SUSTAINABILITY REPORT 2023



福兴(中国)集团有限公司
FUXING CHINA GROUP LIMITED

3F ZIPPER

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ABOUT THE REPORT

Reporting Boundary

As a guide, this report encompasses the operations and subsidiaries over which Fuxing China Group Limited ("Fuxing" or, collectively with its subsidiaries, the "Group") holds management control, unless otherwise indicated. The report aims to provide an overview of the Group's approach, practices, commitment, and performance in the material Environmental, Social and Governance ("ESG") topics. It covers the sustainability performance of our significant operations in the People's of Republic of China ("PRC") for the fiscal year spanning from 1 January 2023 to 31 December 2023. ('FY2023")

Reporting Period and Standard

The reporting period is the same as that of the financial year of the Group (1 January 2023 to 31 December 2023) and will be published on an annual basis in accordance with Singapore Exchange Limited ("SGX") requirements.

Global Reporting Initiative Standard

This report was prepared in adherence to the "Core" reporting requirements of the Global Reporting Initiative ("GRI") Standards, which are the most widely adopted and globally recognized sustainability reporting guidelines. A GRI index located at the end of the report indicates the location of relevant disclosures. This report is also prepared in compliance with Rules 711A and 711B of the Mainboard Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Mainboard Rules") and is referenced to the guidance set out in SGX-ST's Sustainability Reporting Guide under Practice Note 7.6 of the Mainboard Rules.

Independent Assurance

The ESG performance data presented in this report have been primarily sourced from the Group's internal information systems and original records to ensure their accuracy. The Group did not seek external assurance for this sustainability report but instead relied on internal audit's verification to ensure the accuracy of the data.

FEEDBACK

We are fully dedicated to our stakeholders and value their feedback on all aspects of our sustainability policies, processes, and performance. Please direct any feedback to oilinfxcg@gmail.com, as it is critical to achieving our objectives of building a sustainable and prosperous business. As part of our commitment to promoting environmental conservation, this report will not be distributed in hard copy.

BOARD STATEMENT ON SUSTAINABILITY

Fuxing China Group Limited ("Fuxing" or collectively with its subsidiaries, the "Group") is delighted to release its sixth sustainability report since FY2018, which was prepared in accordance with the GRI Standards and adheres to the SGX-ST guidelines on sustainability reporting.

The Group endeavors and is fully committed to continuously considering material environmental, social and governance topics as part of our core business strategy. This report aims to provide an unbiased and precise account of our practices and performance in our pursuit of becoming a sustainable and responsible corporate citizen.

The Board of Directors ("Board") and senior management ("Management") are committed to establishing and maintaining an effective Sustainability Management framework, supported by internal controls, risk management practices, clear accountability, and reporting processes. The Board evaluates and considers relevant ESG risks and opportunities during the formulation of overall business strategy, objectives, and performance measurements.

The Sustainability Reporting ("SR") Committee assists Management in identifying relevant ESG topics associated with the Group's day-to-day operations. Management determines the materiality of these ESG topics based on their impact and influence on stakeholder values, as well as their alignment with the Group's strategic objectives. The Board supports and approves the identification and assessment parameters of material ESG topics.



The Board and Management have reviewed the ESG topics presented in this report and determined them to be material and relevant. The Board and Management will continue to provide strong leadership and maintain a high standard of sustainability governance to drive continuous and long-term growth for all stakeholders. The Group will strive to achieve a balanced disclosure on the management and monitoring of material ESG topics to facilitate continual improvement.

ABOUT THE GROUP

Corporate Profile

Fuxing China was founded in 1993 and has established a credible track record and market reputation, having received over 20 awards in the past 30 years. Its proprietary '3F' brand was recognized as the 'Symbolic Brand of China' by the First Chinese Well Known Brand Conference in 2006 and as one of the 'PRC Top Famous Zipper Brands' by the Hardware Association of the PRC in 2005.

For over 25 years, Fuxing Group has specialized in the supply of various sizes of zipper long chains and finished zippers, including nylon, plastic, invisible, and metal zippers, as well as zipper sliders. The Group currently boasts over 1,000 modern facilities, and provides sophisticated moulds and finishing services such as the development and manufacture of zipper machinery, plating, dyeing, and more. The Group's gross annual output value exceeds one billion CNY.

The Group has been the recipient of numerous accolades, including 'Province-level Township Private Enterprises', 'Top 300 Corporate Image in Fujian', 'Top 100 Private Enterprises in Quanzhou', 'Top 200 Private Enterprises in Fujian', 'Credit Grade AAA Enterprise', and 'Advanced Enterprise of Create Brand', among others. The Group's proprietary brand, '3F', has been recognized as a 'China Famous Brand', 'China's Iconic Brand', 'Top 10 Zipper Brands in China', 'Fujian Famous Brand', 'Quanzhou Famous Brand', and 'Top 100 Brands in Fujian'.

All of our products hold Intertek Eco-Certification, and our manufacturing of zipper products adheres to the industry standards of the PRC. The Group places a strong emphasis on product and technical research and development ('R&D') to ensure continuous innovation in product quality and improved efficiency.

The Group has established a research partnership with the Software Institute of Xiamen University, aimed at enhancing production efficiencies and automation in the manufacturing of zipper products. The Group's R&D facility was verified as a 'Fujian Provincial Level Enterprise Technology Centre' In December 2006, further highlighting the Group's strength in R&D.



The Group was also recognized as a 'New and High Technology Enterprise' by the Fujian Provincial Government towards the end of 2009. Currently, the Group holds 18 design patents, 12 utility patents, and 2 invention patents.

Group Structure

Please refer to the AR FY2023 – Group Structure

Principal Activities and Operating Location

Please refer to the AR FY2023 – Notes to the Financial Statements – Investment in Subsidiaries.

Our vision

The Group aims to continuously seek business opportunities in line with our strategic growth and to deliver value to our customers and stakeholders as we continue to explore and expand our business operations.

Within the industry, we have also upheld a reputation for quality and high standards in our operations, as well as excellence in our operations management. With a diversified customer base of over 1,600 customers in the PRC, Fuxing China's end products are used by renowned brands such as Anta, CBA Leisu, LiNing, 361° , Samonite, Fujian Peak and Northpole China, in a wide variety of end-products such as apparels, shoes, bags and camping equipments.

Awards and certification

1. Certification for ISO 9001:2015 Quality Management Systems
2. Certification for ISO 14001:2015 Environmental Management Systems
3. Certification for ISO 45001:2018 Occupational Health and Safety Management Systems
4. Certification for Global Recycled Standard (GRS) Version V.4
5. Granted authorization according to Standard 100 by OEKO-TEX® – Free from Harmful substances to protect your health – SH001 187526.1

Policies, practices and performance

The policies, practices and performance for each material matter shall be discussed in their individual sections below. The Group understands the need to enhance on the performance of ESG-related matters and relevant policies and practices when it is necessary.

Targets

We are striving to incorporate ESG factors into daily operations and set out strategies for improvement and targets to be attained as our sustainability reporting measures.

SCOPE OF THE SUSTAINABILITY REPORT

Governance

Sustainability is integrated into our business and embedded across various roles and functions. The SR Committee, chaired by Mr. Hong QingLiang, our Executive Chairman, is composed of specific working groups with senior management and board level representatives from across our various businesses. The committee is responsible for executing and reporting on material ESG aspects and formulating, implementing, and reviewing the Group's sustainable policies and practices, sustainability development programs, and initiatives. The Board reviews and oversees the management and monitoring of material ESG factors, ensuring that sustainability matters are considered as part of the Group's business strategy and aligned with its strategic development.

Strategic approach

Fuxing firmly believes that although our businesses are driven by earnings, our actions must also have a positive impact on the environment, employees, and all other stakeholders in our value chain.



Since FY2021, the Group reviewed and defined our approach to sustainability management with the help of independent external consultants. We reviewed our existing non-financial topics and concluded that the following topics are material to the sustainability of our financial performance and business operations.

Economic	Environmental	Social	Governance[2]
Economic Performance[1]	Environmental Compliance	Employment	Board Governance
Procurement Practices		Training & Development	Anti-Corruption
		Occupational Health & Safety	



Our Materiality Assessment Process

Supported by a systematic & interactive process to identify, categorize & prioritize material ESG Topics

Identify
Define a list of potential material ESG Topics

Categorize
Refine the list of topics by clustering them into categories

Prioritize
Engage SR Committee for feedback and validation of each topic based on importance to internal and external stakeholders

1. Please refer to Financial Statements of the annual report.
2. Please refer to the Corporate Governance section of the annual report for more details.

STAKEHOLDER ENGAGEMENT

The Group recognizes that understanding the demands and concerns of stakeholders is crucial for sustainable growth, and regular engagement with stakeholders helps us to better determine material areas of focus. The Group operates and maintains diverse communication channels and platforms to listen to stakeholders' requirements and opinions. In FY2023, the SR Committee, with the support of an independent external consultant, reviewed and determined that our key stakeholder groups include employees, customers, shareholders and investors, and business partners.

Key Stakeholder	How We Engage	Main Concerns & Expectations	How We Respond
Employees We recognize that our employees are fundamental to the Group's productivity and continuity. We aim to nurture them well to increase their engagement and contribution to the Group.	• Regular Meetings • Open feedback platform • Annual performance appraisals • Teambuilding activities	• Department updates • Training & career development opportunities • Health & Safety • Job security	By adopting sound HR policies and practices that promote fair treatment and safe working conditions, rewards and recognition.
Customers We strive to maximize our customer satisfaction, to increase our sales and revenue. We ensure that we understand our customers' needs and expectations and we aim to build long lasting relationships with our customers to win their support and confident.	• Product sales channel • Customer service feedback • Regular direct engagement and active partnership	• Product and service quality • Group's reputation in the market • Competition	By establishing policies for quality control and assurance that ensure our goods for excellent quality and to promptly address customer complaints.
Shareholders & Investors We aim to maintain profitability and maximize shareholders' return, as well as uphold a high standard of corporate governance and transparency.	• Company website, phone and email channels • AGM • SGX announcement and media release	• Group strategic development • Current financial performance • Future business outlook	By being transparent and proactive in engaging. The Group retains an investor relations firm to assist in the timely dissemination of material information.
Business Partners We work closely with our suppliers, contractors and other partners to ensure that all our operations that were carried out are in line with our sustainability efforts and industry practices.	• Regular meetings and visits • Phone and email channels	• Integrity and effectiveness of tender process • Environmental, Safety and health practices	By establishing policies and guidelines that ensure a fair selection and procurement process, and ethical business practices.

		• Product and technology updates • Performance reviews	



List of Memberships of Association

Aspiring to widen our exposure to industry standards and collaborate within and beyond the industry to improve on current sustainable practices. The Group participate as members of organizations that include:

- China Hardware Association Zipper Branch (中國五金協會)
- Fujian Provincial Zipper Industry Association (中國拉鍊協會)

MATERIALITY ASSESSMENT

Materiality in sustainability reporting, as defined by GRI Standards, refers to topics and indicators that reflect an organization's significant economic, environmental, and social impacts and would significantly influence the assessments and decisions of stakeholders. Guided by an external independent consultant and taking into account the topics of concern and expectations of identified key stakeholders, the SR Committee and Management assessed and prioritized the following material topics for the Group's focus.

Material ESG Topics	Targets and Commitments	Key Highlight	
		FY2023	FY2022
Economic			
Economic performance	**Please refer to the Financial Statement in the Annual Report**		
Procurement Practice	• Create positive economic impact within our business eco-system.	100% of materials purchased were from local suppliers.	100% of materials purchased were from local suppliers.
Environmental			
Environmental Compliance	• Zero incidents of non-compliance • No significant fines or nonmonetary sanctions for noncompliance with environmental laws and regulations.	• Zero incidents of regulatory non-compliance • No significant fines/non-monetary sanctions for noncompliance with environmental laws and regulations.	
Social			
Fair Employment	• Continue to promote diversity and equal opportunity in the workplace • Comply with local labour regulations across our operations.	• The Group continues to embrace diversity and equal opportunity in the workplace. The Group also remained compliant with respective local regulations across our operations. There was no incident of complaints of discrimination against the Group.	
Training and Education	• Maintain an average of 2.8 hours of training per employee annually • Ensure learning and development roadmap account for future skills required to improve the efficiency of the business.	• Maintained and achieved an average of 2.6 hours of training per employee.	

Occupational Health and Safety	• Zero fatalities and/or high consequences. • Workplace safety trainings, fire drills and safety talks were conducted. • Workplace is well-equipped with safety signs.	• Zero workplace fatalities, total permanent injuries and occupational health and diseases. No loss days due to injuries. • Workplace safety trainings, fire drills and safety talks were conducted. • Workplace is well-equipped with safety signs.

Governance		
Board Governance	• Compliance with Corporate Governance and Best practice	• Director Fit & proper
Anti-corruption	• Zero tolerance to bribery and corruption, including facilitation payment	• No confirmed cases of corruption and/or substantiated whistle-blowing cases.

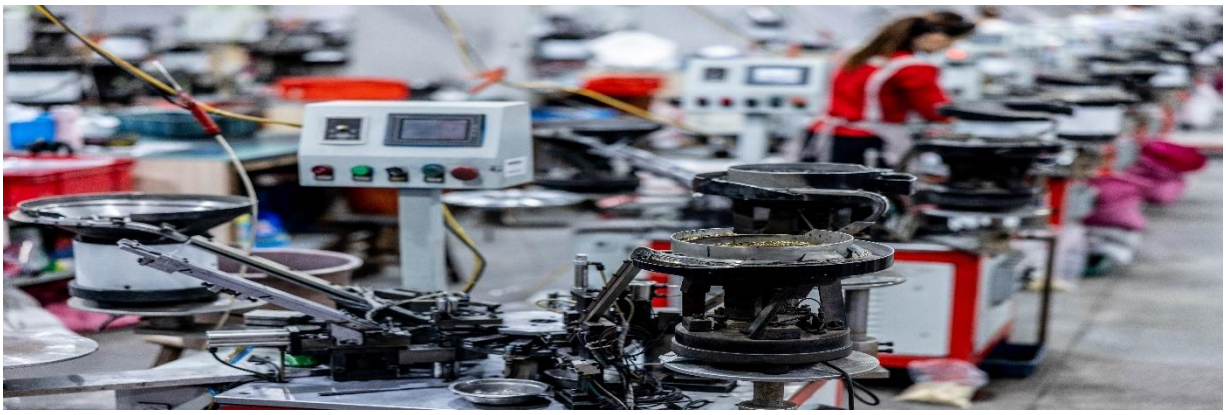
The material ESG topics were also reviewed by the Board and determined to be relevant. Moving forward, the SR Committee, supporting the Board in its oversight, will continue to review material ESG topics against the changing business environment, stakeholder opinions, and emerging global and local trends annually.



ENVIRONMENTAL

Task Force on Climate-Related Financial Disclosures (TCFD)

Core Elements	Current approach
Governance	Sustainability is integrated into our business and embedded across various roles and functions. The SR Committee, chaired by Mr. Hong QingLiang, our Executive Chairman, is composed of specific working groups with senior management and board level representatives from across our various businesses. The Committee is responsible for executing and reporting on material ESG aspects and formulating, implementing, and reviewing the Group's sustainable policies and practices, sustainability development programs, and initiatives. The Board reviews and oversees the management and monitoring of material ESG factors, ensuring that sustainability matters are considered as part of the Group's business strategy and aligned with its strategic development.
Strategy	Fuxing firmly believes that although our businesses are driven by earnings, our actions must also have a positive impact on the environment, employees, and all other stakeholders in our value chain. Since FY2021, the Group reviewed and defined our approach to sustainability management with the help of independent external consultants. We reviewed our existing non-financial topics and concluded that the following topics are material to the sustainability of our financial performance and business operations.
Risk management	Support by systematic and interactive process to identify, categorize and prioritize material ESG topics.
Metrics and Targets	We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management in our sustainability report. Monitoring and reporting those performance help us in identifying areas with material climate-related risks and enabling us to formulate solution to improve relevant areas.



Climate Change Risks and Opportunities

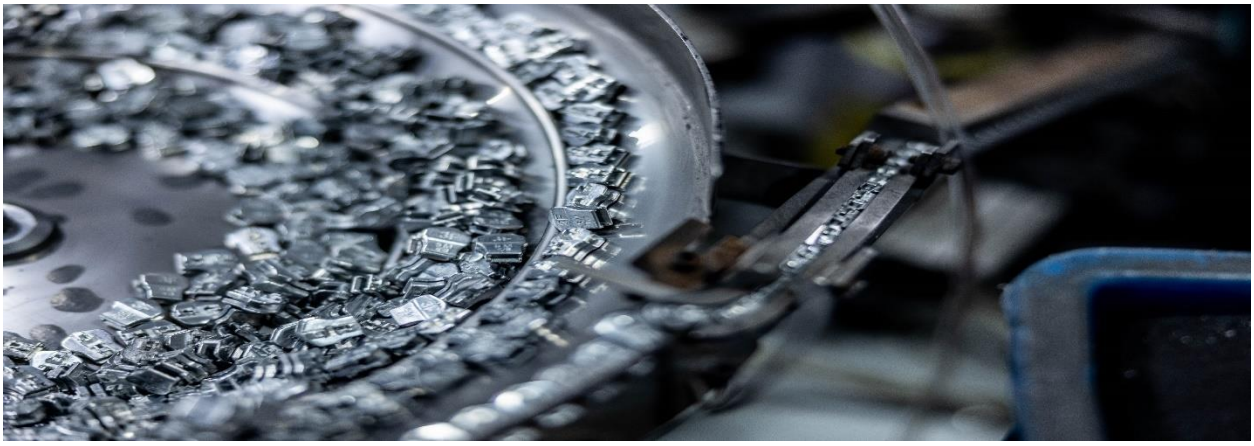
Risk Categories	Risk Type	Risk Description	Opportunities
Transition risk	Policy and legal Introduction of carbon emission pricing	Cost increase	Short and medium term To reduce the carbon emission of our products, we have installed solar panels to reduce the purchasing of electricity. Long term To install more solar panels
	Technology Substitution of existing products with lower emission options	Increase in demand for low carbon emission products leads to reduced demand for current products.	Short and medium term To use recycled raw materials. Long term To develop new product by using more recycled raw materials.
Physical risk	Rising global temperature and/or heatwaves	Increase health and safety risks for workers at our manufacturing facilities.	Short and medium term To schedule production time to minimize exposure of high temperature and/or heatwaves. Long term To upgrade cooling facility and staff medical compensation.
	Extreme weather events, such as flood, drought, cyclone, etc.	Operation disruption, transportation difficulties, damage to existing facilities	Short and medium term To search for more logistics companies for delivery. Long term To review existing facilities to access repairment and/or enhancement is required.

Scenario analysis

As a manufacturer in PRC, we understand that climate change may have significant impacts on our operations. To better understand the potential impacts of climate change on our Company's business, we conducted climate scenario analysis as below:

Climate Scenarios: Methodology		
Timelines	**Scenarios applied**	**Risk Categories**
2030, 2050	RCP 8.5 (Business As Usual) RCP 2.6 (2 degrees Celsius scenario) IEA-450	Transition and Physical

Scope of Analysis		
Climate variables	**Modeled risk**	**Considerations for enhancing climate resilience**
Carbon pricing	Upon the promulgation of laws relating to carbon pricing, we will have to pay for our GHG emissions	Progress towards zero emissions.
Rising temperature	Net increase in days requiring heating and cooling facilities	Progress towards using renewable energy. Improvements in the production facilities.
Rising sea level	Viability of facility locations	Facilities citing, construction specification.
Extreme weather	Increase in the frequency of extreme weather (e.g. storm, flood) may affect our operation	Disaster preparedness, recovery capabilities.



Greenhouse Gas ("GHG") Emission

We strive to reduce the impact of our business operations on the environment and to mitigate the risk of climate change. As our manufacturing facilities consume a significant amount of energy, managing greenhouse gas emissions in our business operation is important to address these climate-related risks. We have invested in renewable energy by installing solar panels at our manufacturing facilities. In addition, in-house water treatment plant has been equipped with our manufacturing facilities to remove contaminants in our waste water before they are safely discharged into the environment.

GHG emission	Unit	Absolute Emissions	Unit	Emission intensity
Scope 1	t CO_2e	273,485	t CO_2e/number of employees	236.78
Scope 2	t CO_2e	477	t CO_2e/ number of employees	0.41
Scope 3	t CO_2e	179	t CO_2e/ number of employees	0.16

Scope 1 – Fuel Consumption

Natural gas is the fuel category mainly used in our production facilities for our operations in Fulong Zipper and Weaving Co., Ltd. ("Zipper and Weaving"), Jinjiang Fuxin Electroplating Co., Ltd. ("Electroplating") and Jinjiang Jianxin Weaving Co., Ltd. ("Weaving").

Scope 2 – Energy Consumption

It reflects GHG emissions produced from the generation of purchased or acquired electricity. Fuxing uses a substantial amount of energy for the operation of machineries in its manufacturing facilities. In our effort to reduce carbon emissions, we have installed rooftop solar photovoltaic ("PV") systems for our Fujian operations in Jinjiang Fookhing Zipper Co., Ltd ("Zipper") and Jinjiang Fuxing Dress Co., Ltd ("Dress"), our manufacturing facilities.

The solar PV systems for Zipper and Dress generated a total of 1,980 kWh by December 2023. The Group is expecting a further reduction in the usage of non-renewable energy in the coming years.

Energy consumption	Unit	Energy consumption intensity	Unit
144,509	MWh	125	MWh/number of employees

Scope 3 – Indirect emissions

This is the first year to account for scope 3 requirement, we have performed risk assessment regarding 15 categories of scope 3 emissions. We have identified category 9 – Downstream transportation and distribution was the most impact to the Group for FY2023. Improvement would be made in the coming years to identify more categories so as to disclose relevant emissions data in the SR.

Water consumption

The Group has made a commitment to practice responsible water-sourcing and usage, acknowledging the significance of reducing its water consumption and taking proactive actions to accomplish this objective. We remain attentive to its water consumption and endeavors to diminish its water consumption footprint by continuously implementing water-saving measures. These measures include identifying and repairing leaks to reduce water waste, encourage our employees to adopt water-efficient practices, as well as educating all employees on the importance of water conservation.

Water is supplied through local municipalities from local fresh water sources. There are no other water sources we drew our water from. Water consumption for the Group is presented as below:

Total water consumption	Unit	Water consumption intensity	Unit
1,167	ML	1.01	ML/number of employees

Industrial wastewater and effluents are mainly discharged from the operations of our manufacturing facility. The Group ensures that all industrial wastewater is treated through the on-site wastewater treatment plant before its final discharge to the sewage system. We also ensure that its manufacturing facility conducts a weekly analysis of the quality of wastewater, which is then reported to the Department of Environment on a weekly basis. Within our operations, water usage is predominantly for domestic activities and manufacturing purposes.

Waste Generation

The Group aims to reduce and recycle its waste where possible to reduce our input to landfills and to minimize the impact of our business operations to the environment. We ensure that all non-hazardous waste are properly labeled, stored, and disposed of according to local council regulations and by licensed contractors.

We encourage all our employees to exercise prudent waste practices, and our in-house environmental committee will conduct regular awareness programs. We strive to adopt the best practices in waste management, which is essential in reducing our environment footprint.

	Total wastage	817.5 t	
(a)	Hazardous	790 t	
(b)	Non-hazardous	27.5	
(c)	Recycled		770 t
(d)	Non-recycled		47.5 t

Non-hazardous waste

As part of the manufacturing process, the Group generally produces fabric waste, paper waste and plastic waste. All non-recycled waste generated will be disposed of through the local municipal councils on a monthly basis.

The Group is committed to increasing the recycling percentage of its non-hazardous waste and is exploring alternatives such as "repurpose" instead of "recycle". Moving forward, the Group may seek the collaboration of potential agencies that are able to "repurpose" non-hazardous wastes.

Hazardous waste

Hazardous waste production is limited to our dyeing and electroplating manufacturing facilities. The factory produced scheduled waste, SW 204, which is sludge that containing one or more several metals including chromium, copper, nickel, zinc, lead, cadmium, aluminum, tun, vanadium and beryllium.

In terms of managing, storing, and disposing of waste, we ensure that the Group has complied with the People of Republic of China's ("PRC") Environmental Quality (Scheduled Waste) Regulations 2006. All non-recycled waste generated will be disposed of through local environmental friendly suppliers by every one to two months.

The sludge produced is a by-product of wastewater as a result of our manufacturing activities. For the disposal of scheduled waste, companies in PRC may only engage contractors being approved by the Department of Environment to ensure that all scheduled waste is being disposed of in an appropriate manner. All hazardous waste produced onsite will be held in on-site wastewater storage tanks prior to further treatment and/or disposal by our contractors. These wastes can be processed in a licensed facility to recover metals such as chromium, copper, nickel, zinc, lead, cadmium, aluminum, tun, vanadium and beryllium for reuse as raw materials in other industries.



SOCIAL

Our employees are one of our most valuable assets and the Group believes in and is committed to implementing fair employment practices, upholding human rights principles, and investing in developing and training our people.

As of 31 December 2023, we have a total of 1,155 fulltime employees. In general, the Group has maintained a strong and healthy workforce despite the relatively high turnover rate which is inherent in the manufacturing industry, mainly due to frontline manufacturing workers. Employment numbers for high-skilled positions remains consistent, with key management personnel remaining unchanged in FY2023.

Total Number of Employees



FY 2023	FY 2022
1,155	1,057

Gender Diversity

Male



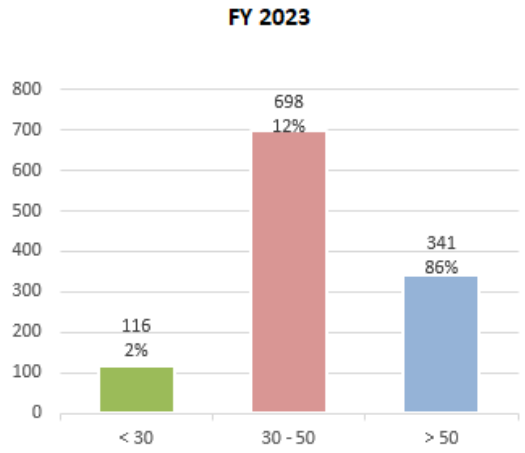
FY 2023	FY 2022
630	518
55%	49%

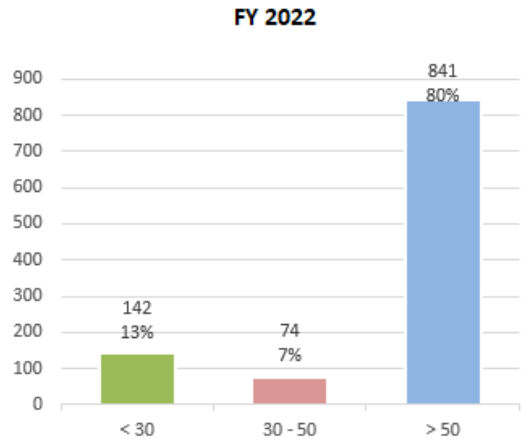
Female



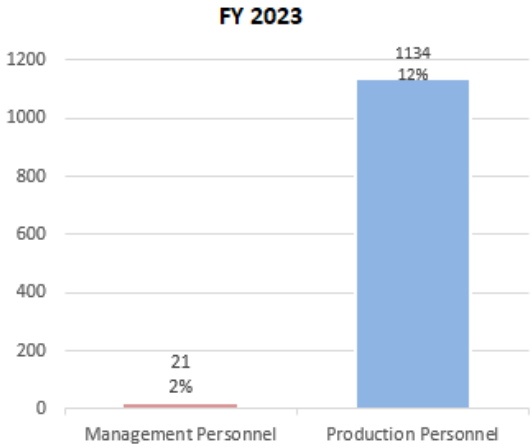
FY 2023	FY 2022
525	539
46%	51%

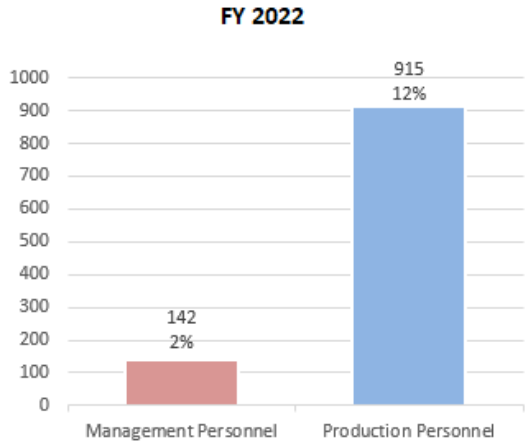
Age-based diversity



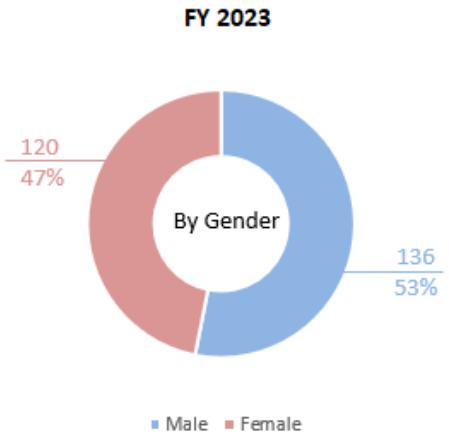


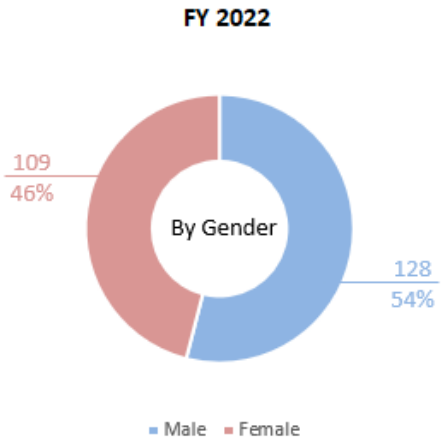
Role-based diversity



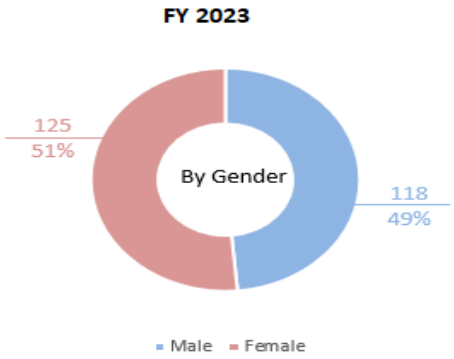


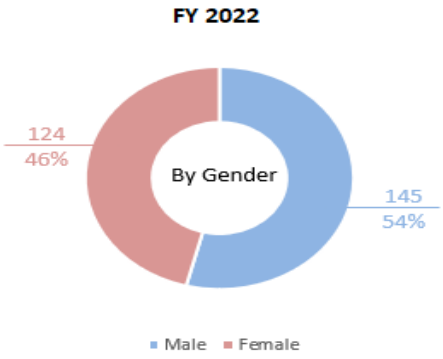
New hire distribution





Employment (turnover)





We strive to foster an inclusive and performance driven work environment to attract, retain and develop our talents. As an equal opportunity employer, the Group has instituted a fair system to ensure equal opportunities and non-preferential treatment for all employees. There is no preference or prejudice towards religion, age, ethnicity, any physical disability, or gender. Employees are required to observe and adhere to all relevant policies and practices. The Group makes a conscious effort to maintain diversity in the middle management, to generate creativity and innovation and improve the organization's culture. There were no reported incidents of discrimination raised by our employees in FY2023.

The Group has an open-door policy that encourages employees to speak up or report grievances directly to their superiors, department heads, the human resources department, the chief executive officer, and/or independent directors. This reinforces our commitment to providing employees with a workplace that is healthy, safe, and secure. Across all our business segments, no workplace grievance cases were reported in FY2023.

Employee Remuneration and Benefit



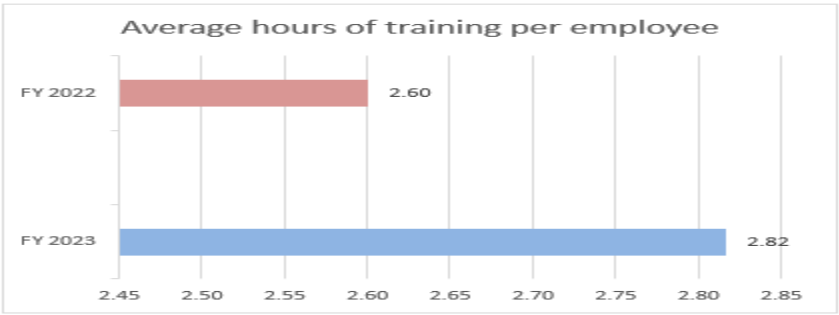
The Group recognises the valuable contribution of all employees and strongly believes in fair remuneration, setting packages that are competitive and sufficient to attract, retain, and motivate personnel. When setting remuneration packages, the Group considers regulatory requirements, salary, and employment conditions by benchmarking against companies within the same industry. In addition to the competitive remuneration offered, we continue to maintain our list of employee benefits, which include but are not limited to the following:

Employment Benefits	Descriptions
Life insurance	If our employees become critically ill or permanently disabled, their loved ones will receive a sum of money to provide them with financial protection and coverage against risks.
Medical insurance	Employees are reimbursed for visits to the General Practitioners and dentist, which are covered under the medical insurance.
Disability insurance	All our employees are covered under personal accident insurance and work-related injury. For instance, the organization will reimburse any rehabilitation costs or monthly pay-outs for each case of disability.
Maternity leave	Eligible female employees are entitled to maternity leave when applicable.
Retirement provision	For employees qualified for pension approaching the retirement

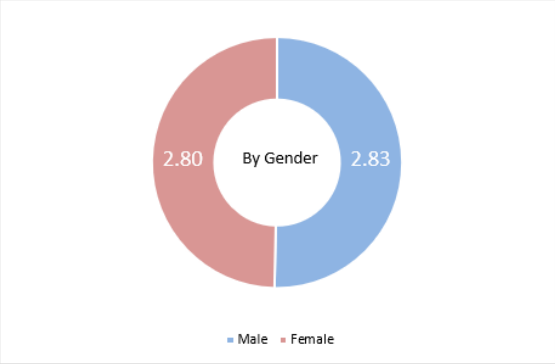
Development and training

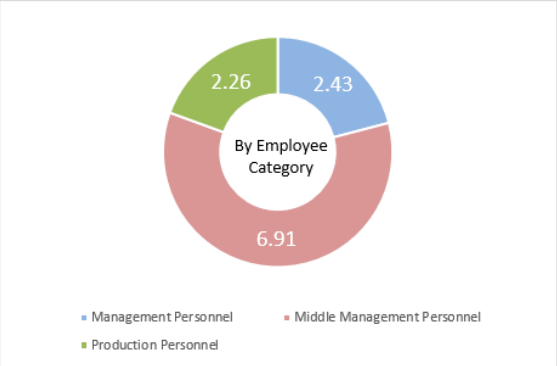
The Group recognizes that employees need to stay informed and be updated in their skill sets in the ever-changing workplace.

In addition to on-the-job and ad-hoc trainings, the Group also provides various learning and development opportunities for employees to enhance their skills and competencies. These include leadership and management training programs, mentoring programs, and language courses, among others. The Group also supports and encourages employees to pursue further education and professional development as it not only benefits them but also contributes to the overall success of our business.



For FY2023, details of training hours are categorized as below:





Programmes for Upgrading Employee Skills and Transition Assistance

The Group is committed to allocate budget and plan skills upgrading to equip employees to meet strategic targets of the Group. We believe that more skilled employees enhance Fuxing's human capital and contribute to employees' satisfaction, which will then enhance overall performance.

Training sessions undertaken to upgrade and educate employee's technical skills and workplace skills across different mode of operations includes the followings:

1. Quality Management Training
2. Fire Drill and Demonstration Exercise
3. Safety Production Training
4. Marketing Training

Performance and Career Development Review

Performance and career development review of employees should be performed during the annual performance appraisal process. This process two-way communication and engagement between supervisors and subordinates to assess the performance of the employee.

Upon completion of the appraisal process, consideration of career advancement such as promotion; quantum of salary increments, and annual variable bonus will be determined based on the performance appraisal results. Employees are assessed and remunerated fairly based on their experience, qualifications, and performance.

The Group shall continue to provide training and education opportunities through development programmes wherever applicable and promote a conductive corporate environment where everyone could be achieve their potential.

Occupational Health and safety

Safety is an integral part of our business, and a key focus area for our Board and Management. We take pride in building a safe, conductive, and healthy workplace as our commitment to developing our people.

Being in a largely labour-intensive operation, we regard workplace safety with utmost importance and recognize our duty of care to account for the safety and health of each of our employees. We are constantly striving to build a safe and conductive workplace by ensuring that our Group complies with all relevant safety and environmental legislation, with the aim of minimizing the likelihood and impact of any possible hazardous occurrence. The Group has developed a list of protocols and precautions for workers, to ensure that their safety is fully covered in all areas of work.

For the FY2023, the Group did not receive any cases involving fatalities and high consequences injuries. In addition, there were 5 recordable injuries where injuries in either arms or legs have been found in 2 male employees and 3 female employees, respectively.

Occupational Health and Safety Management Framework

To facilitate the physical supervision of the workplace safety, and the relaying of workplace safety and health ('WSH') related messages; we have established the Safety Committee. Collectively as a Group, the Safety Committee is headed by the General Manager, and comprises 3 Production Supervisors and 17 Head of Departments ('HODs').

The Safety Committee oversees the subsidiaries' operations to ensure that safety standards are always upheld and are in line with industry leading practices. The role and responsibility of the Safety Committee includes reviewing, effectively implementing and reinforcing safety standards and regulations to ensure all areas of safety are adequately covered. The results, infrastructure, and incidents, as well as to coordinate and organize safety-related activities.

The Group seeks to learn from the past mistakes and strive to prevent similar incidents from recurring. All near-miss incidents and accidents would be promptly reported to the Safety Committee, which will further provide timely incident analysis briefings to the employees. These safety briefings aim to strengthen the safety awareness of employees, and to remind them of the established safety measures, precautions, and safety protocols to prevent similar incidents from occurring.

For the FY2023, the Group did not receive any cases involving violations of relevant labor laws of the PRC.

GOVERNANCE

Board composition

The Board endeavours to achieve the balance and diversity necessary to maximise its effectiveness as part of its Board diversity policy which endorses the principle that its Board should have the balance of skills, knowledge, experience and other aspects of diversity that support the Company in the pursuit of its strategic and business objectives, and its sustainable development. The policy seeks to promote the inclusion of different perspectives, ideas and insights and ensure that the Company can benefit from all available sources of talent.

In determining the optimum composition and size of the Board and each Board committee, the Board diversity policy provides for the Nomination Committee ("NC") to consider a combination of factors such as skills, knowledge, professional experience, educational background, gender, age, and length of service. The skills, knowledge and experience to be considered include accounting and finance, business and management experience, industry knowledge, strategic planning experience, human resource management, industry's customer-based marketing and manufacturing combined.

Suitable candidates will then be identified, including through external search firms. External search firms that are engaged, are instructed that diversity is a key criterion in the search and in particular, gender diversity. Female candidates are therefore required to be included for consideration.

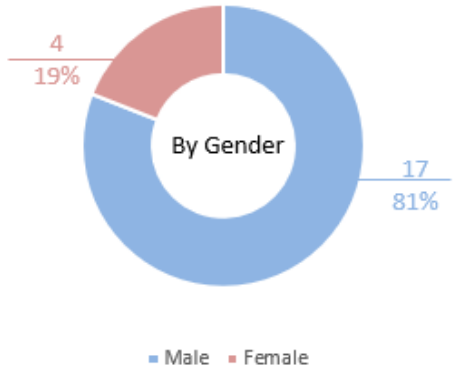
Following its assessment of the candidates, the NC will then interview the short-listed candidates. The NC will thereafter make its recommendations to the Board including appointments to the appropriate Board committees after matching the candidates' skills-set to the needs of each Board committee. The Board, taking into account the views of the NC, will consider if its Directors meet the criteria under its Board diversity policy and possess the necessary competencies to govern the Company effectively.

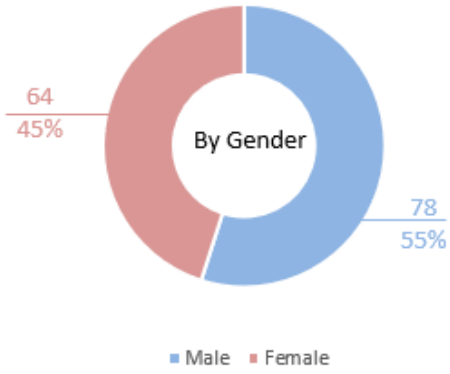
The Board also aims to achieve gender diversity by the financial year ending 31 December 2024 ("FY2024"). The Board will work closely with the NC to identify and evaluate potential candidates who meet the diversity criteria when appointing new director(s) or Board renewal. Any updates or progress made towards implementing the Board Diversity policy will be disclosed in the Company's Corporate Governance Report, as appropriate. In terms of qualifications and competencies, members of the Board include seasoned professionals in business and management and strategic planning.

The Board believes that its members' different backgrounds, experience, age, gender, tenure of service, and skill sets provide a diversity of perspectives which contribute to the quality of its decision-making. The ultimate decision will be based on merit and contribution that the candidate will bring to the Board. With the assistance of members of the NC, any new listing requirements and implementation of the diversity policy would be properly complied with and monitored.

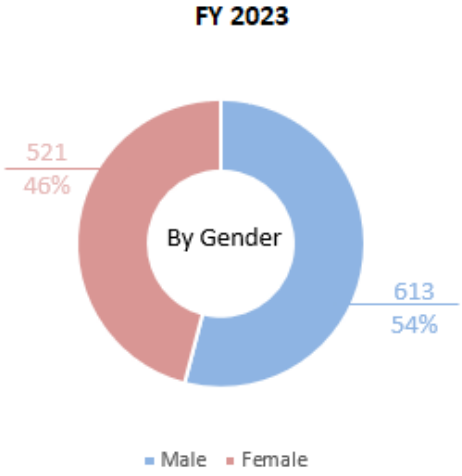
Management Diversity

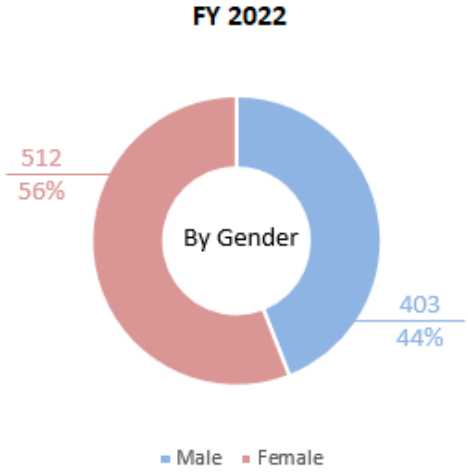
Governance Bodies
By Gender





Non Governance Bodies
By Gender







Certification - ESG related

We strive our best efforts to achieve ESG related standards, the following certifications are our contribution:

Certification for Global Recycled Standard (GRS) Version V.4



Granted authorization according to Standard 100 by OEKO-TEX® – Free from Harmful substances to protect your health – SH001 187526.1



Anti-corruption and Whistle Blower Program

The Company is committed to operate with the high standards of ethics and professionalism. All our Directors, officers and employees must abide with all applicable legislations. All staff shall comply with applicable company policies and procedures and corporate governance requirements wherever applicable and not conduct improper activities (including fraud). A notice of the whistleblower program shall be prominently displayed on notice boards at the Company's premises in all locations.

Our Whistle Blower Program serves in addressing reports of any suspected wrongdoings related the Company's accounting, financial matters and internal control issues. All whistleblowers will be accorded the protection of confidentiality of their identity. Findings will be documented and a conclusion will be drawn whether the allegations are true and logged into a report. Corrective action will be recommended and carried out if allegations are found to be supported.

During the FY2023, we did not receive any cases of corruption involving our employees, or of any other material misconduct by our employees. In addition, communication and training have been carried out in the Group where total 76 personnel are involved where the importance of such requirements have been properly delivered. Details of staff categories are tabulated as below:

Classification	No of personnel
Board of Directors	5
Management	3
Middle management	40
Non-management staff	28

Ethical Behaviour and Code of Conduct

The Company's Code of Conduct ("Code") is the document that delivers our commitments to all our stakeholders into a set of formal written requirements. It puts all employees under specific obligations, adding more stringent obligations for certain individuals.

It reminds us that the Company is committed to acting with integrity in all its activities. In other words, we care how results are obtained, not just that they are obtained. This is right in itself and is also a vital company asset that helps our business prosper. This Code applies across the Company. All employees of the Company, irrespective of their positions and functions, are expected to fully adhere to the principles contained in the Code.

The Company will fully support those who pass up unethical opportunities or in good faith report potential or actual breaches of the Code. Employees are encouraged to provide their views to help gauge the Company ethical culture and management's ethics and controls commitment.

Supplier assessment

The Group firmly believes that its suppliers and subcontractors are key business partners that can create a positive economic impact, thereby enhancing stakeholder returns. To this end, the Group maintains a stringent vendor selection process that takes into account vendors' past track records and adherence to occupational health and safety standards.

We have also developed procurement policies and guidelines, such as:

- Guidelines and procedures in selecting and evaluating vendors; and
- Code of conduct when dealing with vendors.

To ensure that only qualified suppliers are selected during supplier onboarding, new suppliers are assessed under stringent criteria, which include track records, financial strength, commitments towards high quality, health and safety standards, and sustainability. Sustainability is one of the key factors that we consider when selecting a supplier, and we evaluate potential candidates based on their sustainability performance and practices. The Group collaborates with partners and suppliers to redesign our product offerings to reduce the negative environmental impacts related to production and consumption.

All of our suppliers are required to submit relevant environmental certifications to demonstrate that they are licensed or certified and operating in accordance with the law and regulations. Additionally, we conduct random periodic inspections to ensure that our suppliers are complying with relevant laws and regulations. The Group carries out the necessary due diligence in the procurement process to ensure that quality is not compromised and our suppliers do not have any adverse impact on the environment.

We will continue to remain fully committed to responsible procurement while generating positive economic and social benefits for the local community in which we operate.

For the FY2023, the Group engaged 84 PRC suppliers to purchase a range of raw materials from them, with polyester and zinc alloy being our main raw materials.

ALIGNMENT WITH INTERNATIONAL INITIATIVES

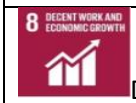
This report has been prepared in accordance with the GRI standards: Core option

Category	Disclosure	Description	Page reference and Remarks
GRI 102: General Disclosures	102-1*	Name of the organization	Page 1
	102-2*	Activities, brands, products, and services	Page 3 – 4
	102-3*	Location of headquarters	Hangbian Industrial Area, Longhu Town, Jinjiang City, Fujian Province, The PRC
	102-4*	Location of operations	Refer to AR FY 2023 - Notes to the Financial Statements – Investment in Subsidiaries
	102-5*	Ownership and legal form	Refer to AR FY 2023 - Notes to the Financial Statements – Investment in Subsidiaries
	102-6*	Market served	Refer to AR FY 2023 - Revenue by Geographical Segment
	102-7*	Scale of organization	Page 17 – 20
	102-8*	Information on employees and other workers	Page 17 – 20
	102-9*	Supply chain	Page 26
	102-10*	Significant changes to the organization and its supply chain	No significant changes
	102-11*	Precautionary principle or approach	Page 3 – 4
	102-12*	External initiatives	Page 4
	102-13*	Membership of associations	Page 8
GRI 102: Strategy	102-14*	Statement from senior decision-maker	Refer to AR FY2023 Chairman's Message
GRI 102: Ethics and Integrity	102-16*	Values, principles, standards, and norms of behaviour	Page 4
GRI 102: Stakeholder Engagement	102-40*	List of stakeholder groups	Page 7
	102-41*	Collective bargaining agreements	None
	102-42*	Identifying and selecting stakeholders	Page 7
	102-43*	Approach to stakeholder engagement	Page 7

Category	Disclosure	Description	Page reference and Remarks
	102-44*	Key topics and concerns raised	Page 9 – 10
GRI 102: Reporting Practice	102-45*	Entities included in the consolidated financial statements	Refer to AR FY2023 – Notes to the Financial Statements
	102-46*	Defining report content and topic boundaries	Page 1
	102-47*	List of material topics	Page 9 – 10
	102-48*	Restatement of information	Independent Assurance to be review by Internal Audit
	102-49*	Changes in reporting	No significant changes from previous reporting periods in the list of material topics and topic boundaries
	102-50*	Reporting period	Page 1
	102-51*	Date of most recent report	FY2022 Sustainability Report
	102-52*	Reporting cycle	1 January 2023 to 31 December 2023
	102-53*	Contact point for questions regarding the report	Page 2
	102-54*	Claims of reporting in accordance with the GRI standards	Core option
	102-55*	GRI content index	Page 27 – 31
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Page 26
GRI 302:	302-1	Energy consumption within the organization	Page 14
	302-3	Energy intensity	Page 14
GRI 305:	305-1	Direct (Scope 1) GHG emissions	Page 14
	305-2	Energy indirect (Scope 2) GHG emissions	Page 14
	305-3	Other indirect (Scope 3) GHG emissions	Page 14
	305-4	GHG emissions intensity	Page 14
GRI 306:	306-3	Waste generated	Page 15 – 16
GRI 307: Environmental Compliance	DMA	Management approach disclosures	Page 11 – 16
	307-1	Non-compliance with environmental laws and regulations	Page 11 – 16
GRI 401: Employment	DMA	Management approach disclosures	Page 17 – 20
	401-1	New employee hires and employee turnover	Page 18 – 19

Category	Disclosure	Description	Page reference and Remarks
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 19 – 20
	401-3	Parental leave	Page 19 – 20
GRI 403: Occupational Health and Safety	DMA	Management approach disclosures	Page 22
	403-1	Occupational Health and Safety Management System	Page 22
	403-9	Work-related injuries	Page 22
	403-10	Work-related ill health	Page 22
GRI 404: Training and Education	DMA	Management approach disclosures	Page 20 – 21
	404-1	Average hours of training per year per employee	Page 20 – 21
	404-2	Programs for upgrading employee skills and transition assistance programmes	Page 20 – 21
	404-3	Percentage of employees receiving regular performance and career development reviews	Page 20 – 21
GRI 405:	405-1	Diversity of governance bodies and employees	Page 23 – 24
GRI 205: Anti-corruption	DMA	Management approach disclosures	Refer to AR FY2023 – Corporate Governance
	205-1	Operations assessed for risks related to corruption	Page 25
	205-2	Communication and training about anti-corruption policies and procedures	Page 25 – 26
	205-3	Confirmed incidents of corruption and actions taken	Refer to AR FY2023 – Corporate Governance
GRI 2	GRI 2-5	External assurance	The Group has not sought external assurance for this sustainability report.
	GRI 2-7	Employees (Total number)	Page 17
	GRI 2-9	Governance structure and composition	Refer to AR FY2023 Corporate Governance Corporate Structure

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDGs	Main Activity	Detailed information
No poverty	N/A	N/A
Zero Hunger	N/A	N/A
 Good Health and Well-being	Safe working environment provided	• Governance Capital • Marketplace • Workplace
 Quality Education	Training and development for staff	• Workplace
 Gender Equality	Equal employment policy	• Workplace
 Clean Water and Sanitation	Promoting water saving	• Marketplace
 Affordable and Clean Energy	Using LED & Solar power system	• Environment
 Decent Work and Economic Growth	Quality control and management	• Marketplace
 Industry, Innovation, and Infrastructure	Non-toxic Product innovation	• Marketplace
 Reducing Inequality	Employment policy of no discrimination	• Workplace
 Sustainable Cities and Communities	Community relationship and engagement	• Community
 Responsible Consumption and Production	Promise to deliver of Quality, safety product	• Marketplace • Community
 Climate Action	Reduce CO_2 emission	• Governance • Environment
Life Below Water	N/A	N/A
Life On Land	N/A	N/A
Peace, Justice, and Strong Institutions	N/A	N/A
 Partnerships for the Goals	Sustainability report initiative	• Governance • Environment



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