climate-related risks and opportunities. 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

At Luxking, we remain steadfast in our commitment to advancing transparency and accountability in climate-related reporting, in line with the recommendations of the TCFD. A key part of this commitment involves the development and implementation of clear, measurable metrics and targets to guide our transition to a low-carbon future.

As a chemical manufacturer, we acknowledge that increases in energy consumption and GHG emissions are an inherent consequence of growth in production volumes and revenue. Hence, we track our energy and emissions intensities as our core performance metrics. By doing so, we strive to decouple environmental impact from business growth through enhanced operational efficiency and sustainable practices. We plan to expand our scope of metrics and targets in additional areas in the coming years, contingent upon the confidence that our data collection processes are both meaningful and accurate. This phased approach ensures that our climate strategy remains grounded in robust and reliable information.

This year, Luxking has formally established clear and measurable carbon reduction targets. These targets have been developed in alignment with international best practices and the recommendations of the TCFD. We adopted a rigorous, data-driven methodology, ensuring our targets reflect a robust understanding of emissions trends and the influence of economic production cycles on intensity ratios.

Most of our ongoing initiatives and their potential financial impacts have been incorporated into our scenario analysis, including:

- Hubei plant’s solar panel installation plan.
- Mid-term transition to electric forklifts, aligned with operational needs.
- Retirement and replacement of outdated equipment with new process plant equipment (“**PPE**”) featuring higher energy efficiency, alongside upgrades to existing PPE to improve performance.

Recognising that some emissions may remain unavoidable, Luxking considers carbon credits as a last-resort option to offset residual emissions that cannot be eliminated through operational improvements, thereby ensuring the achievement of our emission reduction targets.

Through these efforts, Luxking aims to embed environmental responsibility into the core of our operations. We are confident that, by the conclusion of our implementation phase, our operations will demonstrate marked improvements in efficiency and sustainability, reinforcing our leadership in responsible chemical manufacturing.

The table below summarises our medium to long term targets, using 2025 as our baseline year:

TARGET AREA	MEDIUM TERM TARGET (YEAR 2035)	LONG TERM TARGET (YEAR 2050)
Solar Power Generation	Increase by 100%	-
Group energy intensity ratio (GJ per revenue)	Reduce by 15%	Reduce by 30%
GHG Scope 1 and 2 intensity ratio (tCO_2e per revenue)	Reduce by 30%	Reduce by 50% Carbon neutrality by 2060

APPENDIX I

<table>
<tr><th colspan="8">ENERGY AND EMISSIONS DATA OF FY2024</th></tr>
<tr><th rowspan="2">ENERGY TYPE</th><th rowspan="2">USAGE</th><th colspan="3">EMISSIONS IN CO_2 EQUIVALENT (TONNES)</th><th colspan="3">EMISSIONS INTENSITY (TONNES CO_2e/ MILLION RMB)</th></tr>
<tr><th>AS PREVIOUSLY REPORTED*</th><th>AS RESTATED**</th><th>% CHANGE</th><th>AS PREVIOUSLY REPORTED*</th><th>AS RESTATED**</th><th>% CHANGE</th></tr>
<tr><td>Diesel</td><td>67,300 L</td><td>183.75</td><td>179.1</td><td>- 2.5</td><td rowspan="6">12.25</td><td rowspan="6">5.0</td><td rowspan="6">- 59.2</td></tr>
<tr><td>Gasoline</td><td>8,900 L</td><td>20.57</td><td>21.0</td><td>2.1</td></tr>
<tr><td>Natural Gas</td><td>355,000 m^3</td><td>6,488.76</td><td>766.8</td><td>- 88.2</td></tr>
<tr><td>Air-Conditioning and Refrigeration</td><td>50.62 kg</td><td>88.65</td><td>88.7</td><td>0.1</td></tr>
<tr><td>Solar Photovoltaics (onsite)</td><td>1,554 MWh</td><td>NA</td><td>0.0</td><td>NA</td></tr>
<tr><td rowspan="2">Biomass</td><td rowspan="2">18,100 tonnes</td><td>NA (anthropogenic)</td><td>1,687.6 (anthropogenic)</td><td>NA</td></tr>
<tr><td>33,214 (biogenic)</td><td>38,313.4 (biogenic)</td><td>15.4</td><td>60.01</td><td>69.2</td><td>15.3</td></tr>
<tr><td rowspan="2">Electricity Purchased</td><td rowspan="2">30,525 MWh</td><td rowspan="2">23,614</td><td>23,826.3 (location-based)</td><td>NA</td><td rowspan="2">NA</td><td>NA</td><td>NA</td></tr>
<tr><td>22,623.9 (market-based)</td><td>NA</td><td>NA</td><td>NA</td></tr>
</table>

Notes:

*

Emission factors for fossil fuels, natural gas and biomass are derived from the International Carbon Bank and Exchange Carbon Database while emission factors for refrigerants are derived from Intergovernmental Panel on Climate Change.

Emission factors of electricity purchased are derived and applied on a location-basis from the China Ministry of Ecology and Environment's report on "2021 年度减排项目中国区域电网基准线排放因子"and the CLP Power Hong Kong Limited.

Intensity ratios are calculated using FY2024 revenue as denominator, which is 553.5 million RMB.

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Emission factors for diesel, gasoline, natural gas, and biomass (anthropogenic emissions only) are derived from the 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 lca.cityghg.com. The density for gasoline is with reference to GB17930-2016, and the density for diesel is reference to GB19147-2016. Global warming potential (GWP) values were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) 2021.

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, with emission factors taken from the Greenhouse Gas Emissions Calculator by The Hong Kong University of Science and Technology cooperated with the Green and Sustainable Finance Cross-Agency Steering Group. Global warming potential (GWP) values were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) 2021.

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

Biogenic emissions for biomass are derived by taking away the total emissions (taken from Greenhouse Gas 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) from the anthropogenic emissions calculated above. Global warming potential (GWP) values were obtained from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) 2021.

Emission factors of electricity purchased are derived and applied on a location-basis from the China Ministry of Ecology and Environment's report on 2023 年减排项目中国区域电网基准线排放因子 and CLP Power's grid emissions factor https://www.clp.com.hk/content/dam/clphk/images/business/low-carbon-solutions/renewable-energy/co2-2023eng.pdf

Luxking has acquired Green Energy Certificates, the issuance and retirement of which are regulated by the 国家能源局 (National Energy Administration). Green Energy Certificate codes: PPC1906441882002T2022080008825B1 to PPC1906441882002T2022080010378B1.

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 2024 to 30 June 2025 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	3	
2-3	Reporting period, frequency, and contact point	3-4	
2-4	Restatements of information	27-29	
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 3 male interns in Zhongshan Factory	
Governance			
2-9	Government structure and composition	10-11	
2-10	Nomination and selection of the highest governance body	AR: Pg 21-22	
2-11	Chair of the highest governance body	AR: Pg 20	
2-12	Role of the highest governance body in overseeing the management of impacts	10-11	
2-13	Delegation of responsibility for managing impacts	10-11	
2-14	Role of the highest governance body in sustainability reporting	10-11	
2-15	Conflicts of interest	AR: Pg 27-28, 33	
2-16	Communication of critical concerns	20	
2-17	Collective knowledge of the highest governance body	11	
2-18	Evaluation of the performance of the highest governance body	AR: Pg 23	
Strategy, Policies and Practices			
2-22	Statement on sustainable development strategy	5	
2-23	Policy commitments	16, 20-22	
2-24	Embedding policy commitments	16, 20-22	
2-25	Processes to remediate negative impacts	16, 20	
2-26	Mechanisms for seeking advice and raising concerns	20	
2-27	Compliance with laws and regulations	20	
2-28	Membership associations	Zhongshan Factory is a member of the China Adhesive and Tape Industry Association.	

GRI
CONTENT INDEX

GRI	DISCLOSURE	PAGE	REMARKS
Stakeholder Engagement			
2-29	Approach to stakeholder engagement	7	
2-30	Collective bargaining agreements	16	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	8-9	
3-2	List of material topics	9	
GRI 202: Market Presence 2016			
3-3	Management of material topics	13	
202-2	Proportion of senior management hired from the local community	13	
GRI 205: Anti-Corruption 2016			
3-3	Management of material topics	20	
205-2	Communication and training about anti-corruption policies and procedures	20	
205-3	Confirmed incidents of corruption and actions taken	20	
GRI 206: Anti-competitive Behaviour 2016			
3-3	Management of material topics	21	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	21	
GRI 301: Materials 2016			
3-3	Management of material topics	24	
301-1	Materials used by weight or volume	24	
GRI 302: Energy			
3-3	Management of material topics	27-29	
302-1	Energy consumption within the organization	27-29	
302-3	Energy intensity	27-29	
GRI 303: Water and Effluents 2018			
3-3	Management of material topics	23	
303-1	Interactions with water as a shared resource	23	
303-2	Management of water discharge-related impacts	23	
303-3	Water withdrawal	23	
GRI 305: Emissions			
3-3	Management of material topics	27-29	
305-1	Direct (Scope 1) GHG emissions	28	
305-2	Energy indirect (Scope 2) GHG emissions	29	
305-4	GHG emissions intensity	28-29	

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GRI	DISCLOSURE	PAGE	REMARKS
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3-3	Management of material topics	25	
306-1	Waste generation and significant waste-related impacts	25	
306-2	Management of significant waste-related impacts	25	
306-4	Waste diverted from disposal	25	
306-5	Waste directed to disposal	25	
GRI 308: Supplier Environmental Assessment 2016			
3-3	Management of material topics	26	
308-2	Negative environmental impacts in the supply chain and actions taken	26	
GRI 401: Employment 2016			
3-3	Management of material topics	13-15	
401-1	New employee hires and employee turnover	13-15	
GRI 402: Labour/ Management Relations 2016			
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GRI 403: Occupational Health and Safety 2018			
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GRI	DISCLOSURE	PAGE	REMARKS
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406-1	Incidents of discrimination and corrective actions taken	19	
GRI 407: Freedom of Association and Collective Bargaining 2016			
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GRI 408: Child Labour 2016			
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GRI 417: Marketing and Labelling 2016			
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DISCLOSURE FOCUS AREA	RECOMMENDED DISCLOSURE	PAGE REFERENCE, REMARKS
Governance		
Disclose the organisation's governance around climate-related risks and opportunities.	A. Describe the board's oversight of climate-related risks and opportunities.	10-12
	B. Describe management's role in assessing and managing climate-related risks and opportunities.	10-12
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	30-37
	B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	30-37
	C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	30-37
Risk Management		
Disclose how the organisation identifies, assesses and manages climate-related risks.	A. Describe the organisation's processes for identifying and assessing climate-related risks.	38
	B. Describe the organisation's processes for managing climate-related risks	38
	C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	38
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	38-39
	B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	27-40
	C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	38-39

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