龍翼航空
MAJESTIC DRAGON

龍翼航空科技控股有限公司
MAJESTIC DRAGON AEROTECH HOLDINGS LIMITED

(formerly known as State Energy Group International Assets Holdings Limited)
（前稱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

2025/26

環境、社會及管治報告
ENVIRONMENTAL,SOCIAL AND GOVERNANCE REPORT

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SCOPE AND REPORTING PERIOD

MAJESTIC DRAGON AEROTECH HOLDINGS LIMITED (hereinafter the "**Group**", or the "**Majestic Dragon**") 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 2025 to 31 March 2026 (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 vehicle parts ("**Unmanned Aerial Vehicle Parts Business**"), trading, distribution, and processing of timepieces and accessories ("**Timepieces and Accessories Business**") in Hong Kong and the People's Republic of China ("**PRC**") 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
- Longyi Aviation Technology Co., Ltd

The Report provides both qualitative and quantitative information regarding Majestic Dragon's approach, initiatives, and priorities in managing material 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.

REPORTING PRINCIPLES

The preparation of the ESG Report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section entitled "Stakeholder Engagement and Materiality" in the Report.

Quantitative – KPIs have been established and are measurable and applicable to make meaningful comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance – the Group's performance is presented in an unbiased and impartial manner. Omissions, if unavoidable, are explained.

Consistency – consistent statistical methodologies and KPI formats are applied to facilitate meaningful historical comparisons.

SUSTAINABILITY GOVERNANCE

In recent years, sustainability has gained significant importance, driven by global awareness of climate change, human rights, and social justice issues. The Chinese government's goal to reach carbon peak by 2030 and carbon neutrality by 2060, along with Hong Kong's commitment to achieving carbon neutrality before 2050, underscores the urgency of addressing environmental challenges. As a socially responsible company focused on promoting business development and delivering long-term returns for shareholders, the Group has integrated sustainability into its operations and policy framework.

The Board of Directors (the "**Board**") is tasked with overseeing the Group's overall ESG strategies, measures, and performance, ensuring that these strategies are embedded within business operations. The Board is responsible for identifying and assessing critical business and ESG risks and opportunities. ESG initiatives are implemented by the management team, which ensures effective ESG risk management and a robust internal control system, thereby driving sustainable development. ESG topics and performance are reviewed and evaluated during annual meetings, and the Group is committed to continuously enhancing its ESG performance to support sustainable development.

SUSTAINABILITY APPROACH AND STRATEGY

The Board recognizes the significance of sustainability in the Group's operations and is dedicated to integrating ESG principles into its business strategies. The Group strictly adheres to laws and regulations related to safety, environmental protection, and occupational health and safety. The Group consults a professional ESG consultant firm and adopts their recommendations. Additionally, the Group remains vigilant regarding legal and regulatory updates to ensure compliance with increasingly stringent regulations.

The Group has established several sustainability-related targets, including waste reduction and air emission reduction goals from the last Reporting Period. Setting these targets not only measures the Group's performance and progress but also facilitates business growth and creates long-term value for stakeholders. The implementation of ESG-related targets is closely monitored through meetings, inspections, and assessments, with progress reviewed at least annually.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

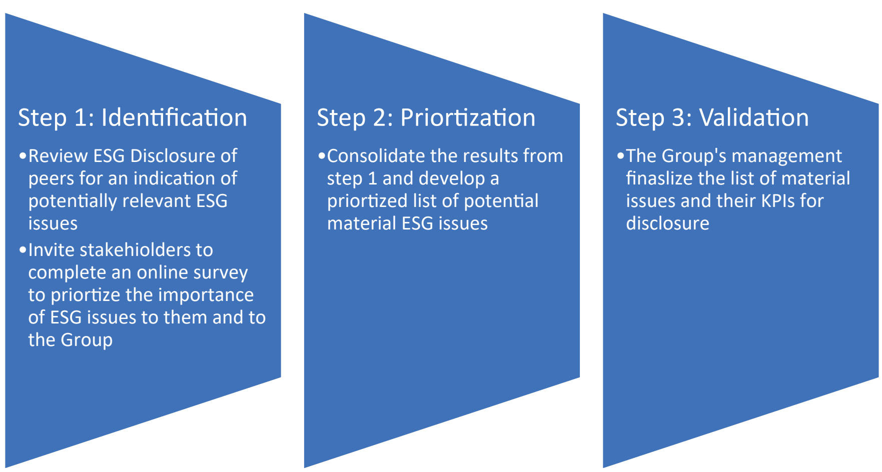
The Group values all insights and opinions from our stakeholders and is committed to responding to their concerns. Through engagement with the stakeholders, the Group is able to improve its performance in sustainable development and take concrete actions. The Group has launched various measures to maintain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

Stakeholders	Communication Channel
Shareholders	• Shareholders' annual and general meeting • Annual, interim and ESG reports • Circulars and press release • Company's website
Customers	• Customer services hotline • Email and telephone • Social media • Direct contact with customers
Suppliers	• Supplier review and assessment • Supplier meetings – Email and telephone

Stakeholders	Communication Channel
Government	• General liaison • Seminars and conference
Community	• Campaigns and seminars • Website and social media • Press releases and conferences
Internal stakeholders – management and employees	• 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, shareholders, senior management, frontline staff, suppliers, clients, and third-party consultants to gain further insights on ESG material aspects and challenges.

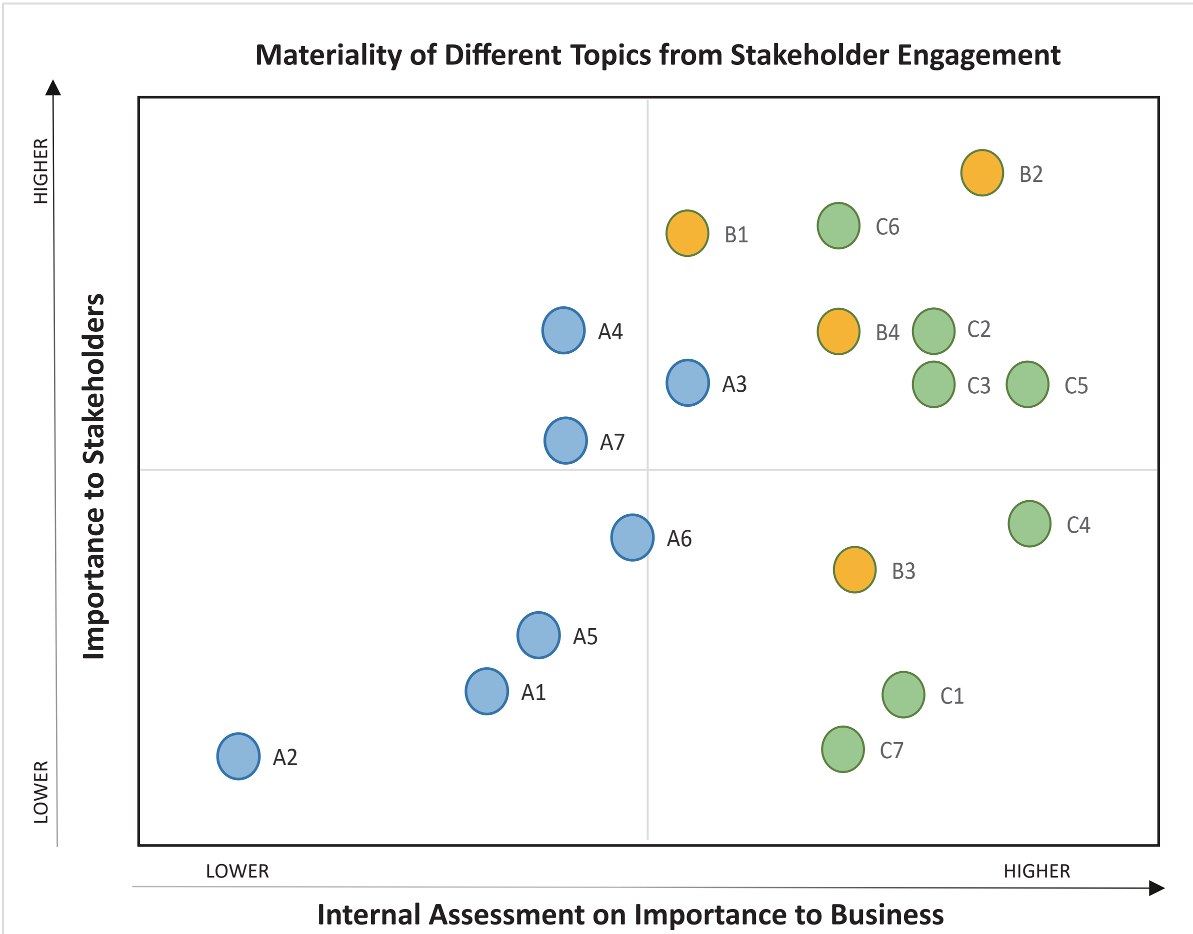
The Group has evaluated the materiality and importance in ESG aspects through the following steps:



In addition to the above, the Group has also incorporated the concept of double materiality into its materiality assessment process for the Reporting Period. Double materiality comprises impact materiality, which considers actual and potential positive or negative impacts on people and the environment connected to the Group's operations, products, services, and value chain; as well as financial materiality, which considers sustainability-related risks and opportunities that could reasonably be expected to influence the Group's financial position, performance, cash flows, access to finance, or cost of capital over the short, medium, and long term. In line with the European Sustainability Reporting Standards ("**ESRS**"), this assessment shall cover the Group's own operations, as well as its upstream and downstream value chain.

MATERIALITY MATRIX

The Materiality Matrix below shows the results of the Group's materiality assessment process:



A. Environmental		B. Employees		C. Operational	
Energy	A1	Employment	B1	Supplier Management	C1
Water	A2	Occupational Health and Safety	B2	Intellectual Property	C2
Air Emission	A3	Development and Training	B3	Data Protection	C3
Waste and Effluent	A4	Labour Standards	B4	Customer Service	C4
Other Raw Materials Consumption	A5			Product/Service Quality	C5
Environmental Protection Measures	A6			Anti-corruption	C6
Climate Change	A7			Community Investment	C7

Apart from engaging the Group's stakeholders and incorporating double materiality in the materiality assessment process, the Board and the management of the Group have assessed the actual and potential impacts that could have on the Group's operations. This assessment is based on external professional's advice, the Materiality Finder of SASB Standards, and the list of sustainability matters in ESRS 1 AR 16. The assessment also considered the financial implications of identified impacts, dependencies, and regulatory developments, evaluating their potential effects on financial performance, cash flows, and cost of capital over short, medium, and long term horizons.

Among the environmental and social aspects, the following topics are identified as the most important material issues based on stakeholder engagement and Board assessment:

- Occupational Health and Safety
- Anti-corruption
- Intellectual Property
- Labour Standards
- Data Protection
- Product/Service Quality
- Employment
- Air Emission

These aspects are strictly managed through the Group's established policies and guidelines. Detailed management of these aspects is outlined in the sections below. The Group is committed to maintaining open communication with stakeholders to better understand their expectations and perspectives regarding our ESG approach.

STAKEHOLDERS' FEEDBACK

The Group greatly values the opinions of its stakeholders and encourages readers to reach out through the contact methods provided below. Your feedback will help the Group enhance this Report and improve its overall ESG performance. This Report will be published in both English and Chinese; in the event of any discrepancies between the two versions, the English version shall prevail.

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Phone: +852 2123 8461
Email: enquiry@mdaerotech.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

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

During the Reporting Period, the Group's primary emissions originated from the Unmanned Aerial Vehicle Parts Business, primarily due to the use of private cars, private vans, and other mobile machinery. These vehicles consumed a total of 6,336.57 litres of petrol and 4,262.71 litres of diesel, contributing to the Group's overall air emissions. There was a noticeable increase in air emissions, which may be attributed to the rising demand for freight services. Below is a breakdown of the air emissions for the Reporting Period:

Air emissions	Annual total (kg)
Sulphur oxides ("SO_x")	0.16
Nitrogen oxides ("NO_x")	161.52
Particulate matters ("PM")	15.56

GREENHOUSE GAS (GHG) EMISSIONS

During the Reporting Period, the Group's GHG emissions were contributed by:

– Scope 1 – Direct Emissions from operations that are owned by or controlled by the Group;

– Scope 2 –"Energy indirect" emissions resulting from the generation of purchased electricity consumed within the Group; and

– Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

Furthermore, while the scale of operations continues to expand, the Group is establishing better channels to collect, trace, and monitor the total amount of GHG emission emitted. As to gain a more comprehensively understanding of Scope 3 emissions connected to the Group's value chain, the Group shall also disclose 15 reporting categories of Scope 3 emissions where applicable to the Group's operations from this Reporting Period onward.

The Group has selected its measurement approach, inputs, and assumptions for calculating GHG emissions based on a principle of alignment with established regulatory frameworks and authoritative sources to ensure consistency, comparability, and reliability. The approach has been chosen to:

1. **Comply with Regulatory Expectations**: The Group primarily references the methodologies and emission factors set out by the HKEX, including Appendix C2 of the Main Board Listing Rules and their referred documentation, to ensure adherence to local disclosure requirements and to enable valid comparisons under appropriate conditions.

2. **Utilize Internationally Recognized Standards:** For Scope 3 emissions, the Group aligns its reporting with the "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", which is a globally accepted framework for value chain emissions accounting. The Group has also referenced the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by the Greenhouse Gas Protocol to calculate its Scope 3 GHG emissions.

3. **Apply Credible and Geographically Relevant Data Sources:** Where HKEX-published factors are unavailable, the Group uses authoritative sources specific to its primary region of operation (Mainland China). These sources include the Ministry of Ecology and Environment of the People's Republic of China (which provides the emission factor for purchased electricity from the National Grid of the PRC). These sources are selected for their scientific credibility, public availability, and relevance to the Group's operational context, thereby increasing the accuracy of its emissions inventory.

The Group's operations resulted in emissions of 363.68 tonnes of carbon dioxide equivalent (tCO2e), which includes carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons. This translates to an emission intensity of 4.33 tonnes per person. Notably, there was a significant increase from the last reporting period (1.30 tCO_2e per person). This rise can be attributed to the rapid growth of the Unmanned Aerial Vehicle Parts Business and the heightened demand for freight services. Also, the Group has disclosed more Scope 3 categories in this reporting year.

Scope of Greenhouse gas emissions[1]	**Emission sources**	**2025/26 (in tCO_2e)**	**2024/25 (in tCO_2e)**
Scope 1 Direct emissions [2]	Petrol	16.91	22.95
	Diesel	11.53	28.07
Scope 2 Indirect emissions	Purchased electricity[3]	193.34	84.94
Scope 3 Other indirect emissions[4,5]	Category 1: Purchased goods and services	139.42	NA
	Category 3: Electricity used for processing fresh and sewage water by government departments/ third parties	0.81	0.96
	Category 5: Paper waste disposed at landfills	1.67	0.91
Total[6]		363.68	137.83
Intensity (tCO_2e/person)		4.33	1.30

Note 1: Emission factors were referred to Appendix C2 to the Listing Rules and their referred documentation as set out by the Stock Exchange unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.

Note 2: Emission for the combustion of natural gas in stationary source was calculated with emission factors from Greenhouse Gas Protocol Calculation Tool – GHG Emissions from Stationary Combustion (Chinese fuel).

Note 3: According to The Ministry of Ecology and Environment of People's Republic of China: Emission factor of 0.5777 tCO2e/MWh was used for purchased electricity from the National Grid of the PRC in 2025.

Note 4: Scope 3 GHG emissions were calculated based on available emission factors referred by Appendix 2 of "How to Prepare an ESG Report" set out by the Stock Exchange, as well as based on the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by Greenhouse Gas Protocol, unless stated otherwise.

Note 5: Data for other categories of scope 3 emissions have not yet been collected, and the Group currently does not have the capability to conduct data collection for these categories; however, the Group shall endeavour to dedicate resources to complete scope 3 emissions disclosure in due time.

Note 6: Total GHG Emissions may not equal total sum of emission sources due to rounding errors.

EMISSION REDUCTION TARGET PERFORMANCE AND REVIEW

Due to the disclosure of additional Scope 3 categories, which has led to a corresponding increase in reported GHG emissions, the Group has decided to use the GHG emission performance of the 2025/26 reporting period as a new baseline (4.33 tCO2e per person), and aim for a 10% of reduction by 2033, thus establishing a more practical and achievable target moving forward.

This target is informed by the latest international agreement on climate change, including the Paris Agreement, an international accord to limit global warming, as well as the national target of carbon neutrality by 2060. This target has not been validated by a third party. It is a gross target for the reduction of emissions without taking into account potential offsets further reducing the net impact. Although the Group does not need to rely on carbon credits to hit its targets, a future implementation of those would further reduce the impact.

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 packaging waste, and general office waste. The summary is as follows.

Non-hazardous waste (kg)	2025/26	2024/25
Paper waste	NA	180
Packaging waste	720	300
General office waste	300	500
Total non-hazardous waste intensity (kg/person)	12.14	9.24

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

With the introduction of the Unmanned Aerial Vehicle Parts Business, the Group established a 10-year reduction target in the previous reporting period. Specifically, we aim to reduce non-hazardous waste intensity by 10% by 2033, using the 2023/24 levels as our baseline.

During the Reporting Period, the Group's non-hazardous waste intensity was recorded at 12.14 kg/person, representing an increase of 2.90 kg/person. To manage and reduce waste, we actively collect, sort, and recycle packaging materials internally to maximise our recycling rate. To minimise general office waste, we implement a "reduce, reuse, and recycle" approach, which includes initiatives such as promoting paperless offices, digitising documents, reusing paper for printing, defaulting to double-sided and black-and-white printing, and encouraging the recycling of wastepaper, plastic bottles, and aluminium cans in the workplace. Additionally, we raise 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 the Energy Conservation Law of the PRC.

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 total energy consumption of 433,440 kWh. This represents an approximate 62% increase in energy consumption intensity compared to the previous Reporting Period. This significant rise is primarily due to the rapid growth of the Unmanned Aerial Vehicle Parts Business, which has greatly influenced the overall increase in the Group's electricity usage. Specifically, this growth entailed relocating to larger office premises and commencing the operation of two low-altitude economic education and training centres in Tonghua City and Jining City during the year, both of which have contributed materially to the elevated energy demand.

Despite this increase, the Group is committed to optimizing office space usage and exploring opportunities to convert properties from office environments to warehouses. These initiatives aim to enhance energy efficiency and reduce overall energy consumption across the Group's operations.

Energy Consumption Sources (kWh)	2025/26	2024/25
Petrol	56,156	76,216
Diesel	42,619	102,002
Electricity	334,665	158,882
Total Energy Consumption	433,440	337,100
Intensity (kWh/person)	5,160	3,180

ENERGY USE EFFICIENCY INITIATIVES

The Group is committed to using energy efficiently to manage our environmental impacts. The Group targets to reduce 10% electricity consumption by 2033, as compared to 2023/24 baseline, 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.

WATER CONSUMPTION

During the Reporting Period, the Group consumed a total of 1,754 m^3 of fresh water. The intensity of this water usage was 20.88 m^3 per person. Water usage intensity increased from 13.85 m^3 per person to 20.88 m^3 per person, representing an increase of approximately 51%. This is because higher usage from UAV expansion (new offices and two training centres) coupled with staff reductions. There were no issues in sourcing adequate water supplies during the Reporting Period.

WATER USE EFFICIENCY INITIATIVES

Given the nature of the Group's business, water usage is primarily limited to that consumed by employees in the offices. Although the overall water usage is minimal, the Group remains committed to promoting water conservation through various efficiency initiatives. These initiatives include:

- Educating employees on the importance of water conservation
- Encouraging employees to opt for brewed beverages or filtered water instead of bottled water in the workplace
- Installing high-efficiency water equipment and implementing related recycling programs

PACKAGING MATERIAL

The Group did not generate packaging waste through its operations during the Reporting Period.

THE ENVIRONMENT AND NATURAL RESOURCES

SIGNIFICANT IMPACTS OF ACTIVITIES ON THE ENVIRONMENT

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

To ensure the long-term sustainability of its operations, the Group complies with all relevant regulations, rules, and international standards related to environmental protection. Furthermore, it 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 impacts, the Group has adopted various energy and resource-saving measures, as detailed in the "A1. Emissions" and "A2. Use of Resources" sections. This includes establishing and closely monitoring reduction targets for greenhouse gas emissions, waste, and energy consumption.

Recognizing the potential environmental impacts of its operations, the Group takes proactive measures to mitigate environmental damage while ensuring full compliance with all applicable laws and regulations.

CLIMATE CHANGE

CLIMATE CHANGE GOVERNANCE

The Board is committed to managing the risks associated with climate change by integrating ESG considerations, including climate-related issues, into the corporate governance process. This integration enhances board-level oversight and guides management in addressing climate risks within existing business operations and their impact on the Group's overall strategy.

Climate-related risk management has been incorporated into the Group's risk management system. The Board is responsible for monitoring the effectiveness of this management approach, discussing and reporting on climate-related risks, and formulating necessary measures during Board meetings. Plans are developed based on identified risks to strengthen the Group's capacity to respond to the negative impacts of extreme weather events.

The Group is dedicated to ensuring the continuity of production and operations while safeguarding public security and the safety of employees and their property. For more detailed information about the Group's ESG governance, please refer to the "Sustainability Governance" and "Sustainability Approach and Strategy" sections.

CLIMATE RISK IDENTIFICATION

In alignment with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks are classified into two primary categories: physical risks and transition risks. The Group has conducted a thorough analysis to identify various climate-related risks that could impact its business operations. These include acute physical risks, chronic physical risks, legal and policy risks, technology risks, and reputational risks.

To assess the potential effects of these climate-related risks on its value chain, the Group has evaluated the likelihood and severity of each risk. This assessment enables the Group to gauge the level of risk associated with each identified climate-related concern.

By proactively identifying and managing these climate-related risks, the Group seeks to protect its business operations and bolster its resilience against climate change. This strategy ensures that the Group is well-equipped to handle the challenges posed by climate-related disruptions, thereby supporting the long-term sustainability of its operations.

Time Span	Years	Definition
Short-term	1-5	Covers the period during which the Group faces severe and rapidly emerging climate risks. The focus of short-term strategies is to address the most urgent threats and implement gradual recovery measures.
Medium-term	5-10	During this period, the Group must organize and consolidate its short-term climate risk management, creating a deeper impact across its business operations and value chain.
Long-term	10 or more	This period extends to the long-term, systemic impacts of climate change that the Group must address. Structural changes can be made in the long run to mitigate and adapt to profound climate effects.

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

The Group has identified relevant climate-related risks and assessed their potential financial impacts. The climate risks identified, their time horizon, risk level, and the potential impacts on business and value chain affecting the Group are shown below.

Climate risk type	Time horizon	Implication on business	Impact on value chain	Risk level
Physical Risk				
Acute physical risk	Short term	Increased severity and frequency of extreme weather affect daily operation and disrupt supply chain. Reduced revenue and increased maintenance cost.	Extreme weather (typhoons, floods) disrupts logistics and damages infrastructure, interrupting the supply of raw materials (e.g., fabrics, UAV components) and finished goods from Mainland China suppliers, leading to production delays for garment and UAV parts businesses.	Medium
Chronic physical risk	Medium to long term	Rising temperature increases energy use and equipment maintenance cost.	Prolonged heat increases cooling needs at subcontractor facilities, potentially affecting working conditions and production efficiency in the supply chain; however, impact is limited given office-based nature of the Group.	Low

Climate risk type	Time horizon	Implication on business	Impact on value chain	Risk level
Transition risk				
Market and reputation risk	Long term	Shifting consumer preference to a more sustainable fashion may lead to an increased operation cost	Customers may require low-carbon or certified sustainable materials from the Group's sourcing and subcontracting partners, raising procurement costs and compliance burden across the value chain. Non-compliance with Mainland China's dual-carbon goals by upstream suppliers could indirectly expose the Group to reputational risk if publicly associated with high-emission partners.	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	Suppliers may need to adopt low-emission manufacturing technologies (e.g., for UAV parts or garment processing), which could increase component costs and require closer supplier monitoring under the Group's procurement policy.	Low
Policy and Legal	Medium to long term	Stricter climate disclosure rules (e.g., HKEX enhanced TCFD requirements) and potential carbon pricing in Mainland China could increase compliance and operating costs.	Regulations may require supply chain due diligence on carbon emissions, especially for subcontractors in garment and UAV parts production, raising monitoring costs.	Medium

Climate change opportunity	Time horizon	Current and Anticipated Impacts on Value Chain and Business Model	Current and Anticipated Strategies/Responses to Address the Opportunity
Market Expansion			
The digitalization of information	Short term	• The increasing demand for Unmanned Aerial Vehicle ("**UAV**") technology in various sectors, such as agriculture, logistics, and surveillance, presents opportunities for market expansion. This growth can lead to higher revenues and profitability. Suppliers of electronic components and raw materials will also see higher demand. • The adoption of drones for environmental monitoring and conservation efforts can enhance the Group's reputation and open new revenue streams while contributing to sustainability goals.	• Continue investing in UAV parts R&D and protect innovations through patents. • Strengthen supplier selection to ensure quality and sustainability. • Promote UAV solutions for environmental protection to attract ESG-conscious clients. • Align with national carbon neutrality goals to gain policy support.

ANTICIPATED FINANCIAL IMPACTS

The Group recognizes that climate-related risks may impact its financial position within the UAV industry. Anticipated extreme heat events could affect operational consumption metrics and lead to increased costs in the supply chain, potentially diminishing production efficiency and cost control, which may lower financial performance. Furthermore, cash flow could decrease due to the necessity for increased investments aimed at addressing climate risks and maintaining business operations.

Considering the Group's strategies for managing climate-related risks and opportunities, we anticipate changes in financial performance over the short, medium, and long term. The Group plans to enhance its control measures and investments focused on improving energy efficiency and reducing carbon emissions. The Group has adopted capabilities relief for the disclosure of anticipated financial effects from climate-related risks and opportunities for the Reporting Period and will provide quantifiable financial information in the future.

CLIMATE CHANGE SCENARIOS

The Group has analysed the major impacts that the UAV industry may encounter under the climate scenarios suggested by the HKEX.[1].

Climate Scenario	Global Average Temperature Increase	Major Impacts
Turquoise	Projected to rise approximately 1.7˚C by 2060 and approximately 1.8˚C by 2100.	– -Increased demand for eco-friendly UAV technologies and low-emission supply chain. – Growth in the market for sustainable drone applications, such as environmental monitoring. – Enhanced focus on integrating circular economy practices in UAV manufacturing.
Brown	Projected to rise approximately 2.4˚C by 2060 and approximately 4.4˚C by 2100.	– Heightened risk of regulatory non-compliance, resulting in potential financial penalties for UAV operations. – Disruption of supply chains due to extreme weather events affecting component availability. – Increased operational costs associated with carbon pricing and regulatory compliance in the UAV sector.

[1] HKEX. (2021). Guidance on climate disclosures. Hong Kong Exchanges and Clearing Limited. https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/guidance_climate_disclosures_c.pdf

The Group has adopted capabilities relief for the in-depth assessment and analysis of its strategy and business model to climate-related changes, developments, and uncertainties for the Reporting Period, and will perform a detailed climate-related scenario analysis in the future.

COMMITMENT TO A SUSTAINABLE TRANSITION

The Group's operations in Hong Kong align with the goal of achieving carbon neutrality by 2050, as outlined in the "Hong Kong Climate Action Blueprint 2050." In Mainland China, the Group is dedicated to supporting Mainland China's dual carbon goal of reaching peak carbon emissions by 2030 and achieving carbon neutrality by 2060.

Given the primarily office-based nature of our operations, we assess that our exposure to climate change risks is relatively low. Currently, the Group does not utilize carbon credits or implement internal carbon pricing (ICP), nor do we incorporate climate-related considerations into our remuneration policy. However, by actively exploring sustainable UAV technologies and services, the Group aims to reduce long-term operational costs and enhance market competitiveness, while progressively mitigating climate-related financial risks in the coming years.

METRICS AND TARGETS

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group regularly monitors and reviews the following aspects and their corresponding indicators. The Group has also set targets on reducing GHG emissions and energy consumption as detailed in the sections "Emissions Reduction Target Performance and Review" and "Energy Management" of this report.

Aspects	Indicators
Carbon emissions	Scope 1, Scope 2, Scope 3 GHG emissions (in tCO_{2eq}), total GHG emissions (in tCO_{2eq}) and the GHG emission intensity (in (in tCO_{2eq}/m^2) as shown in the section "Greenhouse Gas Emissions" of this ESG report.
Energy and resources utilisation	Energy consumption (in kWh) and its intensities (in kWh/m^2) as shown in the section "Energy Management" of this report.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks and climate-related physical risks. The Group will provide quantifiable financial information on the above-mentioned disclosures, including amount and percentage of assets or business activities vulnerable to risks in the future.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities. The Group will provide quantifiable financial information, including amount and percentage of assets or business activities aligned with opportunities in the future.

During the Reporting Period, the Group has yet to deploy capital expenditure, financing, or investment towards climate-related risks and opportunities.

As of the end of the Reporting Period, the Group does not apply a carbon price in its decision-making process, nor does the Group factor climate-related considerations into its remuneration policy.

The Group has yet to include industry-based metrics, nor applied cross-industry metrics for its disclosure topics.

B. SOCIAL

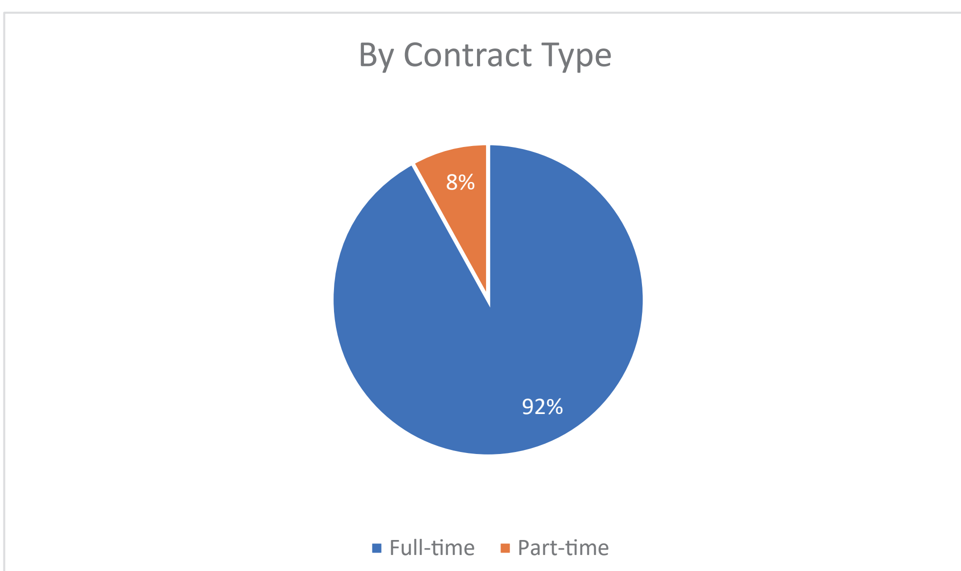
1. EMPLOYMENT AND LABOUR PRACTICES

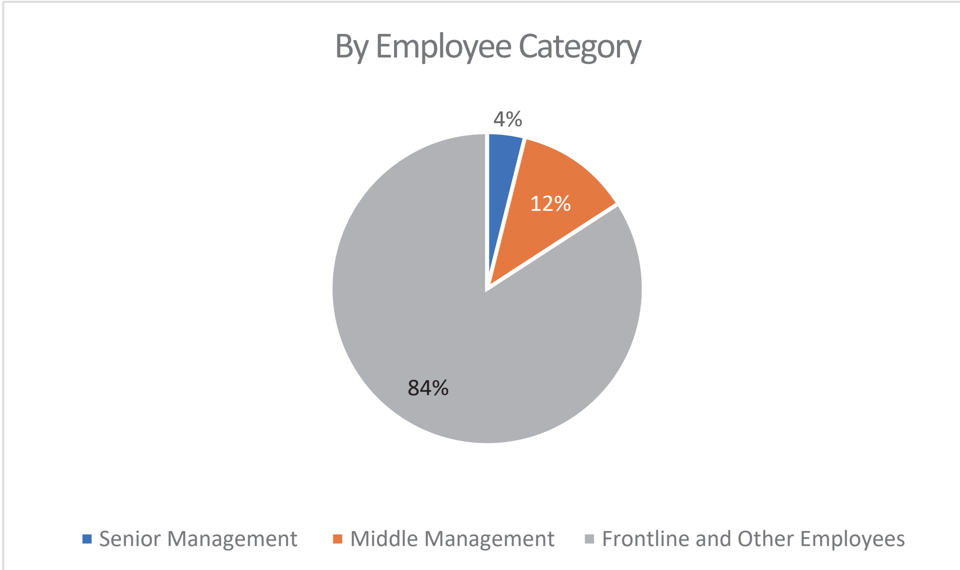
The Group recognizes that employees are its most valuable assets and is committed to fostering a respectful and collaborative work environment. We strictly adhere to all relevant labour laws and regulations governing employment and labour practices. This includes compliance with the Employment Ordinance, Employees' Compensation Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, and Race Discrimination Ordinance in Hong Kong, as well as the Labor Law, Labor Contract Law, Social Insurance Law, Law on the Protection of Rights and Interests of Women, Law on the Protection of Minors, and Law on the Protection of Disabled Persons in the PRC.

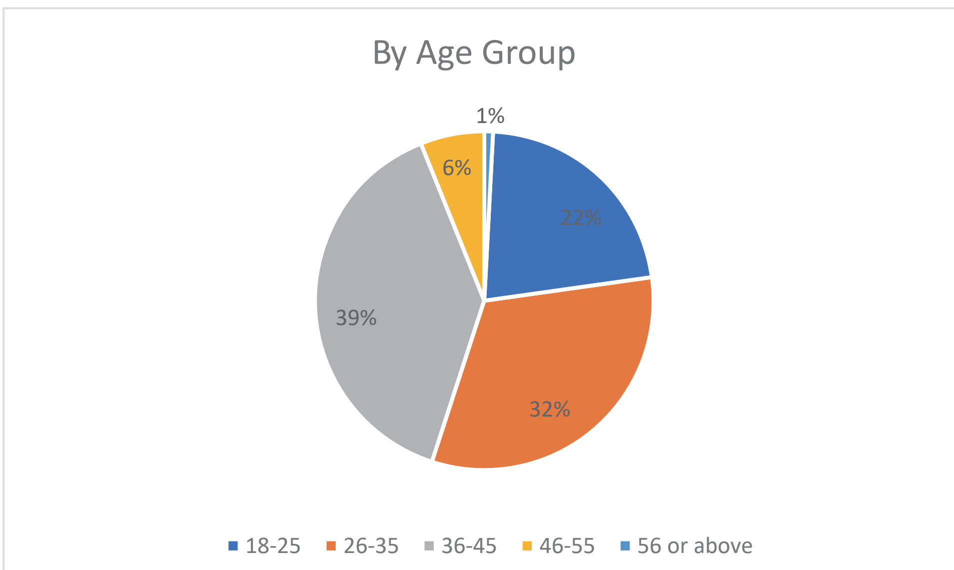
During the Reporting Period, the Group was not aware of any material non-compliance with applicable employment laws and regulations. We are dedicated to upholding these standards to ensure the welfare and rights of our employees.

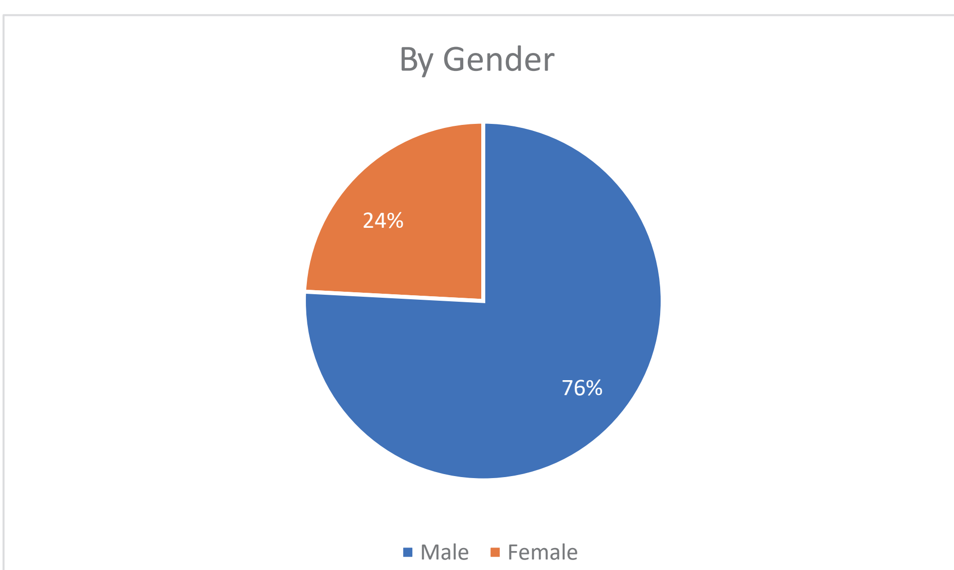
EMPLOYMENT

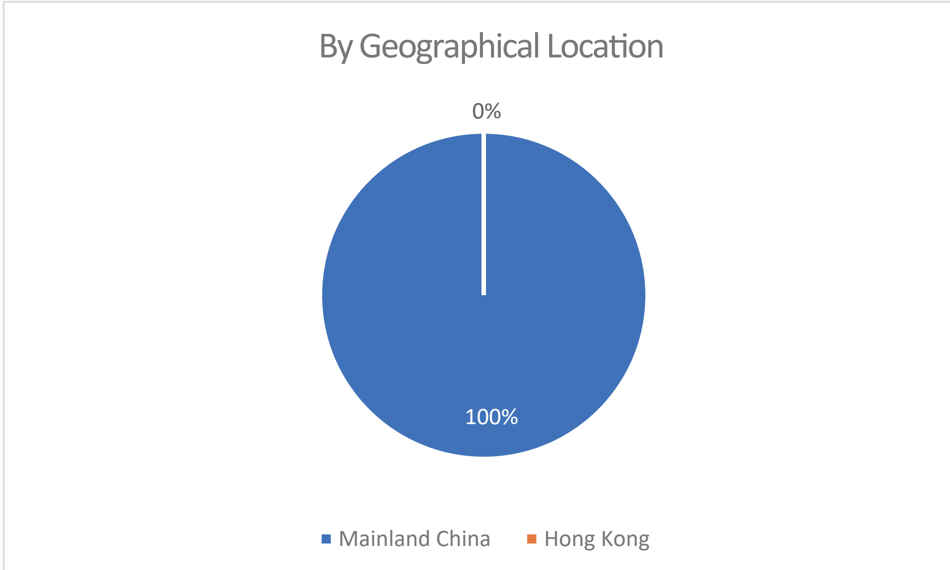
The Group had a total number of 84 employees as of 31 March 2026. As of the end of the Reporting Period, the total workforce by contract type, employment category, age group, gender, and geographical locations are as follows.




By Employee Category
4%
12%
84%
Senior Management
Middle Management
Frontline and Other Employees

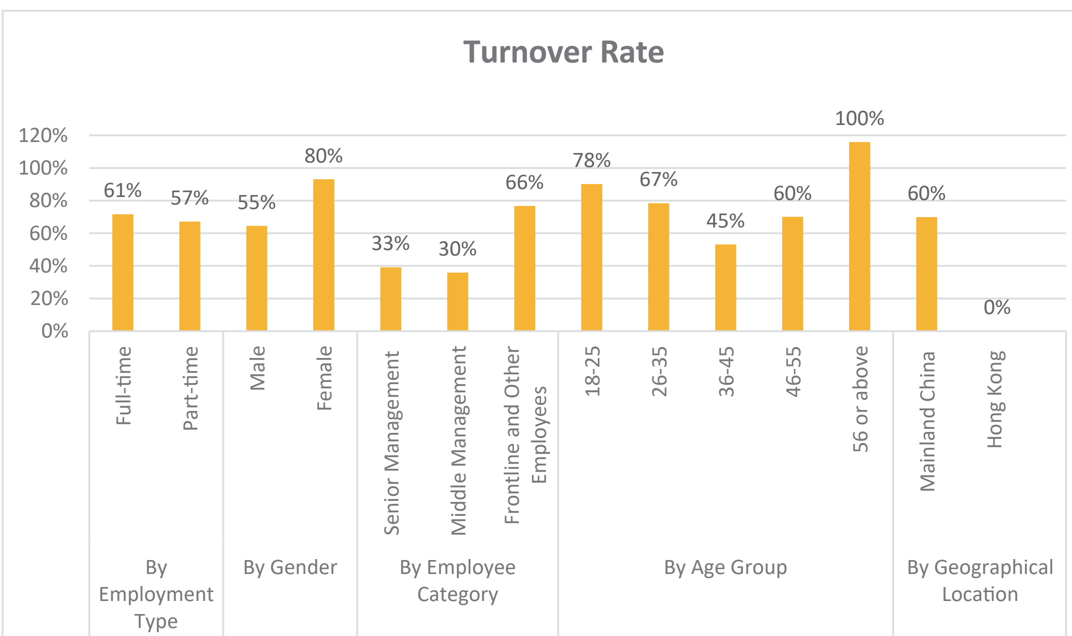

By Age Group
1%
6%
22%
39%
32%
18-25
26-35
36-45
46-55
56 or above


By Gender
24%
76%
Male
Female



Turnover

During the Reporting Period, a total number of 51 employees left the Group, representing an annual turnover rate of 61%. The employee turnover rate by gender, age group and employee category, and geographic location in the Reporting Period are as follows:



Recruitment and Dismissal

The Group is committed to creating value for both our employees and the organization. We adhere to recruitment procedures guided by relevant laws and regulations, ensuring equal opportunities for all applicants and employees. Discrimination based on age, race, religion, disability, gender, sexual orientation, marital status, social stratum, or political background is strictly prohibited.

Our recruitment decisions are made based on candidates' experience, competencies, and qualifications, in line with our principle of equal opportunity. The Group's employee handbook outlines the terms and conditions of employment, expectations for employee conduct and behavior, as well as rights and benefits. It also includes mechanisms for processing employee resignations and retirements.

Equal Opportunity

The Group is dedicated to promoting the principle of equal opportunity, ensuring that all individuals are free from biased assumptions. During recruitment, promotion, and transfer processes, we evaluate candidates and employees based on their knowledge, skills, and qualifications, rather than factors such as gender, marital status, ethnicity, or religion. We are committed to fostering a workplace that is free from discrimination and harassment. The Group will conduct thorough investigations and take appropriate action in response to any incidents of discrimination or harassment, as deemed necessary.

Remuneration and Benefit

To attract and retain high-caliber talent, the Group offers competitive remuneration packages and fringe benefits that align with employees' experience and responsibilities. Employees receive a basic salary, statutory holidays, and various types of paid leave, including sick leave, annual leave, parental leave, and medical insurance. Additionally, discretionary bonuses may be awarded at the management's discretion. To ensure that our compensation and benefits policies comply with applicable laws and effectively evaluate employee performance, the Group has established an internal management system that is reviewed regularly. Recognizing the importance of employees' contributions to our business success, we adjust salaries annually based on performance appraisals and market studies.

Staff Communication

Effective communication is vital for sharing ideas and fostering connections between the Group and our employees. We offer a variety of communication channels to engage with our staff. Regular face-to-face meetings and informal chats provide opportunities for employees to share feedback and exchange insights on various aspects of the workplace. Additionally, the Group publishes internal newsletters to inform staff about upcoming events and development plans, ensuring that everyone stays updated and engaged.

EMPLOYEE HEALTH AND SAFETY

The Group is committed to providing a safe working environment for all employees. We strictly adhere to national and local laws, regulations, and best practices, including the Occupational Safety and Health Ordinance in Hong Kong, the Employees' Compensation Ordinance and the Law of the PRC on the Prevention and Control of Occupational Diseases. During the Reporting Period, there were no material instances of non-compliance with health and safety laws and regulations.

To ensure a safe and comfortable workplace, the Group implements a range of measures, including regular cleaning and maintenance of air-conditioning systems, checking water dispenser filters, inspecting fire detection systems, and conducting pest control.

Employee Health and Safety Data	
Number of work fatalities	0
Fatality rate	0%
Cases that contributed to >3 lost working days	1
Work injury cases that contributed to ≤3 lost working days	0
Lost days due to work injury	106

DEVELOPMENT AND TRAINING

The Group places a high value on its employees by investing in their development, recognizing that a vibrant and skilled workforce is essential for driving business growth. We offer a range of on-the-job training and relevant courses provided by external professional organizations, aimed at enhancing employees' occupational and management skills. This includes training in occupational health and safety, technical skills, management practices, and ethical conduct.

During the Reporting Period, the Group facilitated a total of 1,008 training hours, representing 100% of our employees who received training and an average of 12 training hours per employee. The training courses provided included:

- Occupational Health and Safety
- Anti-corruption

	% of employees trained	Average training hours per employee
By employee category		
Senior management	100%	12.00
Middle Management	100%	12.00
Frontline & other staff	100%	12.00
By gender		
Male	100%	12.00
Female	100%	12.00

LABOUR STANDARDS

The Group is committed to fostering an ethical and professional workplace that safeguards employees' rights. Any form of child labour and forced labour is strictly prohibited. We comply with all relevant regulations, including the Employment of Children Regulations in Hong Kong, the Labour Law of the PRC and the Provisions on Prohibition of Child Labour in the PRC.

To ensure compliance with these regulations, the Human Resources Department requires shortlisted candidates to present valid identification documents prior to employment confirmation, ensuring they are legally eligible for work. Any instance of child labour or forced labour discovered will result in immediate dismissal of the individual involved, and disciplinary actions will be taken against management and responsible parties.

The Group is also dedicated to maintaining a workplace free from discrimination and harassment. Employees are encouraged to report any suspected incidents to the Human Resources Department, which will conduct thorough investigations and take appropriate actions as necessary. During the Reporting Period, no instances of non-compliance with laws and regulations related to preventing child and forced labour were identified.

2. OPERATING PRACTICE

SUPPLY CHAIN MANAGEMENT

Effective supply chain management is essential for the Group's sustainable development. We recognize the importance of maintaining stable and long-term relationships between supply and demand. To this end, 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 includes the following steps:

1. Screening potential suppliers.
2. Verifying whether suppliers have obtained certifications related to product quality, safety, and environmental protection.
3. Reviewing any historical negative reports concerning the supplier.
4. Evaluating their product quality, production processes, and delivery capabilities.
5. Obtaining senior management approval for selected suppliers.

During the Reporting Period, the Group engaged a total of 151 suppliers from Mainland China and Hong Kong for raw materials and office electronic devices.

PRODUCT RESPONSIBILITY

The Group values building lasting and trustworthy relationships with its customers. To ensure product quality, all products comply with relevant international and domestic regulatory standards and industry best practices. We have established a feedback channel for promptly addressing customer inquiries, feedback, complaints, and after-sales service, valuing customer input highly.

In the event of complaints, the Group conducts thorough internal investigations using fair and transparent methods, providing customers with the results of these investigations. Appropriate remedial measures are then implemented. To enhance our competitiveness, we regularly conduct spot checks on product quality and review customer feedback to identify opportunities for improvement.

During the Reporting Period, the Group did not experience any significant product recalls related to safety and health issues, nor were there notable complaints regarding product quality. Should a product recall occur due to safety and health concerns, the Group will communicate with clients regarding the reasons for the recall and determine the most appropriate solutions.

The Group is committed to continually improving product quality and enhancing the overall 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 2026, the Group gained 13 new patents, including 5 innovation patents, 2 utility model patents, and 6 design patents. The detailed information of the Group's accumulated patents is as follows:

Patent type	Total
Innovation patents	19
Utility model patents	43
Design patents	51
Total	113

Consumer Data Protection

The Group recognizes its responsibility to protect personal information and takes this obligation seriously. We strictly adhere to the Laws of Hong Kong regarding the Personal Data (Privacy) Ordinance and all relevant regulations. Comprehensive codes of conduct have been developed to safeguard the privacy of our customers and suppliers. All staff members are required to follow these policies and written guidelines when collecting, processing, using, or accessing customer data. The Group prohibits unauthorized copying, communication, or disclosure of confidential information to mitigate the risk of data leakage.

Advertising and Labelling

In full compliance with applicable laws and regulations, all marketing and promotional activities undertaken by the Group provide an accurate description of our products' specifications and features, avoiding any exaggerated or misleading information.

ANTI-CORRUPTION

The Group places the highest value on integrity, honesty, and fairness throughout the organization and maintains a firm stance against commercial bribery, extortion, fraud, and money laundering. We strictly adhere to all applicable laws, including the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance in Hong Kong. The acceptance of any form of advantage, such as gifts, discounts, loans, or contracts from any business entity, is strictly prohibited. Employee conduct and rules regarding conflicts of interest are clearly outlined in the employee handbook.

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

During the Reporting Period, there were no legal cases related to corrupt practices against the Group or its employees.

Additionally, the Group regularly provides updated information to all levels of staff, including directors and general employees, to ensure they understand the latest regulations and best practices related to anti-corruption, including national policies and the Group's internal Code of Conduct. While no specific anti-corruption training was conducted during the Reporting Period, we ensure that all directors are well-informed about relevant laws and regulations.

In the upcoming reporting year, the Group plans to implement anti-corruption training for general staff and directors to enhance their understanding of business integrity and foster a culture of ethical business practices.

COMMUNITY INVESTMENT

While the Group has not yet established formal policies regarding community engagement, we recognize the importance of partnering with local communities. During the Reporting Period, the Group did not participate in any community projects or volunteer services.

Looking ahead, the Group is committed to exploring opportunities to resume community activities and initiatives in the next reporting period.

龍翼航空
MAJESTIC DRAGON

龍翼航空科技控股有限公司
MAJESTIC DRAGON AEROTECH HOLDINGS LIMITED