

NATIONAL ELECTRONICS HOLDINGS LIMITED

Stock Code: 213

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025

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1. ABOUT THIS REPORT

1.1 OVERVIEW OF OUR BUSINESS

National Electronics Holdings Limited ("the Company") is an investment holding company. The Company, along with its subsidiaries ("the Group"), is mainly engaged in the manufacturing, assembly and sale of electronic watches and watch parts; trading of watch movements and watch parts; residential and other property development and investment; and commercial property investment.

1.2 SCOPE OF THIS REPORT

This Environmental, Social and Governance ("ESG") Report covers the Group's initiatives and progress for the reporting period from 1 April 2024 to 31 March 2025. The scope covers the three main operating segments of the Group – manufacturing, assembly and sale of electronic watches and watch parts, and trading of watch movements and watch parts; residential and other property development and investment; and commercial property investment.

The reported environmental key performance indicators ("KPIs") cover the Group's principal operations in the three major business segments, including our five offices and four boutique investments (The Putman, 99 Bonham, The Jervois and One96) in Hong Kong, two offices in Canada, and our watch manufacturing facility in Shenzhen. We also report on the environmental KPIs of investment properties with activities or active construction activities performed by our contractors as listed below:

Project	Location	Nature	ESG data included
1 South Bay Close, Repulse Bay	Hong Kong	Residential	Y
House No. 1 and House No. 6, 45 Tai Tam Road	Hong Kong	Residential	Y
House No. 26, Le Palais, 8 Pak Pat Shan Road	Hong Kong	Residential	Y
Two parcels of land located at Yinkai Industrial Park, Nanning City	China	Industrial	N
Phase III of 88 Queen Street East, Toronto	Canada	Commercial and residential	Y
Apartment 306, Burlington Gate, London, U.K.	United Kingdom	Residential	Y
Apartment 503, Burlington Gate, London, U.K.	United Kingdom	Residential	Y

1.3 REPORTING REFERENCE AND SOURCE OF INFORMATION

This ESG report is prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Code ("ESG Reporting Code") in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Exchange"). For corporate governance provisions, please refer to the Annual Report 2025 of the Group.

The information disclosed in this report has been sourced from the Group's internal records and information collected from the construction contractors of our property development projects. The Group's management and the respective departments have confirmed all information in this report.

1.4 REPORTING PRINCIPLES

In the preparation of this ESG report, the Group follows the four reporting principles as set out in the ESG Code:

Reporting Principles	The Group's Application
Materiality	The Group focuses on matters that impact business growth and are of importance to our stakeholders. For more details, please refer to section "Our Approach".
Quantitative	Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies and assumptions used.
Balance	Information is disclosed as objectively as possible to provide stakeholders with an unbiased picture of our overall ESG performance.
Consistency	All KPIs' calculations and assumptions are consistent with previous years to allow meaningful comparisons. Reasons will be provided for any restating of information published in this report.

1.5 CONTACT

We strive to manage our stakeholders' best interests and address their concerns wherever possible. The Group values your feedback regarding our ESG report and sustainability performance. If you have any questions or comments regarding any part of this report, please contact us at info@nationalholdings.com.hk.

2. OUR APPROACH

2.1 THE BOARD STATEMENT

The Group adopts a top-down approach to ensure the effective implementation of ESG management measures. The Board facilitates the establishment of the Group's ESG objectives, priorities, and strategies with consideration of the ESG-related risks and opportunities.

The Board formulates the Group's ESG direction and management approach based on the importance of ESG issues to our operation and stakeholders. We have appointed an independent consultant to conduct a materiality assessment on our ESG issues. For details of the material assessment, please refer to the section "Materiality Assessment" in this report.

For effective leadership of our ESG progress, the Board will continue to monitor the ESG-related work and ensure that all departments work closely together to identify and manage ESG-related issues and collect quantitative and qualitative information to share our ESG progress with different stakeholders through the ESG report. Furthermore, the Board will regularly review the Group's ESG progress and goals to ensure they can meet and deal with the ever-changing business environment.

2.2 GOVERNANCE ON ESG MATTERS

ESG governance is embedded in our daily operation and management. Currently, ESG matters are managed by each business division, where each division is responsible for identifying, assessing, and mitigating current and potential ESG risks to seize opportunities for improvement. Business divisions report back to the head office on their ESG progress and performance annually, where dedicated personnel gather quantitative and qualitative information for the preparation of the ESG report with the help of a third-party consultant. Through this practice, the Board and management receive updates and provide feedback on the Group's ESG risks and opportunities, performance, and progress towards any target set.

2.3 STAKEHOLDER ENGAGEMENT

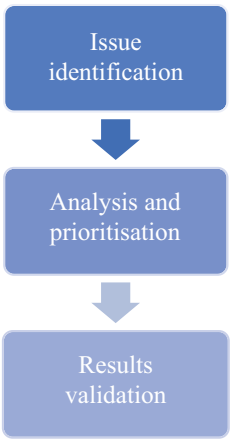
The Group endeavours to communicate openly and transparently with our stakeholders to ensure our ESG strategies and reporting meet their expectations. We believe encouraging sustainable practices with our stakeholders is vital to our community and business. This includes effective planning and management of ESG matters for all our stakeholders.

Our key stakeholders are our clients, employees, suppliers, contractors, and professionals engaged in our diverse business segments. We closely communicate with these stakeholders through various channels to understand their concerns and to determine how best to implement our ESG commitments into our policies and processes. We believe that our stakeholders play a crucial role in sustaining our business success and positive impacts on the community and the environment.

As we progress through our ESG journey, we will continue to actively work with our stakeholders to inform, include them in key decisions and seek their feedback that relates to our sustainability initiatives and policies. This extends to periodically reviewing our materiality issues as needed.

2.4 MATERIALITY ASSESSMENT

We previously conducted a materiality assessment with the assistance of a third-party consultant to identify and prioritise our list of important ESG issues. The specific steps in this materiality assessment were as follows:



With reference to the Exchange's ESG Reporting Code and international ESG reporting guidance, the existing list of potential ESG issues was revised and updated.

With the help of the third-party consultant, the list of potential ESG issues was reviewed and material issues to our operation were prioritised.

The preliminary list of identified material issues was validated by the management based on their understanding of the Group's operation, and is presented in this ESG report.

The material sustainability issues that were identified through the materiality assessment process are as follows:

Environmental issues	**Social issues**
Energy use	Health and safety
Water use	Labour practices
	Supply chain management
	Product responsibility
	Anti-corruption

3. ENVIRONMENT

The Group recognises the importance of good environmental stewardship and is firmly committed to protecting the environment. We integrate environmental considerations into our business operations and implement various initiatives to mitigate the direct environmental impact arising from our business operations.

Watch Manufacturing

In our watch manufacturing practice, we mainly source watch components and assemble them to create our final products. We do our best to reduce our impact on the environment through our process line, and have concluded that our major source of chemical wastes is the use of lubricants within our production line, as well as the air emissions generated from soldering. We have established an environmental management system, which assists us in managing our manufacturing procedures in an environmentally sustainable manner.

To mitigate adverse environmental impacts, we have implemented various mechanisms into our watch manufacturing business. We have both specific and broad targets for our watch business to ensure that environmental concerns are considered in our manufacturing process. We have introduced more eco-friendly product designs and processes, and we seek to understand and reduce our existing environmental footprint.

Residential and Other Property Development

Engaging closely with our contractors, vendors and other stakeholders is a key aspect of our property development business. Although it can sometimes be challenging to incorporate sustainable practices in construction, we are firmly committed to minimising any adverse impacts on the environment. For example, beginning with the design phase, we employ green building guidelines, such as BEAM[1] and LEED[2], for all new buildings. In all, we emphasise green features in every step of our property development process to demonstrate our commitment to sustainability and explore different opportunities such as increasing the property's asset value by encouraging the adoption of good social and environmental practices.

For instance, double insulated glass window panels are installed in our building structures, which reduce the amount of heat that can pass through the window. Our buildings also implemented green roof designs to reduce their environmental impact by leveraging the benefits of plants and green spaces.

Commercial Property Investment

The nature of the boutique investments can present some challenges when considering sustainable alternatives. This is especially prevalent when taking into account that boutique investments offer 24-hour service to guests. The two key areas of challenge in the operation of boutique investments are the use of resources and waste management.

Offices

Our offices make the same commitment to minimising negative environmental impacts as every other business segment of the Group. This is demonstrated by strict waste management and efficient resource use. To continue positively impacting the society, we also encourage our staff to follow the model of "Reuse, Reduce, and Recycle" in their daily lives.

1 Building Environmental Assessment Method (BEAM) is the Hong Kong rating tool for green buildings.

2 Leadership in Energy and Environmental Design (LEED) is a rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building and encourage market transformation towards sustainable design.

3.1 USE OF RESOURCES

As a responsible conglomerate, reducing energy consumption is a priority to the Group as they account for a significant proportion of our greenhouse gas ("GHG") emissions. Upon reflecting on our use of resources, we have concluded that electricity is the most substantial resource used in our operations. As part of our effort to minimise our environmental impact, we closely monitor our monthly electricity, water and fuel consumption, and those data allow us to analyse the areas to be improved.

Watch Manufacturing

We continue to minimise waste and the use of unnecessary resources in the manufacturing process. We set aspirational targets to challenge ourselves to continuously improve, aiming to reduce our electricity and water consumption by 10% compared to the previous year. Additionally, we are improving our employees' environmental awareness to encourage resource saving. Staff are encouraged to activate energy-saving mode on office equipment during working hours and turn off lights in unoccupied areas, with the goal of minimising energy consumption throughout our workplace operations.

Residential and Other Property Development

The environmental impacts of buildings over their lifetimes are determined by several factors, including materials, design, construction, use, and demolition. With material comprising a significant proportion of the building's environmental footprint, we are committed to reducing and reusing materials where practical. For example, we have implemented double insulated glass units as window panels to minimise heat permeation into our buildings, therefore reducing air conditioning costs. Further, to reduce the use of electricity during its use phase, we prioritise the use of LED lights over other lightings during the design phase. Occupancy sensors have also been implemented to control lightings, parking garages and corridors in some buildings to reduce energy consumption. In addition to optimising the resource consumption of the buildings, we also aim for a provision of at least 20% of greenery area for plants and trees in the common space of our property developments. Additionally, the Group is committed to reducing water consumption by implementing design features, such as water-saving fixtures and rainwater retention for flushing, together with various initiatives.

Commercial Property Investment

We are firmly committed to reducing the environmental footprint and have been launching environmental initiatives across our boutique investments. Our efforts depend significantly on the choices of our guests. Nevertheless, we encourage our guests to make use of the sustainable alternatives that we provide. We reduce the consumption of a substantial amount of resources by closing certain rooms and floors of our boutique investments when guest room utilisation is low. This policy assists in saving electricity, gas, and water.

To enhance energy efficiency, we adjust the temperature settings of our water heaters based on the surrounding ambient conditions, optimising energy consumption whilst maintaining guest comfort. We are also replacing emergency lighting with LED tubes and phasing in the replacement of Variable Refrigerant Volume (VRV) outdoor units in some of our boutique investments. These initiatives collectively support our commitment to minimising the environmental footprint.

Offices

We have implemented various green practices at our offices to enhance energy efficiency and reduce the production of general waste. These measures include the following:

- Keeping the air-conditioned room temperature at approximately 25°C;
- Switching off lights in unoccupied rooms and shutting down idle computers;
- Installing drinking water dispensers to reduce the use of bottled water;
- Switching to energy-saving mode for office equipment and electronic appliances after a period of inactivity;
- Recycling food wastage such as coffee grounds; and
- Adopting duplex printing and minimising the printing of documents by using electronic soft copies and communication channels whenever practicable.

3.2 EMISSIONS

Due to the nature of our operation, hazardous waste generation and air emissions have been identified as the two most significant environmental emissions in our business. In the following sections, we have provided a breakdown of these implications within each of our business segments.

3.2.1 Waste Management

Watch Manufacturing

Our watch manufacturing division is mainly involved in the assembly of watch parts into final products. We do not manufacture the components ourselves but work closely with suppliers who produce the watch parts. The assembly process generates minimal waste and pollution, with only a small amount of chemical waste generated comprising of waste batteries, spent oils and extracts from the lubricants used for machinery. Improper disposal of the chemicals and heavy metals in these wastes, such as mercury, lead, cadmium and nickel, may result in environmental contamination. Besides the chemical wastes, paper and plastic packaging wastes are also generated in the process.

In managing the wastes generated, we appoint licensed contractors to properly collect and dispose of hazardous and non-hazardous wastes and recycle packaging materials. We also have a clear separation between chemical and non-chemical wastes. Furthermore, all our staff have received proper training in correct separation, treatment, and disposal of such chemical waste.

In order to reduce the amount of chemical waste produced, we have transformed our production process technologically, upgraded our machinery, and used environmentally friendly raw materials.

Residential and Other Property Development

The primary sources of waste generation in our property development projects are construction and demolition wastes. To reduce such wastes, we seek to reuse and recycle them wherever possible. To achieve a reduction in waste output, our contractors have implemented management plans to guide waste disposal through effectively avoiding and reducing waste generation.

In Hong Kong, we avoid abortive works with careful design and planning to reduce construction waste. Timber planks will be reused whenever possible to lessen the production of waste materials.

In Canada, each of our contractors has implemented a construction waste management plan to reduce the amount of waste generated. The contractors are also responsible for the segregation of waste and planning for the recycling of materials.

Other than construction waste, chemical wastes such as paints and solvents are also generated during the construction process. The Group works closely with our contractors to ensure hazardous waste are properly managed and disposed. The handling of such chemical waste follows a management plan that complies with the relevant industry guidance and regulatory requirements.

Commercial Property Investment

Food waste and domestic waste from our guests are the two main categories of waste produced in our commercial property investment. By providing recycling bins, we encourage our guests to separate plastics, cans, and paper from the general waste to reduce landfill waste. Moreover, water dispensers and refillable toiletry bottles have been introduced throughout our guests' accommodation, fostering an eco-friendly and sustainable experience during their stay.

Main Office

The main office of the Group produces a minimal amount of waste considering the nature of its operation. It does, however, also endeavour to minimise and correctly dispose of any waste generated. This is achieved through adopting electronic methods for communication instead of paper-based methods, providing recycle bins to collect used paper, plastic bottles and packaging materials. We also use double-sided printing when hardcopies are necessary and reuse single-sided printed paper.

3.2.2 Air Emissions

Watch Manufacturing

In our watch manufacturing process, air emissions mainly come from soldering, volatile organic solvents and lube oil, and metal dust from cutting machinery. We have ensured air ventilation is adequate and have appointed a third-party agency to undertake routine inspections of our exhaust emissions. The testing parameters include lead, tin and non-methane hydrocarbons, which comply with the relevant provincial standards.

Residential and Other Property Development

The nature of construction works leads to some inevitable air pollution, particularly in the form of air and dust pollution. As we employ third-party contractors, we do not have direct control over the operation of the construction sites. However, to minimise the air emissions from our construction sites, we undertake routine checks and work closely with our contractors to ensure that they comply with all relevant environmental protection laws and regulations.

At our construction sites, regular inspections are conducted to ensure that plants and machinery are properly maintained to minimise air pollution. Dust suppression practices such as water spraying and wheel-washing facilities are also in place to lower the impact of dust emissions on the surrounding environment. Depending on the location of the development project, we comply with local air pollution requirements such as the Air Pollution Control Ordinance in Hong Kong or the Air Quality Regulation guidelines in Ontario, Canada.

3.2.3 Other Emissions

Watch Manufacturing

To effectively manage the noise emission in our watch manufacturing operation, the noise level is tested regularly to ensure it meets the environmental protection and industry-specific standards.

Residential and Other Property Development

Coupled with construction waste and air pollution are the noise emission and wastewater discharge at the construction sites, which could negatively impact the surrounding environment if not properly managed. While we do not perform the construction activities ourselves, we work closely with our contractors to properly manage the noise and wastewater discharge over the construction of our properties.

To mitigate the impact of construction noise on the surrounding environment, our contractors have followed the time and date specifications of noise permits or other local regulations on construction works. We have also implemented silenced construction plants at our construction sites and will ensure that machineries are kept in optimum condition to minimise noise generation.

For wastewater discharge, our contractors have followed relevant local regulations and monitored the quality of wastewater discharge to avoid contamination of public drains. In Hong Kong, sedimentation tanks are used to treat the wastewater before discharge. In Canada, wastewater is pumped into a portable storage tank to prevent runoff into the municipal sewers.

3.2.4 Regulatory Compliance

During the reporting period, we were not aware of any material non-compliance with laws and regulations relating to environmental emissions for our manufacturing factories, construction sites and operating properties including boutique investments.

3.3 CLIMATE CHANGE

The Group is aware of the effects of climate change, and it is crucial for us to respond to the climate change risks that may impact our business operations. Physical climate risks, such as extreme weather events, have the potential to damage the integrity of the Group's property projects and assets, and could interrupt our capability in delivery goods and services to our customers. While transition climate risks, including policy changes and shifts in market preferences, could also potentially increase operational costs and legal risk due to changes in policies.

To ensure that the Group remains vigilant in managing climate-related factors and risks, we closely monitor our emissions and continuously review and implement various climate change risk management initiatives across our operations. Please refer to the previous chapters of "Use of Resources" and "Emissions" for further information on the initiatives we undertook to reduce our GHG emissions and mitigate the impact of climate change.

3.4 ENVIRONMENTAL PERFORMANCE DATA TABLE

Group-level[3]	**Unit**	**2025**	**2024**
Total energy consumption[4]	GJ	13,750	13,963
Use of electricity[5]	kWh	3,094,932	3,133,130[5]
Use of heat[5]	kWh	2,734	2,817[5]
Use of towngas	unit	60,942	62,704
Use of diesel	litre	5,277	5,416
Use of gasoline	litre	5,266	6,354
Scope 1 GHG emissions[4]	tonnes CO_2e	182	192
Scope 2 GHG emissions[4]	tonnes CO_2e	1,848	2,183
Use of water	m^3	18,549	17,206
Solid hazardous waste disposal	tonne	Negligible	Negligible
Liquid hazardous waste disposal	litre	Negligible	Negligible

Construction projects[6]	**Unit**	**2025**	**2024**
Total energy consumption[4]	GJ	19,542	9,356
Use of electricity	kWh	3,490,906	748,595
Use of natural gas	m^3	186,448	179,488
Use of diesel	litre	3,750	4,628
Use of water	m^3	4,501	2,743

3 Excludes contractor consumptions at our property development sites, which are reported separately in the column "Construction projects".

4 Energy conversion factors and Emission factors for GHG emissions calculation are extracted from the following sources: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, UK Government GHG Conversion Factors for Company Reporting 2025 published by the Department for Energy Security and Net Zero in the UK, 2024 Canada's Emission factors and reference values published by Environment and Climate Change Canada, Government of Canada, the average emission factor of the national grid in 2022 announced by the Ministry of Ecology and Environment of the People's Republic of China, the customer-side emission factor of the electricity consumption announced by the Hong Kong Electric Company, and the Hong Kong Towngas GHG emissions data published in Towngas ESG Report 2024.

5 To improve the accuracy of our energy consumption data, we have updated our methodology this year to separately disclose heat usage. To ensure data comparability, we have also restated the relevant figures in FY2024 accordingly.

6 Due to the difference in project phase and completion of projects during the period, the year-on-year contractor consumptions are not directly comparable.

4. EMPLOYMENT AND LABOUR PRACTICE

We believe attracting and retaining talent is essential for the Group's long-term development. The Group abides by relevant laws and regulations throughout the recruitment and employment process and strives to provide a positive and safe work environment where our employees can grow. We also offer a competitive remuneration package and other additional benefits to reinforce our employees' sense of belonging.

4.1 RECRUITMENT AND EMPLOYEE BENEFITS

Talent Recruitment

The Group strives to create a fair and equal working environment for our employees. We are a proud equal-opportunity employer, and we welcome people from diverse backgrounds and skills. We also ensure that our employees are not discriminated against or harassed due to their gender, age, ethnicity, nationality, marital status, or religion.

To retain and motivate talent, the Group provide competitive remuneration packages to our employees for their contributions to the Group's growth and profitability. We apply a robust and transparent annual review process to ensure our remuneration packages accurately reflect our employees' contributions and performance.

Remuneration Package and Benefits

As an additional measure to reinforce our employees' sense of belonging and commitment, we offer our employees additional leave entitlements, including paid annual leave, sick leave, maternity leave and paternity leave.

We proactively support our staff's professional growth and encourage internal transfer and promotions where appropriate. The Group invests time and resources in employees' training and development to ensure our employees will have the breadth and depth of skills and knowledge to achieve the Group's business goals.

As a company, we are committed to keeping talent within the group and endeavour to promote within where we can. Promotion decisions would be made based on the merit, efficiency and ability of the respective employee to ensure fairness.

Building up an Atmosphere of Trust

In order to build a harmonic workplace, the Group encourages open, honest two-way communication within our internal systems with staff at all levels regularly.

We have undertaken many methods to obtain feedback from our employees, not only to understand their concerns but also to determine where and how the Group could improve. The primary form of communication we draw upon is through our line managers, whom we encourage to hold regular briefings with their teams. These regular briefings consist of not only counselling, performance reviews, and career guidance, but also provide a periodic platform in which both the team leader and the team can voice concerns, seek clarification, or share best practices. In addition to these meetings, employees can also directly express any questions or concerns to management or human resources should that be necessary.

We seek to protect our employees' well-being by encouraging a healthy work-life balance. A wide range of staff events, including but not limited to New Year and Christmas lunches, are organised to foster a happy working environment and facilitate a strong sense of comradery and teamwork.

Labour Standards

For employees' management, the Group strictly adheres to all local labour laws and regulations, including but not limited to the Labour Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labour and the Employment Ordinance of Hong Kong. We will promptly correct such deficiencies upon discovering any irregularity or failure to comply with such rules and regulations.

The Group abides by relevant laws and regulations prohibiting child and forced labour in all its operations. We perform stringent checking and control procedures in the onboarding process and have established mechanisms within the business structure to ensure that no underage labour is hired. For example, although we do not discriminate on age when processing prospective employees' applications, we ensure they are above the local legal employment age.

Furthermore, we respect human rights and ensure that all our employees are treated fairly and are not overworked. We encourage our staff to take regular breaks and rest days and enjoy all benefits and entitlements afforded to them through their employment agreements.

Employee composition (as at 31 March 2025)

Employee category		Number of employees	Turnover rate[7]
By gender	Male	84	38%
	Female	91	33%
By age group	Below 30	10	Not applicable
	30-50	66	30%
	Above 50	99	28%
By geographical region	Hong Kong	140	41%
	Mainland China	26	12%
	Canada	9	22%
By employment type	Full-time	151	18%
	Part-time	24	Not applicable

Regulatory compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to employment and child or forced labour.

4.2 HEALTH AND SAFETY

Creating a safe and well-supervised working environment is of utmost importance in our business units' day-to-day operations.

Watch Manufacturing

Although the manufacturing industry can present additional health and safety challenges, we pledge to foster a safe and healthy working environment for our staff. We strictly comply with local laws, regulations, and standards, including but not limited to the "Occupational exposure limits for hazardous agents in the workplace" and "Standards for drinking water quality" imposed by the Chinese government.

7 During the reporting period, the Group hired a significant number of part-time employees, leading to high turnover rates. In some employee categories, the headcount surpassed the year-end total, resulting in turnover rates exceeding 100%. These anomalies have been marked as "not applicable" in the data table.

4. EMPLOYMENT AND LABOUR PRACTICE

We continue to improve the health and safety in our operation and have implemented internal policies and referenced relevant best practices to conduct our businesses safely and socially responsibly.

To ensure the air quality in our operation, we conducted periodic indoor air quality monitoring and tracked the levels of the various chemicals used in our watch manufacturing. These chemicals include benzene, toluene, xylene, acetone, butanone and ethyl acetate.

Furthermore, we also conduct regular testing of our water to ensure that it is safe for consumption, and regularly monitor our machinery to ensure that there is an acceptable level of noise emission and ensure we do not cause excessive disturbance to our local community. We also provide protective masks and earplugs to protect our employees on the job.

To improve the health and safety awareness of our employees, we provide comprehensive training programmes that give them a thorough understanding of workplace risks and effective risk mitigation strategies. These include environmental, health and safety training, and first-aid courses provided by the Red Cross. Specialised training is tailored for watch manufacturing division employees, covering essential topics such as electrical safety, machinery operations, fire safety, environmental protection, hazardous chemical management, and personal safety.

We ensure the availability of first-aid kits throughout our workplace and closely monitor compliance with local health and safety regulations. In addition, we provide annual physical examinations to enable timely diagnosis and treatment of occupational health issues. In 2025, each watch manufacturing division staff member received 36 hours of environmental health and safety training.

We have no injuries to report from our watch manufacturing business during this reporting period.

Residential and Other Property Development

Similar to our watch manufacturing business, property development presents additional health and safety challenges and requirements that we are committed to meeting. As we outsource most aspects of our construction work, we actively communicate and collaborate with our vendors to develop and implement new initiatives to improve health and safety performance.

The Group only works with external vendors that align with our standards of good reputation and health and safety. We encourage our external vendors to strive for zero-accident goals for all construction projects by facilitating regular meetings and inspections. We have also implemented a compulsory temperature check at the entrances of all our construction sites.

Commercial Property Investment

In order to effectively lower our risks and ensure the safety of our staff and guests in the commercial property investment, we have captured all of our health and safety procedures and protocols in our Employee Handbook, which provides detailed guidance on how to approach any work-related injuries or health and safety-related challenges should they arise.

We ensure our staff receives robust and up-to-date health and safety training to maintain safety standards and encourage health and safety awareness in our commercial property investment. One of the trainings we conducted is regarding fire safety to equip our staff with the skills to do in the unlikely event of a fire.

We have also established clear protocols for how our staff should respond to a health and safety emergency. For example, our employees are required to immediately notify the front desk of the exact location of the smoke and fire and attempt to extinguish the fire with the nearest available fire extinguisher, provided that such action does not endanger oneself or others. Emergency services will be contacted when our commercial property investment cannot control an emergency.

During the reporting period, there was a total of 3 work-related injuries which resulted in 38 lost days.

Occupational health and safety statistics in 2025

Work-related fatality in the past three years (from FY2023 – FY2025)	0 person
Work-related injuries in 2025	3 persons
Lost days due to work-related injuries in 2025	38 days

Regulatory compliance

During the year under review, the Company was not aware of any non-compliance with laws and regulations relating to occupational health and safety.

4.3 DEVELOPMENT AND TRAINING

The Group strongly believes our people's professional growth is essential to our business's growth. We continue to provide quality training for our employees to develop and advance their careers in the Group.

Our onboarding process for new staff includes a comprehensive understanding of the Group's structure and policies. To ensure our skilled staff members are professionally trained and suitably qualified, we have formulated training courses tailored to different business operations. For example, employees who work at our watch manufacturing business will receive the relevant safety training relating to the role (such as machinery safety). At the same time, the staff in our commercial property investment receive English language and communication training to enhance service quality, along with essential training in information security.

Employee training statistics (as at 31 March 2025)

Employee category		Average hours trained	Percentage of employees trained
By gender	Male	8	35%
	Female	6	21%
By employee rank	Management	9	50%
	Non-management	6	23%

4. EMPLOYMENT AND LABOUR PRACTICE

4.4 ANTI-CORRUPTION

The Group is committed to achieving and maintaining the highest possible standards of openness, integrity and accountability. We attached great importance to anti-corruption and strictly complying with relevant jurisdiction laws and regulations.

We have a zero-tolerance policy against any form of bribery or corruption and require our staff to follow and adopt our high standards of integrity and ethics in both the internal and external aspects of their roles. In addition, our Code of Conduct ("Code") and Staff Handbook also set out professional and ethical standards, such as the importance of avoiding conflict of interest and safeguarding confidential information, for our employees to observe in all business dealings. During the year, 88 hours of training were offered to our employees to refresh their understanding on anti-corruption and bribery.

All directors and employees of the Company are required to avoid any situation that may involve a conflict between their personal interests and the Company's best interests. They are always obliged to promote the Company's best interest. If a conflict of interest arises or is likely to arise, the staff involved must promptly report to his or her supervisor or the Company's Audit and Risk Management Committee.

Directors and employees are responsible for safeguarding any confidential information they can access. No confidential information regarding the Company should be discussed with anyone outside the Company except where disclosure is needed to enable the Company to carry on its business.

Any employee contravening the Company's Code is liable to disciplinary action. Depending on the nature of the incident, misconduct may result in a verbal warning, written warning, or dismissal. We will report the offence to the appropriate authorities in certain situations. In addition, anti-corruption training is provided to management and general staff to raise their awareness regarding anti-corruption topics and build a culture of integrity.

Regulatory compliance

During the year under review, the Group was not aware of any material breach of laws and regulations relating to bribery, extortion, fraud, and money laundering.

The Group aims to deliver quality products and services that bring value to our customers. We have formulated various policies and quality control initiatives to manage and monitor our product quality and safety.

5.1 SECURING PRODUCTS AND SERVICES QUALITY

Watch Manufacturing

The Group is rigorously managing the quality specifications and quality assurance in our production processes. We are also committed to creating quality products and have obtained the ISO9001 certification for our watch manufacturing business.

Our projects are subjected to the following quality control testing:

– A series of inspections from parts to final products, regarding their appearance, packaging, specification, brand logo, etc., are conducted on a sampling basis; and

– If any defects are identified, the relevant product will be returned to the production house for assessments, with the reason for the defect investigated and recorded.

Customer feedback is crucial in helping us to understand their needs and enabling us to continue improving the quality of our products and services.

Residential and Other Property Development

We seek consultations from experts in all stages of all our property development projects. We approach each property design by considering the perspectives of those who will be the users at the end of the project. This point of view allows us to consider the practical outcomes of the designs we make during the construction process.

We simultaneously strive for supreme quality in the building of our properties as well as adhering to local health and safety laws and regulation guides. We encourage a company-wide culture in which everyone is responsible for making every workday healthy and safe.

The Group place high importance in managing the marketing and business development phase. In Hong Kong, we strictly abide by relevant regulations and guidelines such as the "Residential Properties (First-hand Sales) Ordinance" and the self-regulatory regime of the Real Estate Developers Association of Hong Kong. We employ third-party external property agents to assist in our properties' marketing and business development phase. Although we outsource this aspect of the process, we work closely with these agents to ensure that their implementations align with our policy. For example, the communication methods and content used by these agents must adhere to our standards and provide an accurate illustration of our projects. We also provide training to our employees in Canada to ensure compliance with the Personal Information Protection and Electronic Documents Act (PIPEDA), focusing on safeguarding personal information.

5. PRODUCT RESPONSIBILITY

Commercial Property Investment

Our commercial property investment apply a strict set of guidelines regarding the processing and protection of our guests' data. We comply with applicable legal requirements relating to collecting, processing, disclosing, and using personal data to ensure that our guests' data are kept safe and secure.

To promote awareness and responsibility among our employees, we have implemented regular training sessions focused on information security. These programmes are designed to educate our employees on the importance of cybersecurity and the potential threats to our information assets. Relevant guidelines are also provided in our Staff Handbook for employees' further clarification, alongside our incident response plans. Additionally, we have organised cybersecurity awareness training for new joiners to ensure a well-informed and vigilant workforce.

We also perform daily backups of all our systems and regularly conduct recovery drills to ensure we can effectively respond to system interruptions or cyberattacks. By integrating these practices into our operations, we strive to protect guest data and maintain the trust of our clientele. Our approach to data security is designed to provide a secure and reliable environment for our guests.

Regulatory compliance

During the year under review, the Company was not aware of any material non-compliance with laws and regulations relating to our products and services.

5.2 SUPPLY CHAIN MANAGEMENT

We use the services of many vendors and contractors through our different businesses, and it is very important to us that they also uphold high standards of safety, care and ethics. The Group regularly monitors and evaluates our suppliers' performance and implements different initiatives to enhance and manage our product quality. When selecting our suppliers, we consider price, quality, reputation, integrity and reliability amongst other factors, but we also analyse each supplier's ESG performance as well as their health and safety standards. We appoint suppliers and service providers based on strict ethical standards, which enhance the confidence of our customers. We hold our vendors to the same high ethical standards that we set for our staff.

During the reporting period, the Group has a total of 337 suppliers, with 285 of suppliers in Hong Kong and Mainland China.

Watch Manufacturing

Our watch manufacturing business relies on numerous suppliers to support our production and assembling of high-quality watches. To manage our supply chain effectively and efficiently, we have developed and implemented a number of policies to monitor and constantly improve our processes. Regular monitoring and evaluation are carried out to ensure the performance of our suppliers meets the Group's standards of ethics, health and safety and quality.

Residential and Other Property Development

The Group only work with reputable suppliers and has long-term partnerships with major contractors in Hong Kong to uphold our high standards of quality, ethics, environmental protection, and health and safety. For the year under review, we were not aware of any material violations regarding health and safety by our contractors.

Commercial Property Investment

Our commercial property investment also employ a variety of contractors that are also measured against high standards of quality, ethics, environmental protection and health and safety. The Group adopts a comprehensive set of procurement and tender procedures to ensure that related activities are carried out in a fair and transparent manner. Our procurement policies and procedures adhere to the following principles:

– There should be a genuine need for the goods and services;

– At least 2-3 quotations should be considered unless the required item is classified as a sole supply item;

– The procurement process should comply with relevant laws; and

– Adequate management controls should be undertaken to prevent and detect bribery, fraud or other malpractices in the process of procurement and tendering.

The Group will continue to develop and implement a range of initiatives to enhance the assessment and monitor the ESG performance of our suppliers across all business operations.

6. COMMUNITY INVESTMENT

The Group is committed to operating as a responsible citizen, actively supporting people in need and contributing to society. We encourage our employees to be active and generous members of our society through donations and participation in local events and programmes.

(I) Mandatory Disclosure Requirements		Sections/Remarks
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	2.1
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:	1.4
	Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	2.4
	Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	1.4
	Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	1.4
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	1.2

A. THE EXCHANGE'S ESG REPORTING CODE INDEX

(II) "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs		Sections/Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.2
KPI A1.1	The types of emissions and respective emissions data.	While we are not able to directly measure the total air emission, we ensure compliance to the relevant air emission level limits set by regulatory bodies.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Only a negligible amount of hazardous waste was generated and disposed of during the reporting period.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Non-hazardous waste is not a material ESG aspect of the Group.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	3.2 We have not set a direct target for GHG reduction but instead have set an electricity consumption target for our watch manufacturing business.

Subject Areas, Aspects, General Disclosures and KPIs		Sections/Remarks
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.2 Currently hazardous and non-hazardous wastes are not considered material to the Group and we have yet to collect and consolidate relevant information. We will continue to review and disclose further information as appropriate in the future.
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.1
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	3.4
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.4
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.1
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.1 There is no issue in sourcing water that is fit for purpose.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging material is not a material ESG aspect of the Group.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	3.1-3.2
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1-3.2

A. THE EXCHANGE'S ESG REPORTING CODE INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Sections/Remarks
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.3
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.3
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	4.1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	4.1
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2

Subject Areas, Aspects, General Disclosures and KPIs		Sections/Remarks
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.2
KPI B2.2	Lost days due to work injury.	4.2
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.2
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	4.3
KPI B3.2	The average training hours completed per employee by gender and employee category.	4.3
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.1
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.2
KPI B5.1	Number of suppliers by geographical region.	5.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.2

A. THE EXCHANGE'S ESG REPORTING CODE INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Sections/Remarks
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.2
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	–
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	5.1
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	–
KPI B6.4	Description of quality assurance process and recall procedures.	5.1
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.1
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.4

Subject Areas, Aspects, General Disclosures and KPIs		Sections/Remarks
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.4
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	–
KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.4
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	–
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	–