

TALUSMORE

Celebrating 75 years of
Industry Leadership

FOREWORD FROM CEO – MR. ROGER LEE

We knew long before 2005 that the golden era of the quota system would come to an end, when we could no longer rely on our ability to own a large proportion of the quota as a way to do business.

We thought long and hard about who we wanted to be moving forward and decided that Innovation and Sustainability would be the key drivers of our growth in the 21st century.

In this newsletter, we celebrate our 75th anniversary, focusing mainly on our journey from the 1990s to the present. We share with you the many significant milestones we have reached along the way.

We are fortunate that our hard work has paid off and today we remain one of the leading apparel manufacturers in the world. Our commitment to innovation and sustainability that started over 30 years ago remains strong.

Our biggest commitment is to the United Nations Framework Convention on Climate Change (UNFCCC) where we have pledged to reduce our carbon footprint to become a Net-Zero company by 2050. TAL and indeed the entire industry must heighten our current levels of energy and effort to achieve these ambitious net-zero goals by mid-century.



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TALE OF THE THREAD

For 75 years, TAL Apparel has been a pioneer and leader in garment manufacturing, producing high-performance garments and creating supply chain solutions tailored to the exact needs of our customers.

Honoring the proud traditions of our Founder Mr. CC Lee, who was affectionately known as "The Textile Man", TAL continues to produce technologically superior garments that deliver comfort, style and functionality across all clothing categories.

From a humble cotton spinning mill in Hong Kong, today TAL operates six factories in four countries, with an extended family of more than 20,000 employees.



1975

Hong Kong becomes the world's top clothing exporter.



1947

Mr. CC Lee establishes our first textile mill in Hong Kong.



1960

Great Eastern Textiles Ltd opens with 20,000 spindles. CC Lee ventures overseas with first investments in Thailand and Taiwan.

1983

TAL undergoes restructuring and the Lee family establishes TAL Apparel Ltd to focus on garment manufacturing.



1962

Jardine Dyeing and Finishing Co Ltd is incorporated into Textile Alliance Ltd, with two dyeing works, 50,000 spindles and 2,000 sewing machines.

1954

Star Textile Ltd, a garment business with 6,280 spindles, opens in Hong Kong.





2004

TAL opens our first factory in Vietnam.

1994

TAL opens first mainland China garment factory in Dongguan.

2017

TAL ventures into Ethiopia with first garment factory.

2021

Major group restructuring is unveiled.

2010

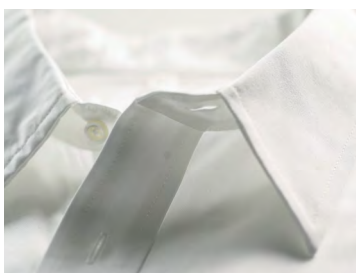
TAL's total annual garment capacity reaches 53 million pieces.

2015

TAL opens second factory in Vietnam covering 80,000 sq.m.

1998

TAL produces the first 100% cotton wrinkle-free shirt.



Celebrating our 75th

A STORY OF TRANSFORMATION

TAL APPAREL

75TH

ANNIVERSARY
EST. 1947

1990s

A CROWNING GLORY – HOW TAL BECAME THE “KING OF DRESS SHIRTS”

1993 - Pioneered Pucker-free® Technology

Dr. Harry Lee developed a novel, cost-effective solution which led to the pucker-free® technology and manufacturing process in 1993. TAL's wrinkle-free business shirts soon became one of the most-sought after items in the market.



1998 - Introduced First 100% Cotton Wrinkle-free Shirt

The SofTAL® Shirt, a high-quality wrinkle-free shirt made from 100% cotton, revolutionized the entire industry and continues to set the benchmark for quality. Today, one of six shirts sold in the US is a SofTAL® Shirt, which is widely recognized for its impeccable quality as the best wrinkle-free dress shirt on the market.

100% Cotton shirts with SofTAL® + Pucker-free® technology

Sustainability



One of the Early Pioneers in Wastewater Treatment

We made significant investments in water treatment plants at a time when untreated water was being discharged without regulation. Our factory in China boasted its own wastewater treatment plant as early as 1998.

2000s

INNOVATION & SUSTAINABILITY

In the 1960s, many developed countries introduced quota systems that limited textile imports from Hong Kong. TAL rapidly expanded overseas in search of countries that had no quota. By the time the quota system ended in 2005, TAL had established a strong presence abroad and built a sterling reputation, achieving exceptionally high marks for quality, on-time delivery, customer service, and value-added supply chain management services.

One of the First to Launch VMI Services

TAL delivered a unique supply chain management system that helps customers resolve supply chain constraints, optimize inventory, and maximize profits. In the 2000s, we launched store-level Vendor-Managed Inventory (VMI) which helped customers forecast the number of items they needed in each individual store.



INNOFACTURER® in Action

Never one to rest on its laurels, TAL continuously sets new standards for the entire industry when it comes to innovative garment technologies and treatments. Our native innovations include anti-microbial and anti-UV shirts, machine-washing wool pants, and cooling comfort shirts.





2003 - MTM Shapes The Future of Fashion

For the first time in 2003, TAL teamed up with a classic American lifestyle brand to create Made-To-Measure (MTM) apparel. The automated on-demand process enabled simultaneous, concurrent execution of multiple orders and ensured an efficient solution from order processing to laser-cutting.

MTM has since evolved into mass customization using the same production resources to manufacture a variety of similar, yet individually unique products.

Sustainability

SUSTAINABILITY IS INTEGRAL TO TAL'S SUCCESS

2008 - One of 12 Founding Members of The Sustainable Fashion Business Consortium (SFBC)

Conscious of our collective responsibility to planetary health, TAL and SFBC work to strengthen sustainability practices throughout the fashion supply chain.



Sustainable Fashion Business Consortium



2010s

ACCELERATING OUR SUSTAINABILITY DRIVE IN AN ERA OF EXPANSION

Sustainability

TAL'S COMMITMENT TO GHG AND WATER



In 2010, one of our China plants was awarded a Silver Label from the Low Carbon Manufacturing Program (LCMP) by WWF-HK.

Measuring GHG Since 2009

TAL has initiated a number of energy-saving practices in our facilities. In 2009, we adopted the greenhouse gas (GHG) protocol for quantifying and reporting our GHG footprint.

Pledged to Reduce Water Intensity by 15%

TAL began measuring its water footprint in 2011 and pledged to reduce water intensity by 15% within three years. By the end of 2014, we had reduced our water footprint intensity by 29.43%, far exceeding our targeted reduction of 15%. By the end of 2021, we had reduced water intensity by 55% from the 2011 baseline.



Water recycling system in Thai Garment Export 1

DRIVING IMPACTFUL CHANGE THROUGH INDUSTRY COLLABORATION

2011 - Became One of the Original Members of The Sustainable Apparel Coalition

The SAC seeks to address the environmental and social impact of the consumer goods industry. In 2012, SAC developed and adopted the Higg Index, a suite of self-assessment tools designed to evaluate the environmental impact of an apparel product throughout its life cycle.



An Asian perspective on Sustainable Apparel Coalition

A collaborative effort amongst major textile apparel manufacturers to promote sustainability practices in the textile industry was launched last month as the Sustainable Apparel Coalition. **TAL Apparel Ltd.**, a leading global garment manufacturer based in Hong Kong, is one of the founding members of The Coalition.

Founded in 1947, TAL has built its reputation mainly by manufacturing woven shirts, blouses, trousers, cut & sewn knit shirts, men's suits and outerwear in its Asian factories for delivery to markets in the USA and Europe. The company produces 55 million garments a year, generating revenues of US\$700 million. Its customers include **Brooks Brothers, Burberry, Dillard's, Hugo Boss, JCPenney, Givenchy, Gieves & Hawkes** and **Tommy Hilfiger**.

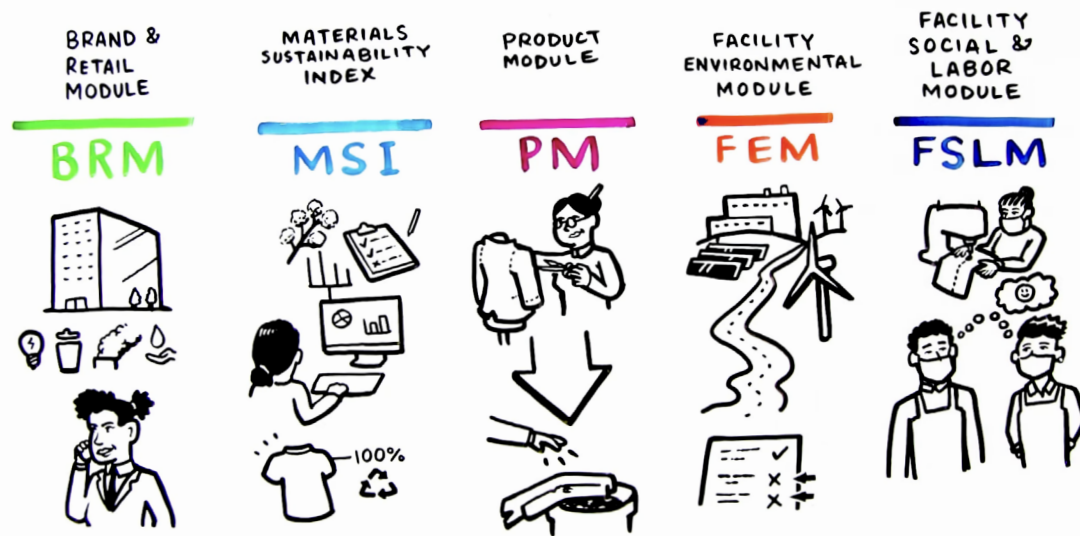
TAL's garment factories, located in Hong Kong, Thailand, Malaysia, Indonesia, Vietnam and China, have production space totalling more than three million sq. ft. To support its manufacturing activities, TAL deals with external suppliers that provide fabric, threads, buttons and zips. Technological innovations at TAL have included non-iron, non wrinkle finishes for shirts and a deodorant technology, which protects textiles against bacteria and fungi.

TAL's President & CTO, **Delman Lee**, was recently interviewed by the executive editor of *Textile Asia*, **Max Sung**, on TAL's involvement in the Sustainable Apparel Coalition.



Delman Lee, President of TAL Apparel.

Higg Index: 5 TOOLS



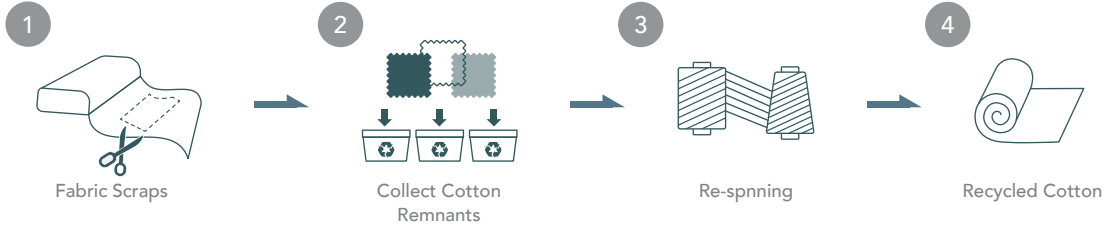
FIRST FULLY RECYCLED SHIRT!



2015 - Developed a Product that Fully Utilizes Recyclable Materials



Inno.Green is a hallmark of the company's leadership role in sustainability. We have dedicated significant resources to converting fabric remnants into recycled yarn that is used to create new garments.



16 Virgin Cotton Shirts =

1 Recycled Cotton Shirt OR 0.7 Recycled Cotton Pants OR 0.5 Recycled Cotton Fleece

GREENER BUILDINGS PAVE THE WAY FOR A NEW ERA OF SUSTAINABLY RECOGNISED STRUCTURES

2012 - TAV Attained Highest LEED Score in Vietnam

Our Vietnam manufacturing plant (TAV) is the first factory within our Group to become LEED Gold certified by the U.S. Green Building Council (USGBC). In meeting LEED's criteria on our renovation and expansion project, TAV became the country's highest rated garment manufacturer in Vietnam at the time of certification.

2017 - The Vietnam Garments Manufacturing (VNG) is Recognized and Awarded a LEED Gold Certification

The LEED Gold certification was awarded for meeting the LEED requirements in the building design and construction phase. We improved building energy performance by 29% and diverted 75% of construction debris from disposal in landfills and incineration facilities.

2017 - TAL Headquarters Obtained LEED Platinum Certification

In renovating TAL's headquarters in Hong Kong, we conceptualised an aesthetically pleasing and comfortable work environment that keeps true to our company's core ethos of environmental sustainability.



HKO - Hong Kong



SHO - Shanghai

2017 - Shanghai Office Achieved LEED Gold - V4 Certification

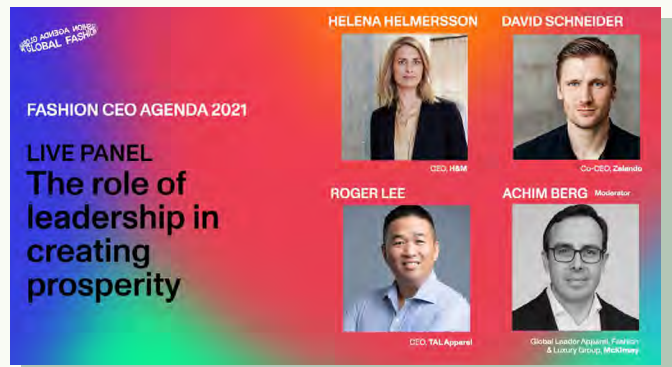
TAL had achieved the prestigious LEED V4 Gold certification in 'Interior Design and Construction: Commercial Interiors' for its Shanghai office.

PROMOTING INDUSTRY ALLIANCES TO SHAPE SHARED FUTURE

"For the tremendous task ahead of creating a sustainable fashion industry, we believe in open dialogue, alignment and coordination along the whole supply chain. Global Fashion Agenda provides a wide-reaching platform that reaches the senior management of organizations in the supply chain. Alone we go faster; together we go further," said Dr. Delman Lee.

2019 - Joined Global Fashion Agenda (GFA) as Associate Partner

The GFA is a key player in driving the fashion industry toward net positive - giving more to the people, planet and economy than it takes. As an Associate Partner, TAL is an active participant in leading the sustainability movement spearheaded by GFA.



2019 - Entered The Fashion Industry Charter For Climate Action (FICCA)



The mission of the FICCA is to bring the fashion industry to net-zero greenhouse gas emissions by 2050 to keep global warming below 1.5 degrees Celsius. TAL has committed to a 45% reduction in absolute emissions below our 2018 baseline by 2030.

EXPANDING OUR MANUFACTURING FOOTPRINT

Expanding our Presence in Vietnam

In 2014, we achieved another milestone with the official openings of Vietnam Garments Manufacturing (VNG) and Vietnam Tailored Garments (VTG) for MTM, creating a total of 5,000 new jobs in the region.

Increasing Capacity to Meet Demand

In 2010, we expanded our facility in Vietnam (TAV) to bring the entire Vietnam operation up to the originally designated capacity. Our annual garment capacity rose to 53 million pieces that year.



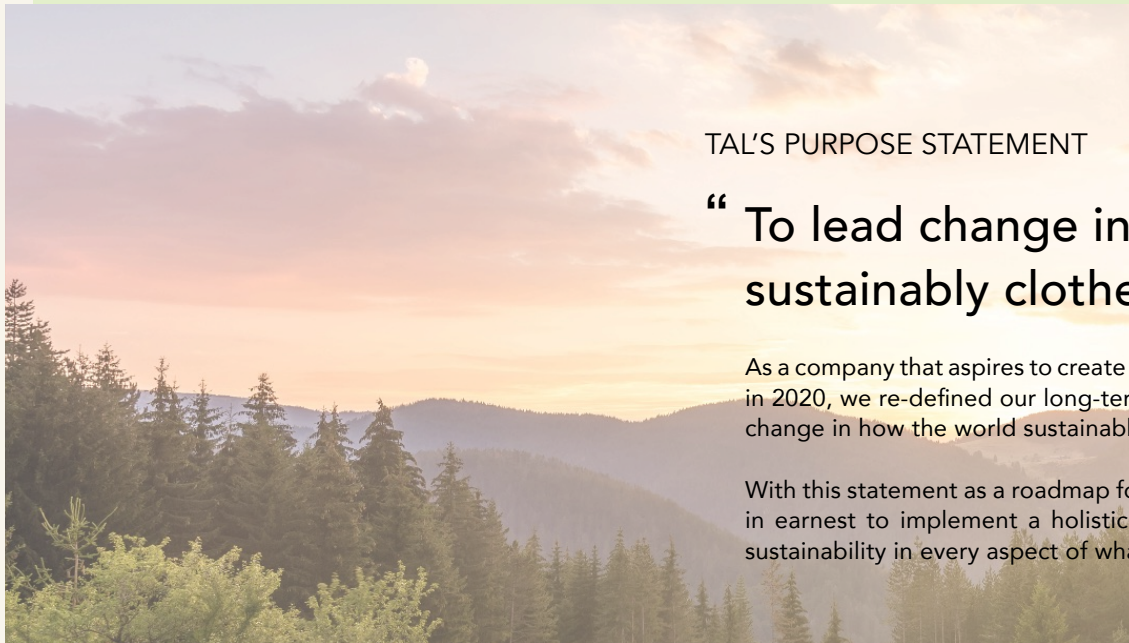
Blazing a Trail in Ethiopia

A truly global company, in 2017 TAL was one of the first major manufacturers to venture into Ethiopia with the establishment of a large-scale garment factory, thereby offering another Country of Origin for our customers.



2020s

LEADING THE CHANGE IN AN ERA OF CHANGE



TAL'S PURPOSE STATEMENT

“ To lead change in how the world sustainably clothes itself ”

As a company that aspires to create lasting positive impact, in 2020, we re-defined our long-term purpose as “To lead change in how the world sustainably clothes itself”.

With this statement as a roadmap for the future, we began in earnest to implement a holistic strategy that embeds sustainability in every aspect of what we do.

2020 – Embarked on Impactful Partnership with bluesign®

A well-recognised, rigorous standard for chemical management, the bluesign® system has been adopted by leading textile manufacturers worldwide.

The partnership demonstrates a high level of trust and builds synergies and collaboration for best practices in chemical management throughout the supply chain.



SEIZING OPPORTUNITIES IN CRISIS

During Covid-19, we utilized our idle capacity to make PPE (personal protective equipment) products, which led to sales of more than 50 million masks to the U.S. in 2020.

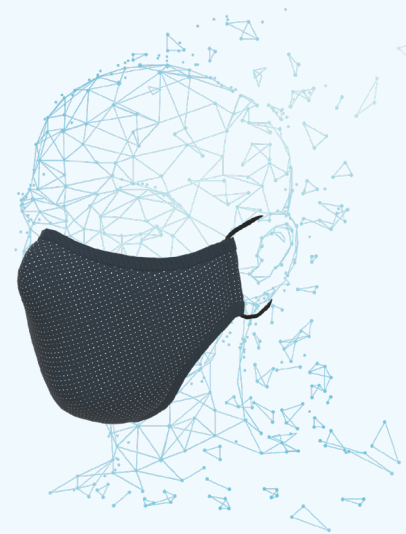
Our factories in Vietnam and Ethiopia supported local communities with donations of masks and test kits.



Donated 200,000 facemasks in Vietnam



5,000 test kits donated in Ethiopia



Saving Lives, Saving The Planet

In November 2020, after investing over 10,920 man-hours on technical design, and experimenting with over 600 prototypes, we launched enro, our unique brand of reusable cloth masks. Each lightweight, filter-incorporated enro mask can help save over 360 disposable masks from our landfills every year.



The enro mask garnered the Designed in Hong Kong Award 2020 – Healthcare Apparel category, organized by Hong Kong Business magazine.

In 2021, the Wirecutter editors at The New York Times tested hundreds of masks, and rated enro as the best reusable masks for their comfort, filtration efficiency, and breathability.

CREATED FOCUSED BUSINESS UNITS

Optimized For Focus, Agility and Efficiency

In 2020, we launched a major strategic reorganization that segments our company into five distinct business units, each focusing on specific product categories based on their respective expertise and resources, all working in unison under the TAL umbrella organization.



The Future Is In Good Hands

Following the reorganization, the respective BUs now have the autonomy to customize their own best approach. This decentralized strategy fosters greater agility in the decision-making process and empowers the various divisions to make decisions in the best interests of our customers.



**BUSINESS ATTIRE
REIMAGINED.**

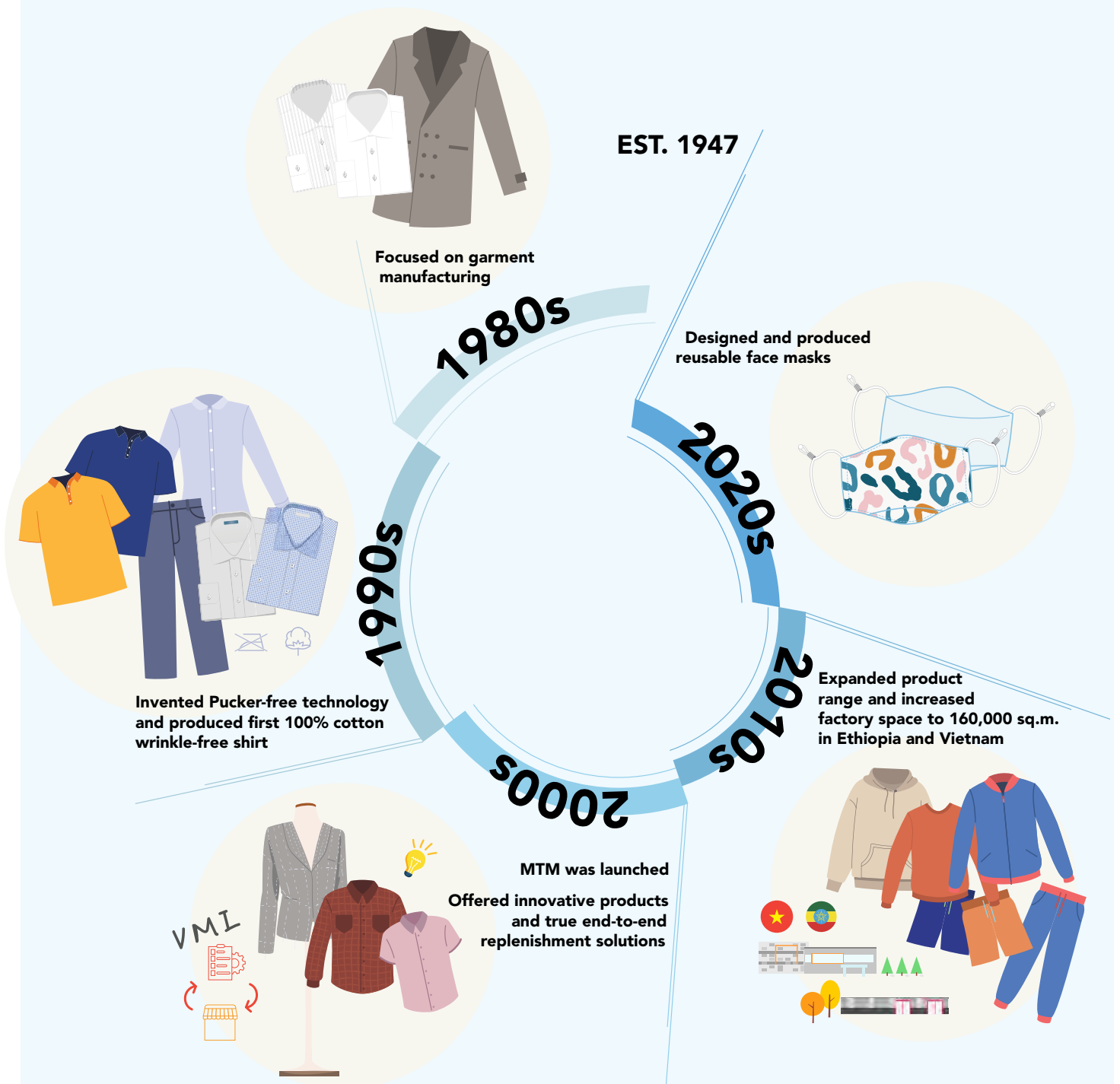
**WORK AND PLAY
IN EVERY WAY.**

**LAYERING
NEW POSSIBILITIES.**

ONE PIECE AT A TIME.

**DEDICATED TO PERFECTION.
致力于完美**

TAL'S EVOLUTION OVER THE DECADES



EYES FIRMLY ON THE FUTURE

AFTERWORD FROM VICE CHAIR – DR. DELMAN LEE

The world we live in now is quite different from that of 75 years ago. TAL Apparel ignited the textile and apparel industry in Hong Kong, expanded to multiple countries in Asia and beyond, and has prospered from various parts of the apparel value chain.

“To lead change in how the world sustainably clothes itself” is our renewed purpose for a new era where there are new challenges and opportunities. We see sustainable businesses in a new light – where doing good is good for business.

There are many challenges in sustainability such as worker’s empowerment, circularity, biodiversity, etc. One of our major focuses is combating climate change. We have been executing our greenhouse gas (GHG) and water reduction programs for more than a decade. However, the planet needs more from countries and industries such as apparel.

We are committed to the United Nations Fashion Industry Charter for Climate Action, which targets a 45% reduction in GHG emissions by 2030. Is it an easy task? No. Do we know how to do it? Not entirely. However, as with many like-minded companies, we will be a leading player in the worldwide effort to transform our industry for a low carbon economy.

We live in a very volatile and uncertain environment. Yet, there is a certain excitement in building a business around combating sustainability issues. I look forward to forming proactive partnerships with brands, retailers and upstream partners to tackle sustainability challenges.



CREDITS



TALUSMORE TEAM

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SPECIAL THANKS TO INTERVIEWEES

Roger Lee
Delman Lee
David Chu



THINK DIFFERENTLY. SEW SUSTAINABLY.