

POU SHENG INTERNATIONAL (HOLDINGS) LIMITED

寶勝國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號:3813)



ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT
環境、社會及管治報告

2025





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Upholding the core values of “professionalism, dedication, innovation and service”, Pou Sheng International (Holdings) Limited (the “Company”, and together with its subsidiaries, the “Group”) strives to create value for its shareholders as well as to satisfy and balance the expectations of all stakeholders. At the same time, the Group also wishes to integrate sports into the daily lives of the general public. The Group will become a sustainable and joyful enterprise, through creating unique channels full of quality sports services and products, which will make it convenient and fun for people to enjoy sports every day and inspire people to develop a persistent passion for sports, thereby promoting quality living and healthy lives.

1 ESG REPORTING FRAMEWORK

To inform all stakeholders about the environmental, social and governance (the “ESG”) policies, measures and performance of the Group, the Group has prepared this ESG report (the “Report”) pursuant to the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have complied with the four reporting principles, namely “materiality”, “quantitative”, “balance” and “consistency”.

Reporting principles

Materiality	The ESG working task force of the Group (“ESG Working Task Force”) prioritised the key issues of concern to stakeholders by analysing their environmental, social and business operational impacts through stakeholder surveys, the results of which were reviewed by the board of directors of the Group (the “Board”) at meetings.
Quantitative	The Group established internal guidelines with reference to the guidelines of the Stock Exchange, industry practices and laws and regulations, collected relevant data and information in relation to environmental and social performance indicators from business units, and maintained relevant supporting documents, which were submitted to the Board for review after verification by the ESG liaison and the ESG Working Task Force. For the calculation criteria, methodologies and assumptions (if applicable) in the calculation of data relating to the performance indicators, please refer to relevant sections of the Report. Since the data relating to the performance indicators in the Report are rounded, the total number of percentages of individual data may not be equal to 100%.
Balance	All the data and information of the Group are disclosed in an objective manner, so that stakeholders are able to make an impartial and justifiable assessment of the overall ESG performance of the Group.
Consistency	The ESG Working Task Force continued to review the previous and existing statistical method and calculation to ensure that the relevant data disclosed in the Report followed a consistent statistical method, the same statistical and conversion approach, in order to allow stakeholders to make meaningful assessments.

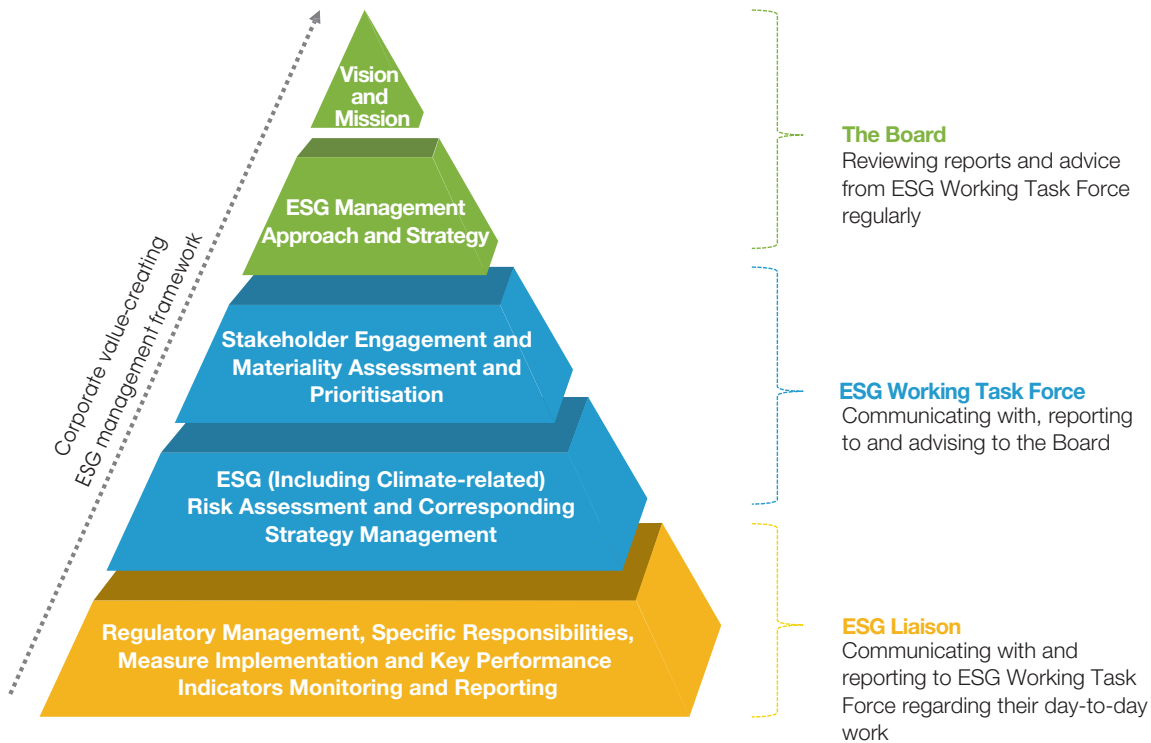
2 SCOPE OF ESG REPORTING

The Report covers the retail of sportswear and footwear products, distribution of licensed products and sports services businesses of the Group, using the operational control method to define organisational boundaries for the period commenced from January 1, 2025 and ended on December 31, 2025 (“the Reporting Period”), including the performance and specific practices of offices, directly operated stores, sports cities and department store counters in regions where the Group operates to fulfil its environmental and social responsibilities, while joint ventures are excluded. When determining the scope of the Report, the Group takes into account the factors such as the level of impact of the ESG risks on the business, its vulnerability and the resources allocated in controlling the ESG risks. The scope of the Report is prepared by the ESG Working Task Force and then submitted to the Board for review.



3 ESG GOVERNANCE STRUCTURE

To realise its aspirations in ESG, the Group is committed to strengthen its ESG governance structure by integrating its commitment to the environment and society into its day-to-day decision making, corporate culture and future planning, etc. to ensure that the Group is able to create a positive impact to the industry as a whole and supply chain members.



The functions of the Board, the ESG Working Task Force and ESG liaison are described as follows:

3.1 The Board of Directors

The Board takes a leadership role in setting the ESG (including climate-related) governance direction as well as in developing an effective and measurable vision for the ESG strategies. In addition, the Board will meet every six months to resolve ESG-related issues, including but not limited to:

- Assess the implementation of current ESG (including climate-related) targets and determine future ESG (including climate-related) targets;
- Review and monitor the implementation and results of the ESG governance strategies regularly and make appropriate adjustments based on the Group’s performance and external environment; and
- Review ESG-related policies and reports.



3 ESG GOVERNANCE STRUCTURE (Continued)

3.1 The Board of Directors (Continued)

The Board has systematically incorporated climate-related risks and opportunities into its oversight of the Company's overall strategic planning, major investment and expansion decisions, as well as risk management procedures and supporting policies in relation to the supply chain and operations. For example, when evaluating significant decisions such as new investment projects, supply chain selection, warehouse layout, and product development, the impacts of climate factors are also assessed concurrently. When reviewing annual strategy, major investment and mergers and acquisitions, and entry into new market, the Board requires the management to provide detailed assessments on the relevant climate risks and opportunities within their proposals, as well as explaining of how they were integrated into financial modelling and risk considerations. Furthermore, the Board requires the management to provide regular updates on progress against key climate performance indicators (KPIs), such as greenhouse gas emissions, the proportion of assets exposed to climate risks, and capital expenditure allocated to climate opportunities. The Board's decision-making process also refers to a list of climate-related risks and opportunities specific to the retail and distribution industries, such as the impact of extreme weather on store operations and logistics, physical risk exposure in regions where suppliers are located, and growing consumer demand for low-carbon products.

The Board attaches importance to ESG (including climate-related) risk management and internal control measures, and delegates authority to the management to identify and assess risks (including ESG risks), and to conduct ESG monitoring, details of which are set out in the section "Internal Control and Risk Management" in the Corporate Governance Report of the Annual Report. The Board should lead the management to continuously improve ESG risk management across business units and retail stores, and provide guidance on the identification, assessment and management of material risks so as to enhance the Group's ability to predict and its resilience in addressing ESG (including climate-related) risks. Meanwhile, the Board also integrates ideas from the dedicated ESG Working Task Force and Supply Chain Management Team to evaluate potential trade-offs between "climate risks and business interests", balancing short-term costs against long-term operational resilience, brand value and market opportunities when implementing measures such as improving warehouse energy efficiency, adopting low-carbon logistics solutions or expanding sustainable product lines.

The Group is particularly concerned with the internal control mechanisms that is closely related to its daily operations. Therefore, the Board has delegated the authority to the Audit Committee to monitor the adequacy and effectiveness of the internal control system of the Group, and identify weaknesses of internal control and propose remedial measures.

In addition, the Board regularly assesses whether its members possess the necessary skills and competence to oversee climate-related matters at present and in the future, and strengthen their expertise through ongoing training. To address future climate risk challenges, the Board continuously elevates its expertise through external expert consultations and special training programmes, such as the training received in August 2025 in relation to the financial implications of climate-related matters.



3 ESG GOVERNANCE STRUCTURE (Continued)

3.2 ESG Working Task Force

Under the leadership and delegation of the Board, the Group has established an ESG Working Task Force responsible for the monitoring, assessments and management of climate-related risks and opportunities. The task force reports to the Board every six months on its progress, covering the status of ESG report preparation, the identification of climate risks and opportunities, assessments of financial impacts, and corresponding response strategies. The Board assesses progress towards objectives accordingly, providing guidance or proposing adjustments to ensure that there are effective implementation and continuous improvement of relevant strategies. For significant decisions or commitments, the task force must report to and obtain Board approval in advance to ensure alignment with the Board's overall oversight direction. Members of the task force comprise management personnel, such as managers or above, from various functional departments to ensure cross-departmental expertise and effective execution of duties.

To ensure the Group is able to receive the opinions of different stakeholders on the importance of sustainability development issues, the ESG Working Task Force communicates closely with stakeholders, actively collects their views and feedback, and identifies and responds to ESG key issues in a timely manner. The ESG Working Task Force is required to conduct a series of ESG (including climate-related) risk assessments under the governance principles formulated by the Board. Following the identification and assessment, the ESG Working Task Force will develop an implementation strategy based on the Group's own visions and missions, make recommendations to the Board on relevant issues, report to the Board and make recommendations for further improvement, striving to create positive corporate social values for stakeholders and consumers.

3.3 ESG Liaison

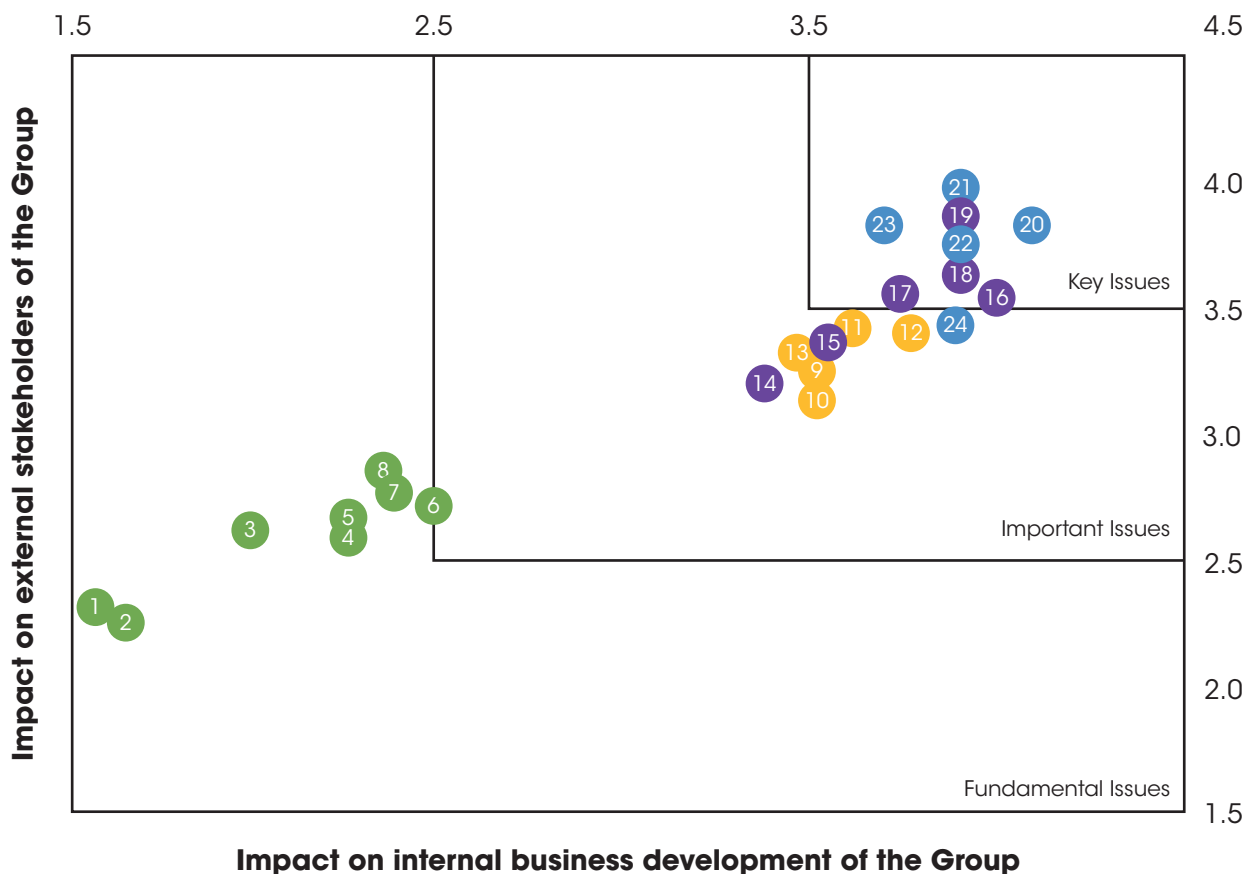
To manage the climate-related matters of the Group in a systematic manner, the Group has an ESG liaison responsible for promoting specific measures in each department and cultivating ESG culture. The ESG liaison is mainly responsible for formulating and implementing ESG management regulations for each department, clarifying specific responsibilities and initiatives, overseeing and guiding the implementation of ESG (including climate-related) policies of each department in daily operations and promoting the cultivation and activities of ESG culture. The ESG liaison is also responsible for setting measurement standards for ESG (including climate-related) performance, and reporting regularly to the ESG Working Task Force on the key performance indicators and the implementation of relevant initiatives. In addition, the ESG liaison integrates climate-related monitoring measures and procedures through collaboration with other internal functions to ensure that they are aligned with overall business objectives.



4 STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT

The Group identifies key stakeholder groups and material issues concerned through a consolidated view of the ESG Reporting Code, the industry’s characteristics and its own development aspects, and understands the stakeholders’ views by means of exchanges and questionnaires through various communication channels. In order to respond to the expectations of all stakeholders in the business operation and sustainability aspects, the Group also assesses, analyses and prioritises the importance that the stakeholders attach to such issues, prepares a materiality matrix and establishes a reporting framework for the Report. Key stakeholder groups include shareholders and investors, directors, employees, brand partners and logistics suppliers, media, community group, consumers, as well as government and regulatory authorities. The Group believes that effective ESG management is an important part of the Group’s sustainable development in economic, social and environmental aspects, which will help the Group improve its current performance and provide adjustment development strategies for various policies and measures. Impacts on the Group’s internal business development and external stakeholders for the Reporting Period are as follows:

Distribution of internal and external impacts on the Group for the period



Note: “4.5” has the greatest impact, whereas “1.5” has the least impact.



4 STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT (Continued)

Category	Key Issues	Category	Important Issues	Category	Fundamental Issues	
Governance	20	Environment	6	Environment	2	Greenhouse gas emissions from business operations
	21		7			
Social - customers and community	19		8		1	Air pollutant emissions from business operations
Governance	22		5			
	18		4			
Governance	23		3			
	24					
Social - customers and community	17					
Social - employees	16					
	12					
Social - customers and community	11					
	15					
Social - employees	13					
	9					
	10					
Social - customers and community	14					

Notes:

- The Group identifies environmental, social, and governance issues that have significant impacts on business operations and stakeholder decision-making through materiality assessments. We formulate a list of issues by referencing international standards and industry trends, using the extent of an issue's impact on the Group's development and its relevance as screening criteria. This assessment enables the Group to accurately identify key risks and opportunities, thereby establishing response measures and optimising resource allocation for sustainable development.
- According to the distribution of stakeholder assessment data, the Group classified and prioritised the investigation results based on three levels, namely key issues, important issues and fundamental issues.
- In each level, the magnitude of impact of each issue is ranked in top-down sequence.



5 GOVERNANCE

5.1 Intellectual property rights and marketing and promotion

The Group has formulated the “Corporate Code of Conduct” and is committed to complying with the “Anti-Monopoly Law of the People’s Republic of China”, maintaining a fair competition environment and strictly protecting the Group’s or others’ intellectual properties. In addition, the Group ensures transparency of information and prevents false or misleading statements. The Group ensures strict compliance with laws such as the “Trademark Law of the People’s Republic of China”, “Copyright Law of the People’s Republic of China” and the “Patent Law of the People’s Republic of China” in the management of information archiving and filing. Regarding the labels and advertisement messages of its products, the Group makes sure that it truly reflect its features, quality standards and authenticity. Besides, the Group has made its customer rights policy publicly available, and implemented it in the Group’s operation, to prevent its products or services from compromising consumers’ rights. At the same time, a review mechanism is also established. Apart from reviewing the compliance of individual cases, the Group will also remind the business units to obtain authorisations such as copyright and trademark before preparing any advertisements and promotional materials, and to comply with relevant agreements when using them to avoid infringement. In addition, the Group will also have a dedicated department for trademark registration applications, regularly update and track the progress of cases, and maintain the validity of existing trademarks. In terms of the infringement of the Group’s trademark or copyright, the Group will take legal proceedings against the infringer to safeguard the Company’s rights and interests and protect the intellectual property rights of the Group from infringement. During the Reporting Period, the Group found no significant violation of laws and regulations regarding intellectual property.



5 GOVERNANCE (Continued)

5.2 Data privacy

It is the Group's responsibility to protect the data of the Company and its customers. Comprehensive data management processes and systems (ISMS) help ensure data security. The Group has established information security management system based on ISO27001. The Group's information security management should cover 11 management matters to avoid improper use, leakage, tampering and destruction of information due to human negligence, intentional or natural disasters, which will in turn bring various risks and hazards to the operation.

In order to ensure the rationality and effectiveness of cyber security protection, the Group's "Cyber Security Management Procedures" clearly defines the procedures for handling different types of information. It also stipulates the responsibilities of employees in protecting information, and has formulated the "Information Security Incident Reporting Flowsheet" to timely notify the information security emergency response implementation team and report to the head of the responsible unit or/ and the head of the information department based on the level of event.

To further strengthen the Group's data security management, the Group has been providing basic information security training and examinations for new employees through an e-learning platform named "Pou Sheng Academy" since 2022, and organised development and testing personnel to participate in offline development safety training. The Group also regularly reviews and improves the operation of the system and the achievement of objectives.

Brand partners

The Group ensures strict compliance with the laws in maintaining high level of security and privacy protection of all brand information (such as the "Civil Code of the People's Republic of China – Book III: Contract"). The Group attaches great importance to the privacy of such information, which includes all intellectual property rights and confidential information related to the brand, such as design layouts, information of the brand partners, trademark information, development and production information, operation manual and inspection results, as well as confidential information of any form with implied property interests or economic value. The Group is dedicated to safeguarding and protecting such information. The Group also requires suppliers and other partners who are working with it to execute relevant agreements for brand privacy protection. In addition, appropriate security system and measures are in place to prevent unauthorised use of such information. Once any suppliers or employees are found to be responsible for any leakage of information, the Group will strictly enforce the relevant provisions under the signed agreements or its internal regulations for reward and punishment.



5 GOVERNANCE (Continued)

5.2 Data privacy (Continued)

Consumers

The Group deeply believes that protecting the personal information of consumers is the key to establishing mutual trust relationship. Given the vast group of members and their personal information that the Group holds, safeguarding the privacy of its members is always its most concerned issue. The information technology department of the Group adopts a comprehensive data security system and implementing standardised information security management in compliance with relevant national laws and regulations, regulatory requirements of the industry as well as relevant confidentiality provisions of the Company, ensuring that the data collected by the Group is well-protected and the privacy of its customers is respected and secured. As to the promotional and advertising messages of the Group, no commercial messages will be sent to its members without their consent or upon their refusal. The privacy information of its members is kept in strict confidence, and will not be disclosed, transferred, rented/sold to third parties without the consent of the members or otherwise prescribed by laws.

During the year, the Group continued to maintain a strong focus on enhancing its product quality control system and associated processes, and rigorously implemented quality management of products and services, strictly in compliance with national laws and regulations, by establishing standardised operating procedures across all stages (including sales, delivery, handling of returned goods and exchanges as well as after-sales service) with product quality as the fundamental baseline. In particular, technologies such as video, imaging and artificial intelligence (AI) were utilised to implement for end-to-end tracking management, enabling efficient handling of consumer returns and exchanges with rapid response and timely resolution. During the Reporting Period, the Group did not identify any significant cases of non-compliance with laws and regulations regarding product liability (such as “Law of the People’s Republic of China on Product Quality”, “Cybersecurity Law of the People’s Republic of China” and the “Civil Code of the People’s Republic of China – Book VII: Liability for Tort”).

5.3 Anti-bribery and anti-corruption

“Dedication” is one of the Group’s core values. The Group defines “honesty and integrity” as the commitment to follow the rules and regulations of the Group, dedication to do the right things, zero tolerance to corruption or any other misconduct that is against the Group’s interest, and the Group resolutely combats all crimes of soliciting or accepting bribes and corruptions, etc. The Group has formulated the “Corporate Code of Conduct” to ensure that employees adhere to the principle of operating with integrity and maintain a high standard of professional ethics in business operations, strictly comply with legal compliance requirements including anti-fraud and anti-corruption. The Group has also established a stringent internal inspection mechanism and control system to ensure the accuracy and transparency of all financial reports, and adopts a zero-tolerance attitude against corruption and fraud.



5 GOVERNANCE (Continued)

5.3 Anti-bribery and anti-corruption (Continued)

The Group always endeavours to uphold the core value of integrity. The Group requires all employees to observe personal and professional conduct. Apart from maintaining strict compliance with the laws and regulations (such as “Criminal Law of the People’s Republic of China”, “Anti-Money Laundering Law of the People’s Republic of China” and “Anti-Unfair Competition Law of the People’s Republic of China”) to prevent bribery, extortion, fraud and money laundering, the Group also has “Prevention of Corruption and Bribery Policy” and “Whistleblowing Policy” (for details, please visit the “Corporate Governance” section of the Company’s website), the Group has also set out anti-bribery and anti-corruption policies and penalties in its employee handbook, issued self-disciplinary requirements, established relevant reporting channels and procedures, and regularly reviewed the effectiveness of internal management. These all help to ensure that the Group can uphold its professional morality, abide by its operation integrity and maintain stable development. The Group encourages the employees to be self-disciplined and self-introspective, willing to come forward to admit their mistakes when there is wrong-doing, and correct the mistakes timely; to tell right from wrong, and not to have favouritism and defend others’ shortcomings; to have occupational morality, literacy, and conduct that can stand all challenges; to commit, keep promises and able to develop trustworthy relationships with others. To ensure and regulate its employees to be honest and self-disciplined in external business interactions and internal business management activities, the Group also issues “Gift Giving/Receiving Measures” and require its employees to sign an “Employee Ethics Oath”. Anti-corruption and business ethics was one of the topics in management training and the Management adopts a zero-tolerance attitude to any deceptive business activity. In addition, the Group’s contracts with its suppliers (e.g. the Group’s “Supplier Code of Conduct”) contain anti-corruption terms that require both parties to perform in good faith to prevent either party from obtaining improper benefits.

During the Reporting Period, the Group is in compliance with the relevant laws and regulations that have a significant impact on the Group, and no concluded legal cases regarding corrupt practices against the Group or its employees had been reported.



6 SOCIAL

6.1 EMPLOYEE

6.1.1 *Employee development and training*

To encourage and support its employees' personal development, the Group offers a career development platform and a variety of on-the-job training and course training to bring new exposures to the employees, so as to constantly enhance their capabilities and realise their own values. The Group also has formulated a diversified career development system and career development learning programmes for talents in key positions in its core business and for the development of its talent pipeline. Employees can gain exposure to different functions and business units through job rotation or projects in their personal development plans to broaden the horizons for personal development. In conjunction with talent succession planning, the Group formulates individual career development plans based on the employees' potential, tailoring different career options to enhance their ability to perform their duties, and pave way for their future growth to embark on their career development journeys.

The Group actively promotes continuous learning and professional development, and prioritises internal talent cultivation. It establishes clear career development pathways and diverse on-the-job training systems for employees. Through systematic mentoring and training programs, the employees are assisted to continuously enhance their capabilities and realise their self-worth. For key positions in core business areas and talent pipeline development, the Group implements differentiated competency development mechanisms and career learning programs. Employees gain experience through job rotations and Individual Development Plans (IDPs), exposing themselves to diverse functional modules, broadening their perspectives, and paving clear career advancement pathways.

During the year, the Group invested substantial resources in implementing diverse training programmes to enhance employees' capabilities, professional skills, and knowledge. These training programmes covered areas such as leadership management, executive strategic alignment, retail operations, and online operational techniques, empowering employees to better align with the company's strategic development and drive organisational performance improvement. Meanwhile, through online learning platform of the Group, "Pou Sheng Academy", employees can have access to resources on various topics anytime, anywhere. This includes specialised courses on middle and lower-level management, product marketing, and brand management. Aligned with key corporate management priorities and key annual projects, the platform also offers courses such as workplace influence and office software, providing rich learning resources to support the long-term development of both the company and its employees. As a result of the focus on promoting the online learning platform of "Pou Sheng Academy" and its extensive course coverage, the number of training hours for employees increased significantly as compared with the previous year.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.1 Employee development and training (Continued)

The table below shows the percentage of the Group's employees trained and the average training hours¹ per employee in 2025 and 2024:

Categories		Percentage of employees trained ²		Average training hours per employee ³	
		2025	2024	2025	2024
All employees		139.6%	134.5%	25.2	27.5
By gender	Male	20.6%	21.7%	23.4	24.8
	Female	79.4%	78.3%	25.7	28.2
By employee category	Senior	0.4%	0.5%	7.2	8.8
	Middle-level	3.6%	3.6%	11.3⁴	45.0
	Supervisory-level	8.7%	8.8%	13.5	10.2
	General	4.2%	4.2%	14.6	14.1
	Shop	83.1%	83.0%	27.7	29.4



¹ The statistics included all full-time, part-time and contract employees of the Group. Training only included training activities organised by the Group.

² Percentage of employees trained = Employees who took part in training/Number of employees × 100%; Percentage of employees trained by relevant category or gender = Number of employees who took part in training in relevant category or gender/Number of employees who took part in training × 100% (taking into account all employees who have participated in training in the year of 2025, including resigned personnel during the period (regardless of whether the employee is still an employee at the end of the Reporting Period), while the number of employees uses the end of the Reporting Period as the date of reference).

³ Average training hours per employee = Total number of training hours/Total number of employees; Average training hours for employees in relevant category or gender = Total training hours for employees in relevant category or gender/Total number of employees in that category or gender.

⁴ The Group upgraded its SAP system and revised its performance management system in 2024. Mid-level employees underwent multiple rounds of training. During the year, the training program has returned to its regular mode, resulting in a reduction in training hours as compared with 2024.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.2 Occupational health and safety

The Group has formulated an “Employee Rights And Benefits Policy” and is committed to providing and maintaining a safe and healthy working environment for employees to prevent accidents and injuries that are harmful to health during work or when using tools provided by the Group. The Group conducts regular safety training and body checks to ensure the mental and physical well-being of employees, and organises team-building activities to enhance the cohesion and happiness of employees.

In line with this philosophy, the Group implements appropriate measures such as regular body checks to protect the health and safety of employees. For employees (such as in warehouses, stores and supporting departments) who have to work under extreme temperature conditions such as warehouse, subsidies and supports (including offering cold drinks, warm clothes and reminding them to take rest) are provided in strict compliance with national regulations. All subsidiaries and retail stores are assigned with professional electricians and maintenance personnel who regularly inspect, repair and maintain the shops to prevent accidents from occurring to non-technical salespersons, therefore ensuring the safety of employees. All retail stores have passed fire safety inspections, and regular emergency drills and replacement of related equipment are carried out in conjunction with the shopping centres.

The Group is committed to helping employees achieve work-life balance. Therefore, the Group often organises outreach and team-building activities to promote employee cohesion and happiness. The human resources department of the Company (“Human Resources Department”) will also pay attention to the implementation of employee assistance programme during store visits, including understanding the work adaptation, income and life, shift arrangement, rest and interpersonal relationship of each store employee, as well as the implementation of employee benefits. In order to further care for employees facing difficulties, the Group has formulated the “Employees’ Urgent Aid Management Measures” to provide immediate support and assistance to ensure that employees can receive appropriate help during difficult times.

The Group attaches great importance to the day-to-day health management of office areas to ensure that the employees work in a safe, hygienic and healthy working environment. In addition to reminding employees to continue to maintain good hygiene practices, the Group has implemented the following safety measures on a regular basis:

1. Perform daily cleaning and disinfection of public areas such as toilets and pantries in offices and stores, and provide these places with disinfectant hand sanitisers and disinfectant cabinets;
2. Clean carpets and air conditioners in office areas regularly; and
3. Regularly appoint professional pest control companies to carry out pest control work in office areas.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

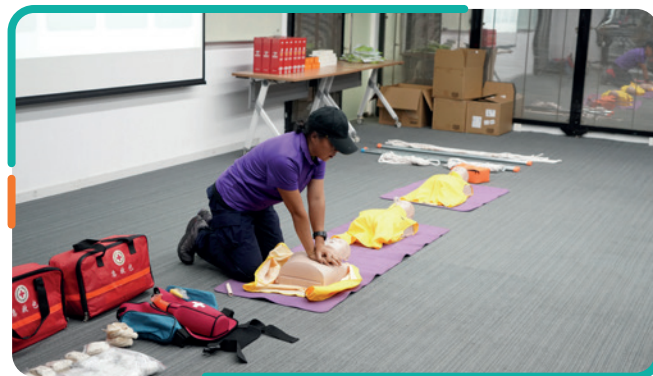
6.1.2 Occupational health and safety (Continued)

The Group focuses on enhancing employees' safety awareness, improving their capability to help each other and themselves, engaging professional safety and first aid teams and instructors, and organising safety training.

The statistics on work-related injuries of the Group are as follows:

	2025	2024	2023
Number of work-related fatalities	0	0	0
Lost days due to work-related injuries	1,847	1,639	1,372

During the Reporting Period, the Group found no significant violation of laws and regulations regarding health and safety at workplace (such as "Laws of the People's Republic of China on Prevention and Control of Occupational Diseases", "Provisions on the Supervision and Administration of Occupational Health at Work Sites" and "Fire Protection Law of the People's Republic of China").



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.3 Diversity and equal opportunity

The Group has formulated the “Employee Rights And Benefits Policy”, and is committed to creating a workplace that is diverse, inclusive and free from discrimination. Also, the Group is committed to complying with international human rights standards such as “the United Nations Universal Declaration of Human Rights”, “the United Nations Global Compact”, “the United Nations Guiding Principles on Business and Human Rights”, “the OECD Guidelines for Multinational Enterprises”, “the United Nations Convention on the Elimination of All Forms of Discrimination against Women” and “the Fundamental Principles of the International Labour Organisation”. It expects its partners to work together to raise awareness of human rights management and ensure that business operations do not have a negative impact on human rights. The Group aims to treat all employees equally and respect their differences. In doing so, the Group does not discriminate its staff on the grounds of gender, race, ethnic origin, religion, political affiliation, disability or age. This covers all employment arrangements, such as employment, deployment, recruitment, training, promotion, conduct, rates of pay and benefits, so as to ensure all employees and job applicants are entitled to equal opportunities and fair treatment. In addition, the Group employs people with disabilities as appropriate pursuant to the Law of the People’s Republic of China on the Protection of Disabled Persons.

During the Reporting Period, the Group found no significant non-compliance with laws and regulations regarding human resources management (such as “Trade Union Law of the People’s Republic of China”, “Social Insurance Law of the People’s Republic of China” and “Law of the People’s Republic of China on the Protection of Women’s Rights and Interests”). As at December 31, 2025, the Group has a total of 18,122 employees. Below sets out the details of the Group’s employee distribution in 2025 and 2024:

Categories	2025 Employee distribution		2024 Employee distribution		
	Number	%	Number	%	
By gender					
Senior Management					
	Male	7	87.5%	7	87.5%
	Female	1	12.5%	1	12.5%
The workforce (excluding senior management)					
	Male	3,277	18.1%	3,835	19.2%
	Female	14,837	81.9%	16,121	80.8%
By employment type					
	Contract	14,818	81.8%	16,960	85.0%
	Permanent	3,304	18.2%	3,004	15.1%
By age group					
	Below 30	4,338	23.9%	5,562	27.9%
	30-39	9,125	50.4%	9,926	49.7%
	40-49	4,400	24.3%	4,222	21.2%
	50 and above	259	1.4%	254	1.3%
By region					
	Mainland China	17,969	99.2%	19,778	99.1%
	Taiwan	138	0.8%	169	0.9%
	Hong Kong	15	0.1%	17	0.1%



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.3 Diversity and equal opportunity (Continued)

Below sets out the turnover of the Group's employees by gender, age group and region in 2025 and 2024:

		2025	2024
By gender	Male	73.0%	81.7%
	Female	45.3%	50.5%
By age group	Below 30	114.0%	120.8%
	30-39	36.6%	37.6%
	40-49	15.1%	16.7%
	50 and above	61.4%	48.8%
By region	Mainland China	50.3%	56.7%
	Taiwan	48.6%	34.3%
	Hong Kong	26.7%	23.5%

6.1.4 Prevention of child labour or forced labour

All of the Group's subsidiaries, retail stores and offices are in strict compliance with the local statutory requirements (such as "Provisions on the Prohibition of Using Child Labour" and "Underage Workers Special Protection Provisions") and a range of international human rights standards such as "the United Nations Convention on the Rights of the Child" to align with international requirements. The Group expressly prohibits any forced or child labour.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.4 Prevention of child labour or forced labour (Continued)

The Group complies with the local labour laws and ensures that all employees must attain the local minimum legal working age. Job applicants are required to present identification documents at interviews for it to verify their ages. The Human Resources Department also carries out comprehensive recruitment screening procedures and conduct background checks to ensure the information provided by the applicants is accurate and correct. If an employee is found deliberately concealing the identification information after being employed, the related employee's employment will be terminated. The Group will hold the individual liable for any losses caused to the Group. On the contrary, if there is any violation due to work negligence by the Human Resources Department, the relevant officers will be punished and warned, and will even be dismissed from office in serious cases. The Group will take into account the ability and willingness of employees in work arrangement and will not require employees to provide guarantees to employers. Forced labour is strictly prohibited. Moreover, the Group will regularly review its business operation to check if any child or forced labour is employed. During the Reporting Period, the Group found no significant violation of laws and regulations regarding the prevention of child or forced labour.

6.1.5 Employee well-being

Talents are the Group's most valuable assets, hence nurturing them has become one of its major development goals. The philosophies of its talent development strategies are as follows:

- Enhancing soft power: introduce and enhance its employees' recognition of the Group's core values, namely professionalism, dedication, innovation and service, and incorporate such values in the performance evaluation to set up standards for mind-sets and behaviours, so as to ensure that their attitudes and behaviours embody and conform to its corporate culture;
- Boosting hard power: establish the highly efficient organisational structure, talent evaluation system, recruitment platform and system, and formulate plans for the sustainable career development of employees based on the development strategies;
- Enhancing employees' knowledge and skills by on-going and well-planned talent nurturing system, so as to maximise efficiency and productivity;
- Incentive strategy characterised by high-compensation for talents with remarkable performance and high-contribution;
- Building of comprehensive employer brand; and
- Providing opportunities to achieve personal ambition to talents who share the same vision with the Group, making the Group the best and desirable employer.



6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.5 Employee well-being (Continued)

The Group has a sound employment system in place, which is designed for systematic management of staff recruitment, remuneration and benefits, promotion, termination and dismissal, etc. The Group conducts open recruitment online and recruit employees that meet the position requirements and its corporate culture based on the business nature and employment criteria of such positions. Furthermore, the Group signs, renews, terminates or dismisses labour contracts with employees in accordance with the relevant national and local laws and regulations (such as “Labour Law of the People’s Republic of China”, “Labour Contract Law of the People’s Republic of China” and “Employment Ordinance of Hong Kong”). The Group also fulfil its obligations as agreed in the labour contracts.

The Group offers competitive, just and fair remuneration and benefits. Compensation market surveys are conducted annually for the purpose of maintaining the competitiveness of the overall remuneration package, which is also the cornerstone of talent attraction and retention. Staff remuneration and benefit levels are regularly reviewed based on individual performance and the remuneration system of the Group. In addition to providing social insurance for employees as required by the laws, the Group offers commercial medical insurance and discounted voluntary family medical insurance plans to ensure the employees enjoy comprehensive medical coverage. Employees also enjoy various benefits including provident funds, employee shopping discounts, and various allowances. The Group strictly adheres to labor regulations and reasonably schedules working hours to enhance employees’ quality of life and job satisfaction.

Additionally, the Group focuses on implementing comprehensive welfare programmes, tailoring diverse benefit packages for corresponding positions. These encompass communication allowances, meal allowances, transportation allowances, and housing allowances, along with personalised support such as business travel allowances. In addition, departmental team-building funds are provided to encourage employees to independently organise activities. This aims to foster a harmonious, pleasant, and employee-friendly work environment while enhancing team cohesion.

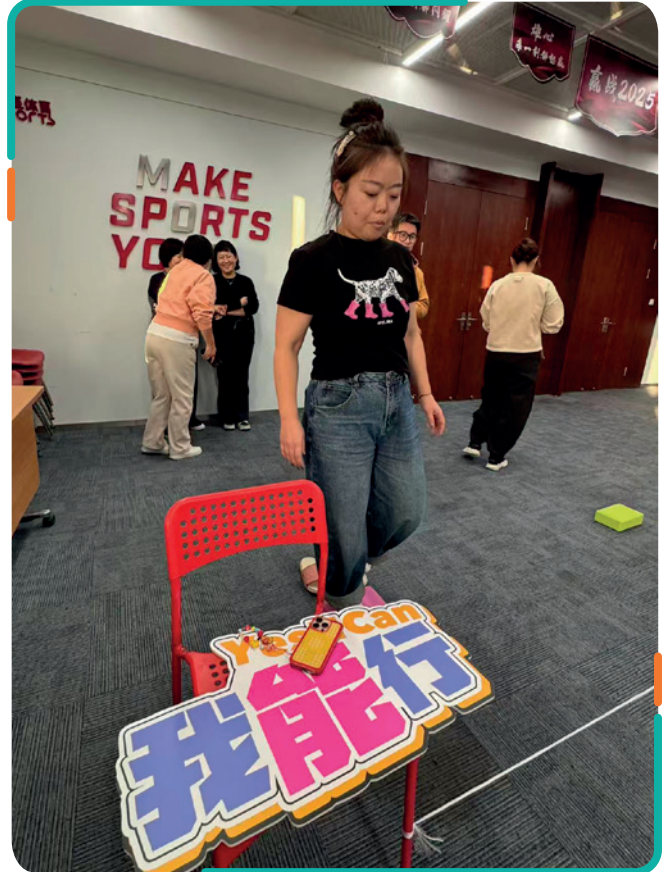
To share the results of its growth with employees, attract talent, and retain key personnel, the Group has adopted share-based incentive schemes, including: (1) Share Option Scheme and (2) Share Award Scheme. Details are set out in the “Share Award Scheme” section of the Directors’ Report in the Annual Report.

The Group believes that fostering a high-quality work-life balance environment enhances employee belonging and injects vitality and growth momentum into the enterprise. In addition to providing reasonable working hours and paid annual leave, maternity and paternity leave are offered in accordance with local regulations. Employees are also entitled to marriage leaves, compassionate leaves, examination leaves, and community service leaves, etc. Additionally, various activities, including travel, sports, recreation, health initiatives, employee care programs, and community service programs, are organised to promote mental and physical well-being and strengthen team bonding.

6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.5 Employee well-being (Continued)





6 SOCIAL (Continued)

6.1 EMPLOYEE (Continued)

6.1.5 Employee well-being (Continued)





6 SOCIAL (Continued)

6.2 CUSTOMER

6.2.1 Customer service

The Group adopts a business model centring on customers' needs and aspirations so as to provide products with the highest quality that satisfies their requirements. In pursuing the ultimate goal of providing the best services, the Group carries out inspection in line with its commitment. The Group operates 400 official YYsports customer service hotlines, through which customers can make various information and product enquiries and complaints. During the Reporting Period, 352⁵ (2024: 388) complaints were received, representing a decrease of 9.3% from the previous year, the majority of which were related to services and industrial and commercial matters. 100% of complaints received were handled properly and no complaint cases had to be referred to relevant government authorities. The Group will endeavour to negotiate with the customer on commercial terms and make every effort to reach an agreement.

Compliance and system building

The Group strictly adheres to "the Law of the People's Republic of China on the Protection of Consumer Rights and Interests", the "3R (Repair, Replace and Return) Provisions" policy for goods, and relevant laws and regulations. It has established internal standards such as "the Consumer Complaint Management System" and "the Service Quality Management System" for the continuous optimisation of service processes and standards. Through systematic infrastructure development, risk management and service assurance capabilities are strengthened to improve service quality. Driven by the dual engines of "Intelligent Operations" and "Refined Operations", the Group synergistically advance business growth while comprehensively enhancing service quality, response time, and customer experience.

⁵ The number of complaints represents the total number of complaints made by customers through the hotlines. In 2025, there were a total of 38,664 incoming calls to the hotlines, and a total of 16,102 calls were received, of which there were 59 service attitude related complaints, 268 industrial and commercial complaints, and 25 cases of complaints about unsuccessful attempts in drawing lots of limited edition items, making a total of 352 complaints and all of which have been closed. In 2024, there were a total of 42,553 incoming calls to the hotlines, and a total of 24,649 calls were received, of which there were 170 service attitude related complaints, 124 industrial and commercial complaints, and 94 cases of complaints about unsuccessful attempts in drawing lots of limited edition items, making a total of 388 complaints and all of which have been closed.



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.1 Customer service (Continued)

Deepening Service Strategy and Data-Driven Approach

- **Standardised Process Development:** A comprehensive service framework forms the foundation for efficient and regulated operations in customer service centres. We define clear service standards to ensure consistent service experiences, establishing systematic support across processes, team management, and operational protocols. In addition, we build and regularly update an internal knowledge base to facilitate the consolidation, transfer, and sharing of organisational expertise.
- **Data-Driven Decision-Making:** A data monitoring system centred on Customer Satisfaction Score (CSAT) and First Contact Resolution (FCR) rates has been established, with regular data analysis and customer behavior insights to drive process optimisation and strategic adjustments. The introduction of intelligent quality inspection mechanisms enables tiered management of service processes, creating a virtuous cycle of continuous improvement. Key operational metrics show sustained enhancement, with steadily increased customer satisfaction. In the future, we will deepen human-machine collaboration, with artificial intelligence (AI) handling the majority of standardised services. This will enable customer service personnel to focus on complex inquiries, emotional exchanges, and service innovation. At the same time, we will enhance the in-depth exploration of service data, ensuring the “voice of the customer” is effectively fed back into the decision-making of products and businesses.



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.1 Customer service (Continued)

Public Sentiment Management and Social Responsibility

During the year, a total of over 1,600 customer complaints have been handled, initial contact within 48 hours were achieved for all cases, with complaint resolution rate at 100%. The achievements stem from two core mechanisms:

- **First-Point-of-Contact Accountability System:** Complaints involving external feedback, such as those from industrial and commercial authorities, are managed end-to-end by the first department that receives the complaints, ensuring cross-departmental issues are resolved in a closed-loop process;
- **Time-Limited Resolution System:** Strict deadlines are set for all processing matters, ensuring complex issues can progress according to committed milestones and eliminating processing delays.

Furthermore, the Group proactively engages with market regulatory authorities by establishing “Business Enterprise Liaison Points”. This initiative broadens the social channels for handling customer complaints, elevating corporate complaint management into a public-benefit practice that contributes to fostering a favourable business environment and safeguarding consumer rights. This demonstrates the Group’s corporate responsibility and commitment.

Building a Comprehensive Intelligent Operations System

The Group centres its strategy on “intelligentisation”, continuously deepening the integration of online operations with holistic ecosystem development. At the public domain operational level, intelligent placement tools enable precise allocation and dynamic optimisation of marketing resources, while exploring innovative formats such as digital avatar livestreaming to expand brand interaction dimensions and enhance user affinity. Systemically, End-to-end marketing across front, middle and back-office functions is strengthened with elevated operational integration standards. Meanwhile, by integrating AI-powered quality inspection, quality control is transitioned from traditional manual sampling to automated, end-to-end monitoring and prevention, thereby a continuous improvement management loop is established. We also explore the in-depth application of cutting-edge technologies such as Artificial Intelligence Generated Content (AIGC) within business processes, so as to forge an agile, intelligent, and user-centric operational ecosystem, laying a solid foundation for the Group’s high-quality development.



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.1 Customer service (Continued)

Building a Comprehensive Intelligent Operations System (Continued)

Cases of honour:

Case 1: "6.18 Alibaba Store Little Bee Outstanding Award 2025"

The Group obtained distinguished results in the 2025 Alibaba Grand Promotion Smart Robot Evaluation. Through its "Precise Intent Recognition" and "Cross-Scenario Service Push Notification", the robot proactively enhanced store response times and service consistency, enabling flexible deployment of service strategies and helping businesses overcome traditional service management bottlenecks. This drove overall performance improvements and experience upgrades across the retail network through more agile and intelligent responses.



"6.18 Alibaba Store Little Bee Outstanding Award 2025"

Case 2: "JD.com Jingxiaozi Robot Best Operator for 11.11 2025"

The Group was honoured with the award of "JD.com Jingxiaozi Robot Best Operator 11.11 2025" in the 2025 JD.com Grand Promotion Smart Robot Evaluation. Through outstanding innovative practices, in-depth integration of intelligent services, marketing, analytics, and automated decision-making, precise forecasting and real-time response to promotional traffic and demand can be achieved, enhancing consumer experience through intelligent services while ensuring zero-error operations via automated workflows. This has empowered the enterprise to drive business growth through highly intelligent and automated approaches.



"JD.com Jingxiaozi Robot Best Operator for 11.11 2025"

6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.1 Customer service (Continued)

Building a Comprehensive Intelligent Operations System (Continued)

Case 3: "E-commerce Enterprise Liaison Point 2025"

Through sustained dedication to ethical business practices and consumer rights protection, YYsports has been designated as an "E-commerce Enterprise Liaison Point". This recognition carries both honour and responsibility. As a corporate representative, we shall seize this opportunity to transform our internal customer complaint mechanisms into a social platform for rights protection. We will proactively engage in building market integrity systems, fostering a collaborative governance framework characterised by corporate self-regulation, industry coordination, and societal oversight. In doing so, we shall earnestly fulfil our social responsibilities and contemporary mission as corporate representatives.



"E-commerce Enterprise Liaison Point 2025"

Case 4: "JD.com After-Sales Customer Service Star 11.11 2025"

Through consistently leading customer service experience and systematic after-sales innovations, YYsports was honoured with the title of "After-Sales Customer Service Star". This accolade not only signifies the platform's recognition of YYsports's service capabilities but also stands as a testament to our steadfast commitment to customer-centricity and the establishment of a long-term trust framework.



"JD.com After-Sales Customer Service Star 11.11 2025"



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.2 Product and service safety and quality

To provide better product warranty to customers, the Group strictly controls the safety and ecological quality of its products to ensure that they meet the corresponding requirements. It is committed to providing high-quality products as well as all-rounded consumer experience and services to diverse consumers in the sports-inspired and lifestyle industry. The Group's products and services do not involve any form of unfair commercial practices. It is committed to protecting the environment and green living and it carefully selects the products and services offered to improve people's quality living and aspirations for healthy lives, thereby becoming a sustainable enterprise dedicated to fostering happiness. At the same time, its optimised procurement and service procedures also ensure the transparency of information and safety of products and services to prevent any compromise of consumers' rights, health and safety.

In terms of store management, the Group places great emphasis on enhancing customer shopping experience and standardising service delivery by employing systematic tools to drive the implementation and adherence to standard operating procedures. During the year, the Group has continued to refine customer service quality through the following initiatives:

- **Store Service Management:** Establishing differentiated service standards based on store type and diverse shopping scenarios. Employing daily management tools such as digital store inspection systems to enhance systematisation, standardisation, and professionalism in sales and service processes at the point of sale. Furthermore, through daily monitoring and analysis of multi-dimensional data including return rates and order cancellation rates, service awareness of frontline staff's has been strengthened, thereby optimising the shopping experience.
- **Staff Skill Enhancement:** Provide professional training for shop-front staff tailored to different service scenarios, including practical training in situational communication techniques and service standards, thereby helping staff in better understanding and meeting consumer needs.



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.2 Product and service safety and quality (Continued)

The Group is in strict compliance with regulations and international standards relating to its products and services (such as “Advertising Law of the People’s Republic of China”, “Product Quality Law of the People’s Republic of China” and “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests”). Fraudulent, misleading, deceptive or any other behaviours that may undermine customers’ confidence and their rights and interests are strictly prohibited. For products with defective quality, the Group will follow the relevant return and exchange process in accordance with internal guidelines and brand-related regulations to protect the interests of all customers from being compromised. During the Reporting Period, the Group has not received any complaints from regulatory authorities or consumers regarding product safety, nor has any product been recalled for product safety and health reasons.

6.2.3 Supply chain management and environment-friendly products procurement

The Group has formulated the “Supplier Code of Conduct”, which requires all partner suppliers to comply with a basic corporate social responsibility requirements to ensure that business cooperation is in compliance with ethical standards and laws and regulations. Suppliers must strictly abide by anti-fraud and anti-corruption regulations, prohibiting any form of fraud and corruption to ensure transparent and fair transactions. In addition, suppliers shall not use any form of forced labor, including indentured labor or other exploitation, and shall ensure that there is no discrimination on the basis of race, gender, age, religion, disability, etc. in the recruitment and employment process. Suppliers must also strictly abide by local laws, prohibit the employment of child labor, and ensure that their products and services meet industry standards and the Group’s quality requirements. Suppliers are also required to arrange reasonable working hours, avoid excessive overtime, offer salaries in line with market rates so that employees can receive fair wages to have some disposable income, and provide necessary welfare benefits. In addition, suppliers must ensure a safe working environment and provide necessary safety training and protective measures to safeguard the health and occupational safety of employees.



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.3 Supply chain management and environment-friendly products procurement (Continued)

Major partner suppliers are required to sign the “Integrity Commitment” to ensure that the cooperation is in line with principle of operating in good faith and avoid improper business practices. The Group also requires partner suppliers to fulfill their environmental responsibilities and minimise the impact of their business activities on the environment, and sets various environmental protection requirements according to the type of suppliers. Brand companies are required to comply with responsible procurement standards for major raw materials and implement factory energy saving and emission reduction management. Third-party logistics and transportation companies are required to adopt energy saving and emission reduction measures in transportation, such as optimisation of transportation routes or use of low-emission transportation. Engineering outsourcing companies must ensure that the engineering materials procured comply with environmental standards and implement environmental management during construction. Suppliers of administrative supplies must ensure that the source of raw materials meets responsible procurement standards and implement energy saving and emission reduction management during production. To ensure the fulfilment of environmental responsibilities, the Group will require the above-mentioned major partner suppliers to provide relevant environmental information to evaluate the effectiveness of their environmental management measures and ensure sustainable development of the supply chain.

Upholding the concept of mutual development, the Group cooperates closely with international and domestic leading brands and adopts stringent criteria in selecting suppliers. Suppliers have to maintain high standards in terms of quality control, service quality and environmental policies. The Group implements stringent ecological quality and safety standards from materials to manufacturing processes of suppliers.

The number of suppliers distributed by geographical region is as follows:

Region	Number
Mainland China	94
Taiwan	3



6 SOCIAL (Continued)

6.2 CUSTOMER (Continued)

6.2.3 Supply chain management and environment-friendly products procurement (Continued)

The Group implements an annual tender system, assess suppliers objectively based on their quality, price, delivery timeliness, environmental policies, system integration capability, status of compliance, overall capabilities and experience, and examine the qualification and social credit of all suppliers. When selecting suppliers, the Group adopts a strategic supplier strategy to control the number of suppliers and reduce management costs. The Group incorporated the assessment process of social responsibility, and formulated the "Supplier Code of Conduct", which put forward the requirements on the environmental and social management and performance of suppliers, and strictly complied with the national environmental standards. For example, the overall strength and experience of suppliers' relevant standards regarding social risks management, environmental protection policies and the configuration of new energy vehicles are taken into consideration. The Group also prioritises consumables and construction materials that apply green technology and produce less or contain less toxic substances during disposal to minimise the impact on the environment at source. In addition to acceptance and quality inspection, the Group also adopts a centralised procurement model and conducts spot checks on relevant products every quarter to ensure the effectiveness of green products and effective supervision. For example, consolidating and reducing the specifications of consumables used in warehousing, while reusing branded shipping cartons.

As of 2025, approximately 50% of suppliers had established carbon reduction targets, demonstrating that supply chain partners are collaborating with the Group to drive the low-carbon transition.

In the meantime, the Group insists on offering equal opportunities to all potential partners, participates actively in market competition and complies with "Anti-Unfair Competition Law of the People's Republic of China" to fulfil the various needs of different stakeholders, which allow it to achieve the goal of improving product quality while reducing costs, and rapidly responding to customers' needs by providing customers with more options. The Group will continue to provide high quality products and online channel consumer experience to diverse consumers centring on the concept of innovation and service offering, so as to establish its leading position as the best retailer in the sports-inspired and lifestyle industry in Mainland China.



6 SOCIAL (Continued)

6.3 COMMUNITY

6.3.1 Social charity

Support of the society is essential for corporate development, and being thankful and giving back to the society is the social responsibility that an excellent enterprise should assume. As a member of the society, the Group has the obligation to fulfil their social responsibilities. It should bear the responsibilities of society, environment and other aspects while pursuing the best possible profitability. Therefore, the business activities undertaken by the Group gave priority to the interests of the community and the Group attaches great importance to community charity, with the aims of better serving the community and giving back to society at various levels. The Group also strives to carry out charity events effectively, so as to boost community engagement and gain public recognition. For years, the Group has been actively participating in community events such as disaster relief and poverty alleviation.

While actively participating in public welfare initiatives, the Group also pays close attention to employees facing urgent hardships. The “Employees’ Urgent Aid Management Measures” was formulated with the purpose of providing support to employees encountering difficulties from critical illnesses or sudden disasters. As of today, it has successfully provided assistance to numerous employees, with an aim to offer them financial as well as emotional support. This reflects the Company’s commitment to caring for its employees and alleviating their hardship.

In 2025, echoing the Chinese government’s initiatives, the Group organised and participated in various community events, including areas such as sports development, rural revitalisation and support for disadvantaged groups.

During the reporting period, the Group’s headquarters collaborated with regional divisions to organise or participate in a number of charitable and public welfare activities. There were approximately 232 employee participants, with cumulative amounts contributed to the social charity activities valued at approximately RMB1.3 million. Key projects are summarised as follows:



6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

1. Sports for Charity and Cultural Exchange

- Contributed RMB200,000 to sponsor the “2025 Eagle Sports Day” (雛鷹運動會), aiming to promote youth sports initiation and uncover athletic potential, thereby advancing sports culture development.
- Contributed RMB300,000 to the “100 Cities, 100 Games in 2025 Rural Volleyball Tournament” (2025年百城百場鄉村排球賽), using sporting events to invigorate rural communities and support the national rural revitalisation strategy.
- Allocated RMB400,000 to sponsor the “Cross-Strait (Xiamen) Youth Volleyball Friendship Tournament”, using sport as a medium to enhance cultural exchange and mutual trust among young people across the strait.





6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

2. Deepening Regional Public Welfare and Support for Vulnerable Groups

- The Shandong Regional Branch allocated RMB48,000 to advance the initiative “Yimeng Care - Love from YYsports, Warmth for the Lonely and Needy”, by providing targeted assistance to disadvantaged communities and conveying societal warmth through tangible actions.



- The Shandong Regional Branch donated 2,404 pairs of children’s shoes, valued at approximately RMB90,000, to the Qingdao Yinian Charity Foundation, with the aim to improve the conditions of underprivileged children and safeguard their healthy development.





6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

3. Promoting National Fitness and Community Integration

- The Liaoning Regional Branch allocated RMB80,000 to establish a nationally influential charitable running community. Throughout the year, nearly 100 offline running events and over 10 competitive races had been organised, attracting more than 1,400 participants. This initiative deeply integrated sporting expertise with social welfare values.



- The Shenyang Regional Branch allocated RMB50,000 to organise a charitable yoga event, promoting the concept of holistic wellbeing and raising community awareness of public mental health.





6 SOCIAL (Continued)

6.3 COMMUNITY (Continued)

6.3.1 Social charity (Continued)

3. Promoting National Fitness and Community Integration (Continued)

- The Hebei Regional Branch allocated RMB45,000 to launch the “Tianhong Rainbow Run” event, fostering a positive urban atmosphere and strengthening community bonds through recreational sporting activities.



- The Hebei Regional Branch allocated RMB50,000 to sustain regular twice-weekly in-person running groups, establishing a long-term exercise mechanism to foster a community-wide fitness culture.





7 ENVIRONMENT

The Group is always dedicated to protecting the environment and promoting green living. Thus, the Group selects the product mix very carefully and exercises strict control over the safety and eco-quality of products, thereby assuring the nature-loving stakeholders that no harm will be done to the Planet Earth and that together, we all support a healthy, green and environmental friendly Earth. As a retailer of sportswear and distributor of licensed products, the Group does not engage in business operation that directly generates hazardous wastes as well as water and land pollution⁶, which are usually regulated under the relevant environmental laws and regulations. During the Reporting Period, the Group found no significant violation of relevant environmental laws and regulations (such as “Environmental Protection Law of the People’s Republic of China”, “Water Pollution Prevention and Control Law of the People’s Republic of China”, “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China” and “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”).

As a member of the retail industry, the Group actively promotes environmental protection and energy-saving measures despite the fact that it has limited impact on the environment and natural resources in its daily operations. The Group is committed to managing its carbon emissions, continuously optimising its energy-saving and consumption-reduction system, and striving to reduce exhaust emissions and other factors that may cause environmental pollution such as light pollution and noise pollution. In addition, the Group also promotes the concept of green operation and actively learns from the benchmark companies in the industry, drawing on their excellent practices to enhance its environmental performance and business competitiveness.

⁶ During the Reporting Period, the Group did not generated significant hazardous waste as a retailer and distributor of sportswear and footwear products. Hence, the relevant disclosure requirement under the ESG Reporting Guide (key performance indicator A1.3) is not applicable to the Group.



7 ENVIRONMENT (Continued)

As a retailer of sportswear a distributor of licensed products, the Group not only commits itself to upholding the environmental protection concept of energy conservation and emission reduction, but also expects core suppliers to actively respond to this call. The Group encourages suppliers to continuously promote energy conservation and emission reduction measures to implement green supply chain management and work together towards the goals of environmental protection and sustainable development. The Group also actively coordinates with partner suppliers and implemented a number of carbon reduction measures to enhance the Group's energy efficiency and reduce carbon emissions. The Group hopes to reduce the greenhouse effect by setting and implementing medium and long term greenhouse gas emissions and waste reduction targets, as well as regularly monitoring and reviewing the progress of the Group's carbon emissions management targets. Measures include tracking and monitoring the resource usage of the Group's stores, warehouses, fleets and offices, adjusting the carbon emissions management plan, and establishing corresponding measures to improve the resource efficiency of business operation, encouraging employees and suppliers to reduce carbon emissions in their daily business activities, including actively promoting resource recycling and increasing their awareness of environmental protection, considering ESG factors in the procurement process, prioritising suppliers with a sustainable development approach, as well as increasing the use of video-conferencing to reduce the need for business travels, so as to comprehensively reduce other indirect greenhouse gas emissions.

7.1 CLIMATE-RELATED MANAGEMENT

To address the challenges posed by climate change and to align with the national objectives of "carbon peaking and carbon neutrality", the Group has initiated and is continuously advancing its climate response efforts. Integrating the characteristics of the distribution and retail sectors, with reference to the International Financial Reporting Standards (IFRS S2) Climate-related Disclosures, the Group systematically identifies and assesses the potential impacts and opportunities of climate change on its business and operations across four key dimensions: Governance, Strategy, Risk Management, as well as Metrics and Targets. Meanwhile, targeted control measures are implemented to mitigate adverse effects and proactively capture development opportunities arising from the green transition. By transforming climate challenges into drivers for enhancing development quality and resilience, the Group is committed to strengthening long-term competitiveness and risk mitigation capability while achieving sustainable growth.

In addition to this report, material climate-related risks and management measures are also detailed in the section "Principal Risks and Uncertainties" in the Directors' Report of the Annual Report. The Group is remains dedicated to deeply integrating climate factors into its governance, strategic planning and risk management to address the long-term impacts of climate change on the distribution and retail sectors, ensuring sustained, robust and sustainable development. The Group is currently evaluating metrics to support the potential for linking directors' and senior management's remuneration to climate-related performance in the future.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy

The Group continues to allocate resources towards enhancing operational resilience and adaptability, implementing routine monitoring and feedback mechanisms for the climatic impact on goods transportation, warehousing and store operations. Stakeholder coordination is strengthened through internal and external communication and training.

The Group operates over 3,300 directly managed shops across the Greater China region, with business operations heavily reliant on physical retail shops and regional logistics networks. Given the widespread distribution of stores across diverse climate zones, including areas prone to extreme weather events, the Group has identified climate-related risks are primarily concentrated in physical shops and logistics assets within these specific geographic regions. The Group is also actively assessing the potential impacts of climate-related risks and opportunities on its value chain, with plans to provide detailed disclosures in future reports when the data collection systems mature further.

On this foundation, the ESG Working Task Force analyses assets within the Group's investment portfolio that are susceptible to climate risks and opportunities. By collating relevant data from affected business units, it assesses direct and indirect financial impacts across short-term (within 1 year), medium-term (1–5 years), and long-term (over five years) horizons, and identifies climate risks and opportunities of material significance to the Group. To ensure alignment between climate risk management and the Group's long-term development strategy, we define the time horizons and their relationship to strategic planning cycles based on business characteristics and planning cycles as follows:

- Short term (base year 2026): Focuses on addressing immediate risks and enhancing operational resilience. The Group integrates climate risk mitigation and adaptation measures into current budgeting, operational planning, and capital allocation processes to ensure short-term operational stability and stress resilience.
- Medium-term (mid-term milestone: 2030): Focuses on the systematic assessment of transition risks and opportunities, emissions trajectories, and supply chain resilience. Planning at this phase is closely linked with the parent company's Science Based Targets initiative (SBTi) pathway, enabling review of the Group's phased progress in operational efficiency and market readiness.
- Long-term (Long-term target: 2050): Focuses on corporate strategic resilience, asset allocation, and major investment decisions. On an on-going basis, the Group references the parent company's "Net-Zero Vision" and SBTi decarbonisation pathways, transforming long-term risk management capabilities into sustainable value creation to guide strategic development over the next three decades.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

With respect to transition and long-term strategy, the Group is focusing on enhancing energy efficiency and building capacity for extreme weather response while continuously investing resources in strengthening overall climate resilience. Although no formal transition plan has yet been published, the Group will persistently evaluate decarbonisation pathways and sustainable development opportunities, monitor progress towards environmental targets, reduce carbon emissions, and steadily advance its low-carbon transition. For instance, the Group will conduct annual climate-related training covering retail shops, warehousing and distribution, procurement, and logistics teams in the coming year. The aim is to enhance energy-efficient operations and emergency management capabilities, so as to lay the foundation for long-term environmental and operational resilience.

Given the relatively limited risk exposure inherent in the Group's business nature and asset portfolio, coupled with the implementation of multiple mitigation measures, the Group anticipates that climate risks will not materially impact its financial statements, cash flows, sources of financing, or capital costs in the near to medium term. Nevertheless, adhering to rigorous governance principles, the Group remains vigilant regarding potential threats and is committed to establishing more precise assessment mechanisms. During the year, we have prioritised disclosing the qualitative potential financial impacts of climate risks while concurrently planning a pathway for advanced quantitative analysis, and as such, comprehensive quantitative scenario data has not yet been presented⁷. Currently, the Group operates as a low-carbon enterprise. In the future, we will maintain continuous mitigation of carbon emission intensity through centralised coordination at headquarters and the implementation of relevant initiatives to reduce unit emission density across all operational units, with an aim to uphold the sustained trust of our customers and investors in the Group.

⁷ Given that the integrity of data chains and methodologies are currently in the developmental stage, the Group has prioritised qualitative assessment for this reporting period to ensure the rigor and reliability of our disclosures. Moving forward, we will implement quantitative scenario analysis in a phased manner as our internal technical capabilities mature, thereby deepening our climate risk resilience management.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Acute Physical Risks	Increasing severity and frequency of extreme weather conditions (typhoons, rainstorms, floods, extreme cold, extreme heat, etc.)	Short-term, Medium-term, Long-term	<ul style="list-style-type: none"> Resulting in disruptions to mid-stream logistics, temporary shop closures and reduced customer traffic; Water ingress and persistent dampness in street-front shops lead to mouldy goods, strong winds cause shattered glass, and freezing temperatures lead to water pipes burst and leaks, all inflicting damage on merchandise and fixed assets. 	<ul style="list-style-type: none"> Strengthen sales capabilities on online channels (including public and private) to minimise the impact of extreme weather on offline sales; Engage third parties to conduct structural and operational safety inspections of large-scale logistics and warehousing centres to identify climate risks. Formulate risk plans and set up emergency response teams; Raise employees' risk prevention awareness through increased publicity, and regularly conduct safety hazard inspections; For store renovations, select weather-resistant materials, install emergency drainage facilities and implement contingency response plans to mitigate operational disruption caused by heavy rain, heatwaves, and power outages, thereby ensuring customer safety and service continuity.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Chronic Physical Risks	Climate continues to warm, with rising average temperatures that change rainfall patterns and cause sea levels to rise	Medium-term, Long-term	<ul style="list-style-type: none"> Increased demand for air conditioning electricity leads to higher energy consumption and financial burdens for shops; Coastal shops and warehouses may be affected by rising sea levels, facing threats of saltwater intrusion and flooding, which pose risks of asset impairment and cash flow pressure. 	<ul style="list-style-type: none"> For new and renovated shops, the Company uses energy-efficient lighting and air conditioning, and implements a smart energy management system to dynamically monitor and optimise energy consumption; When selecting locations for new shops, climate change factors are fully considered with assessment of potential climate risks.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Transition Risks (Policy and Legal Risks)	Advancement of carbon peak and carbon neutrality policies, along with stricter regulations	Medium-term, Long-term	<ul style="list-style-type: none"> Government requirements for corporate environmental protection and carbon management are becoming increasingly stringent, encompassing energy consumption standards, carbon emission auditing and management, and green supply chain development; Upstream brand suppliers (in high-energy consumption/ high-emission sectors such as textiles, printing dyeing, and chemicals) face rising manufacturing costs due to stricter regulations and increased carbon costs, which are then passed down to the Group through the supply chain. 	<ul style="list-style-type: none"> Strengthen carbon emissions management and optimise supply chain sustainability; Participate in green certification and environmental standards assessments to ensure business compliance with sustainable development requirements; Enhance carbon emissions management and compliance by establishing carbon inventory and disclosure mechanisms for Scope 1, 2 and 3 emissions; Collaborate with key suppliers to develop decarbonisation pathways, setting targets for low-carbon procurement proportions or carbon reduction objectives.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Transition Risks (Technology Risks)	Low-carbon investment: The global trend towards decarbonisation is driving enterprises to adopt low-carbon technologies and energy solutions, such as energy-efficient equipment and renewable energy	Medium-term, Long-term	<ul style="list-style-type: none"> Initial technological investments, equipment installations and system upgrades will increase capital expenditure and depreciation costs; Shorter technology replacement or upgrade cycles will result in sustained investment pressure. 	<ul style="list-style-type: none"> Invest in upgrading energy-saving equipment within the group, such as replacing lighting with LED; Continuously implement low-carbon investments, such as funding the use of energy-efficient materials for new shop openings.
	Extreme weather conditions cause inconvenience for employees working remotely, resulting in reduced productivity	Short-term, Medium-term, Long-term	<ul style="list-style-type: none"> Reduced operational efficiency during extreme weather events leads to service disruptions and customer complaints, necessitating additional investments in IT and communication infrastructure upgrades and cloud-based backup solutions; Inadequate remote cybersecurity measures can expose to data breaches, reputational damage, and compliance costs, undermining long-term operational competitiveness in the long-term. 	<ul style="list-style-type: none"> Provide stable remote working technical infrastructure and office tools to ensure convenient online working conditions.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Transition Risks (Market Risks)	Customer behaviour and preferences are evolving. As awareness of climate change and sustainable development grows in the society, customers increasingly prioritise brands' environmental commitments, carbon footprints, and corporate responsibility. Businesses must respond promptly to the green consumption trends and adapt to shifting customer preferences.	Medium-term, Long-term	<ul style="list-style-type: none"> Shifting customer preferences may lead to declining sales of traditional products, impacting revenue and inventory turnover while weakening customer loyalty and long-term sales; Meeting environmental trends and maintaining brand image necessitates investment in R&D, packaging procurement and green marketing, driving up operational and capital expenditure. 	<ul style="list-style-type: none"> Proactively optimise management of energy, water and packaging, and timely respond to green consumption trends through concrete environmental initiatives, thereby strengthening our brand's sustainable credentials.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Transition Risks (Market Risks)	Fluctuations in energy costs: Global energy markets experiencing heightened price volatility due to policy changes, carbon pricing mechanisms, shifts in renewable energy supply proportions, and geopolitical influences.	Medium-term, Long-term	<ul style="list-style-type: none"> Rise in energy prices and cost volatility will drive up operating expenses, compressing gross margins and profits. Inability to pass on these increases timely will heighten cash flow uncertainty and financial forecasting inaccuracies; Stability in energy market necessitates adjustments to supply chain and transport strategies, incurring additional costs. Reducing dependency requires investment in energy-saving/ renewable energy projects, leading to increased short-term capital expenditure. 	<ul style="list-style-type: none"> Procure new energy vehicles to replace fuel-consuming petrol vehicles in the transport fleet, thereby reducing reliance on non-renewable energy; Upgrade energy-consuming equipment in retail shops to further enhance energy-saving effects and reduce overall energy consumption.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Transition Risks (Reputation Risks)	Talent acquisition and retention: As ESG and low-carbon transition become core issues, employees and job applicants increasingly prioritise corporate sustainability, thereby influencing talent attraction and retention.	Short-term, Medium-term, Long-term	<ul style="list-style-type: none"> Talent attrition and recruitment challenges drive up remuneration costs and extend hiring cycles, with further escalated expenditure when high salaries or external consultants are required to fill vacancies; Shortages in critical roles impede ESG data management, climate disclosure and implementation of decarbonisation strategy, resulting in financial repercussions from delays in compliance and strategic execution. 	<ul style="list-style-type: none"> Implement green skills training (energy conservation, green product knowledge, and environmentally responsible operations), and extend such skills to supply chain partners, while simultaneously enhancing the industry's overall competitiveness in sustainability through data and practical implementation.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Type of climate risks	Source and description of risks	Time horizon	Potential financial impacts	Response measures
Transition Risks (Reputation Risks)	Market expectations for sustainable business practices are rising, with global investors, consumers and brand partners increasingly standards on corporate sustainability and climate responsibility. Attention is focused on corporate performance in carbon reduction, green supply chains, product sustainability and social responsibility.	Short-term, Medium-term, Long-term	<ul style="list-style-type: none"> Substandard ESG performance may undermine brand partnerships and licensing agreements, leading to customer attrition and revenue decline, while diminishing investor confidence and adversely affecting terms for financing and shareholders' value; To enhance ESG transparency, it is necessary to increase spending on reporting, third-party certifications and consultancy services, thereby increasing operational costs. 	<ul style="list-style-type: none"> Promote green design and alternative materials, optimise product portfolios (by expanding eco-friendly/lightweight ranges), while concurrently implementing credible green product labelling and communication to enhance brand loyalty; Establish green R&D and procurement mechanisms, introduce ESG/carbon performance criteria and ratings for suppliers.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Climate-related opportunities	Opportunity analysis	Time horizon	Response measures
Changes in Consumer Lifestyles and Values	As environmental awareness gains widespread acceptance, the past lifestyle of mass production, cheap consumption and excessive purchasing will be abandoned, giving way to a new way of life characterised by resource conservation, waste reduction, recycling and reuse.	Medium-term, Long-term	<ul style="list-style-type: none"> Promote low-carbon principles across physical shops and digital platforms, integrating brand narratives with membership programmes/ marketing initiatives (such as shoe recycling and carbon-neutral shopping) to enhance engagement and loyalty; Leverage data analytics to understand sustainability preferences, thereby optimising differentiated product offerings and marketing strategies.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Climate-related opportunities	Opportunity analysis	Time horizon	Response measures
<p>Talent Attraction and Employer Brand Competitiveness</p> <p>Driven by Low-Carbon Transition</p>	<p>Increased climate risks are driving greater scrutiny of corporate environmental performance. By proactively advancing low-carbon transformation (including emissions reduction, green logistics, and circular product lines) the enterprise can align with prevailing trends and strengthen its employer brand. This enhances attractiveness and retention of young talent, establishing a long-term human capital advantage in the retail and distribution sectors.</p>	<p>Medium-term, Long-term</p>	<ul style="list-style-type: none"> • Incorporate green transformation into the employer brand narrative (such as reducing operational carbon emissions, using recycled materials, establishing green shops and low-carbon logistics), and publicly declare clear emission reduction targets (such as SBTi/ dual-carbon goals). • Incorporate sustainability indicators into performance and incentive schemes, while expanding talent pipelines and appeal through university/research collaborations and internship programmes.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Strategy (Continued)

Furthermore, in enhancing climate resilience, the Group has allocated the following funds and resources during the year:

- Approximately RMB1.5 million was allocated for merchandise inventory and property insurance, covering losses from various natural disasters caused by climatic events
- Approximately RMB500,000 of expenditure on energy-saving materials was projected for new stores in 2025
- Approximately RMB200,000 in personnel costs for developing an in-house ESG energy data analytics platform in 2025
- Approximately RMB50,000 was allocated for LED energy-saving lighting in headquarters offices in 2025

To implement environmental protection measures and respond to decarbonisation requirements, the Group established and implemented a regular vehicle fuel consumption monitoring mechanism during the year. Vehicles found to have high fuel consumption were promptly serviced, while those persistently displaying excessive consumption were replaced in a timely manner. At the same time, we revised our vehicle management system, explicitly stipulating the prioritisation of replacing older vehicles with new energy vehicles to reduce fuel consumption and carbon emissions during operations. By 2025, the Group had procured six new energy vehicles.

The Group anticipates that it will continue to advance relevant measures and increase resource allocation in the future to enhance its climate resilience performance. In the coming year, an investment of RMB200,000 has been allocated for carbon emissions inventory work. As resilience transformation and data platform development progressively, the Group will subsequently assess and disclose the impact of climate change on costs, depreciation and cash flow based on actual expenditure and expected returns. Given the uncertainties surrounding the scale of investment required and the corresponding funding sources for the full implementation of our climate strategies, the Group maintains a prudent approach towards significant future investment or disposal plans. We are committed to strengthening relevant financial assessment mechanisms and will disclose pertinent information in a timely manner where appropriate to enhance disclosure transparency.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Risk Management

The Group has integrated climate-related issues into its overall corporate risk assessment framework, taking into account the specific characteristics of the distribution and retail sectors. Through annual and rolling systematic evaluations, the Group quantifies the likelihood and impact of various climate risks, prioritising them based on their potential effects on business continuity, supply chain stability, shop operations, and financial performance. By comparing climate risks alongside risk categories such as operational, supply chain, and financial risks, the Group is able to assess their relative priorities and develop operational processes and control measures to prevent or mitigate potential impacts on assets and operations. For further details on risk management, please refer to the section Internal Control and Risk Management of Pou Sheng's Annual Report.

Metrics and Targets

In 2021, the Group established short-term environmental management targets using 2023 as the baseline. Up till now, the overall consumption and emissions of the four environmental management targets, namely, emissions reduction, waste reduction, energy conservation and water conservation, have been reduced, we recognise areas for further improvement. To ensure these goals are met, the Group has actively communicated in early 2023, and has set targets for the period from 2023 to 2030 and implemented plans to reduce waste and emission as well as to conserve resources to reflect the Group's focus on sustainable development and further reduce the burden caused by its operations on the environment.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Metrics and Targets (Continued)

Upon this foundation, the Group has established a series of metrics and targets to manage and track climate-related opportunities and risks throughout its operations. These metrics not only provide critical insights for integrating climate considerations into strategic planning, operational decision-making and capital allocation, but also serve as quantitative benchmarks to verify whether governance is progressing as intended. At this stage, the Group has implemented the following target-setting and periodic monitoring processes:

Target category	Quantifiable targets
Carbon emissions	Using 2023 as the base year, the Group's emission intensity is targeted to reduce (Scope 1 and Scope 2) by 10% in 2030 (46,407 tonnes in 2025, representing a reduction of 5,662.02 tonnes compared with 2023)
Energy conservation	Using 2023 as the base year, the Group's energy consumption intensity is targeted to reduce progressively by 5% in 2030 (electricity consumption in 2025, representing a reduction of over 8.8 million KWh compared with 2023)
Water conservation	Using 2023 as the base year, the Group's water consumption intensity is targeted to reduce by 5% ⁸ in 2030.

The above targets do not involve third-party verification. They are reviewed by the Group's Board of Directors and the dedicated ESG Working Task Force, which also assess whether performance and targets require appropriate adjustments. Other than this, the quantitative targets for the year remain unchanged from previous year's objectives.

The Group is currently refining its monitoring and auditing systems for climate-related financial indicators. Regarding the internal carbon pricing mechanism and specific financial data (including amounts and proportions) pertaining to assets or business activities impacted by climate-related physical risks, transition risks, and opportunities, the Group will disclose this information in future annual reports at an appropriate time, following the establishment of reliable data collection processes and assessment models.

⁸ Starting from this year, shops within shopping malls began to meter their water consumption, resulting in a significant increase in overall usage. In previous years, the Group did not include water consumption in these stores in the calculations.



7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Emissions from business operations

As the Group is principally engaged in retail business, its gas emissions primarily stem from greenhouse gas emissions (including carbon dioxide, methane and nitrous oxide) resulting from the use and purchase of grid electricity, gasoline, diesel and natural gas. The Group maintains ongoing vigilance regarding the environmental impact of its business operations and implements various conservation measures, such as:

- Broadly soliciting environmental improvement suggestions from staff within the Group during operations through various internal channels (e-mails, suggestion boxes, questionnaires, etc.), screening and implementing suitable and feasible proposals;
- Regularly monitoring vehicle fuel consumption, promptly servicing vehicles with high fuel consumption, and replacing persistently high fuel-consumption vehicles in a timely manner. During the Reporting Period, the Group revised its vehicle management system, and continuously select new energy vehicles to replace older models;
- Reduction of cardboard weights while maintaining quality standards for online logistics packaging; standardised packing tape used across all Group shops and warehouses to minimise consumption;
- Energy-saving measures optimised and implemented across offices, shops and operational premises. Examples include: monitoring electricity consumption fluctuations to identify issues through analysis; conducting proactive equipment inspections to minimise energy wastage; exploring new energy-efficient technologies and piloting solutions to identify optimal energy-saving facilities, thereby reducing costs and enhancing efficiency.

7 ENVIRONMENT (Continued)

7.1 CLIMATE-RELATED MANAGEMENT (Continued)

Emissions from business operations (Continued)

It is hoped that this will help reduce corresponding greenhouse gas carbon emissions and achieve the targets set by the Group. During the Reporting Period, the Group did not utilise carbon credits to offset greenhouse gas emissions. The greenhouse gas carbon emissions generated by the Group's business operations are as follows:

Greenhouse gas carbon dioxide equivalent ⁹	2025			2024		
	Offices	Shops	Total	Offices	Shops	Total
Direct (Scope 1) greenhouse gas emissions (tonnes) ¹⁰	381.02	0.00	381.02	447.07	0	447.07
Indirect (Scope 2 - location-based method) greenhouse gas emissions (tonnes) ¹¹	2,887.81	43,138.42	46,026.23	2,511.05	43,144.71	45,655.76
Scope 1 and Scope 2 intensity (tonnes/RMB million of operating revenue)	N/A	N/A	2.71	N/A	N/A	2.50
Other (Scope 3) indirect greenhouse gas emission (tonnes) ¹²	N/A	N/A	25,610.83	N/A	N/A	45,655.76

⁹ Carbon dioxide equivalent emissions are calculated in accordance with the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), the Reporting Guidance on Environmental KPIs published by the Hong Kong Stock Exchange, the Emission Reduction Project China Regional Grid Baseline Emission Factors issued by the Department of Climate Change of the National Development and Reform Commission of China, and the electricity emission factor by the Bureau of Energy under the Ministry of Economic Affairs of Taiwan.

¹⁰ Scope 1 emissions covers greenhouse gas emissions directly generated by operations owned or controlled by the Group, including the consumption of gasoline, diesel and natural gas.

¹¹ Scope 2 emissions covers greenhouse gas emissions indirectly generated by electricity consumption from operations owned or controlled by the Group.

¹² Scope 3 covers indirect greenhouse gas emissions generated by the Group's value chain (excluding Scope 2 greenhouse gas emissions), including both upstream and downstream emissions. Scope 3 includes: Category 1 - purchased goods and services, Category 2 - capital goods, Category 3 - fuel and energy related activities, Category 4 - upstream transportation and distribution, Category 5 - waste generated in operations, Category 6 - business travel, Category 7 - employee commuting, and Category 9 - downstream transportation and distribution.



7 ENVIRONMENT (Continued)

7.2 ENERGY CONSUMPTION

During the Reporting Period, total energy consumption and intensity¹³ of the Group were as follows:

Energy type	2025			2024		
	Office	Shop	Total	Office	Shop	Total
Electricity						
Consumption (kWh)	3,904,008	77,818,088	81,722,096	4,693,648	80,403,856	85,097,504
Intensity (kWh/revenue in RMB million)	N/A	N/A	4,770.11	N/A	N/A	4,611.35
Gasoline						
Consumption (litre)	122,013.48	0	122,013.48	134,743.15	0	134,743.15
Intensity (litre/revenue in RMB million)	N/A	N/A	7.12	N/A	N/A	7.30
Diesel						
Consumption (litre)	13,682.70	0	13,682.70¹⁴	32,537.17	0	32,537.17
Intensity (litre/revenue in RMB million)	N/A	N/A	0.80	N/A	N/A	1.76

¹³ The statistics excluded energy consumption over which the Group had no direct control.

¹⁴ During the year, the Group implemented vehicle dispatch controls, resulting in fewer vehicle deployments compared with the previous year and resulted in decreased diesel consumption.



7 ENVIRONMENT (Continued)

7.2 ENERGY CONSUMPTION (Continued)

The main power consumption equipment of the Group is mainly commercial lighting and air conditioning in shops. The Group is committed to energy-saving and power-saving technological innovation and strive for new breakthroughs. Thus, commercial lighting will be gradually replaced with LED energy-saving lighting, with an aim that LED energy-saving lighting will be used in more than 80% of newly opened stores; stipulate that newly installed air conditioners must be energy-saving air conditioners; carry out technical upgrading for existing power facilities and install intelligent energy-saving equipment; and improve operating efficiency at business level to reduce the power consumption of revenue units, so as to achieve the power-saving target by 2030. Electricity consumption decreased compared to the previous year as the Group implemented office downsizing and other energy saving measures during the year. The Group implemented the following energy saving measures during the Reporting Period:

- Adjusted the demand in different districts for lighting and air conditioning in offices, warehouses and shops according to different time periods and footfall, and encourage employees to turn off the power supply and air-conditioning equipment when leaving, such as during lunch breaks;
- Further efforts were made to downsize office space to reduce electricity consumption, resulting in a saving of 790,000 kWh of office electricity consumption for the year;
- Installed energy-saving lightings and equipment as much as possible when renovating operation units and adopted space planning that reduce energy consumption;
- "YYQUALITY at Gather Space", the Group's key project for the year, was installed with smart controls, which can control transformers and resistors through intelligent equipment and use modular dimming controls to change the voltage and current to reduce power consumption. The brightness of the light source can be automatically adjusted according to the application scenario of the store, resulting in a saving of 145,000 kWh;
- In 2025, the Zhejiang warehouse utilised 105,000 kWh of green energy;
- Through video conferencing and conference call adopted for communication with clients, brand partners and subsidiaries, which reduced business trips by approximately 20%;
- Meetings of the Board, its board committees and the annual general meeting of the Group were substantially conducted by means of video conferencing, telephone or hybrid conferencing to further reduce in fuel consumption and exhaust gas emissions;
- Reasonably allocated the use of commercial vehicles and encouraged rail transit, which reduced fuel consumption, while actively promoted the use of new energy vehicles, resulting in a saving of 27,760 liters of fuel consumption for the year;



7 ENVIRONMENT (Continued)

7.2 ENERGY CONSUMPTION (Continued)

- Unplugged electrical appliances that were fully charged to reduce power wastage and reserve battery life, which saved electricity consumption by approximately 1-2%;
- Increased natural lighting in the office area and reduced electricity consumption;
- Checked doors and windows for air leakage in advance, and reinforced them or installed windproof curtains in time to reduce energy consumption for hot and cold seasons;
- Included the power-saving policy in the list of retail supervisors to visit the store to enhance the awareness of power-saving control among all employees; and
- Conducted regular maintenance of air conditioning equipment to reduce energy waste caused by air conditioning equipment problems.

During the year, the Group also conducted an in-depth analysis on the electricity consumption per unit area of office space in various branches. For those branches that exceeded the average standard of electricity consumption, the Group identified the reasons and implemented improvement measures progressively to reduce energy consumption.

7.3 WATER EFFICIENCY AND CONSERVATION

The Group's water consumption is primarily for employees. To support environmental protection, the Group has replaced most of the bottled water in its offices with filtered drinking water, so as to reduce secondary contamination and environmental impact. During the Reporting Period, total water consumption and intensity of the Group are as follows:

	2025			2024		
	Office	Shop	Total	Office	Shop	Total
Water ¹⁵						
Consumption (m ³)	78,899	99,545	178,444 ¹⁶	73,602	12,916	86,518
Intensity (m ³ /revenue in RMB million)	N/A	N/A	10.23	N/A	N/A	4.69

¹⁵ The statistics included water consumption of various operating units of the Group (including directly operated stores, department store counters, sports cities and offices). Water consumption is estimated or calculated based on the water bills provided by the water authority or the property management company, but the calculation of some bills may not be based on actual water consumption.

¹⁶ Starting this year, consumption by counters in shopping malls has been separated and included here, whereas consumption for the previous year was not separated and recorded as zero.



7 ENVIRONMENT (Continued)

7.3 WATER EFFICIENCY AND CONSERVATION (Continued)

During the Reporting Period, the Group had no issue in sourcing water that was fit for purpose and implemented the following measures to reduce water consumption and achieve water-saving targets:

- Promoted and strengthened the concept of “water saving” through offices and online platforms, such as posting signs and notices nearby the washbasins to raise awareness towards water conservation, and organising water conservation related activities;
- Used water-saving equipment such as water-saving faucets and water-saving toilets, and installed sensors at water taps to control water consumption, which reduced water consumption by approximately 5%; and
- Carried out inspection by dedicated staff to check whether there was any leakage in water pipes and water tanks, which reduced water consumption by approximately 5%.

7.4 USE OF PACKAGING MATERIALS

The Group strives to minimise the use of packaging materials. The packaging materials used by the Group are mainly logistics cartons and shopping bags provided to customers, which include plastic bags, eco-bags and paper bags. Since 2013, most of the Group’s stores have started to use eco-friendly shopping bags instead of the original paper bags. In 2025, the Group continued to promote operation refinement management. Through active communication and cooperation with brand vendors, the consumption of packaging materials were minimised, gradually replacing plastic bags with biodegradable non-woven bags and paper bags, and shopping bags of appropriate sizes were provided according to the actual needs of consumers to minimise the use of plastic bags.



7 ENVIRONMENT (Continued)

7.4 USE OF PACKAGING MATERIALS (Continued)

During the year, the Group has completed the sorting out of carton models and tape specifications for logistics and streamlined packaging specifications by aligning tape specifications across all regional shops with those from warehouses to a width of 6cm (previously 7.2cm). Consumption was reduced to minimise wastage of resources and ensure the sustainability of product packaging. The usage of carton materials was adjusted downward by the Group based on actual needs, and the applicable scenarios of secondary or recycled cartons were expanded, so as to use up the constantly increasing returned and used cartons. With the accelerated expansion of the Group's online business during the year, the consumption of small-sized cartons increased significantly due to the nature of the business, thereby increasing the consumption of cartons to some extent as compared to the previous year. The consumption and intensity of packaging materials used by the Group during the Reporting Period are as follows:

Packaging materials	2025			2024		
	Office	Shop	Total	Office	Shop	Total
Shopping bags						
Consumption (tonnes)	95.75	644.37	740.12	53.87	564.61	618.48
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.043	N/A	N/A	0.034
Plastic wrap						
Consumption (tonnes)	8.51	55.03	63.54	27.68	79.71	107.39
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0037	N/A	N/A	0.0058
Cartons						
Consumption (tonnes)	822.03	1,851.64	2,673.67	1,251.24	586.71	1,837.95
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.156	N/A	N/A	0.0996

7 ENVIRONMENT (Continued)

7.5 NON-HAZARDOUS WASTE TREATMENT

The Group actively implements green measures to reduce waste in the course of daily operations and business activities, including the use of recyclable products such as refillable printer ink cartridges, or biodegradable materials such as eco-friendly shopping bags in stores. In recent years, Chinese government has been actively promoting the separation of domestic waste in key cities and establishing a domestic waste separation and disposal system. The Group's subsidiaries and retail stores are strictly complying with and enforcing the waste management systems, management practices and regulations (such as "Shanghai Domestic Waste Management Regulations" and "Shanghai Domestic Waste Separation and Disposal Guidelines") stipulated by the respective regions. The Group enforces strict classification of wastes, such that, dry waste, wet waste, hazardous waste and recyclable waste, etc. are effectively separated. The employees' awareness on waste separation is reinforced from time to time. It has also placed prominent signs and guides. Upon separation, the wastes are handed over to qualified third-party waste management companies for processing and recycling. Non-hazardous waste produced by the Group mainly comprised of domestic waste, which included paper, carton, ink cartridges and toner cartridges. In 2025, the Group established an ESG energy management platform, striving to identify the approach for non-hazardous waste optimisation through systematic data comparison, so as to improve the recycling rate.

During the Reporting Period, total amount and intensity of non-hazardous waste produced by the Group are as follows:

Non-hazardous waste ¹⁷	2025			2024		
	Office	Shop	Total	Office	Shop	Total
Domestic waste						
Total amount (tonnes)	452.32 ¹⁸	56.12	508.44	152.04	77.38	229.42
Intensity (tonnes/revenue in RMB million)	N/A	N/A	0.0291	N/A	N/A	0.0124

¹⁷ The statistics included non-hazardous waste produced in the course of operation by various operating units of the Group (including directly operated stores, department store counters, sports cities and offices) located in mainland China, Taiwan and Hong Kong, but excluded those produced by customers or from other sources over which the Group had no direct control.

¹⁸ We launched a new reverse logistics operations in Taicang this year, resulting in a significant increase in cartons due to handling of returns.



7 ENVIRONMENT (Continued)

7.5 NON-HAZARDOUS WASTE TREATMENT (Continued)

The total amount of domestic waste increased during the year, primarily driven by a significant rise in carton consumption following the launch of new reverse logistics operations in Taicang. In term of waste reduction, the Group mainly exercises control at the source by minimising resources consumption and wastage, thereby reducing waste production.

During the Reporting Period, the Group implemented the following initiatives to reduce waste production:

- Promoting paperless operation: The Company is progressively implementing paperless platforms to reduce paper consumption and usage of ink cartridges, toner cartridges, and other supplies in daily operations.
- Reducing disposable items: During large meetings, receptions and other like events, stop using bottled water and disposable paper cups and use eco-friendly cups instead.
- Streamlining renovation process: Minimise on-site construction during shop renovation, such as using ready-made props, to reduce waste production.
- Choosing durable products: Evaluate commonly used facilities and consumables, and choose more durable products, such as durable LED flat panel lights, to extend their service life.
- Promoting circular economy: Increase the utilisation rate of second-hand office furniture through the Group's in-house allocation or purchases from the second-hand market. The Company regularly organises a series of environmental public welfare activities to encourage the exchange or donation of idle household items.
- Reducing waste at source by accurately predicting the consumption of paper bags and optimising packaging size matching via the system.
- Trying to stop using paper towels at the head office, reducing waste by 3.4 tonnes in 2025.
- Reusing store props, with approximately 200,000 items being reused.



7 ENVIRONMENT (Continued)

7.6 ENVIRONMENTAL IMPACT MANAGEMENT

The Group closely monitors the potential environmental impacts caused by its subsidiaries and retail stores, with the aim of minimising the damages to the environment as a result of its operation. During the Reporting Period, the Group took actions to manage other significant environmental impacts caused by its operation as well, including dusts, odours and noises from store renovation works. Meanwhile, the lightboxes installed outside street shops and sports cities are mainly in two forms: (1) LED lightboxes for signboards displaying brand names and logos; and (2) spotlights used to illuminate the billboards and signboards at nights.

To better control and reduce the environmental impacts, the Group has adopted the following principal measures:

- Construction materials: the Group follows stringent criteria in selecting construction materials and contractors, so as to protect employees and customers from the harmful effects of odour and toxic substances after renovation.
- Dusts and odours: site hoardings are erected around the worksites with water sprays to reduce airborne dusts and odours.
- Noises: site hoardings are erected around the worksites with rock wools to reduce noises.
- Lightboxes: the Group regularly reviews the switch-on time of lightboxes at night and shortens their operating hours so as to reduce light pollution and energy consumption.

In pursuit of green operation, the Group has always been monitoring resources consumption of its subsidiaries and stores, and in compliance with Energy Conservation Law of the People's Republic of China. The Group is dedicated to energy efficiency enhancement and wastage reduction, so as to achieve the best use of resources. The Group encourages employees to switch off the lighting system, computers and electronic equipment in idle to save energy, minimise the use of paper, adopt video conferencing or other means to communicate and hold meetings instead of organising business trips to reduce business flights.

The Group not only promoted energy saving initiatives to employees, but also established a variety of energy consumption indicators for all subsidiaries and retail stores, which were under regular monitoring to ensure efficient use of energy. At the same time, the Group organised promotion, education and training for employees in this regard. For example, employees are encouraged to use public transport for commuting to promote green travel. When a store close, the Group recycles all items and establishes a platform for those idle items, enabling their reuse within the Group. Apart from raising employees' green awareness, the Group is dedicated to promoting green awareness of customers as well, such as using less packaging materials and encouraging consumers to bring their own bags.



7 ENVIRONMENT (Continued)

7.7 SUSTAINABLE DEVELOPMENT TRAINING

In order to help the Group's employees to better understand and cope with the trend of sustainable development in the market, the Group has actively organised various sustainable development training activities with the aim of enhancing the personal capabilities of employees to realise the vision of sustainable development for the Group. During the year, the Group invited SGS-CSTC Standards Technical Services Co. Ltd. to give a talk to the employees on matters related to greenhouse gas inventories. The training covered the background of carbon emission verification, standards, principles, organisational boundaries, identification of emission sources and calculation exercises, principles and requirements of verification, etc. For the footwear industry in which the Group operates, the training also introduced the relevant greenhouse gas inventory practices, such as quantitative calculation of greenhouse gas, key points for completing the emission inventory and report, supplier audit response and preparation of supporting information. The training helped the employees gain a better understanding of the importance of carbon emission verification and its implementation, and assisted the Company in achieving its emission reduction targets.

In addition, the Group also provided training to its employees on issues related to climate change and climate risks, with the objective of enhancing their understanding of the reporting requirements in relation to climate risks. At the same time, the training also covered the performance of peers in sustainable development to help its employees understand the market trends.

Apart from formal training, the Group regularly organised a series of environmental public welfare activities to encourage employee participation, including sharing and exchanging second-hand items at home that are no longer in use, or donating them to people in need, thus giving them new life. The Group hopes that its employees can support and implement the concept of sustainable development not only in the workplace but also in their daily lives, which helps reduce waste and enhance the efficiency of resource reuse, thus further promoting the goal of environmental protection.



APPENDIX

A - HKEX ESG REPORTING CODE INDEX (PART C)

The following is a content index of the disclosures of “Environmental, Social and Governance Reporting Code” as set out in Appendix C2 of the Stock Exchange in the Report.

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
Environmental				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ENVIRONMENT	During the Reporting Period, there was no incident of non-compliance.
	A1.1	The types of emissions and respective emissions data	ENVIRONMENT	
	A1.2	[Deleted on 1 January 2025]	NOT APPLICABLE	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	NOT APPLICABLE	
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENT	
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	ENVIRONMENT	
	A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ENVIRONMENT	



APPENDIX (Continued)

A - HKEX ESG REPORTING CODE INDEX (PART C) (Continued)

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	ENVIRONMENT	
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENT	
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENT	
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	ENVIRONMENT	
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ENVIRONMENT	
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	ENVIRONMENT	
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	ENVIRONMENT	
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ENVIRONMENT	



APPENDIX (Continued)

A - HKEX ESG REPORTING CODE INDEX (PART C) (Continued)

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
Social				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	SOCIAL	During the Reporting Period, there was no incident of non-compliance.
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	SOCIAL	
	B1.2	Employee turnover rate by gender, age group and geographical region.	SOCIAL	
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	SOCIAL	During the Reporting Period, there was no incident of non-compliance.
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	SOCIAL	
	B2.2	Lost days due to work injury.	SOCIAL	
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	SOCIAL	



APPENDIX (Continued)

A - HKEX ESG REPORTING CODE INDEX (PART C) (Continued)

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	SOCIAL	
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	SOCIAL	
	B3.2	The average training hours completed per employee by gender and employee category.	SOCIAL	
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	SOCIAL	No violation was found during the Reporting Period.
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	SOCIAL	
	B4.2	Description of steps taken to eliminate such practices when discovered.	SOCIAL	No violation was found during the Reporting Period.



APPENDIX (Continued)

A - HKEX ESG REPORTING CODE INDEX (PART C) (Continued)

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	SOCIAL	
	B5.1	Number of suppliers by geographical region.	SOCIAL	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	SOCIAL	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	SOCIAL	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	SOCIAL	



APPENDIX (Continued)

A - HKEX ESG REPORTING CODE INDEX (PART C) (Continued)

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	SOCIAL	During the Reporting Period, there was no incident of non-compliance.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	SOCIAL	During the Reporting Period, there was no incident of recall.
	B6.2	Number of products and service related complaints received and how they are dealt with.	SOCIAL	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	SOCIAL	
	B6.4	Description of quality assurance process and recall procedures.	SOCIAL	
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	SOCIAL	



APPENDIX (Continued)

A - HKEX ESG REPORTING CODE INDEX (PART C) (Continued)

Aspects	Indicators	Reporting Code guidelines	Reporting sections	Remarks
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	GOVERNANCE	During the Reporting Period, there was no incident of non-compliance.
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	GOVERNANCE	During the Reporting Period, there was no incident of violation.
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	GOVERNANCE	
	B7.3	Description of anti-corruption training provided to directors and staff.	GOVERNANCE	
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	SOCIAL	
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	SOCIAL	
	B8.2	Resources contributed (e.g. money or time) to the focus area.	SOCIAL	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D)

Paragraph	Reporting guidelines	Reporting sections	Remarks
(I) Governance			
19	<p>(a) The information on governance body(ies) (which may include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. In particular, the issuer must identify the body(ies) or individuals involved and disclose the following information:</p> <p>(i) How the body(ies) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(ii) How and how often the body(ies) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iii) How the body(ies) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(ies) or individual(s) has considered trade-offs associated with those risks and opportunities;</p> <p>(iv) How the body(ies) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and</p>	ESG GOVERNANCE STRUCTURE	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
19	<p>(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including:</p> <p>(i) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</p> <p>(ii) Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</p>	ESG GOVERNANCE STRUCTURE	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
(II) Strategy			
Climate-related risks and opportunities			
20	<p>(a) Describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;</p> <p>(b) Explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;</p> <p>(c) Specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and</p> <p>(d) Explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.</p>	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
Business model and value chain			
21	<p>(a) The issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. In particular, the issuer shall disclose:</p> <p>A description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and</p> <p>(b) A description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
Strategy and decision-making			
22	<p>(a) The issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. In particular, the issuer shall disclose:</p> <ul style="list-style-type: none"> (i) Current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities; (ii) Current and anticipated adaptation or mitigation efforts (whether direct or indirect); (iii) Any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; (iv) How the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)) as described in paragraphs 37 to 40; and <p>(b) Information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	Climate-related Management	

APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Climate-related Management	
Financial position, financial performance and cash flows			
24	<p>(a) How climate-related risks and opportunities have affected the issuer's financial position, financial performance and cash flows for the reporting period; and</p> <p>(b) The information on the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment to the carrying amounts of assets and liabilities reported in the related financial statements for the next annual reporting period.</p>	Climate-related Management	Opted to implement exemption
25	<p>(a) How the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(i) its investment and disposal plans; and</p> <p>(ii) its planned sources of funding to implement its strategy; and</p> <p>(b) How the issuer expects its financial performance and cash flow to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
Climate resilience			
26	<p>(a) An issuer shall disclose information that enables an understanding of the resilience of the issuer’s strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer’s identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with its circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. In particular, the issuer shall disclose:</p> <p>the issuer’s assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <ul style="list-style-type: none"> (i) the implications, if any, of the issuer’s assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer’s assessment of its climate resilience; and (iii) the issuer’s capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; 	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
26	<p>(b) How and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <ol style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation locations and business units covered in the analysis); <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
(III) Risk management			
27	<p>(a) The processes and related policies the issuer uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; 	Climate-related Management	

APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
27	<p>(b) The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into the issuer's overall risk management process.</p>	Climate-related Management	
(IV) Metrics and targets			
Greenhouse gas emissions			
28	<p>(a) Scope 1 greenhouse gas emissions;</p> <p>(b) Scope 2 greenhouse gas emissions; and</p> <p>(c) Scope 3 greenhouse gas emissions.</p>	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
29	<p>(a) An issuer shall (a) measure its greenhouse gas emissions in accordance with “the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)” unless otherwise required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;</p> <p>(b) disclose the approach it uses to measure its greenhouse gas emissions including:</p> <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; 	Climate-related Management	

APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
29	<p>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and</p> <p>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measurement of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in "the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)".</p>	Climate-related Management	
Climate-related transition risks			
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate-related Management	Opted to implement exemption
Climate-related physical risks			
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Climate-related Management	Opted to implement exemption



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
Climate-related opportunities			
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Climate-related Management	Opted to implement exemption
Capital deployment			
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate-related Management	Opted to implement exemption
Internal carbon prices			
34	<p>(a) An issuer shall disclose:</p> <p>an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and</p> <p>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	Climate-related Management	The Group has not adopted carbon pricing

APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
Remuneration			
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure made under paragraph 19(a)(iv).	Climate-related Management	
Industry-based metrics			
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models and activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, the issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in “the ‘IFRS S2 Industry-based Guidance’ on implementing Climate-related Disclosures” and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
Climate-related targets			
37	<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has provided information to the issuer in setting the target. 	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
38	<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <p>(a) whether the target and the methodology for setting the target have been validated by a third party;</p> <p>(b) the issuer's processes for reviewing the target;</p> <p>(c) the metrics used to monitor progress towards reaching the target; and</p> <p>(d) any revisions to the target and an explanation for those revisions.</p>	Climate-related Management	
39	<p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	Climate-related Management	



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
40	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; 	Climate-related Management	No carbon credit has been used to offset greenhouse gas emissions during the year



APPENDIX (Continued)

B - HKEX ESG REPORTING CODE INDEX (PART D) (Continued)

Paragraph	Reporting guidelines	Reporting sections	Remarks
40	<ul style="list-style-type: none"> (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 		
Applicability of cross-industry metrics and industry-based metrics			
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Climate-related Management	

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