



CONTINENTAL

HOLDINGS LIMITED

(Stock code: 00513)



Environmental, Social and Governance Report

30 June 2025

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DEFINITION

Throughout this report, the following terms, except where the context otherwise requires, have the following meanings:

- **Company** : Continental Holdings Limited (Stock Code: 513), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
- **Group** : the Company and its subsidiaries
- **ESG** : environmental, social and governance
- **ESG Reporting Code** : Environmental, Social and Governance Reporting Code outlined in Appendix C2 of the Main Board Listing Rules
- **Hong Kong** : the Hong Kong Special Administrative Region of the People's Republic of China
- **KPIs** : key performance indicators
- **Listing Rules** : the Rules Governing the Listing of Securities on the Stock Exchange
- **PRC** : the People's Republic of China, for the purpose of this report, excluding Hong Kong, Macau Special Administration Region of the People's Republic of China and Taiwan
- **Stock Exchange** : The Stock Exchange of Hong Kong Limited
- **Last Reporting Period** : from 1 July 2023 to 30 June 2024

ABOUT THIS REPORT

Purpose

In accordance with the requirements of the Stock Exchange, the Company is required to publish an Environmental, Social and Governance Report (“**ESG Report**”). This is our ninth ESG report by the Group, in reviewing and disclosing the Group’s vision, policies, management controls, and our performances and challenges, regarding environmental and social issues, for both internal and external stakeholders.

Reporting Period

This report is for the period from 1 July 2024 to 30 June 2025 (the “**Reporting Period**”).

Basis of Preparation

This ESG Report is compiled in accordance with the ESG Reporting Code. The content of this report includes two main subject areas as outlined and required by the ESG Reporting Code, being environmental area and social area and further includes the disclosure of climate-change related issues, which have or may impact the Group.

This ESG Report, which has been reviewed and approved by the board of directors of the Company (the “**Board**”), reviews and reports the core business operations and activities of the Group and follows the principles of materiality, quantitative, balance and consistency to disclose relevant statistics and information. The ESG Report was compiled in compliance with the “mandatory disclosure requirements” and the “comply or explain” provisions in the ESG Reporting Code.

INTRODUCTION

Corporate Mission and Vision and ESG Objectives

The Group's vision continues to be the leader in the jewellery industry by developing trusted, creative solutions to the global jewellery industry, and dedicating to innovative designs, excellent craftsmanship, and high-quality service. The Group has also aligned its business with sustainable development and environmental conservation as top priority. Regarding ESG objectives, the Group continues its practices and aims to maximize returns for the shareholders, business partners and investors, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees. In the Reporting Period, the Group strengthened the management efforts on the quality management of products, management of supply chains and the administration of personnel.

Governance Structure

The Board is committed to the sustainable development of the Group and the performance of its corporate social responsibilities. The Board believes that focusing on resource management, occupational safety, health, and ESG management can enhance the Group's corporate image, reduce ESG risks, and improve compliance with relevant laws and regulations. This, in turn, can boost the Group's competitiveness and promote its sustainable business development.

The Group's ESG philosophy is to create long-term value for its stakeholders in alignment with the strategic development and sustainability of its business. The Group is committed to maintaining a rigorous corporate governance framework to promote and safeguard the interests of shareholders and other stakeholders, thereby upholding the Group's credibility and reputation.

The Group continues to attach significant considerations in the ESG areas and aspects listed in the ESG Reporting Code when formulating and implementing its corporate goals and business objectives. The Group is committed to conducting its business in a transparent, equitable, legal and socially responsible manner. Moreover, it continues to care about the impact of its daily operation on the environment, local residents and communities, and to make efforts to meet and maximize the interests of all stakeholders, economy, environment, society and corporate governance on a fine and fair balance.

INTRODUCTION

Throughout the Reporting Period, the Group maintained the same ESG management structure and process as the Last Reporting Period. The Board, headed by the chairman, is responsible for the formulation and approval of the Group's development, business strategies, policies, annual budget and business plans of the jewellery business. On day-to-day management, the regional and departmental managers implement the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations. The Group's chairman and the managing director and/or other management (the **"Management Team"**) will examine and address all the environmental and social issues spelt out in the Aspects and Subject Areas in the ESG Reporting Code. The Management Team is responsible for the following duties in relation to ESG issues:

- Implementing the approved ESG policies, rules and regulations;
- Collecting, compiling and formulating data and statistics on ESG related issues and Key Performance Indicators (**"KPIs"**); and
- Reviewing and monitoring especially on the legal and social compliance of the ESG related issues on a regular basis.

Upon receiving regular or ad hoc updates and reports on ESG activities and related issues from the regional and departmental managers, the Management Team will evaluate the overall positions, draft the appropriate action plans, prepare and submit reports and recommendations to the Board for approval and thereafter for implementation.

The Group fully understands that ESG policies and practices may change over time to reflect the changes in business operations, structures, technologies, laws and regulations, and the environment. The Group thus continues to invest substantial resources to monitor ESG issues, policies and practices and performance on an ongoing basis. In order to contribute to the sustainable development on the environment and society, whilst maximizing the benefits to our employees and the stakeholders, the Group has continued to exercises due responsibility in maintaining the highest level of ethical standards on conducting its business and upholds strict compliance with all relevant laws, rules and regulations in all ESG matters.

INTRODUCTION

Reporting Principles

The Group has compiled the ESG Report in accordance with the following reporting principles:

- Materiality : The Group has identified the materiality of ESG topics by stakeholder engagement and materiality assessment. The details are explained in the section of “Stakeholders Communication and Materiality”.
- Quantitative : Under feasible situation, the Group recorded, calculated and disclosed quantitative information and conducted comparisons with past performance, if applicable. Details of the calculation standards / methods for the reporting of emissions / energy consumptions are disclosed together with the data tables in relevant sections.
- Consistency : The methodology adopted for disclosing key environmental and social performance indicators is consistent with that of the previous reporting period.

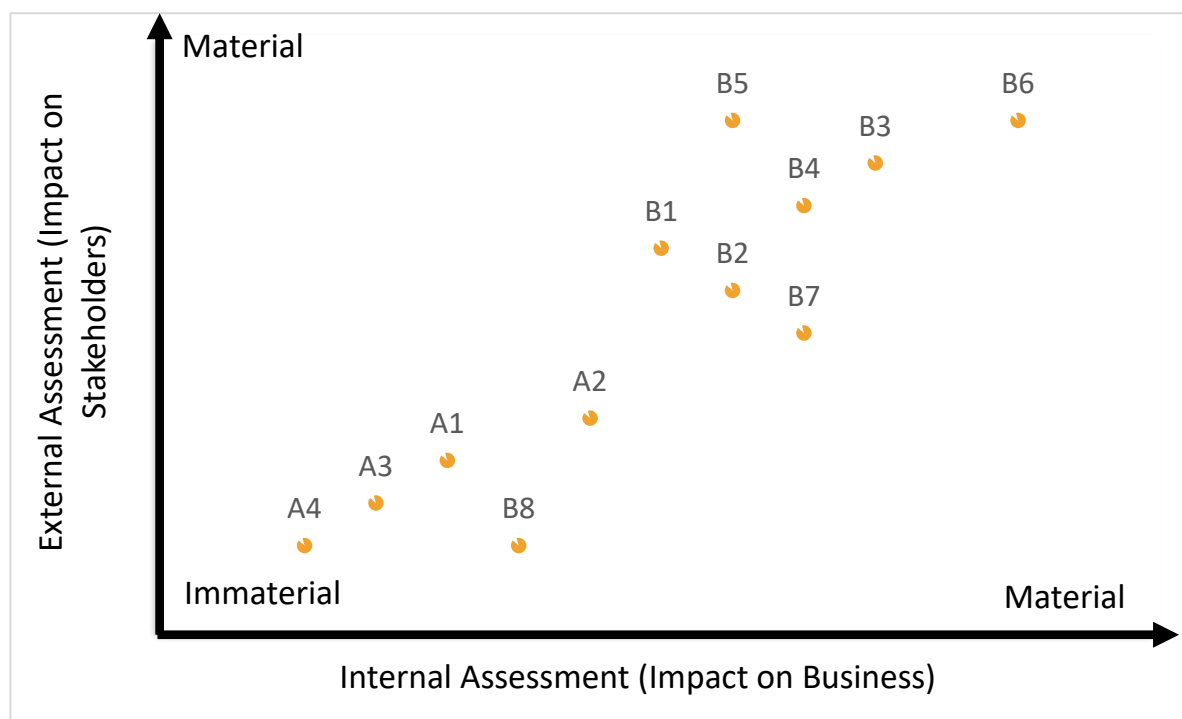
Reporting Boundary

The principal businesses of the Group are the designing, manufacturing, marketing and trading of fine jewellery and diamonds. Also, the Group maintains an investment portfolio including property investment and development, mining and other industries. For specific details of the above mentioned business, please refer to the Group’s 2025 Annual Report. This ESG Report mainly covers core business activities and operations of the Company in term of their environmental and social objectives, policies and practices and their impacts and performances.

The scope of this ESG Report mainly includes data and activities of the factory in Jiangmen City, the PRC (the “**Jiangmen Factory**”) and the office of the management headquarter in Hong Kong (the “**Hong Kong Office**”) for the Reporting Period.

STAKEHOLDERS COMMUNICATIONS AND MATERIALITY

Through regular communications with stakeholders and review of the information collected, the Group has identified the following ESG material areas and aspects indicated in the following table:



Subject Areas	Subject Aspects
Environmental	A1. Emissions A2. Use of Resources A3. Environment and Natural Resources A4. Climate Change
Social	
Employment and Labour Practices	B1. Employment B2. Health and Safety B3. Development and Training B4. Labour Standards
Operating Practices	B5. Supply Chain Management B6. Product Responsibility B7. Anti-corruption
Community	B8. Community Investment

STAKEHOLDERS COMMUNICATIONS AND MATERIALITY

The above ESG material areas and aspects have continued to be strictly managed in accordance with the Group's established management structure, process, policies and guidelines as described in this ESG Report.

The ESG issues, performances, and the related KPIs during the Reporting Period, especially on the above material areas and aspects, continue to be monitored and managed through the Group's approved management structure and process. With an allocation of adequate resources to implement the approved strategies, policies and measures, the Group has honoured its environmental and social obligations and responsibilities especially on the above material areas and aspects during the Reporting Period, which are summarised below.

In managing the priorities, the Group continues to ensure its design, manufacturing, marketing and trading of fine jewellery business is in compliance with its environmental and social responsibilities and obligations as required by the ESG Reporting Code and the laws and related regulations of Hong Kong and the PRC. The Group also continues to take into account of the opinions and views of its stakeholders including shareholders, investors, employees, customers, suppliers, service providers, professional advisors, Non-Governmental Organization ("NGO") partners and industry associations, and strives to address their concerns. It is the duty of the Managing Director and related frontline managers to constantly communicate with its stakeholders under the following established channels in order to gain insights on ESG material areas and aspects during the Reporting Period.

Stakeholders	Communication Channels
Shareholders/ Investors	• General meetings • Information published on websites of the Group and the HKEX • Direct emails or phone enquiries • Dispatched documents
Employees	• Direct meetings with the management executives • Emails • Annual and regular appraisal • Organized functions and activities for the employees
Customers	• Day-to-day communication through front line staff • Emails • Official websites
Suppliers/service providers/ professional advisors	• Day-to-day communication through front line staff • Regular review of the signed arrangements by the management
NGO partners and industry associations	• Participation in annual and regular meetings, conferences, events, etc.

ENVIRONMENTAL AREAS AND ASPECTS

Environmental Areas Overview and Policies

As an environmentally responsible corporation, the Group is committed to energy saving and environmental protection. We try to keep the impact to the environment at a minimal level by reducing pollutants and hazardous wastes during the manufacturing process and ensuring our activities and operations are to be energy, water and resources saving, and to prevent pollution, reduce wastes and minimize the negative impacts on and harmonize with the environment. During the process of formulating the environmental policies and measures, all activities and operations likely to cause environmental impact or impact on general sustainability such as the use of energy, water, raw materials and other natural resources, air emissions, water discharge and waste disposal have been considered.

Based on various aspects of the subject areas in the ESG Reporting Code, we have identified the laws and regulations that are the most relevant to the Group:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Law of the PRC on Environmental Impact Assessment (中華人民共和國環境影響評價法);
- Water Pollution Prevention and Control Law of the PRC (中華人民共和國水污染防治法);
- Atmospheric Pollution and Control Law of the PRC (中華人民共和國大氣污染防治法);
- Law of the PRC on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法);
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法); and
- Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例).

ENVIRONMENTAL AREAS AND ASPECTS

As reported in the Last Reporting Period, given the nature of manufacturing fine jewellery and diamond activities, the Group uses liquefied petroleum gas (“**LPG**”) and electricity for its machinery; and packaging materials to pack the products. As a result, our manufacturing process and activities does generate emissions, wastes and discharge; however, as an environment responsible corporation, the Group’s operations and activities are complying with the requirements under the PRC laws, which follows the relevant legislation to process hazardous waste and there are measures to reduce wasteful resources. All hazardous wastes are collected and disposed of by licensed contractors and non-hazardous wastes are processed by local government.

During the Reporting Period, same as the Last Reporting Period, the Group was not subject to any confirmed cases for breaching environmental legislations or receiving complaints from any government environmental agencies and local communities in relation to emission and waste discharges or other environmental issues that could have an adverse impact on the local environment.

ENVIRONMENTAL AREAS AND ASPECTS

Environmental Aspects

A1. Air Emissions, Polluted Water and Waste Discharge Aspect

During the Reporting Period, same as the Last Reporting Period, the types of emissions, wastes and discharge from the Group's operations and activities in the Jiangmen Factory and the Hong Kong Office, were mainly air pollutants including nitrogen oxide ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") as well as greenhouse gases ("GHG") such as carbon dioxide ("CO₂") and its non-hazardous equivalents including nitrous oxide and methane (collectively with CO₂, "CO₂e") emissions directly generated from liquefied petroleum gas (LPG) consumption during manufacturing process and fuel usage of the Group's self-used office vehicles; indirectly generated from electricity consumption; and non-hazardous packaging wastes such as used papers and packaging materials, office residuals, general rubbish and hygiene wastes.

(i) Direct Hazardous Air Emissions and Indirect Greenhouse Gas Emissions

For jewellery manufacturing business, combustion of fuels in production process, generation of heat by LPG and combustion of fuels by vehicles will directly produce hazardous gases including NO_x, SO_x, PM, and GHG - CO₂ through the use of fuel and gas. During the Reporting Period, the Group did not receive any complaints or warning notice from relevant environmental agencies or local community on our direct hazardous emissions.

Same as the Last Reporting Period, indirect emission of CO₂ through the use of electricity for the daily operation of the office remains the main source of air emissions for the Reporting Period.

The table below recorded and compared the Reporting Period and the Last Reporting Period's resultant air pollutant emissions from the usage of LPG during the production process, combustion of fuels by vehicles, and the use of electricity by the Hong Kong Office and the Jiangmen Factory.

ENVIRONMENTAL AREAS AND ASPECTS

Direct and Indirect Air Emissions Record

Items of emissions ^{Note 1}	Unit	Year ended 30 June		
		2025	2024	Changes
SO _x direct emission	Kilograms	0.06	0.08	-25.00%
NO _x direct emission	Kilograms	3.41	4.35	-21.61%
PM direct emission	Kilograms	0.14	0.22	-36.36%
CO ₂ e direct emission	Tonnes	33.62	35.71	-5.85%
CO ₂ direct emission	Tonnes	32.53	34.30	-5.16%
CO ₂ indirect emission				
- Jiangmen Factory ^{Note 2}	Tonnes	431.35	469.61	-8.15%
- Hong Kong Office	Tonnes	54.09	57.43	-5.82%

Note 1: Emission factors for calculations in this ESG Report were made reference to the “How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 31 December 2024)” by The Stock Exchange of Hong Kong Limited, unless otherwise specified.

Note 2 : Emission factors for purchased electricity sourced from 中國產品全生命週期溫室氣體排放系數庫.

In contrast to the Last Reporting Period, the direct and indirect air emissions decreased during the Reporting Period due to the reduction in electricity and gas consumption.

In the coming year, the Group targets to reduce air pollutants and CO₂e emissions within 1%-3% in the Jiangmen Factory and the Hong Kong Office on the basis of similar operating conditions. In order to save costs and minimize emissions of air pollutants and CO₂e, the Group has already implemented measures to train, guide and supervise the employees to use energy and fuel smartly. The Jiangmen Factory has installed solar power to reduce the use of LPG and electricity. The Hong Kong Office and Jiangmen Factory has replaced the central air conditioning system to save electricity and reduce cost. Since 2024, the Group is in the process of replacing high fuel cost vehicle by electric vehicle so as to reduce fuel consumption and reduce greenhouse gas emissions.

ENVIRONMENTAL AREAS AND ASPECTS

(ii) Polluted Water Discharge

During the Reporting Period, same as the Last Reporting Period, the Group's polluted water was mainly produced during manufacturing process and includes domestic wastewater from the canteen. There are sewage treatment facilities at the canteen and toilets, where wastewater is processed, filtered and emitted through the outlet regulated by the local environmental protection department in the PRC.

(iii) Hazardous and Non-hazardous Waste

Non-hazardous wastes are generated from office waste and domestic waste. An insignificant amount of hazardous materials is also generated from waste mineral oil, oil residue, waste thinner etc. during machine maintenance and product cleaning. The table below records the non-hazardous waste and the hazardous waste of the Reporting Period and the Last Reporting Period:

Year ended 30 June				
Wastes	Unit	2025	2024	Changes
Non-hazardous waste	Tonnes	37.58	39.90	-5.81%
Hazardous waste	Tonnes	0.55	0.44	+25.00%

The Group has continued to implement policies to mitigate the hazardous and non-hazardous waste:

- The Jiangmen Factory has arranged cleaning company to collect and transport domestic waste to the city "Refuse Collection Point" weekly;
- For paper waste, the Group has already introduced measures to reduce its usage, such as encouraging staff to use electronic messaging to replace paper writing and to print on both sides of papers; and
- The Jiangmen Factory has regulation on dangerous goods, waste disposal and prevention of environmental pollution by keeping the use of hazardous chemicals under record and supervision. There is a storage room specialized for storing hazardous waste that prevent chemical leakage, and the waste materials are then collected by qualified treatment company.

During the Reporting Period, the Group did not have any violation related to hazardous or non-hazardous wastes. In the coming year, our policies will continue, and we expect our non-hazardous wastes will continue to be insignificant and handled properly.

ENVIRONMENTAL AREAS AND ASPECTS

(iv) Noise and Light Emissions

During the Reporting Period, the Group's operations and activities did not generate any noises and light emissions affecting the neighbour and the local community, and no complaints nor warning notices were received.

A2. Use of Resources Aspect

As aforementioned, the core business operation of the Group – designing, manufacturing, marketing and trading of fine jewellery and diamonds remains unchanged for the Reporting Period. Energy consumption of electricity, gas, fuel and water are the major use of resources. The Group advocates our determination in promoting and achieving efficient use of energy and water. We did not see any significant impact or material significance to the environment. The Group has implemented guidelines and instructions on the efficient use of resources for office administration, factory production and general living of our employees. Our employees have also been constantly reminded to use our resources efficiently to avoid unnecessary wastage.

(i) Electricity, Gas & Fuel Consumption

Electricity is utilized for general equipment usage, as well as for providing power to employees' living dormitories in the Jiangmen Factory and the Hong Kong Office. Regarding gas consumption, it is primarily attributed to the production process and the generation of heat using LPG for operating the factory premises and production equipment in the Jiangmen Factory. Fuel consumption mainly arises from the vehicles owned by the Jiangmen Factory.

The table below recorded and compared the Reporting Period and the Last Reporting Period's resultant energy consumption:

ENVIRONMENTAL AREAS AND ASPECTS

		Year ended 30 June		
Energy Consumption		2025	2024	Changes
Electricity Consumption Intensity	- Jiangmen Factory (kWh)	803,256.00	823,880.00	-2.50%
	- Hong Kong Office (kWh)	146,202.00	147,266.00	-0.72%
	- kWh/employee in Jiangmen Factory	2,704.57	2,674.94	+1.11%
	- kWh/employee in Hong Kong Office	2,118.87	2,074.17	+2.16%
Gas Consumption Intensity	Consumption (kg)	7,907.30	7,669.50	+3.10%
	Consumption (kWh)	109,999.42	106,691.35	+3.10%
	- kWh/employee in Jiangmen Factory	370.37	356.17	+3.99%
Petrol Consumption Intensity	Consumption (Litres)	3,673.43	5,716.14	-35.74%
	Consumption (kWh)	35,600.54	55,397.21	-35.74%
	- kWh/employee in Jiangmen Factory	119.87	179.86	-33.35%
Total	Consumption (kWh)	1,095,057.96	1,136,243.09	-3.62%

During the Reporting Period, the Jiangmen Factory has complied with the relevant environmental laws in the PRC and there was no incidence of non-compliance with the relevant environmental laws and regulations that have a significant impact on the Group.

Compared with the Last Reporting Period, petrol usage decreased as the Group replaced a petrol vehicle to an electric vehicle in January 2024.

In order to save costs and to minimize environmental impacts from air emissions generated from energy consumption, the Group took active measures to reduce energy consumption:

- Upgraded the hot water supply system in one of the dormitory buildings at the Jiangmen Factory by decommissioning the LPG-based system and replacing it with electric water heaters;
- Installed a video-conferencing system to reduce business travel and enhance communication efficiency;
- Ongoing replacement of high fuel-cost vehicles with electric vehicles to lower fuel consumption and reduce greenhouse gas emissions;
- Replaced central air conditioning systems with ceiling-mounted split-type and floor-standing air conditioners at the Hong Kong Office and Jiangmen Factory to improve energy efficiency;

ENVIRONMENTAL AREAS AND ASPECTS

- Installed LED lighting systems in the Hong Kong Office for high-quality illumination and lower energy usage;
- Maintained office air-conditioned room temperatures at 25°C to conserve energy;
- Encouraged staff to switch off computers, air conditioners, and lighting when not in use; and
- Installed a solar energy heating system at the Jiangmen Factory for heating purposes and used lighting systems or electric appliances with high energy efficiency, with timers set for power saving.

The Group has established energy consumption target as to maintain the energy consumption at a similar level next year assuming there is no material change in the business model and will continue to implement the existing initiatives.

For the coming year, the Group will continue to encourage and monitor our employees on energy saving practices, and target to lower the energy consumption by 2-3%.

(ii) Water

Item	Unit	Year ended 30 June		
		2025	2024	Changes
Jiangmen Factory	Cubic meters	18,489.00	20,323.00	-9.02%
Hong Kong Office	Cubic meters	145.24	162.43	-10.58%
Intensity				
- m ³ /employee in Jiangmen Factory		62.25	65.98	-5.65%
- m ³ /employee in Hong Kong Office		2.10	2.29	-8.30%

For water, the main consumption comes from the production process and domestic dormitory use of the resident workers. The main businesses of the Group are manufacturing and trading of jewellery, which do not rely heavily on energy consumption nor water resources and do not have any issue in sourcing water.

For the coming years, our focus will remain on mobilizing our staff and workers to conserve water. Regular yearly checks were conducted on water pipes and taps. Once any leaks were identified, immediate repairs were carried out. No leakage issues were found during the Reporting Period. Our goal is to achieve a reduction of 1-2% in water consumption.

ENVIRONMENTAL AREAS AND ASPECTS

(iii) Packaging Materials and Papers Consumption

The table below recorded and compared the Reporting Period and the Last Reporting Period's packaging materials and papers consumption:

		Year ended 30 June		
Raw Materials Consumption	Unit	2025	2024	Changes
- Paper	Tonnes	0.75	0.83	-9.64%
- Packaging Material	Tonnes	0.57	0.60	-5.00%
Total	Tonnes	1.32	1.43	-7.69%

Compared to the Last Reporting Period, efforts were made to encourage employees to use paper efficiently during the Reporting Period, leading to a decrease in paper usage.

Additionally, the decrease in packaging material consumption during the Reporting Period can be attributed to the decline in production volume.

The Group has continued the policy to encourage employees for energy conservation and paper saving. We have the following mechanism to promote the effective use of paper:

- Receive incoming faxes through e-fax system, and make copies only when necessary;
- Encourage employees to print on both sides of the paper;
- Promote use of electronic communications such as disseminating notices through the intranet;
- Use metal, Plexiglas box, or plastic reusable containers to carry manufactured goods during production and delivery, thereby reducing disposable packaging materials; and
- Encourage staff to keep electronic copies of documents, which significantly reduces both storage space and also reduces paper consumption in the office.

For the coming year, the Group targets to lower the raw materials consumption by 2-3%.

ENVIRONMENTAL AREAS AND ASPECTS

A3. Environment and Natural Resources Aspect

Continuing the vision and policies of working towards a responsible corporation, the Group is committed to conserving resources to reduce environmental impact and operational costs. As reviewed above and reported in recent ESG reports, the Group's core operations and activities mainly uses electricity, LPG, water, and papers, which will have impacts on the environment if they are not properly managed. The Group has therefore exercised due care on setting up its management structure and process, rules and regulations to ensure that natural resources are correctly and efficiently used without wastage and destruction. As a result, the Group only generated an acceptable and reasonable amount of direct and indirect greenhouse gas emissions and non-hazardous waste discharges.

The Group values environmentally friendly operation and minimizes the impact on the environment and natural resources. The Group sets out the environment and resources management procedures, which list out the environment protection measures during the production process.

The Group is dedicated to conducting its business in an environmentally responsible manner, with a focus on minimizing the potential environmental impact arising from its operations. To support this commitment, the Group has implemented a "Environmental and Resource Management Procedure", which details a range of sustainability measures integrated into its operational practices. These measures include, but are not limited to:

- Establishing an Energy Conservation and Emission Reduction Management System to manage energy consumption at the source, reduce emissions, and promote a comfortable working environment;
- Ensuring all wastewater is properly treated and discharged in accordance with applicable environmental standards;
- Engaging qualified environmental service providers to periodically transfer and dispose of hazardous solid waste;
- Conducting regular assessments of environmental impact factors, including air emissions, wastewater discharge, and noise levels; and
- Restricting the use of hazardous chemicals and maintaining strict registration and monitoring protocols during their application.

ENVIRONMENTAL AREAS AND ASPECTS

The Group adopts the “reduce, reuse and recycle” policy to reduce paper consumption.

Reduce : Encourages staff to read electronic file instead of printing out documents or print on both sides to create a paperless office.

Reuse : In addition to recycling envelopes, trays are placed beside photocopiers for collecting single-sided used paper for reuse before recycling.

Recycle : Used ink and toner cartridge of printers and photocopiers and electronic wastes are collected for recycling. Other than saving paper measures, we also use PEFC certified paper, which is from sustainably managed forests, recycled and controlled sources. In the Hong Kong Office, there are boxes for collection of plastic bottles and aluminium cans for recycling.

At the Jiangmen Factory, wastepaper is collected and passed to recyclers for processing. It also implements measures to control the wastewater discharge and chemical waste disposal.

Additionally, the Group adopts the following environmental protection policies:

- Preventing resource waste and improving efficiency in resources allocation;
- Educating staff on resources reduction, including displaying posters to promote energy saving and raising awareness of water and electricity usage;
- Installing solar energy systems for heating purposes;
- Using LED lighting system and electrical appliance with energy efficiency label, and setting timer for air-conditioning system; and
- Conducting regular inspections of water pipe and water system to prevent leakage and conduct regular maintenance, if necessary.



Solar heating system of Jiangmen Factory

ENVIRONMENTAL AREAS AND ASPECTS

Climate-related Disclosures

(I) Governance

Climate change has caused frequent extreme weather and has had an impact on the business operations of the Group. Therefore, climate change risks are considered by our Board to be material risks and the Board is responsible for overseeing and formulating working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact.

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. We recognise that the impacts of climate change are varied and long-ranging and the risks identified could prevent us from meeting our strategic objectives and could result in adverse operational, compliance and financial impacts. Thus, the Board meets regularly to oversee our strategies and management approaches related to climate risks and opportunities, as well as the disclosure of information.

After communicating with stakeholders and reviewing the Group's operations and activities in light of the current global environmental conditions, the Management Team identified global warming and the conservation of fresh water as the most significant climatic issues that may impact the Group. These are immediate areas we can tackle to both combat climate change and reduce potential future costs.

Management's Role:

1. Oversight of climate-related risks and opportunities is managed directly by the Board. The Management Team holds the overall responsibility for ensuring that the strategies and policies set by the Board are effectively implemented across the organization.
2. The Board is also responsible for the development of appropriate skills and competencies through training programs, professional development opportunities, and assessments of current capabilities. This ensures that the board members and relevant personnel are well-equipped to oversee and address climate-related risks and opportunities.

ENVIRONMENTAL AREAS AND ASPECTS

3. The Management Team plays a critical role in the governance of climate-related risks and opportunities. The Management Team is responsible for examining and addressing climate related risks and opportunities, and day to day implementation of policies set by the Board.
4. The Group utilizes various controls and procedures, such as performance reviews, and sustainability reporting, to support the oversight of climate-related risks and opportunities. These controls and procedures are integrated with other internal functions, such as finance, operations, and human resources, to ensure a cohesive approach to sustainability.

(II) Strategy

We strive to understand the impacts brought by climate change to our business operations and thus continuously seek to advance the relevant studies, as well as our action plans and mitigation measures. Subject to the on-going development of our climate-related risk assessment and management practices, we will further study the feasibility and practicality of integrating the financial impacts of climate-related risk and other sustainability issues into our financial planning at the corporate and project levels.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

ENVIRONMENTAL AREAS AND ASPECTS

Physical Acute Risk

Extreme weather	Preventative and mitigation measures
Typhoons	- Attach duct tapes to windows to avoid damage - Move equipment to safety areas in advance - Reinforce equipment and components that may be blown away - Inform and negotiate with clients and third-party suppliers of potential delays in advance - Arrange work from home for staff according to the guidelines of local observatory
Heavy Rain and Flooding	- Check that all windows are shut as secure as possible - Reinforce equipment and assets which may be damaged or blown away - Arrange work from home for staff according to the guidelines of local observatory
Thunder and Lightning	- Keep good conditions of earthing devices - Remind employees to save data and turn off computers

Physical Chronic Risk

The Group has identified extreme weather such as sustained high temperature during the year could cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

Physical Chronic Risk

Extreme weather	Preventative and mitigation measures
Sustained high temperature	- Keep a First-aid kit convenient - Keep cold water available 24 hours a day

ENVIRONMENTAL AREAS AND ASPECTS

Climate-related Transition Risk

Transition risk	Risk description	Potential Business Impact	Mitigation Measures
Legal and policy risk	Local governments may enforce stricter carbon emission reduction policies, potentially raising the carbon emission costs for enterprises' production and operations. This includes changes to government policies, laws, and regulations, such as carbon pricing and renewable electricity pricing.	- Increase operation cost and potential for litigation.	- Regular review of relevant legislation - Set up near term target to demonstrate the Group's decarbonization effort.
Technology Risk	Technological improvements that support the transition to a lower-carbon system.	- Failing to upgrade to more efficient, sustainable, or automated technologies could result in higher operation costs and reduced competitiveness.	- Explore new technologies, sustainable materials, and techniques. - Adapt to changes in the cost and availability of raw materials and utilities like renewable electricity, water, and gas, including the relevant costs of securing and maintaining sufficient supply.

ENVIRONMENTAL AREAS AND ASPECTS

Transition risk	Risk description	Potential Impact	Business	Mitigation Measures
Market and reputation risk	Customers have increasingly strict requirements for carbon emission management of their suppliers, while the decarbonization of products and services may become an important standard for customers to choose from. Products or services that are not low carbon may lead to a decrease in demand. There are stricter requirements for transparent carbon emissions information, and enterprises need to increase investment in the management of related performance. Poor performance in climate information disclosure may lead to reputation damage, declined stock price, or difficulties in financing.	There will be a risk of a decline in sales and reputation if end-user is getting more prefer on environmentally friendly products or services and we do not have these options for our customers.		- Expand the product or services range to cater to a broader audience and adapt to changing customer preferences, including eco-friendly and ethically production lines to attract environmentally conscious consumers. - Obtain environmental related certifications to demonstrate commitment to sustainability. - Adopt environmentally friendly production processes, such as waste reduction and circularity programs.

ENVIRONMENTAL AREAS AND ASPECTS

Climate-related Opportunities

The Group recognizes that climate change not only presents a range of physical and transitional risks, but also provides emerging opportunities for our businesses. Measures such as improving energy efficiency, increasing the utilization of renewable energy, transitioning to sustainable resource management practices, and adopting green and low-carbon technologies have not only resulted in direct cost savings but also a reduction in energy expenses.

Looking ahead, we anticipate the opportunities that will arise from long-term regulatory frameworks and carbon trading. These mechanisms will enable us to explore alternative approaches to combat climate change, leveraging sustainable financial instruments. As the global economy transitions towards carbon neutrality, we remain committed to assessing and managing the climate-related risks and opportunities associated with our business.

(III) Risk Management

We have updated the assessment methodology through a climate scenario analysis to reassess climate risks and opportunities across our operations in Hong Kong and the PRC under two consolidated scenarios in accordance with Task Force on Climate-related Financial Disclosure (“TCFD”) recommendations. The two consolidated climate scenarios are constructed based on public available scenarios which include Intergovernmental Panel on Climate Change (“IPCC”), International Energy Agency (“IEA”) and Network for Greening the Financial System (“NGFS”). Based on the revaluation of our climate risk assessment results, we have updated our mitigation measures across various operational area. The following outlines the scenarios and assumptions employed during our climate risk assessment.

Consolidated Scenario	Brown Scenario	Turquoise Scenario
Timeframe	Short-term – till 2030 Medium to long-term – till 2100	
Global Mean Temperature	Global mean temperature rises of above 3°C by 2100	Global mean temperature rises of 1.5 to 2 °C by 2100
Scenario Description	The scenario represents the future that only current policies and nationally determined contribution are implemented with limited investments and climate actions to decarbonize. This would usually lead to high level of physical risk and low level of transition risk.	The scenario represents the future that stringent and immediate policies will be implemented by the companies that are actively committed to climate action goals. This would usually result in high level of transition risks and low level of physical risks.

ENVIRONMENTAL AREAS AND ASPECTS

By gaining insight into the significant climate risks that affect our business across our value chain, we can develop effective strategies and measures to manage these risks and mitigate their financial and non-financial impacts. Within our framework, we acknowledge climate change as a strategic business risk and have integrated climate-related risks and opportunities into our overall business strategy. Our objective is to enhance long-term resilience by comprehensively assessing, managing, and monitoring climate risks that may impact our operations.

(IV) Metrics and Targets

We strive to effectively manage and evaluate the risks and opportunities arising from climate change. Throughout the Reporting Period, we maintained continuous monitoring of key metrics, specifically GHG emissions, which serve as indicators of climate-related risks. These targets aim to reduce overall GHG emissions and electricity consumption.

Greenhouse Gas Emissions

Greenhouse gases (GHG) include CO₂ and its non-hazardous equivalents including nitrous oxide and methane (collectively with CO₂, CO₂e). Greenhouse gas emissions comprise Scope 1 direct emissions, which is direct emissions from the fuel combustion in vehicles, machine tool cooling and welding, and Scope 2 energy indirect emissions, which is emissions resulting from the use of purchased electricity.

The table below recorded and compared the Reporting Period and the Last Reporting Period's greenhouse gas emissions:

Year ended 30 June				
Greenhouse Gas Emission	Unit	2025	2024	Changes
Scope 1 (CO ₂ e)	Tonnes	33.62	35.71	-5.85%
Scope 2 (CO ₂ e)	Tonnes	485.44	527.04	-7.89%
Total (CO₂e)	Tonnes	519.06	562.75	-7.76%

We have established and implemented policies, as outlined in the preceding sections, to optimize electricity usage and minimize CO₂ emissions. Our aim for the coming year is to achieve a 1–2% reduction in greenhouse gas emissions by actively monitoring employees' energy-saving practices.

ENVIRONMENTAL AREAS AND ASPECTS

Additionally, we have supported reforestation efforts and embraced a paperless office initiative to further reduce our impact on global warming. Regarding water conservation, the Group has introduced measures to encourage employees to use water efficiently, aiming to decrease overall consumption.

For the Reporting Period, the Group's business operations and activities did not lead or participate in any events or issues that might impact the climate or result in the change of the climate significantly. The Group has already taken measures to lower indirect CO₂ emission and freshwater consumption for the coming year.

SOCIAL AREAS AND ASPECTS

Social Areas Overview

The Group is committed to conducting business in a transparent, equitable and socially responsible way, and strives to build mutually beneficial relationships with our stakeholders, including our employees, customers, suppliers, communities, as well as the public and governing authorities. On the formulation of ESG strategies and policies, the Group has already incorporated its short and long term corporate development goals with considerations on the stakeholders and sustainable development of the communities, society and globe.

Pursuant to the ESG Reporting Code, social areas and aspects including “Employment and Labor Practices” and “Operation Practices and Community Investment”, and the Group’s performance in these areas herein reported below.

Employment and Labour Practices Areas and Aspects

The Group always believes that its business development and growth rely heavily on the commitment, passion and skills of its employees who are its most valuable asset. It has committed to strictly complying with all the relevant laws, rules and regulations on employment arrangements in the Labour Laws of the PRC 《中華人民共和國勞動法》 and Employment Ordinance (“EO”) (Chapter 57 of the Laws of Hong Kong) of Hong Kong, and providing a safe and healthy working environment, offering equal opportunities to all employees on recruitment, promotion, compensation and benefits. It has strengthened its human resources management with employee-oriented policies to encourage motivation and innovation, and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with its employees.

B1. Employment Aspect

Since establishment, the Group has continued its employment policies and practices throughout, which include the following main features:

- Owing to the diversity in our operation bases and activities, the human resources department in the Hong Kong headquarters is responsible for reviewing and approving the Group’s human resources policies, and employment terms and conditions, while the regional offices’ human resources managers implement the approved policies and measures in compliance with the local employment laws, rules, regulations and practices;

SOCIAL AREAS AND ASPECTS

- The regional human resources manager has been assigned with the responsibility to implement the Group's human resources strategies and policies, and has been charged with the responsibility and duty to ensure all the statutory obligations of the Group has been fulfilled and complied with a legitimate manner;
- Adopt a humanistic and equitable human resources policies with equal opportunities for all without discrimination on hiring, promotion, remuneration, benefits, training, dismissal and other aspects of employment;
- All employees are required to sign employment contracts with the Group and/or its subsidiaries, and will receive an Employee Handbook, containing all the employment terms and conditions, benefits and obligations including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and welfare, etc.;
- In accordance with the requirements of the national laws of PRC such as Social Insurance Law of the PRC (中華人民共和國社會保險法) and the Administrative Regulations on Housing Provident Funds (住房公積金管理條例), and the EO and the Mandatory Provident Fund Schemes Ordinance ("MPFSO") (Chapter 485 of the Laws of Hong Kong) of Hong Kong, the Group provides and maintains statutory benefits to all qualified staff, including but not limited to mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays;
- On recruitment, the Group has adopted a mixed policy of external recruitment and internal promotion for vacancies. All vacancies are open to all with equal opportunities, to be decided with no discrimination on religion, gender, age and disability, and to be selected on the basis of qualification, skill and competency;
- Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for internal employees will be rewarded at the discretion of the top management with consideration on performance; and
- Provide a safe and pleasant working environment to our employees.

SOCIAL AREAS AND ASPECTS

For the Hong Kong Office, full-time employees are entitled to the following:

- annual leave, marriage leave, maternity or paternity leave and compassionate leave;
- a maximum of 120 days sick leave and 12 days full paid sick leave per year; and
- medical benefits, travel insurance and employee compensation.

The employees are enrolled in Mandatory Provident Fund schemes or Occupational Retirement Schemes. The Hong Kong Office organizes lunch gathering and annual dinner, which increase the interaction among different departments and the sense of belonging of the employees.



*Annual Dinner 2024
-Hong Kong Office*



*Spring Dinner
- Jiangmen Factory*



*Lunch gathering with colleagues,
“Happy Friday”
-Hong Kong Office*

SOCIAL AREAS AND ASPECTS

In the Jiangmen Factory, it also provides pension scheme to the PRC employees in accordance with the national labour and social security regulation, and contributes to the social security fund payable to the retired employees. The employees who reached the retirement age are entitled to the pension and benefits granted to the retired group. The Jiangmen Factory contributes to the township medical insurance scheme in accordance with the government labour and social security system and provides regular health-check programme to staff and especially to the staff engaged with high risk job duties. The Group promotes a sense of team spirit and foster work-life balance by organizing leisure activities for the staff. The Jiangmen Factory organizes annual festival gathering and recreational activities on a regular basis.

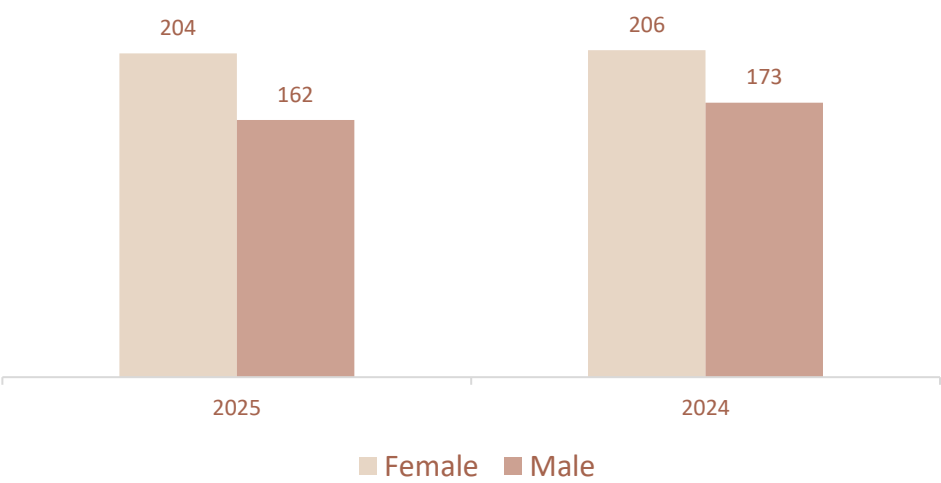
In addition to the medical insurance, the Group also provided travel insurance to employees who required overseas business travel which covers the compensation to the employees who are injured due to accident during business trip.

Same as the Last Reporting Period, the Group honoured all obligations to its employees including the payment of salaries and wages, holidays and leaves, compensations, insurances and health benefits. During the Reporting Period, we were not aware of any material wages disputes or complaints, breaches of the labour laws or labour disputes, that would have a significant impact on the Group.

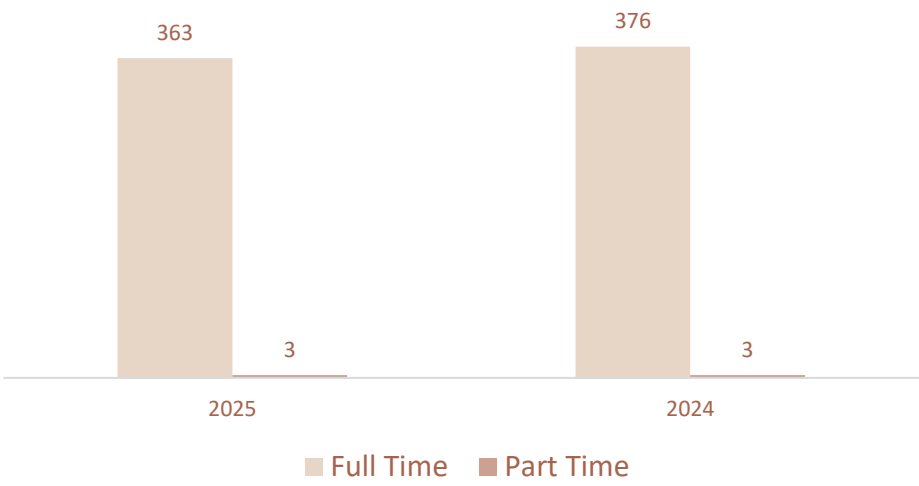
SOCIAL AREAS AND ASPECTS

As at 30 June 2025, the Group had approximately 443 employees in the PRC, Hong Kong and overseas, with approximately 366 employees in the Jiangmen Factory and the Hong Kong Office. As aforementioned, the scope of this ESG Report mainly includes data and activities of the Jiangmen Factory and the Hong Kong Office for the Reporting Period. Therefore, as required by the ESG Reporting Code, the Group’s employment situation for the year ended 30 June 2025 is herein analysed and summarized below:

Number of Employees by Gender

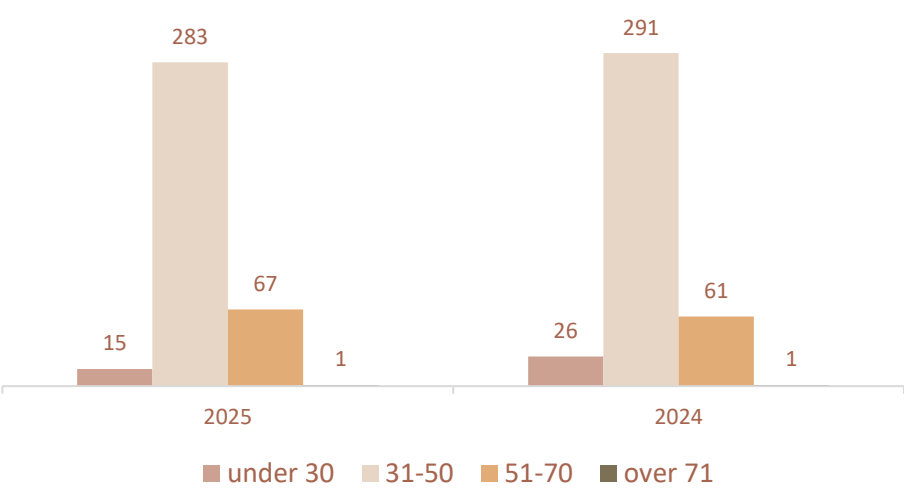


Number of Employees by Employment Type

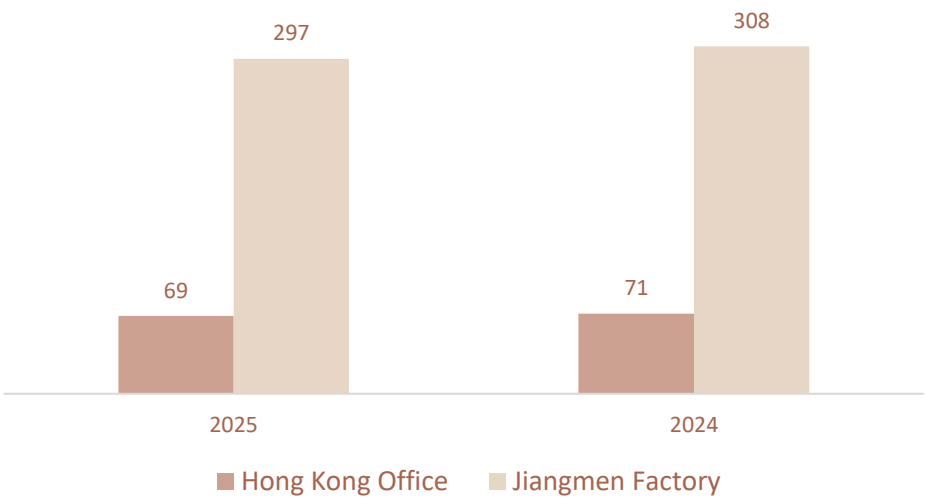


SOCIAL AREAS AND ASPECTS

Number of Employees by Age

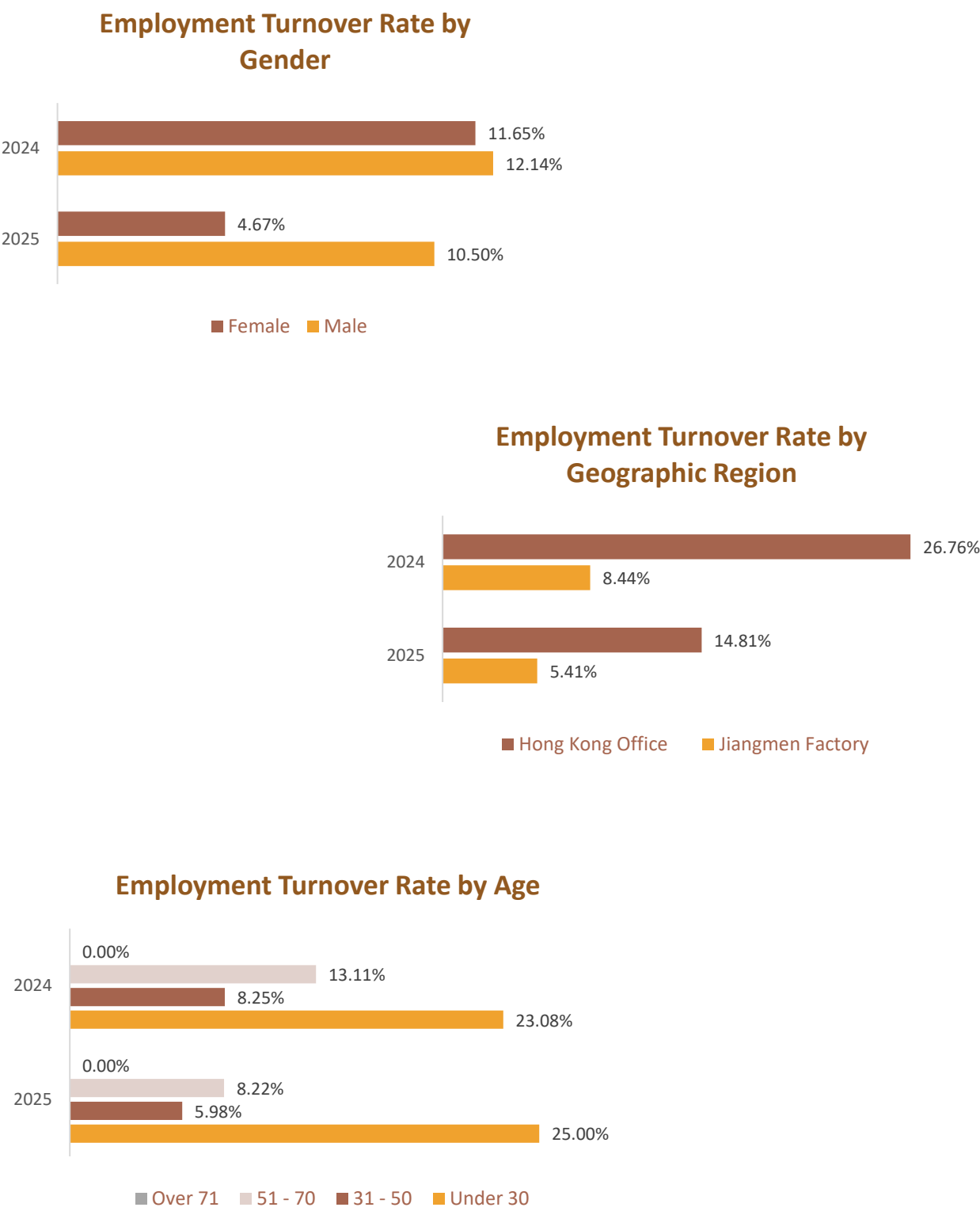


Number of Employees by Geographical Region



SOCIAL AREAS AND ASPECTS

As for the employee turnover rate, an analysis of the Group’s employee turnover rate breakdown for the Reporting Period is summarized in below:



SOCIAL AREAS AND ASPECTS

B2. Health and Safety Aspect

As a continuing policy, the Group at all times is a responsible employer and provides a safe working environment in its offices and especially its factories to prevent employees from injuries and accidents, and adopts an “employee-oriented” human resources policies aiming at providing a harmonious, safe and healthy working environment to minimize the risk of any occupational hazards. The Group has taken the following health and safety measures to protect its employees:

- Constantly improves the occupational safety and health management system in order to reduce risks and create a safe working environment;
- Ensures all the safety, medical and hygiene equipment are adequately in place and are operating efficiently, passing inspections and complying with all the safety and hygiene rules and regulations;
- Requires all employees to strictly comply with the health and safety policies, rules and regulations, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and Employees Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) of Hong Kong, and the Labour Laws of the PRC and has constantly alerted the employees to perform their tasks under safety conditions;
- Takes occupational health and safety as one of our prime responsibilities, and employees are required by the in-house rules to notify their superiors immediately, whenever emergency or accidents, regardless of minor or serious occur, who will then take appropriate measures to ensure safety is not compromised, and in all circumstances the in-house rules also require all injuries or accidents to be promptly and properly dealt with and reported in accordance with the local or national laws as appropriate;
- In-house rules stipulate that whenever injuries or accidents occur, regardless of minor or serious incident, the employees must notify the superiors immediately who will then take appropriate measures to ensure safety is not compromised, and in all circumstances ensure that incidents are promptly and properly dealt with and reported in accordance with the local or national laws as appropriate;

SOCIAL AREAS AND ASPECTS

- The Group has assigned safety officers to regularly inspect and to alert employees to take precautionary measures to ensure that the workplace is safe. The Group has also provided regular training to employees to perform their jobs safely; and
- Insures all qualified employees in both the PRC and Hong Kong with medical insurance in accordance with the statutory requirements of the two jurisdictions.

The Group follows the guideline from the Hong Kong Labour's Department to set up the occupational health and safety measures of the Hong Kong Office. The Jiangmen Factory also publishes a manual on Health and Safety, which lists out the health and safety related issues at the workplace, these includes:

- | | |
|-----------------------|---|
| Workplace safety | : remove obsolete and discarded materials from the workplace regularly, avoid overloading electric sockets and install electric wirings properly. |
| Fire safety | : install fire safety system and emergency alarm and periodic check up and maintenance of the fire-fighting system. |
| Special equipment | : check-up of the pressure, fuel and escalator regularly. |
| Protection facilities | : install facilities to prevent poisonous gas and dust. |
| Occupational safety | : check-up and detect for the dangerous substances in the factory, assessment of occupational disease once in every three year. |
| Emergency measures | : equip workplace with first aid kit including first aid medicine and equipment. |

The Jiangmen Factory compiles a “workplace risk assessment” checklist, which describes the protective equipment required for specific job duties and sets out the safety standard for the labour protection. The Jiangmen Factory supervises and ensures all workers put on protective devices when they carry out high risk job duties.

SOCIAL AREAS AND ASPECTS

We had zero work-related fatalities in the past three years, including the Reporting Period in any of our operations. During the Reporting Period, zero lost days due to work-related injuries was recorded. We complied with all the relevant laws and regulations related to provide a safe environment at all locations of operations and protect employees from potential occupational hazards. For the coming year, the Group targets to maintain a clean record on health and safety.

B3. Development and Training Aspect

The Group values its employees as one of its most valuable assets. To encourage and assist employees in developing their potential, training resources is planned, and training programs are developed and implemented to ensure employees received the relevant trainings and professional development, so that the employee are better equipped and increase efficiency which are favourable to the long-term development of the Group, the Group has always supported means to enhance employees' value by regularly providing them with development and training programs in terms of skills and job knowledge, plant operation and production know-how at various levels, so that they are able to perform their required job duties in a competent. Training programmes are classified into two types according to the target and purpose: internal training and external training. The Group supports staff training programmes by granting time and reimbursement.

The Jiangmen Factory provides training regarding to fire safety and safety measures to apprentice and new staff. Upon passing examination, the apprentices are employed under probation terms. During probation, the apprentices continue to take lessons to enhance their skills. Job will be offered to the apprentice and new staff once they pass the examination. The Jiangmen Factory also provides on job trainings, including safety measures for the current staff. For the staff who perform special duties, they are trained regularly; other staff who worked in finance, human resources or technical skill, will receive specific training in relation to their job duties.

During the Reporting Period, the Group provided a total of approximately 4,783 hours of internal and external training to 342 employees, approximately 93.44% of the employees in the Jiangmen Factory and the Hong Kong Office, an analysis of the percentage of employees trained breakdown for the Reporting Period the Last Reporting Period are summarized in below:

SOCIAL AREAS AND ASPECTS

Training (No. of employees)		Internal	External
Percentage of employees trained			
	2025	91.80%	1.64%
	2024	89.18%	0.53%
Male			
	2025	43.15%	66.67%
	2024	43.8%	0.29%
Female			
	2025	56.85%	33.33%
	2024	55.59%	0.29%
Managerial staff			
	2025	16.07%	50.00%
	2024	14.71%	0.88%
Operational staff			
	2025	-	-
	2024	-	-
General staff			
	2025	83.93%	50.00%
	2024	84.71%	1.18%

The training hours of the Group during the Reporting Period and the Last Reporting Period are tabulated as follows:

Average training hours per employee		Internal	External
Total average training hours per employee			
	2025	12.92	0.15
	2024	13.48	0.15
Average training hours for male			
	2025	13.78	0.19
	2024	14.07	0.15
Average training hours for female			
	2025	12.24	0.11
	2024	12.99	0.15
Average training hours for managerial staff			
	2025	0.90	0.49
	2024	10.72	0.32
Average training hours for operational staff			
	2025	-	-
	2024	-	-
Average training hours for general staff			
	2025	0.94	0.08
	2024	14.24	0.12

SOCIAL AREAS AND ASPECTS

B4. Labour Standards Aspect

We value staff as important assets of the Group. The Group wants to build a healthy working environment with equal opportunity to protect employee's right and their benefits. The laws and regulations that are directly related to the Group included, but may not be limited to, the following:

Hong Kong:

- Employment Ordinance

China:

- Underage Workers Special Protection Provisions;
- Prohibition of Child Labour Provisions; and
- Labour Law of People's Republic of China.

The Group provides equal opportunity to all employees. The staff are assessed by their performance and working experience regardless of age, marital status, race, religious, nationality or gender etc.

The Group prohibits forced labour and restricts the employment of child labour. The Jiangmen Factory sets out "Labour Rights and Working Condition Management Rules", which lists out the following: checking candidates' identification during interview process to prevent employing child labour; all labour must voluntarily complete job application form to prevent forced labour. The employees can early terminate employment contract in accordance with the service contract and can apply for sick leave with doctor's certificate. In case the Group discovers forced labour or child labour, the Group would terminate such practices and put forward the following remedies: report to local authorities and record the situation.

During the Reporting Period, same as the Last Reporting Period, the Group honoured all of its obligations towards employees and no significant disputes or litigations on labour matters were reported. The Group is confident to maintain the good track record for the coming year.

SOCIAL AREAS AND ASPECTS

Operation Practices Areas and Aspects

B5. Supply Chain Management Aspect

Supply chain management in the ESG Guide mainly refers to the management of sourcing and procurement. The Group's main purchases for the office and the factories have not changed much over the years and include routine stationery supplies and utensils for the office, and raw materials such as metals and packaging materials.

The Group has well-established purchase policies applying to all suppliers on a fair and equitable manner. All purchase transactions are subject to the scrutiny of internal hierarchy supervisions at different levels depending on its contract value and significance and to the overall scrutiny of external independent audit checks.

To ensure a stable, quality assured, cost efficient and well managed supply chain, the Group has implemented clear procurement management rules and guidelines and procedures with respect to procurement including quality control, warehousing, payment and documentation approval process, and methods of payment. We select suppliers based on a set of criteria, which includes (i) ability to meet specification and standards, (ii) products and services quality, (iii) pricing of the products and services, (iv) delivery reliability, and (v) track records of the suppliers' business relationships with us and others in the industry and their committed compliance to laws, rules and regulations.

During the Reporting Period, the Group has set standard procedures for the selection of suppliers of raw materials with reference to the requirements of ISO9001/UKAS (United Kingdom Accreditation Service) standards. The Group also has a standard approval form for selection of suppliers and a list of approved suppliers was available from the ISO documents for reference. There is also an assessment for the management to review the supplier's standards. The largest supplier and the five largest suppliers accounted for 35.90% and 67.10%, respectively, of the Group's total purchases for the Reporting Period. During the Reporting Period, the total number of suppliers of the Group was approximately 77, with approximately 61 or 79.22% and approximately 16 or 20.78% local and overseas suppliers respectively. Owing to the effective management, the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on our business. The Group expects that its purchase policies and pattern will likely to be continued in the coming year.

SOCIAL AREAS AND ASPECTS

B6. Products Responsibility Aspect

The ESG Guide stipulates that there are four major sub-aspects on product responsibilities: product quality and safety, customer services and complaints handling, intellectual property rights and privacy, which the Group's internal control process, employee rules and regulations and contracts already have clear guidelines and rules to deal with.

(i) Products Quality

The Group is committed to design and manufacture of fine jewellery with high quality and provides excellent customer services. We clearly list out all the material contents, such as metal type, stone type and average weight of our products on our invoices. We are also required to disclose if the materials are genuine or treated and purchased from legitimate sources.

The Group has continued with its quality guarantee policy and taken all reasonable steps to ensure that the goods produced are safe and harmless to its consumers, meeting all agreed or legally required standards for consumers health and safety. The Group examines the quality and safety of its products from the first stage of raw material purchases, to regularly inspect goods during the production and sale processes to ensure that the processes are in total compliance with both internal and external quality and safety assurance codes. The quality assurance process for each production stage is strictly adhered to the standards under ISO9001/UKAS Quality Management System. Final products are quality assured before shipping.

In alignment with responsible business practices, one of the subsidiaries of the Group is a certified member of the Responsible Jewellery Council (“**RJC**”). RJC is a not-for-profit organization which promotes responsible ethical, social and environmental practices in respect of human rights throughout the Diamond, Gold and Platinum Group Metals jewellery supply chain. As a certified member of the RJC, the subsidiary had undergone independent, third party auditing to show our business practices at all facilities within the certification scope conform to RJC's Code of Practices for business ethics, labour rights and working conditions, social and environmental performance. The Group has stringent requirements to maintain high levels of quality control and responsible business practices.

SOCIAL AREAS AND ASPECTS

During the Reporting Period, the Group's jewellery sales recorded an insignificant product returned for quality reason. No products were recalled for safety and health reasons. No warnings or below quality and safety comments from the Consumer Councils, marketing agencies or relevant government authorities on the quality and safety of its jewellery products was ever received. The Group has the confidence to continue the quality control processes to ensure its products will always be of the highest quality and safety standard in the coming years.

(ii) Handling of Sales Complaints

As previously reported, the Group has clear procedures to handle customers' complaints on the quality of its products. The Group provides guarantee period for normally 3 months after shipment. If manufacturing defects are discovered afterwards, we will take back the products for repairing. The marketing administration and support department is responsible to deal with customer's queries and provide customer services.

During the Reporting Period, the sales returned due to quality issues amounted to only 0.04% of the total number of sales, and no warnings from the Consumer Councils or relevant government authorities on the quality of its services. All returned products were immediately remedied and settled to the satisfaction of the clients, and the Group did not experience serious complaints which led to disruption of its operation.

(iii) Privacy

The Group's main business and operation have generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, etc. These types of information are extremely sensitive and important, and by law, must be safeguarded and protected. The Group fully understands its obligation, and has taken measures to ensure strictest protection of the information against unauthorized access, use and disclosure through a variety of security technologies and procedures. The Group has incorporated a confidentiality clause into the labour contract, under which all employees are obligated to follow. Legal action will be taken against any violation.

During the Reporting Period, same as the Last Reporting Period, the Group received no complaint on any breach of privacy or leakage of information. Given its existing internal control and technical control process, the Group is confident that confidential information will not be accessed and leaked out easily.

SOCIAL AREAS AND ASPECTS

(iv) Intellectual Property Right (“**IPR**”)

As disclosed in the Last Reporting Period, the Group applies for copyright or design patent for some special designs to protect the IPR. The Group has also practiced in its daily operation such as its installation of original software in its computers to avoid vulnerabilities and legal disputes arising from software copyright.

During the Reporting Period, and same as the Last Reporting Period, the Group did not receive any reports or cases of any intellectual property rights infringement.

B7. Anti-Corruption Aspect

The Group is aware of the importance of honesty, integrity and fairness in its operation and any practices which are against law e.g. corruption, bribery, money laundry are strictly forbidden. Bribery and facilitation payment are prohibited within the Group. The Group required employees to declare any conflict of interests and encourages all employees to discharge their duties with integrity and comply with the relevant laws and regulations. Transactions involving money requires authorized signatories of the appropriate levels depending on the amount involved. Checks and balances have been installed in the Group for money transaction activities and are considered effective and adequate.

The Group’s code of conduct requires its directors and employees to avoid the conflict between personal and financial interest and their professional official duties in the Group. Communications were made to the employees, so they understand that using their positions in the Group or using the Group’s resources, properties and information to pursue opportunities by exercising positioning power to influence decisions or gain access to valuable information when dealing with third parties with his profession to achieve financial and personal gain is strictly prohibited.

SOCIAL AREAS AND ASPECTS

The Jiangmen Factory has formulated a “Prevention of Corruption Procedures”, internal control, to prevent corruption, bribery or fraud. The Group also provides training and newsletter regarding legislation against bribery and corruption. The Group encourages staff to report to their supervisor or directly to the management if they discover any practices that violate or are against the law. The Jiangmen Factory sets up comment box and hotline to facilitate the staff to report any malpractices. Once it is confirmed that the employee has violated the regulations of the factory, they will be punished by disciplinary action. If the employee has serious malpractices, they will be reported to the law enforcement agencies to take necessary action.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Community Area and Aspect

B8. Community Investment Aspect

The Group is a responsible corporation and is involved in social project and keen on promoting local economic and cultural development and understand that its involvement in the community can foster social harmony and development and is simply good corporate citizenship.

During the Reporting Period, the Group made charitable contributions totalling HK\$195,000.

Apart from on the job trainings, the Group continued to support and sponsor its potential employees at its own costs to attend external special skills program to enhance their future value.

The Group has implemented measures with an objective to reduce hazardous and non-hazardous air emissions and polluted water and wastes discharges and continues to find ways and to implement measures to reduce air emissions and wastes discharge.

The Jiangmen Factory has worked with local institution to provide internship programme and organize guided tour in the Jiangmen Factory for the students.