



**State Energy Group International
Assets Holdings Limited**
國能集團國際資產控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

股份代號 Stock Code : 918



**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**
環境、社會及管治報告
2023/24

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SCOPE AND REPORTING PERIOD

State Energy Group International Assets Holdings Limited (hereinafter the “Group”) is delighted to present the Environmental, Social and Governance (“ESG”) Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting the operation, policies, measures and performance of the Group in terms of environmental and social aspects.

This Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and has complied with the “comply or explain” provisions set out in the ESG Reporting Guide during the period from 1 April 2023 to 31 March 2024 (the “Reporting Period”).

This Report covers the Group’s principal operations in the business of sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products (the “Garment Business”), property investment (“Property Investment Business”), the sales of unmanned aerial vehicles and related parts (“Unmanned Aerial Vehicles Business”), trading, distribution, and processing of timepieces and accessories (“Timepieces and Accessories Business”) in Hong Kong, the People’s Republic of China (“PRC”), and Taiwan during the Reporting Period, unless otherwise stated. The subsidiaries included within the scope of this Report are listed below.

- Sinoforce Group Limited
- Unite Smart Limited
- Gold Pine International Holdings Limited
- Takson Garment Manufacturing Company, Limited
- Takson Sportswear Limited
- King Crest Limited
- Gold Wealth Holdings Limited
- Shandong Longyi Aviation Technology Co., Limited

Starting from May 2023, GBR (HK) Limited and Guangzhou Tianze Shangwu Limited were disposed of, and the Marketing business was discontinued, resulting in their removal from the reporting scope. Conversely, in August 2023, the Group acquired a new subsidiary, Shandong Longyi Aviation Technology Co., Limited and engaging in the sales of unmanned aerial vehicles and related parts. This business activity is now included in the reporting scope for this Reporting Period.

The Report provides both qualitative and quantitative information regarding State Energy’s approach, initiatives, and priorities in managing material environmental, social, and governance (ESG) aspects. These details offer insights into how the Group addresses and prioritizes ESG issues in its operations.

For further information related to corporate governance, please refer to the Corporate Governance Report section within this annual report. This section provides additional disclosures and insights into the Group's corporate governance practices and structures.

SUSTAINABILITY GOVERNANCE

Sustainability is becoming increasingly important in recent years, with a growing global awareness on issues related to climate change, human rights, and social justice. The Chinese government's plans to achieve carbon peak by 2035 and carbon neutrality by 2060, as well as the Hong Kong government's commitment to achieving carbon neutrality before 2050, demonstrate the urgency of addressing environmental issues. As a socially responsible company that seeks to promote business development and provide long-term returns for shareholders, the Group has incorporated sustainability into its operations and policy-setting.

The Board of Directors (the "Board") is responsible for the Group's overall ESG strategies, measures, and performance, and to ensure that the ESG strategies are included in the business operation processes. The Board oversees the identification and assessment of critical business and ESG risks and opportunities. The ESG initiatives are carried out by the management team, which ensures the effectiveness of ESG risk management and related internal control system, thereby driving its sustainable development. During annual meetings, ESG topics and performance are reviewed and evaluated by the Board. Looking forward, the Group will continue to review and strengthen its ESG performance conscientiously for sustainability development.

SUSTAINABILITY APPROACH AND STRATEGY

The Board acknowledges the importance of sustainability topics to the Group's operation and strives to integrate ESG concept into the business strategies. The Group strictly abides by any laws and regulations relevant to safety, environment, and occupational health and safety. In addition, the Group takes notice of all legal and regulatory updates and ensures that it is fully prepared to comply with more stringent regulations.

The Group has set several sustainability-related targets, including targets on waste reduction and air emission reduction during the last Reporting period. Target setting not only measures the Group's performances and improvement progress, but it also facilitates business growth and creates long-term values for its stakeholders. The Group closely monitors the implementation of ESG-related targets through various means such as meetings, inspections, and assessments, and reviews progress at least once per year.

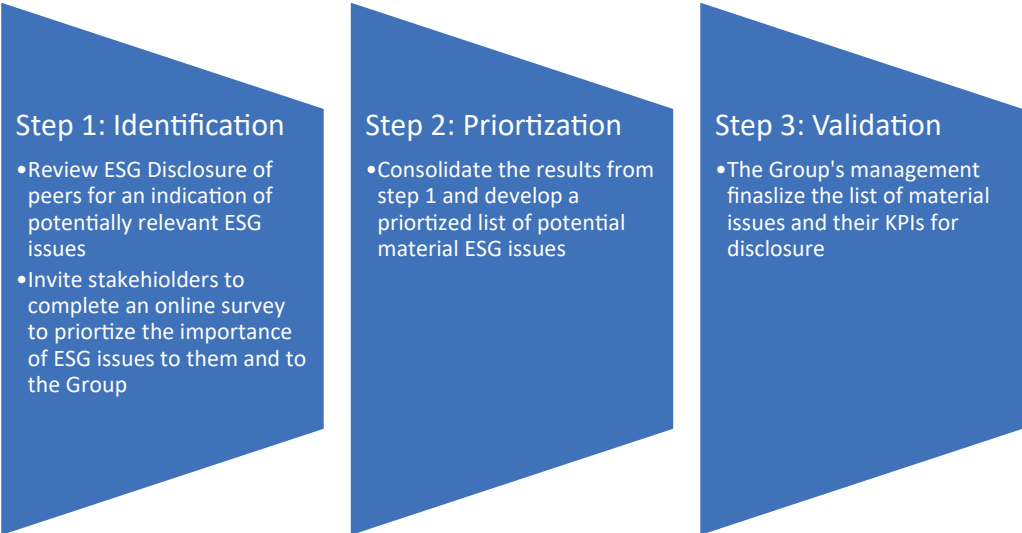
STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values all insights and opinions from our stakeholders and is committed to responding to their concerns. Through engagement with the stakeholders, the Group is able to improve its performance in sustainable development and take concrete actions. The Group has launched various measures to maintain good communications with stakeholders. Below are the communication channels between the Group and stakeholders and their concerned topics.

Stakeholders	Communication Channel
Shareholders	<ul style="list-style-type: none"> • Shareholders’ annual and general meeting • Annual, interim and ESG reports • Circulars and press release • Company’s website
Customers	<ul style="list-style-type: none"> • Customer services hotline • Email and telephone • Social media • Direct contact with customers
Suppliers	<ul style="list-style-type: none"> • Supplier review and assessment • Supplier meetings – Email and telephone
Government	<ul style="list-style-type: none"> • General liaison • Seminars and conference
Community	<ul style="list-style-type: none"> • Campaigns and seminars • Website and social media • Press releases and conferences
Internal stakeholders – management and employees	<ul style="list-style-type: none"> • Face-to-face meeting • Survey • Staff activities

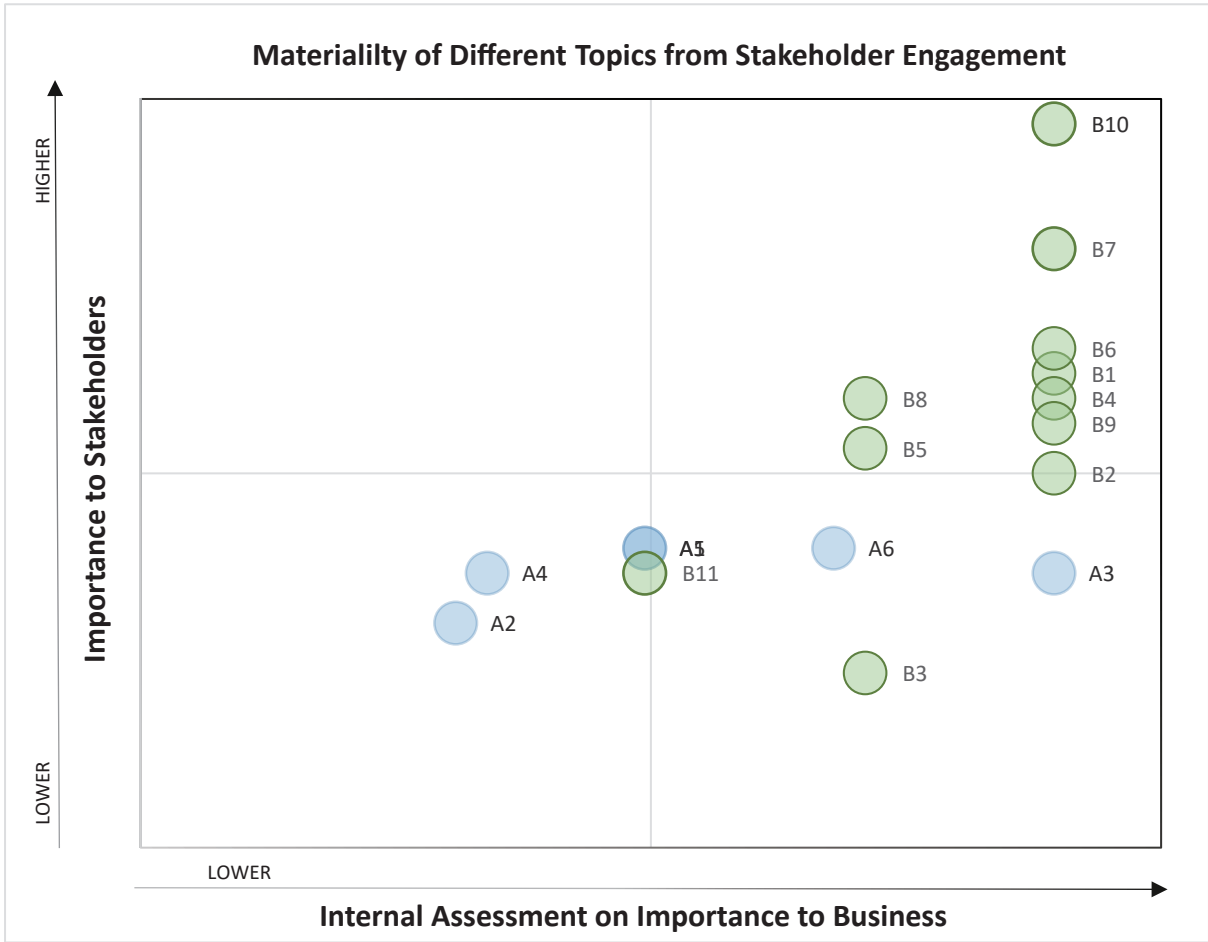
The Board identified material ESG topics and determined their priority based on the results of the materiality assessment. To conduct the materiality assessment, the Group collects views and discusses ESG issues with its internal and external stakeholders through thematic meetings, surveys and regular dialogue. The Group has specifically engaged board members, senior management, frontline staff, suppliers, clients, and third-party consultants to gain further insights on ESG material aspects and challenges. Taking into account both internal and external stakeholders’ views, the Group selected the five most important ESG issues related to the Group’s business for targeted management and disclosure.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:



Materiality Matrix

The Materiality Matrix below shows the result of the Group’s materiality assessment process:



A	Environmental	B	Social
1	Energy	1	Employment
2	Water	2	Occupational Health and Safety
3	Air Emission	3	Development and Training
4	Waste and Effluent	4	Labor Standards
5	Other Raw Materials Consumption	5	Supplier Management
6	Environmental Protection Measures	6	Intellectual Property
7	Climate Change	7	Data Protection
		8	Customer Service
		9	Product/Service Quality
		10	Anti-corruption
		11	Community Investment

Among the environmental and social aspects, the following were the top 5 material aspects of the Group's operation:

- Employment
- Labour Standards
- Intellectual Property
- Data Protection
- Anti-corruption

From the perspectives of stakeholders, all material ESG issues fall under the category of social issues. The above aspects were strictly managed through the Group's policies and guidelines. Management of the aspects has been described in separate sections below. The Group will continue to maintain close communication with stakeholders to understand their expectations and perspectives on the Group's ESG approach.

STAKEHOLDERS' FEEDBACK

This Report shall be published both in English and Chinese, should there be any discrepancy between the English and the Chinese versions, the English version shall prevail. The Group highly values the opinions of the relevant stakeholders, and welcomes readers to contact it through the following contact methods. Your opinions will assist the Group to further improve this Report and enhance the overall ESG performance of the Group.

Mail: Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong

Phone: +852 2123 8461

Email: enquiry@seiah.com

A. ENVIRONMENTAL PROTECTION

EMISSION MANAGEMENT

The Group strictly complies with the national and local laws and regulations relating to environmental protection and pollution control, including, but not limited to the following:

- Air Pollution Control Ordinance of Hong Kong
- Waste Disposal Ordinance of Hong Kong
- Air Pollution Prevention and Control Law of the PRC
- Environmental Protection Law of the PRC
- Air Pollution Control Act of Taiwan
- Waste Disposal Act of Taiwan

During the Reporting Period, the Group did not note any cases of material non-compliance relating to air and greenhouse gas (“GHG”) emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste as required by the applicable laws and regulations.

AIR EMISSIONS

Principally engaged in the Garment Business, the Group primarily relies on marine shipping to deliver its products to customers. However, the emission data related to the distance travelled and fuel consumed by the marine vessels is not available for ESG reporting purposes as this information is recorded by the marine shipping companies.

In the case of the Group’s Unmanned Aerial Vehicles Business, it owned three private cars during the Reporting Period. These vehicles consumed a total of 12,100 litres of petrol, contributing to the Group’s air emissions. The breakdown of the air emissions is as follows:

Air emissions	Annual total (kg)
Sulphur oxides	0.18
Nitrogen oxides	11.3
Particulate matters (PM)	0.83

GREENHOUSE GAS (GHG) EMISSIONS

The Group's operation contributed to 39.55 tonnes of carbon dioxide equivalent ("tCO₂e") (carbon dioxide, methane, nitrous oxide and hydrofluorocarbons) emission, with an intensity of 0.42 tonnes/person. There was a significant increase of 110% in GHG emission intensity (tCO₂e/person). This increase can be attributed to the inclusion of the newly engaged reporting scope of the Unmanned Aerial Vehicles Business and its utilization of private cars.

Scope of Greenhouse gas emissions ¹	Emission sources	2023/24 (in tCO ₂ e)	2022/23 (in tCO ₂ e)
Scope 1 Direct emissions		32.29	Nil
Scope 2 Indirect emissions	Purchased electricity ²	7.20	5.26
Scope 3 Other indirect emissions	Paper waste disposed at landfills	0.06	0.07
Total		39.55	5.33
Intensity (tCO₂e/person)		0.42	0.20

Note 1: Emission factors were referred to Appendix C2 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

Note 2: Emission factors for purchased electricity in Hong Kong, Mainland China, and Taiwan, were referred to the CLP 2022 Sustainability Report, the Ministry of Ecology and Environment of People's Republic of China, and the Bureau of Energy, Ministry of Economic Affairs of Taiwan.

Note 3: The paper waste disposal data was restated due to a more consolidate data analysis in this Reporting Period.

EMISSION REDUCTION TARGET PERFORMANCE REVIEW

In 2022, the Group established a 10-year target aimed at reducing its greenhouse gas (GHG) emissions. The specific objective was to achieve a 5% reduction in GHG emissions compared to the levels recorded in 2022. However, due to the acquisition of the Unmanned Aerial Vehicles Business during the current Reporting Period, the GHG emissions have increased as anticipated.

Despite the expected rise in emissions, the Group remains committed to its 10-year GHG emission reduction target. To maintain alignment with this target, the Group will utilize the emissions recorded in 2022 as the baseline for measurement and evaluation.

WASTE MANAGEMENT

HAZARDOUS WASTE

The Group does not generate significant hazardous waste in operations during the Reporting Period.

NON-HAZARDOUS WASTE

The Group does not generate significant hazardous waste in operations. Non-hazardous waste generated by the Group are mainly attributed to paper waste, packaging waste, and general office waste. The summary is as follows.

Non-hazardous waste (kg)	2023/24	2022/23
Paper waste	12.9	15.9
Packaging waste	500	Nil
General office waste	516	244
Total non-hazardous waste	1,028.9	259.9
Total non-hazardous waste intensity (Kg/person)	10.94	9.63

Note 1: Data on non-hazardous waste are estimated based on the average weight of non-hazardous waste collected every one or two months.

WASTES HANDLING AND REDUCTION INITIATIVES

To address environmental concerns, the Group has implemented internal policies and measures aimed at reducing waste generation. In the previous Reporting Period, the Group had successfully achieved its target of a 10% reduction in non-hazardous waste.

With the recent adoption of the Unmanned Aerial Vehicles Business, the Group has now established a new 10-year reduction target. Specifically, the Group aims to reduce the non-hazardous waste intensity by 10% by 2033, using the current Reporting Period as the baseline.

The Group collects, sorts, and recycles recyclable packaging materials internally, maximizing the recycling rate of its packaging material disposal. To minimize paper consumption, the Group follows a “reduce, reuse, and recycle” approach. This includes initiatives such as promoting paperless offices, digitizing documents, reusing paper for printing, defaulting to double-sided and black-and-white printing, encouraging the recycling of wastepaper, plastic bottles, and aluminum cans in the workplace, and raising awareness about environmental issues through signage and posters.

RESPONSIBLE USE OF RESOURCES

The Group upholds the principle of efficient and effective use of resources and implements various efficiency initiatives in order to minimize our environmental footprints as well as cost generated. The Group complied with the following laws and regulation related to energy, water and other raw materials, including but not limited to:

- Energy Conservation Law of the PRC
- Energy Administration Act of Taiwan

During the Reporting Period, the Group primarily consumes electricity and water. No other significant raw materials and energy were used by the Group during the Reporting Period.

ENERGY MANAGEMENT

During the Reporting Period, the Group's business operations resulted in a total energy consumption of 237,011 kWh. Compared to the previous Reporting Period, there was a significant 5-fold increase in the Group's electricity consumption intensity.

This substantial increase can be directly attributed to the inclusion of the newly engaged reporting scope of the Unmanned Aerial Vehicles Business, which the operations have significantly contributed to the overall rise in the Group's electricity consumption.

Despite this increase, the Group remains committed to optimizing office usage and exploring opportunities to convert properties from office spaces to warehouses. These initiatives aim to improve energy efficiency and reduce overall energy consumption within the Group's operations.

Energy Consumption Sources (kWh)	2023/24	2022/23
Petrol	107,000	Nil
Electricity	130,011	9,800
Total Energy Consumption	237,011	9,800
Intensity (kWh/person)	2521.39	362.96

ENERGY USE EFFICIENCY INITIATIVES

The Group is committed to using energy efficiently to manage our environmental impacts. The Group targets to reduce 5% electricity consumption by 2032, as compared to 2022 data, by implementing the following energy saving initiatives:

- Establish energy-saving policies and guidelines and educate employees;
- Turn off unnecessary lightings during lunch and after normal operating hours;
- Set the air conditioners at an optimal temperature;
- Set electrical appliances with energy-saving mode;
- Use energy-saving lightings and handle disposed lightings properly; and
- Take into account energy efficiency requirements during procurement process.

Due to the acquisition of the Unmanned Aerial Vehicles Business during the current Reporting Period, the energy consumption has increased as anticipated. Despite the expected rise in energy consumption, the Group remains committed to its 10-year energy-saving target. To maintain alignment with this target, the Group will utilize the emissions recorded in 2022 as the baseline for measurement and evaluation.

WATER CONSUMPTION

During the Reporting Period, the Unmanned Aerial Vehicles Business consumed a total of 776.19 m³ of fresh water. The intensity of this water usage was 10.35 m³ per staff member of the Unmanned Aerial Vehicles Business.

For the Group's other business segments, the availability of specific data pertaining to water usage was limited. Consequently, the water consumption figures for these other business units were not included in the accounting¹.

Despite the constraints around comprehensive water usage data, there were no issues in sourcing adequate water supplies during the Reporting Period.

WATER USE EFFICIENCY INITIATIVES

Due to the Group's business nature, the water usage is only confined to water used by employees at the offices. Despite the insignificant water usage, the Group continues to promote water conservation through various water use efficiency initiatives. These initiatives include:

- Educate employees on the importance of water conservation;
- Encourage employees to choose brewed beverages or filtered water in workplace instead of bottled water; and
- Installing high-efficiency water equipment and implementing related recycling programs.

¹ The water consumption of Garment Business, Property Investment Business, and Timepieces and Accessories Business were incorporated within the property management fee. These business operations do not significantly rely on water consumption, and the water consumption was minimal.

PACKAGING MATERIAL

Principally engaged in the Garment Business and the Unmanned Aerial Vehicles Business, the Group's consumption of packaging materials is minimal as the packaging process is mainly carried by the suppliers. The use of packaging material is considered insignificant to the Group and therefore not disclosed in the Report.

THE ENVIRONMENT AND NATURAL RESOURCES

SIGNIFICANT IMPACTS OF ACTIVITIES ON THE ENVIRONMENT

During the Reporting Period, the Group did not observe any significant adverse effects of its activities on the environment and natural resources. However, the Group remains vigilant and continues to closely monitor the impact of its business operations on the natural environment.

In order to ensure the long-term sustainability of its business, the Group complies with all relevant regulations, rules, and international standards related to environmental protection. Additionally, the Group has implemented green office management practices to reduce its carbon footprint and promote the sustainable use of natural resources.

To further minimize any potential adverse environmental impact, the Group has taken various energy and resource-saving measures as outlined in the "A1. Emissions" and "A2. Use of resources" sections. This includes the establishment and close monitoring of reduction targets for greenhouse gas emissions, waste, and energy consumption.

Recognizing the potential environmental impact of its operations, the Group takes proactive preventive measures to reduce environmental damage, while still maintaining full compliance with all applicable laws and regulations.

CLIMATE CHANGE

SIGNIFICANT CLIMATE-RELATED ISSUES ON THE COMPANY

Climate change is causing unprecedented challenges to businesses, from disrupted supply chains to labour challenges, it affects the financial stability and long-term development of business. An early assessment of the potential climate-related risk helps the Group to develop a more comprehensive policy to mitigate the impacts brought by climate change. Based on the Task Force on Climate-related Financial Disclosure ("TCFD") recommendation, climate-related risks are divided into two major categories: physical risks and transition risks. The Group has identified several climate-related risks that have implications on its business, which include acute physical risk, chronic physical risk, legal and policy, technology, and reputation risk.

The Garment Business and the Unmanned Aerial Vehicles Business contributed to a greater proportion of the Group’s total revenue during the Reporting Period. The Group has thereby conducted a climate-related risk assessment to determine the impact of climate change on the value chain of both businesses, which is outlined below.

Climate risk type	Time horizon	Implication on business	Risk level
Physical Risk			
Acute physical risk	Short term	Increased severity and frequency of extreme weather affects daily operation and disrupt supply chain. Reduced revenue and increased maintenance cost.	Medium
Chronic physical risk	Medium to long term	Rising temperature increase energy use and equipment maintenance cost.	Low
Transition risk			
Market risk	Long term	Shifting consumer preference to a more sustainable fashion may lead to an increased operation cost	Low
Technology risk	Long term	Operational cost may increase due to the need of replacing the existing facility and electrical equipment with higher efficiency and environmentally friendly model	Low

Amongst the identified risks, the Group is more susceptible to chronic and acute physical risks. Extreme weather events such as prolonged drought, typhoons, and rainstorms, can cause electricity shortages and reduce water availability, which disrupts production, transportation, and ultimately sales revenue. The Group is considering formulating an extreme weather policy in the future to manage the climate risks and minimize their financial implication on the business.

B. SOCIAL

1. EMPLOYMENT AND LABOUR PRACTICES

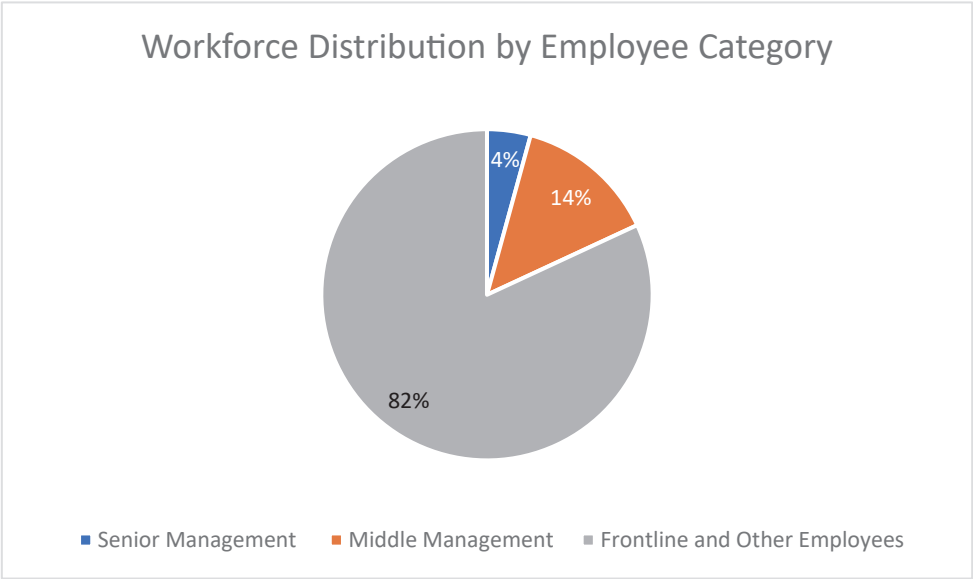
Employees are considered the most valued assets of the Group, and the Group is fully committed to creating a respectful and collaborative work environment. The Group strictly adheres to all applicable labor laws and regulations concerning employment and labor practices. These include, but are not limited to, the Employment Ordinance of Hong Kong, the Employees’ Compensation Ordinance of Hong Kong, the Sex Discrimination Ordinance of Hong Kong, the Disability Discrimination Ordinance of Hong Kong, the Race Discrimination Ordinance of Hong Kong, the Labor Law of the People’s Republic of China (PRC), the Labor Contract Law of the PRC, the Social Insurance Law of the PRC, the Law of the PRC on the Protection of Rights and Interests of Women, the Law of the PRC on the Protection of Minors, and the Law of the PRC on the Protection of Disabled Persons.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations related to employment. The Group is dedicated to upholding and complying with these laws to ensure the welfare and rights of its employees.

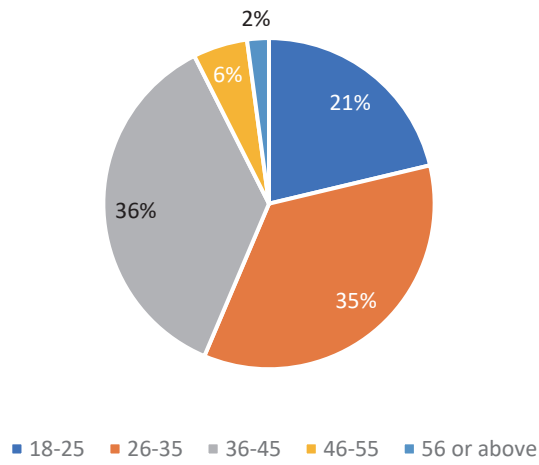
EMPLOYMENT

The Group had a total number of 94 employees as of 31 March 2024. All of them were full-time employees.

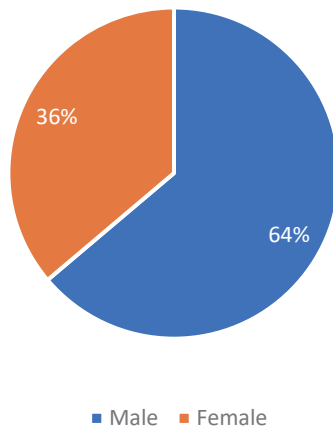
During the end of the Reporting Period, the total workforce by employment category, age group, gender, and geographical locations are as follows.



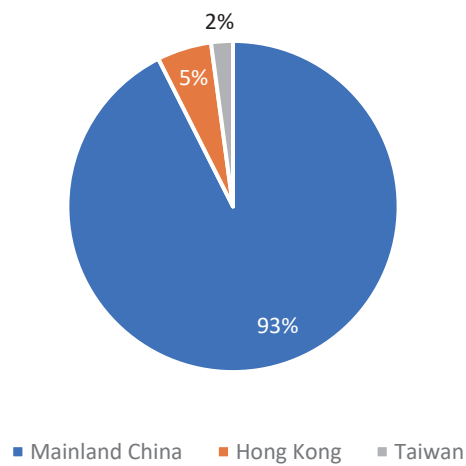
Workforce Distribution by Age Group



Workforce Distribution by Gender

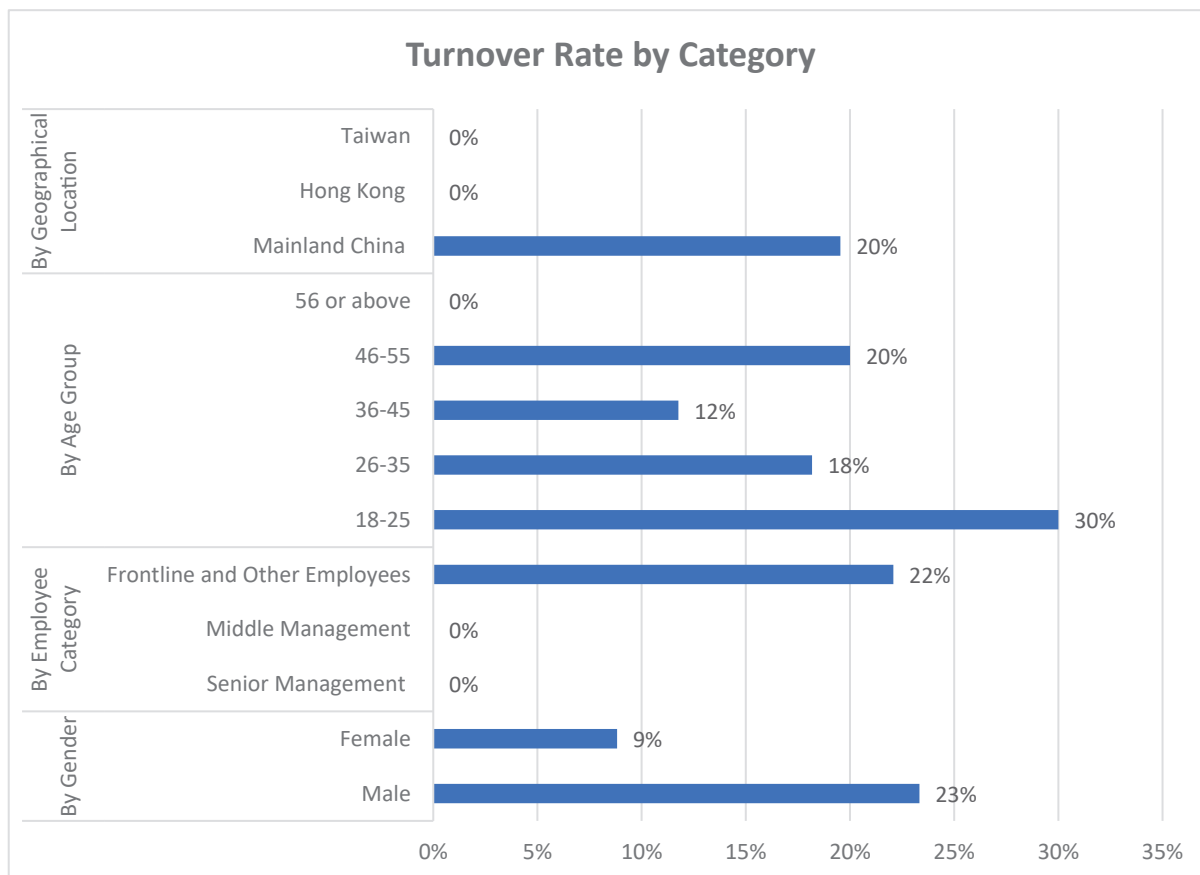


Workforce Distribution by Geographical Region



Turnover

During the Reporting Period, a total number of 17 full-time employees left the Group, representing an annual turnover rate of 18%. The employee turnover rate by gender, age group and employee category, and geographic location in the Reporting Period are as follows:



Recruitment and Dismissal

Committed to creating value for our employees and for the Group, we follow recruitment procedure guided by relevant laws and regulation, and to provide equal opportunity for applicants and employees. Any form of discrimination based on age, race, religion, disability, gender, sexual orientation, marital status, social stratum or political background is not tolerated. Adhering to the principle of equal opportunity, our recruitment decisions are based on the candidate's experience, competency and qualifications. The Group's employee handbook outlines the terms and conditions of employment, expectations for employees' conducts and behaviours, as well as rights and benefits. Also, it contains mechanism of proceeding employees' resignation and retirement.

Equal Opportunity

The Group endeavors to promote the concept of equal opportunity, and everyone should be free from any biased assumptions. During the process of recruitment, promotion and transfer, we assess the candidates and employees based on their knowledge, skills and qualifications, rather than gender, marital status, ethnicity or religion. The Group is committed to create an antidiscrimination and anti-harassment workplace for employees. The Group will conduct earnest investigation and take appropriate actions in relation to cases of discrimination and harassment at our discretion.

Remuneration and Benefit

To attract and retain high-calibre talents, the Group offers competitive remuneration packages and fringe benefits commensurate with their experiences and responsibilities. Employees are entitled to the basic salary, statutory holidays as well as various types of paid leave and benefits, including Mandatory Provident Fund, sick leave, annual leave, parental leave and medical insurance. Discretionary bonuses may also be provided to employees at the sole discretion of the management of the Group. To evaluate employee's performance and ensure that the current compensation and benefits policies are in accordance with the laws, the Group has established an internal management system and reviews it on a regular basis. To recognize the importance of employee's contribution and cooperation in achieving business success, the Group adjusts the employees' salary annually with reference to the performance appraisal and market studies.

Staff Communication

Communication is essential to convey ideas and thoughts between the Group and our people. We provide a range of communication channels to connect with our staff. Through regular face-to-face meetings, chatting with general staff, employees can share feedbacks and exchange their ideas or insights on any aspects of the workplace. The Group also publishes internal newsletters about the upcoming events and development plan in order to keep all the staff up-to-date and engaged.

Employee Health and Safety

The Group is devoted to providing a safe working environment to its employees. The Group strictly complies with national and local laws, regulations and practice, including but not limited to the Laws of Hong Kong on Occupational Safety and Health Ordinance, the Laws of Hong Kong on Employees' Compensation Ordinance, the Law of the PRC on the Prevention and Control of Occupational Diseases, and the Occupational Health Safety and Health Act of Taiwan. During the Reporting Period, there was no material non-compliance in relation to health and safety laws and regulations.

The Group is committed to providing employees with a safe and comfortable work environment. To protect the health of employees, the Group undertakes a range of measures regularly, including cleaning and maintenance of air-conditioning systems, checking of water dispenser filters and fire detection systems, as well as pest control.

As a result of effective health and safety management, the Group was not aware of any work-related fatalities, lost days due to work injury and any violations of Hong Kong, PRC, and Taiwan health and safety laws and regulations during the Reporting Period.

DEVELOPMENT AND TRAINING

The Group deeply values the employees by investing in their development. The Group believes that a vibrant and competent workforce is indispensable in driving business growth. The Group provide a range of on-the-job training and relevant courses offered by external professional organizations, aiming to strengthen the employees' occupational and management skills, including training on occupational health and safety, technical and management skills, and ethical and code of conduct.

During the Reporting Period, the Group provided a total of 388 training hours to employees, representation a total of 80% of employees trained and an average training hour of 4.13. The details of staff training during the Reporting Period are as follows:

	% of employees trained	Average training hours per employee
By employee category		
Senior management	50%	15.00
Middle management	69%	5.54
Frontline & other staff	83%	3.32
By gender		
Male	87%	4.80
Female	68%	2.94

LABOUR STANDARDS

The Group has a responsibility to create an ethical and professional workplace that safeguard the employee's rights. Any form of child labour and forced labour is completely prohibited. The Group complies with relevant regulations including but not limited to the Laws of Hong Kong on Employment of Children Regulations, the Labour Law of the PRC, the Provisions on Prohibition of Child Labour of the PRC, and Chapter V, the Labor Standard Act of Taiwan.

To ensure compliance with regulations, the Human Resources Department of the Group requires shortlisted candidates to provide valid identity documents before confirmation of employment to ensure they are lawfully employable. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately, and the management and responsible person will be disciplined accordingly.

The Group is committed to creating an anti-discrimination and anti-harassment workplace for employees. In case of any suspicious discrimination and harassment, employees can complain to the Human Resources Department. The Group will conduct earnest investigation and take appropriate actions in relation to cases at our discretion. During the Reporting Period, no non-compliance with relevant laws and regulations relating to preventing child and forced labour had been identified.

2. OPERATING PRACTICE

SUPPLY CHAIN MANAGEMENT

Effective supply chain management is crucial for the Group's sustainable development. The Group recognizes the importance of maintaining stable and long-term supply and demand relationships. Therefore, the Group has implemented a rigorous procurement policy that includes a preliminary assessment of potential suppliers based on their compliance with relevant safety and environmental protection standards. The preliminary assessment process involves the following steps:

1. Screening potential suppliers
2. Checking whether suppliers have obtained any certifications related to product quality, safety, and environmental protection
3. Reviewing any historical negative news related to the supplier
4. Scrutinizing their product quality, production processes, and delivery capabilities
5. Seeking senior management approval of selected suppliers

During the Reporting Period, the Group engaged a total of 133 suppliers from Mainland China and 5 suppliers from Hong Kong for the raw materials and office electric gadgets.

PRODUCT RESPONSIBILITY

The Group places a high value on building lasting and trustworthy relationships with its customers. To ensure product quality, all products provided meet relevant international and domestic regulatory standards and industry practices. A feedback channel for prompt handling of customer queries, feedback, complaints, and after-sales service has been established and customer feedback is highly valued. In the event of any complaints, the Group conducts internal investigations using fair, transparent means and provides investigation results to customers. Appropriate remedial measures are then taken. To enhance competitiveness, the Group regularly spot-checks product quality and reviews customer opinions to identify opportunities for improvement.

During the Reporting Period, the Group did not experience significant product recalls for safety and health reasons. Additionally, there were no significant complaints regarding product quality. In the event of a product recall due to safety and health reasons, the Group will communicate with clients concerning the reasons for the recall and determine the most appropriate and viable solutions in response to the product recall cases. The Group is committed to making improvements to enhance not only product quality but also the customer experience.

Intellectual Property Rights

The Group is committed to protecting intellectual property rights and opposes any form of intellectual property infringement. Relevant provisions have been stipulated in the employee handbook to ensure strict implementation through corporate policies, systems, and processes.

The Group's Intellectual Property (the "IP") Policy is compliant with Trademark Law, and the Patent Law of the PRC, and regulates the implementation, maintenance, and continuous improvement of the Group's management of IP rights. The Group is committed to using third-party licensed rights and IP assets rightfully without violation of any applicable laws and regulations on IP infringement. As of 31 March 2024, the Unmanned Aerial Vehicles Business owned 4 patents. The detailed information on the patent application is as follows:

Patent type	Total
Innovation patents	3
Utility model patents	1

Consumer Data Protection

The Group acknowledges its responsibility to protect personal information and takes this responsibility seriously. The Group strictly adheres to the Laws of Hong Kong on Personal Data (Privacy) Ordinance and all relevant regulations. Detailed codes of conduct have been formulated to safeguard the privacy of customers and suppliers. All staff are required to follow these policies and written guidelines when collecting, processing, using, or accessing customer data. The Group prohibits staff from copying, communicating, or disclosing confidential information without authorization to prevent the risk of information leakage.

Advertising and Labelling

In full compliance with applicable laws and regulations, any marketing and promotional activities of the Group give a true description of the specifications and features of our products without containing exaggerated and misrepresented information.

ANTI-CORRUPTION

The Group places the highest value on integrity, honesty, and fairness throughout the organization and takes a firm stance against commercial bribery, extortion, fraud, and money laundering. The Group strictly adheres to all applicable laws, including but not limited to the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC, the Laws of Hong Kong on Prevention of Bribery Ordinance, and the Anti-Corruption Act of Taiwan. Acceptance of any form of advantage, such as gifts, discounts, loans, or contracts, from any business is prohibited. Rules related to employee conduct and the prohibition of conflicts of interest are outlined in the employee handbook.

The Group believes that an effective whistleblowing mechanism is essential for good governance and anti-corruption efforts. Therefore, the Group has established a whistleblowing mechanism that provides an open reporting channel for staff to report any suspected corruption, theft, fraud, or embezzlement cases for further investigation. Cases will be reported to the relevant government authorities, such as the Police or Independent Commission Against Corruption, for appropriate follow-up actions when necessary.

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

In addition, the Group has provided training regularly to all levels of staff, including directors, superiors and general staff, in order to equip them with an understanding of the latest regulations and best practices relating to anti-corruption, including but not limited to the national anticorruption policies and the Group's internal Code of Conduct. During the Reporting Period, the Group did not conduct any anti-corruption training.

Yet, the Group also ensures all directors are of high awareness on relevant anti-corruption laws and regulations. In the upcoming reporting year, the Group intends to provide anti-corruption training for general staff and directors to improve their understanding of business integrity and promote a culture of ethical business practices.

COMMUNITY INVESTMENT

The Group has not formulated policies regarding community engagement. Nevertheless, it attaches great importance to the responsibility to work in partnership with the local communities. Over the course of the Reporting Period, the Group did not participate in any community projects or engage in volunteering services. Moving forward, the Group will consider resuming its community activities and initiatives during the next reporting period.



State Energy Group International Assets Holdings Limited
國能集團國際資產控股有限公司