EXPERT SYSTEMS HOLDINGS LIMITED
思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：8319

Large Language Model

GenAI

AI

Chatbot

2024

Environment, Social
and Governance Report

Environmental, Social and Governance Report 2024

INTRODUCTION

Expert Systems Holdings Limited (the "Company"), and its subsidiaries (collectively, the "Group", or "we") is one of the regional leading technology and innovation companies. We are principally engaged in the provision of information technology ("IT") infrastructure solutions, IT infrastructure management services and in the development and provision of artificial intelligent ("AI") products and AI solutions for corporate and institutional customers in the Asia-Pacific region.

This Environmental, Social and Governance ("ESG") Report (the "ESG Report") summarises the Group's ESG initiatives, plans, and performances, and demonstrates its commitment to sustainable development. The Group adheres to the ESG management principles of sustainable development and is committed to effectively and responsibly handling the ESG affairs of the Group. We take ESG as the core part of our business strategies because we believe this is the key to our continued success in the future. With the aim to align with the goal of carbon neutralisation of the governments in the Group's operating locations and to fulfil the Group's commitment to environmental protection, the Group has set targets to enhance its performance on greenhouse gas ("GHG") emissions, energy efficiency, water consumption and waste management. The Group believes setting ESG-related targets can enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to have a clearer understanding of the ESG performance of the Group. Different measures and initiatives are implemented at the aims of achieving these targets.

ESG Governance Structure

To develop systematic management of the ESG issues, the Group has established an ESG Taskforce (the "Taskforce"), consisting of personnel from various departments. The board of directors ("Board") of the Company holds the overall responsibility for the Group's ESG issues as well as for ensuring the effectiveness of the Group's risk management and internal control systems. With the assistance of ESG professionals, the Board are equipped with the skills, experience and knowledge needed for overseeing the ESG strategies of the Group. The Board discusses the Group's ESG-related matters at least annually. In particular, the Board is accountable for setting forth ESG management approaches, strategies, policies, and objectives, prioritising ESG issues, reviewing the Group's ESG performance, and approving disclosures in the Group's ESG reports with the assistance of the Taskforce.

The Taskforce plays an important role in for facilitating the Board's oversight of ESG issues. They are responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, tracking and reviewing the progress made against the Group's ESG-related targets, ensuring compliance with ESG-related laws and regulations, conducting materiality assessment of ESG issues and preparing ESG reports. The Taskforce arranges meetings at least annually to evaluate the effectiveness of current policies and procedures, including the ESG-related targets and their progress, and formulates appropriate solutions to enhance the overall ESG performance. In addition, the Taskforce reports ESG-related matters, such as the result of reviewing ESG-related target, to the Board at least annually for the evaluation and subsequent implementation or revision of the Group's ESG strategies and management approaches, and to ensure appropriate risk management on ESG issues.

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ABOUT THE REPORT

Reporting Scope

This ESG Report covers the Group's business operations at offices and warehouses in China (including Mainland China, Hong Kong, Macau and Taiwan) and other parts of the Asia-Pacific region (including Singapore, Malaysia, Japan, Korea and Australia), which is in line with the Company's 2024 annual report. There is no material change in reporting scope compared with the financial year ended 31 March 2023 ("FY2023"). The Group will continue to assess the major ESG aspects of different businesses and extend the scope of disclosure when and where applicable.

Reporting Framework

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 of the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report in the Company's 2024 annual report.

Reporting Period

This ESG Report describes the ESG activities, challenges, and measures being taken during the financial year ended 31 March 2024 (the "Reporting Year" or "FY2024").

Reporting Principles

During the preparation of this ESG Report, the Group has applied the reporting principles in the ESG Reporting Guide as follows:

Materiality: Materiality assessment was conducted to identify material ESG issues during the Reporting Year, thereby adopting the confirmed material ESG issues as the focus for the preparation of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board and the Taskforce. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The standards, methodologies and applicable assumptions used in the calculation of key performance indicators ("KPIs") data were supplemented by explanatory notes.

Balance: This ESG Report is prepared under an unbiased reporting approach, which discloses the Group's ESG achievements, the challenges it has focused as well as the Group's response to address them in a fair and transparent manner.

Consistency: Unless otherwise stated, the preparation approaches of this ESG Report are consistent with the previous year for meaningful comparison. If there are any changes in the calculation methodologies in this ESG Report that may affect the comparison with previous report, explanations will be provided to the corresponding data.

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OUR SUSTAINABILITY GOALS

The announcement of the United Nations Sustainable Development Goals ("SDGs") in 2015 had inspired us, as a corporate citizen to support the development priorities by integrating related goals into our business strategies. To demonstrate our commitment to the SDGs, we have identified 3 specific SDGs that connect mostly with our business nature and vision. The followings are the three potential areas that we believe we can support and contribute to the SDGs and the realisation of sustainable development.

SDG5 Achieve gender equality and empower all women and girls

Gender disparity is the easiest to spot in the IT industry, and this can be traced back to the misbelief that the industry is male-dominant and the perpetuated influence of the stereotype that IT is not for women. Despite the fallacies, the Group continues to uphold gender equality and is committed to contribution on SDG5, especially the target to end all forms of discrimination against all women and girls everywhere. During the Reporting Year, we have an over 29% female representation. This is achieved by recognising the importance of creating and maintaining an inclusive working culture in our workplace and implementing female-friendly incentives.

SDG8 Build a safe, healthy, fair and inclusive working environment

The Group dedicates to protect labour rights and promote safe and secure working environments for all workers of SDG8. We are committed to the abolition of child labour and elimination of all forms of forced or compulsory labour. We strive to maintain a safe workplace for all employees, promote economic growth and create job opportunities for the younger generations. Related policies such as Employment Policy and Health and Safety Policy have been implemented and are periodically reviewed with reference to the industry best practices. With relevant measures and policies, we are not aware of any material non-compliance with related laws and regulations and our employees enjoy work-life balance in a safe, fair and inclusive working environment. Please refer to the sections headed "Employment" and "Health and Safety" for further details.

SDG9 Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

We strive to contribute ourselves to the overall improvement and enhancement of cyber security by designing cyber security solutions which tailor to the needs and priorities of our corporate and institutional customers. Our Cyber Security Team continuously provide support to safeguarding customers from different cyber security concerns such as hacker attack and data loss in order to protect their IT properties such as network, systems, and cloud services. This does not only contribute to the growth of the overall IT ecosystem, but also improves the economic performance. We believe that by enhancing the growth of the overall IT ecosystem, we can dedicate to the target to increase access to information and communications technology of SDG9.

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STAKEHOLDER ENGAGEMENT

The Group places great emphasis on stakeholders and their opinions on the business and ESG issues of the Group. To understand and respond to stakeholders' concerns, the Group stays in close communication with key stakeholders including customers and business partners, shareholders and investors, staff, suppliers, regulatory bodies and government authorities, media, non-governmental organisations and the public. We will continue to increase the involvement of stakeholders via constructive conversation to chart a course for long-term prosperity. The Group's communication channels with the key stakeholders and their respective concerns are summarised as follows:

Stakeholders	Communication Channels	Concerns
Customers and business partners	• Customer support hotline and email • Sales team • Workshops and webinars • Customer satisfaction survey	• Privacy protection • Business integrity and ethics • Workplace effectiveness and efficiency
Shareholders and investors	• Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website and email	• Corporate governance system • Business strategies and performance • Financial results • Investment returns
Staff	• Channels for staff to express opinions (e.g. internal meetings and emails) • Regular performance reviews • Training, seminars and briefing sessions	• Career development • Occupational health and safety • Remuneration and benefits • Equal opportunities
Suppliers	• Procurement team • Supplier management meetings and events	• Fair tendering • Business ethics and reputation
Regulatory bodies and government authorities	• Compliance officer • Statutory filings and notification	• Compliance with rules and laws • Implementation of policies
Media, non-governmental organisations and public	• Community activities • ESG reports • Media • External public relations company	• Giving back to society • Environmental protection • Social welfare • Occupational health and safety

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

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MATERIALITY ASSESSMENT

In accordance with the result of internal review and industry standard, the Group has identified ESG issues that are material to the Group. The Group comprehensively assessed the importance of each issue based on the level of influence on stakeholders' assessments and decisions as well as the level of significance of economic, environmental, and social impacts by conducting the survey and collecting the feedback from the stakeholders. The materiality assessment result was used to determine the focus of disclosure in the ESG Report and formulate the Group's ESG strategies. The Group will continue to conduct the materiality assessment in order to analyse its business risks, enhance the relevance of the ESG reports and respond to stakeholders' expectations. The following matrix is a summary of the Group's material ESG issues.

MATERIALITY MATRIX
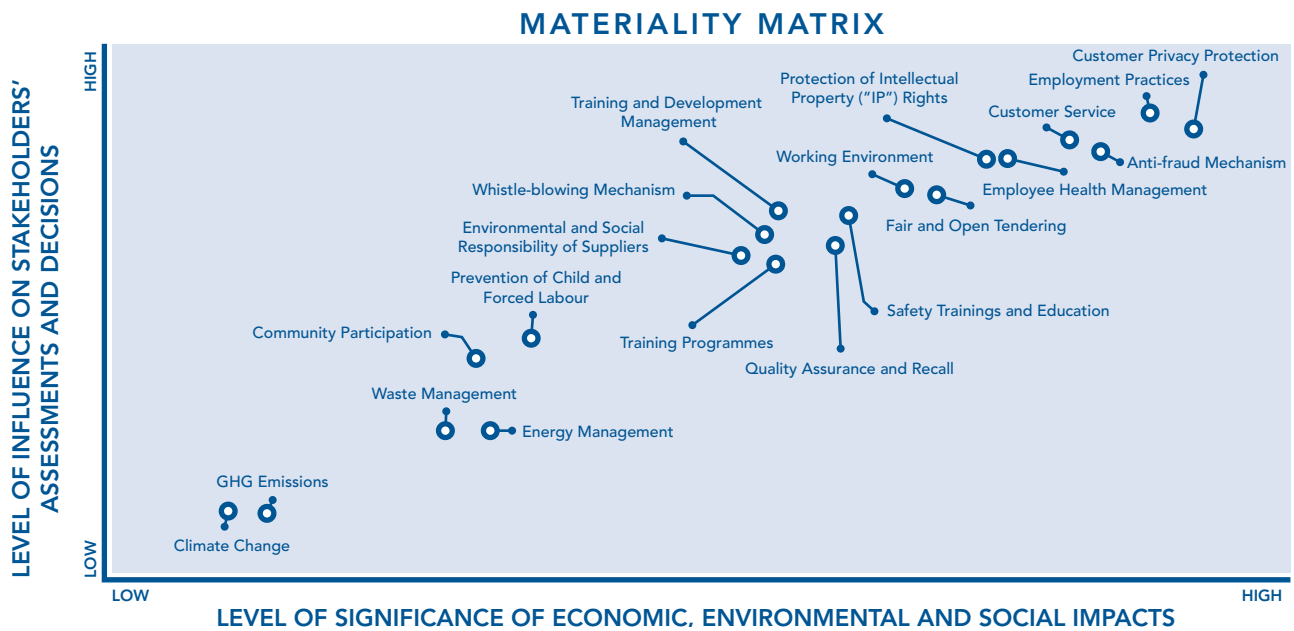
The most concerned material ESG issues of the Group are employment practices and customer privacy protection, customer service, anti-fraud mechanism, protection of IP rights and employee health management.

We regard the result of the materiality assessment to be an important indicator for our future planning and policy design in the ESG aspects. We aim to enhance the Group's ESG strategies and strive to drive continuous improvement in sustainable development.

During the Reporting Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the information disclosed in the ESG Report complies with the "comply or explain" provision of the ESG Reporting Guide.

CONTACT US

We welcome comments and suggestions from our stakeholders. We are pleased to receive your valuable feedback on the ESG Report and/or our sustainability performance. Please feel free to share your feedback by email at enquiry@expertsystems.com.hk.

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A. ENVIRONMENTAL

A1. Emissions

The Group strives to protect the environment through the implementation of relevant policies and measures in its business activities and workplace. We are prudent in controlling our emissions and consumption of resources, therefore we have implemented energy-saving and waste reduction measures, and other green initiatives across the life cycles of our products and services. We are also committed to educating our employees to raise their awareness of environmental protection and complying with the relevant environmental laws and regulations.

To better govern our environmental practices and mitigate the environmental impacts resulting from the Group's operations, we have adopted the Environmental Policy and have communicated such policy to our employees. The policy upholds the waste management principle of "Reduce, Reuse, Recycle and Replace" as well as the emission mitigation principle, to minimise the adverse environmental impacts. The policy also ensures the waste disposed or emissions generated are conducted in an environmentally responsible manner. Within our policy framework, we continually look for different opportunities to pursue environmentally friendly initiatives, and enhance our environmental performance by reducing energy consumption and the use of other resources.

The Group has identified key laws and regulations that are applicable to the Group and maintained a legal register (the "Legal Register"). The management of the Group review regularly to ensure the Group is complied with applicable laws and regulations. During the Reporting Year, the Group did not identify any material non-compliance with applicable environmental-related laws and regulations in the Group's operations locations that would have a significant impact on the Group, include but not limited to the key laws and regulations in the Legal Register.

Exhaust Gas Emissions

Due to its business nature, the Group has neither owned vehicles nor any stationary sources that require fuel consumption, hence the Group does not generate a significant amount of exhaust gas emissions during its operations.

GHG Emissions

The Group has neither owned vehicles nor any stationary sources that require fuel consumption, hence there were no direct GHG emissions (Scope 1). The major source of the Group's GHG emissions was generated from purchased electricity, which is energy indirect GHG emissions (Scope 2). During FY2023, the Group has set a target to conduct annual activity to raise awareness of GHG emissions reduction among employees in FY2024. During the Reporting Year, the Group conducted "light-off" activities to turn off the light in the offices during lunch hours on 22 April 2023 (Earth Day), 5 June 2023 (World Environment Day) and 23 March 2024 (Earth Hour 2024) in order to raise employees' awareness of energy saving and reducing GHG emissions from energy consumption. The Group will strive to achieve the target of conducting at least one activity related to GHG emissions reduction in the financial year ending 31 March 2025 ("FY2025"). Also, we have actively adopted energy conservation measures and initiatives which are described in the section headed "Energy Management", in order to reduce GHG emissions during operations.

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During the Reporting Year, the Group's GHG emissions intensity was approximately 0.33 tCO_2e per million HK$ revenue, maintained at a similar level as approximately 0.32 tCO_2e per million HK$ revenue in FY2023. The Group will continue to minimise its GHG emissions and its impact on the environment.

Indicator[1]	Unit	FY2024	FY2023
Energy indirect GHG emissions (Scope 2)	tCO_2e	324.13	286.59
Total GHG emissions (Scope 2)	tCO_2e	324.13	286.59
Intensity			
Per employee[2]	tCO_2e/employee	0.31	0.29
Per total floor area[3]	tCO_2e/m^2	0.06	0.05
Per million HK$ revenue[4]	tCO_2e/million HK$ revenue	0.33	0.32

Note(s):

1. GHG emission data are presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Sustainability Report 2023" published by CLP Holdings Limited, "2023 Sustainability Report" published by HK Electric Investment Limited, "2022 Sustainability Report" published by Companhia de Electricidade de Macau, the "Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025" published by the Ministry of Ecology and Environment of the PRC, "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, and "Sustainability Report 2022" published by Tenaga Nasional Berhad.

2. The Group had 1,033 employees as at 31 March 2024 (as at 31 March 2023: 984). The data will be used for calculating other intensity data.

3. The Group's total floor area in FY2024 was approximately 5,509.68 m^2 (FY2023: 5,443.68 m^2). The data will also be used for calculating other intensity data.

4. The Group's revenue was approximately HK$991.0 million for FY2024 (FY2023: HK$886.5 million). The data will also be used for calculating other intensity data.

Wastewater Discharge

We do not consume a significant volume of water in our daily operations, therefore our business activities did not generate a material portion of discharge into water. The majority of the water supply and discharge facilities are provided and managed by the property management company. The amount of water consumed and corresponding water-saving initiatives and targets will be described in the section headed "Water Consumption".

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Waste Management

Hazardous Wastes

Due to the Group's business nature, it did not generate a significant amount of hazardous wastes during the Reporting Year, except for toner cartridges. Despite the Group did not generate a significant amount of hazardous wastes, the Group has established guidelines in governing the management and disposal of hazardous wastes. In case there is any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such waste, and comply with relevant environmental rules and regulations. The Group's total hazardous waste intensity decreased by 20% from approximately 0.05 kg per million HK$ revenue in FY2023 to approximately 0.04 kg per million HK$ revenue in FY2024. The total amount of hazardous waste generated by the Group was maintained at the similar level as FY2023.

The Group's hazardous waste disposal performances were as follows:

Indicator	Unit	FY2024	FY2023
Toner Cartridge	kg	41.36	42.99
Total hazardous waste	kg	41.36	42.99
Intensity			
Per employee	kg/employee	0.04	0.04
Per total floor area	kg/m^2	0.01	0.01
Per million HK$ revenue	kg/million HK$ revenue	0.04	0.05

Non-hazardous Wastes

The Group adopts the principle of "Reduce, Reuse, Recycle and Replace" for waste management and strives to promote better utilisation of resources. To minimise the environmental impacts of non-hazardous wastes generated from its business operations, the Group has implemented the Environmental Policy and adopted various wastes reduction measures and initiatives. With such waste management approaches, the Group hopes to embed an environmental-friendly mindset among its employees. Employees and designated administrative staffs are required to adopt the following initiatives and assume the responsibility for the overall waste management in our offices and warehouses. During FY2023, the Group has set a target to conduct annual activity to raise awareness of waste reduction among employees in FY2024. During the Reporting Year, the Group has participated in the Lai See Reuse and Recycle Program by Greeners Action to raise awareness of waste reduction among employees. The Group also partnered with Fung Yuen Butterfly Conservations to donate an unwanted mandarin plant to matched local farmer and non-profit organisations through their "CNY Pot Plant Recycle Program" after Chinese New Year. The Group will strive to achieve the target of conducting at least one activity related to waste reduction in FY2025. The Group has also implemented different measures in order to reduce waste production:

- Utilise electronic communication means where applicable such as e-leave system, e-cards for festival greetings, medical e-claims, and e-brochures;

- Encourage paper conservation by reducing printing and printing on both sides of office paper and deleting unnecessary blank space in documents;

- Promote the collection and use of recycled paper;

- Redeploy office furniture, computers, and notebooks where possible;

- Facilitate recycling by placing recycling bins in office areas;

- Place appropriate signages on walls and bins, stating what type of waste or recyclable should be placed in the bins; and

- Stop providing hard copies of meeting papers materials for all meetings unless upon request.

In addition to the above measures, the Group also promotes waste reduction knowledge to employees through bulletin boards, company newsletters, and office memos to raise employees' waste-reduction awareness.

The Group's operations in Hong Kong strictly adhere to the Product Eco-Responsibility (Regulated Electrical Equipment) Regulation of Hong Kong which is set forth by the Hong Kong Government. To ensure compliance, we responsibly manage all of our unwanted electronics subject to the regulations, such as computer monitors, hard disk, and printers. These items are collected and handled by qualified third parties in accordance with the requirements of the Environmental Protection Department. The Group engaged recyclers who hold certificates for ISO14001:2018 Environmental management systems and ISO45001:2018 Occupational health and safety management systems.

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The Group's total non-hazardous waste intensity decreased by 24% from approximately 20.67 kg per million HK$ revenue in FY2023 to approximately 15.71 kg per million HK$ revenue in FY2024. This was mainly because the Group's Shanghai office was refurbished in FY2023, generating more general waste than normal in FY2023. The Group's non-hazardous waste disposal performances were as follows:

Indicator	Unit	FY2024	FY2023
Office paper[5]	kg	2,577.63	2,781.70
General waste (including plastic and glass waste)	kg	6,839.93	9,597.19
Food waste	kg	6,150.90	5,947.07
Total non-hazardous waste	kg	15,568.46	18,325.96
Intensity			
Per employee	kg/employee	15.07	18.62
Per total floor area	kg/m^2	2.83	3.37
Per million HK$ revenue	kg/million HK$ revenue	15.71	20.67

Note(s):

5. The amount of office paper disposed of in FY2024 included 399.00 kg of waste paper collected and recycled by qualified recycler.

A2. Use of Resources

The Group upholds and promotes the principle of effective use of resources, and is committed to optimising the use of resources across business operations. We promote green office and operation environment and continue with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations. The Group has established and implemented the Environmental Policy in governing the efficient use of resources regarding the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

Energy Management

The Group aims at minimising environmental impacts in its operations by identifying and adopting appropriate energy-saving measures. We have developed related energy-saving measures and initiatives on the efficient use of energy, and such measures and initiatives have been formally documented in the Environmental Policy. All employees are required to adopt such measures and practices and assume responsibility for the Group's overall energy efficiency.

The Group has established an energy management system and regularly review its energy consumption objectives and targets to continuously enhance the Group's energy consumption performance. Unexpected high consumption of energy will be investigated for its root cause with corresponding preventive measures being taken when deemed necessary. Moreover, the Group aims to raise environmental awareness among its key stakeholders and suppliers. In the long run, the Group aims to enhance its energy-saving management by minimising the usage of lighting, air conditioning, and electronic appliances and track its energy consumption regularly. To uphold the Group's objectives to energy conservation, the Group has set a target during FY2023 to promote electricity conservation by participating in relevant activities such as Earth Hour in FY2024. During the Reporting Year, the Group conducted "light-off" activities to turn off the light in the offices during lunch hours on 22 April 2023 (Earth Day), 5 June 2023 (World Environment Day) and 23 March 2024 (Earth Hour 2024) in order to raise employees' awareness of energy saving. The Group will strive to achieve the target of conducting at least one activity related to energy conservation in FY2025.

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The energy consumed by the Group was mainly purchased electricity consumption for operations and the Group did not have direct energy consumption during the Reporting Year. We have introduced various measures and initiatives to achieve the goal of electricity saving and efficient consumption. Such measures and initiatives include but are not limited to the followings:

- Replace energy-inefficient light bulbs to energy-efficient light emitting diode ("LED") lighting by phases;

- Utilise higher energy-efficiency office equipment in our workplace;

- Encourage staff to utilise teleconferences and video conferences whenever possible;

- Regularly publicise environmental protection messages to our staff via emails;

- Use high-performance multifunction printers which incorporate the functions of printing, scanning, copying, and share the printers among different departments to reduce energy consumption;

- Post reminders and posters next to power switches to encourage our staff to take initiatives in energy saving; and

- Encourage staff to participate in campaigns or activities relating to the promotion of a green environment.

The Group's total energy consumption intensity in FY2024 was approximately 631.07 kWh per million HK$, maintained at the similar level as approximately 621.01 kWh per million HK$ revenue in FY2023. The Group's energy consumption performances were as follows:

Indicator[6]	Unit	FY2024	FY2023
Indirect energy consumption — purchased electricity	kWh	625,387.00	550,521.30
Total energy consumption	kWh	625,387.00	550,521.30
Intensity			
Per employee	kWh/employee	605.41	559.47
Per total floor area	kWh/m^2	113.51	101.13
Per million HK$ revenue	kWh/million HK$ revenue	631.07	621.01

Note(s):

6. The unit conversion method of energy consumption data is formulated based on the Energy Statistics Manual issued by International Energy Agency.

Water Consumption

The Group's water consumption was mainly domestic water consumed in the offices and was only limited to basic cleaning and sanitation. The Group is dedicated to promoting behavioural changes in water consumption at the offices and encourage water conservation. We have been strengthening water-saving promotion by posting water-saving slogans in prominent places and guiding employees to consume water reasonably. During FY2023, the Group has set a target to promote water conservation by participating in relevant activities such as World Water Day in FY2024. During the Reporting Year, the Group shared water-saving tips with its employees on Earth Day to raise their awareness of water conservation. The Group will strive to achieve the target of participating in at least one water conservation activity in FY2025.

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As the water consumption of the Group's other operation locations is included in property management fee or is not material, the total water consumption during the Reporting Year only includes the water consumption in Hong Kong warehouse and Malaysia office. Moreover, given the geographical location of the Group's operations, the Group does not encounter any significant issues in sourcing water that is fit for purpose.

The Group's total water consumption intensity has increased significantly from approximately 0.25 m^3 per million HK\$ revenue in FY2023 to 0.61 m^3 per million HK\$ revenue in FY2024. This was mainly because the Group's work-from-home policy was lifted on 1 February 2023. From April 2022 to February 2023, only half of the Group's employees worked in offices and thus the water consumption of FY2023 is lower than FY2024, when all employees worked at the office for the whole Reporting Year. The Group's water consumption performance was as follows:

Indicator	Unit	FY2024	FY2023
Total water consumption	m^3	599.90	222.03
Intensity			
Per employee	m^3/employee	0.58	0.23
Per total floor area	m^3/m^2	0.11	0.04
Per million HK\$ revenue	m^3/million HK\$ revenue	0.61	0.25

Use of Packaging Materials

The packing material consumed by the Group is mainly paper cartons, bubble wrap, packing tape and stretch wrapping film used for packing hardware sent to customers. Due to the expansion of the Group's business, the Group used more packing material for logistics to customers during the Reporting Year. In FY2024, the Group consumed 33.60 kg of paper cartons, 6.50 kg of bubble wrap, 1.12 kg of packing tape and 21.00 kg of stretch wrapping film. The total amount of packaging material consumed by the Group is 62.22 kg. The amount of packaging material used by the Group have been disclosed from the Reporting Year onwards.

A3. **The Environment and Natural Resources**

Although the core business of the Group has remote impacts on the environment and natural resources, the Group endeavours to minimise the negative environmental impact of its business operations as an ongoing commitment to good corporate citizenship. The Group has implemented the Environmental Policy to manage its impact on the environment.

Working Environment

To enhance working efficiency, the Group is committed to providing a pleasant working environment for our employees by maintaining environmental sanitation and keeping the offices clean and tidy at all times. Besides, we regularly monitor and measure the indoor air quality of the workplace. Proper lighting and ventilation are installed, and cleaning services for the air-conditioning system at the workplace are arranged regularly to filter pollutants and contaminants. We also conduct pest control on carpets and clean the dust on the ceiling, lightboxes, and fan coils regularly.

A4. **Climate Change**

Climate change poses escalating risks and challenges to the global economy, and such risks may negatively impact the Group's financial performance and business. As a result, the Group is aware of the importance of identifying and mitigating any major impacts caused by climate change and established the Climate Change Policy. The management of the Group holds meetings regularly to identify and evaluate the impact of climate-related risks on the Group's business and corresponding opportunities. With reference to the risk categorisation by recommendations from the Taskforce on Climate-Related Financial Disclosures established by the Financial Stability Board, the identified climate-related risks of the Group and corresponding actions taken to manage them are as follows:

Physical Risks

The increasing frequency and severity of extreme weather events associated with climate change such as extreme cold or extreme heat, rainstorms and typhoons, could lead to an increasing risk of power shortages, delays in delivery of some necessary IT hardware that the Group needs and damage to the Group's assets, disrupting the operations of the Group's offices and resulting in reduced revenue, as well as increasing the cost of repairing or restoring damaged assets. These events could also disrupt the work of employees and even cause casualties.

As a countermeasure, the Group has backed up the IT system and stored job-related files on the server and offsite locations to minimise the potential impact of business interruption events. The Group will implement special work arrangements under extreme weather events in accordance with the governments' guidelines and relevant laws and regulations. At the same time, the Group has purchased insurance for employees and its related assets to protect related interests and reduce potential financial losses.

Transition Risks — Policy and Legal Risk

The Group expects that there will be more stringent climate legislations, regulations and policies. For example, the Stock Exchange has required listed companies to enhance climate-related disclosures in their ESG reports. In addition, the governments in the Group's operating locations have set their own carbon neutrality targets, therefore, national or regional policy actions related to climate change and environmental protection will continue to develop. Under more stringent and aggressive policies and regulations, the Group may face higher operating and compliance cost to comply with relevant laws and regulations. Failure to meet the climate change compliance requirements may expose the Group to risks of claims and lawsuits. The Group's corporate reputation may also decline consequently.

In response to such transition risk, the Group will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid reputational risks due to delayed response. In addition, in order to reduce the Group's environmental impact and to comply with the requirements of the Stock Exchange, the Group has set targets to promote the awareness of energy conservation and GHG emissions reduction. The Group will continue to assess the effectiveness of the Group's actions to address climate change and enhance its resilience against climate-related issues.

Transition Risks — Market Risk

There are an increasing number of investors who are aware of climate-related issues and customers who seek low-carbon services providers. In the long-term, companies which incorporate sustainability into their business strategy and daily operations will be more favoured by investors and customers. If the Group fails to implement effective measures to meet such expectations and market change, the Group may lose potential investment and experience reduced demand for its services.

The Group will maintain high transparency in the Group's ESG reports and related activities to build trust and confidence with investors and customers. Moreover, the Group will continue to explore potential ways to improve the sustainability of the Group's operations.

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B. SOCIAL

B1. Employment

Employees are fundamental to the continued success of the Group. Thus, the Group has adopted a people-oriented management philosophy to attract, develop and retain employees, hence developing mutual trust and building a close relationship with its employees. Meanwhile, the Group respects and protects the rights of employees, safeguards employees' occupational health and safety, ensures sufficient resources for career development, and creates a comfortable and harmonious working environment. The Group has formally documented relevant employment policies covering aspects including recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc. We review, and if necessary, revise the Employment Policy and its employment practices at least annually to ensure continuous improvements in the Group's employment standards.

During the Reporting Year, the Group was not aware of any material non-compliance with applicable employment-related laws and regulations in the Group's operation locations that would have a significant impact on the Group, include but not limited to the key laws and regulations in the Legal Register.

Employment Practices

Recruitment, Promotion, and Dismissal

The Group hires employees through a robust and transparent recruitment process. We have standardised our hiring procedures and adhered to the principles of openness and fairness. Job applicants are assessed based on their morality, knowledge, ability, and experience for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc. We aim to continuously attract, employ, and develop the right talents with consistent yet flexible employment policies and practices.

The Group offers promotion and development opportunities for outperforming employees to explore their capability, assist them in career development, and contribute to the Group's sustainable growth. The promotion of the Group's employees is subject to regular review, and the Group has established objective performance indicators for annual performance evaluation.

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The Group offers two types of promotion paths, which are within the employees' department and across departments. The Group will also encourage employees to transfer to other departments when openings are available and where their qualifications, experience, and skills are more suitable.

The Group strictly prohibits any kind of unfair or unreasonable dismissal. Any termination of the employment contract must be based on reasonable and lawful grounds.

We care about employees' voices and believe that is the key to continuous improvement and success. During the Reporting Year, the Group collected employees' voices through a group townhall meeting and the stakeholder engagement survey.

Remuneration and Benefits

The Group has established a fair, reasonable, and competitive remuneration system. Employees of the Group are remunerated according to their knowledge, experience, and skills that the job requires, the responsibilities that will be undertaken, and the quality of personal contribution. Remuneration packages include basic salary, variable income, holiday, annual leave, medical scheme, MPF (for employees in Hong Kong), state-managed retirement benefit scheme (for employees in Mainland China), discretionary bonuses and share options. Staff remuneration is reviewed annually to ensure it is up-to-date and competitive enough to attract and retain talents. Individual performance, departmental performance, business performance as well as the general increment rate of the market will all be taken into consideration.

We value the rights of our employees and we allow them to extend the validation period of the unused entitled annual leave of the financial year for 3–12 months. We will also send an email to employees by the end of the financial year to remind them to apply for extension.

During the Reporting Year, the Group distributed cookies to its employees in Hong Kong to celebrate mid-autumn festivals. Also, to allow our Hong Kong employees to better understand their MPF scheme, we invited an MPF service provider to organise a seminar on MPF for our employees during the Reporting Year.

ServiceOne Limited, a subsidiary of the Group, was awarded as Caring Company in recognition of its efforts in terms of employee care in FY2024. ServiceOne Limited was also awarded the Good MPF Employer Award and MPF Support Award for providing retirement protection and supportive services for its employees to help them manage their MPF.

Work-life Balance

We recognise the importance of maintaining a healthy and work-life balanced lifestyle for our employees. We support a work-life balance workplace through continuously improving employees' working environment and reviewing their working hours and rest periods. We also actively engage our employees through various networking, employee bonding, outing, volunteering, and charity activities.

During the Reporting Year, the Group organised a series of employee activities, including an annual dinner, barbecue party, and Chinese New Year lunch. These events provided an opportunities for employees to relax and foster stronger relationships among themselves and with the Group. We also allowed employees to leave the office early on key festival days to celebrate the festival with their families earlier.

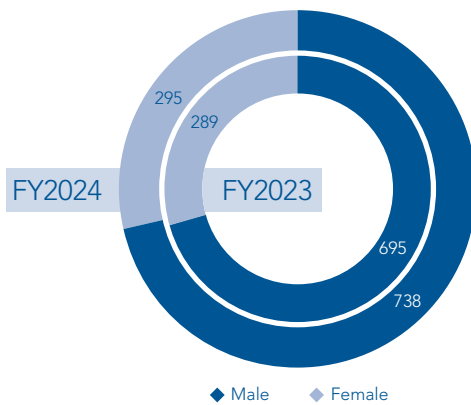# Environmental, Social and Governance Report 2024

Diversity, Equal Opportunity, and Anti-discrimination

We recognise the value of a diverse and skilled workforce and are committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation or any other characteristics protected by law.
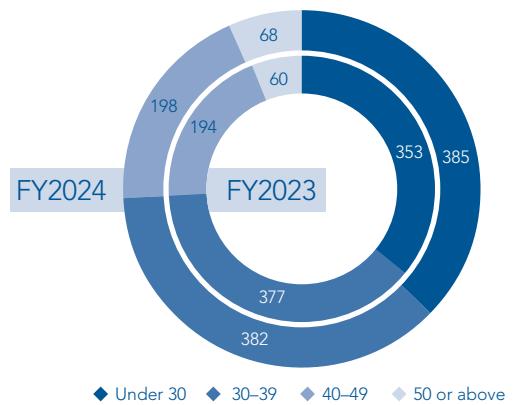
Any employees with questions or concerns about any forms of discrimination and harassment at the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the Human Resources and Administration ("HRA") Department. We strive to ensure that complaints, grievances, and concerns, including whistle-blowing, are dealt with in a prompt and confidential manner. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaged in any form of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

As at 31 March 2024, the Group had a total of 1,033 (as at 31 March 2023: 984) employees. All of the employees were full-time employees (as at 31 March 2023: all were full-time employees). The employee demographic is shown as follows:
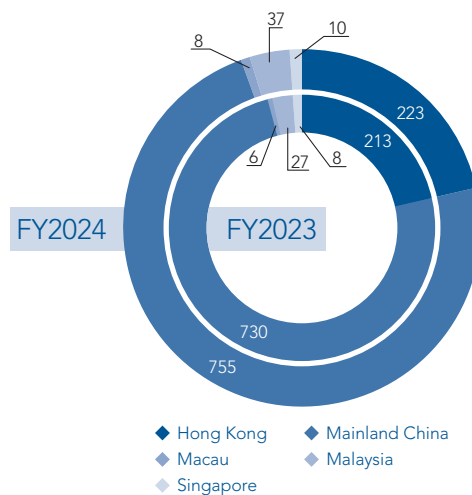
Total Workforce by Gender

FY2024 | FY2023
295 | 289
695 | 738

◆ Male ◆ Female

Total Workforce by Age Group

FY2024 | FY2023
68 | 60
198 | 194
353 | 385
377 | 382

◆ Under 30 ◆ 30–39 ◆ 40–49 ◆ 50 or above

Total Workforce by Geographical Region

FY2024 | FY2023
37 | 10
8 |
223 | 213
6 | 27 | 8
730 | 755

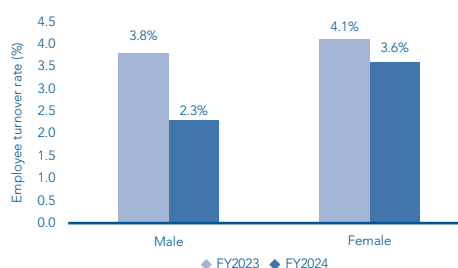◆ Hong Kong ◆ Mainland China
◆ Macau ◆ Malaysia
◆ Singapore

Environmental, Social and Governance Report 2024

During the Reporting Year, there were 322 employees (FY2023: 442) who left the Group and the employee turnover rate[7] was approximately 2.7% (FY2023: approximately 3.9%).
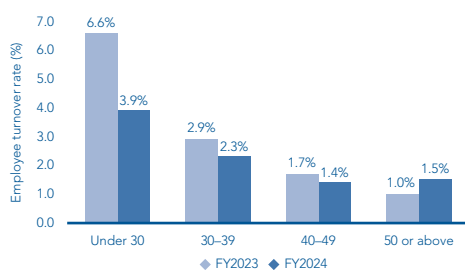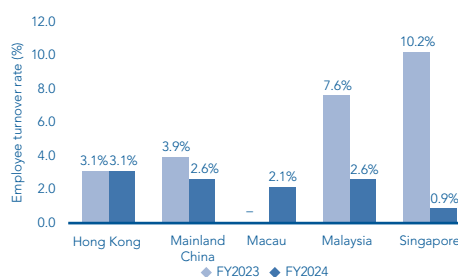
Employee Turnover Rate[7]
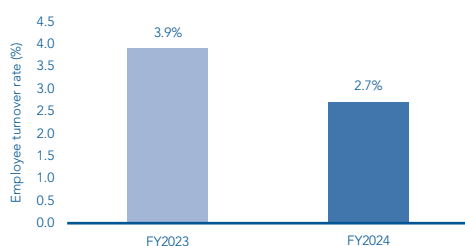
Employee Turnover Rate by Gender[8]

Employee Turnover Rate by Age Group[8]

Employee Turnover Rate by Geographical Region[8]

Note(s):

7. The employee turnover rate = The average of the monthly turnover rates during the financial year. The monthly turnover rate = Total number of employees who resigned during the month/Total number of employees at the end of the month*100%.

8. The employee turnover rate by category = The average of the monthly turnover rates by category during the financial year. The monthly turnover rate by category = Total number of employees by category who resigned during the month/Total number of employees by category at the end of the month*100%.

B2. Health and Safety

The Group highly values employees' health and safety and is committed to providing employees with a healthy, safe, and comfortable working environment. To maintain a safe working environment, the Group has established the Health and Safety Policy ("HS Policy") on the prevention and remediation of safety accidents, and detection of potential safety hazards in the workplace. We review, and if necessary, revise the HS Policy and its health and safety practices at least annually to ensure continuous improvements of the Group's health and safety standards.

We follow the occupational health and safety guidelines recommended by the Labour Department and Occupational Safety and Health Council and regularly encourage employees to attend related workshops or training courses. The HRA Department also takes responsibility for offices' occupational health and safety and relevant promotions and monitoring.

During the Reporting Year, the Group was not aware of any material non-compliance with applicable health and safety-related laws and regulations in the Group's operation locations, that would have a significant impact on the Group, include but not limited to the key laws and regulations in the Legal Register. There were no work-related fatalities occurred in each of the past three years (including the Reporting Year).

During the Reporting Year, there was no lost working day due to work-related injuries (FY2023: 10 lost working days). The Group will continue to value occupational health and safety and strive to maintain zero work-related injuries.

Employee Health Management

The HRA Department is responsible for monitoring and reviewing the safety and security management of the Group. It is also responsible for performing regular checks in both office and warehouse to ensure furniture, fixtures, fittings, and fire safety equipment are well-maintained. Moreover, first aid boxes are available at easily accessible locations in both offices and warehouses. The HRA Department is responsible for ensuring the supplies inside the first aid boxes are not expired and sufficient in amount.

The Group offers comprehensive healthcare coverage for its employees. Besides, the Group has continued to organise various activities to promote healthy living practices and work-life balance. We also communicate different health and safety information to our employees regularly to raise their awareness of occupational health and safety issues.

Safety Training and Education

The Group offers various training courses and seminars relating to occupational safety, environmental control, as well as crises and emergencies for employees, and employees are obliged to attend such training organised by the Group. We have also established emergency and evacuation procedures to proactively respond to any major safety accidents in a timely and orderly manner. Moreover, fire exit route floor plans and exit signs were placed in prominent areas to ensure employees are well-aware of emergency routes in cases of emergencies.

In order to foster employees' sense of responsibility and participation in maintaining a safe working environment, employees are encouraged to provide feedback on improving workplace safety and to report any potential hazards that may lead to injury or danger.

B3. Development and Training

The Group recognises the valuable contribution of its talents to the continuing success of the Group. We are committed to investing in our human capital in order to deliver excellent services and create an intellectual stimulating environment within which employees do not only develop basic skills and knowledge but also optimise their potential. This is achieved through developing training strategies that focus on creating values and serving the needs of the Group's customers, talents, and the society.

Training and Development Management

The Group has established the Training and People Development Policy to govern the management of training strategies and procedures. All supervisors are responsible for working with their subordinates to identify training needs and implement development plans to enhance employees' performance and effectiveness while aligning the needs of the Group. For the development of IT staff, the Group encourages department heads to work closely in assessing areas of training and development for their subordinates to improve their capabilities and abilities in career advancement. Training sponsorships are also available to employees who have met certain conditions set by the Group.

We review, and if necessary, revise the Training and People Development Policy and its training and staff development activities at least annually to continuously improve relevant provisions.

Training Programmes

The Group believes that successful training and staff development lead to the overall enhancement of organisation efficiency in delivering its vision. We are committed to providing relevant training opportunities and ensuring the availability of appropriate resources with the following focuses:
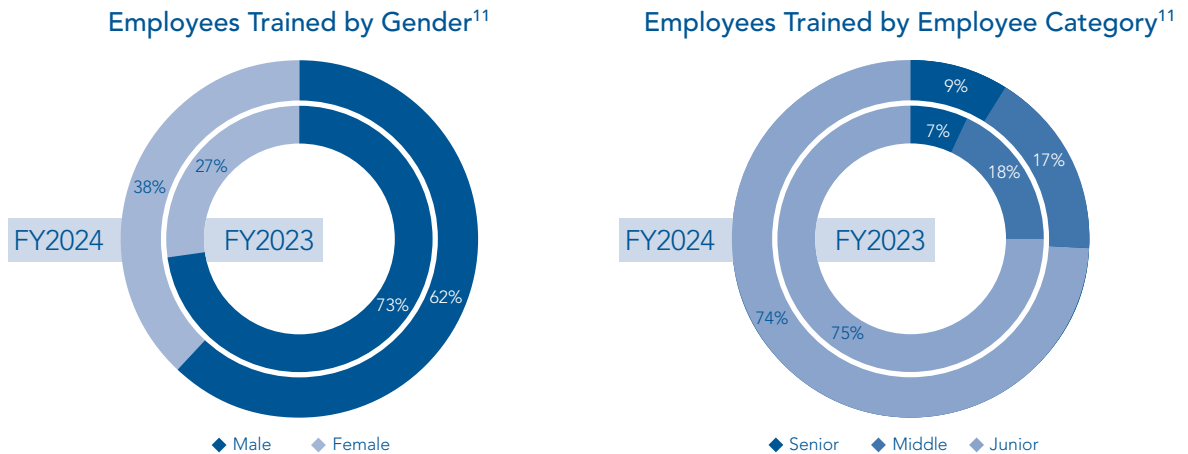
- Customer Centric: Equipping the Group's talents with the necessary skills and knowledge to discharge their duties effectively and efficiently so as to serve its customers;

- Talent Centric: Assisting and encouraging employees to identify, review and formulate their development plans through annual objective setting and performance review process, to strengthen their capabilities in areas including self-motivation, self-confidence, leadership, and teamwork;

- Teamwork and Collaboration: Fostering team and collaborative learning, such as buddy system, internal sharing, cross-department learning; and

- Social Responsibility: Ensuring the Group's talents uphold the interest of key stakeholders as part of their daily routine, such as safeguarding customer privacy, protecting the environment, and contributing to society.

With respects to the above focuses, the Group provides regular training and development programmes to improve employees' level of skills and knowledge while maximising their potential. The Group's training programmes include product knowledge training for the sales team, marketing training, and new IT solutions training for technical teams, etc. Training contents are regularly updated to ensure that the up-to-date materials can enhance the skills, knowledge, and competency of employees.
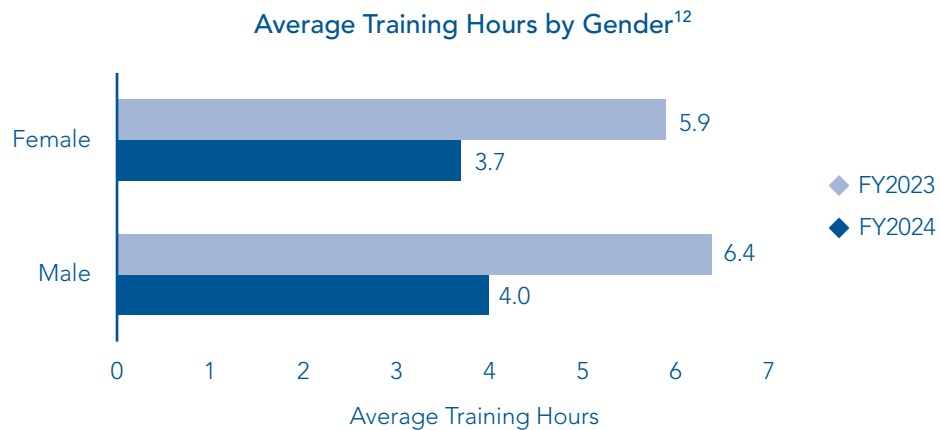
Environmental, Social and Governance Report 2024

During the Reporting Year, the Group has provided a total of approximately 4,024.0 training hours (FY2023: 6,146.0 hours) to 373 employees (FY2023: 460 employees), which accounted for approximately 36.1% of the total employees[9] (FY2023: approximately 46.7%), while the average training hours completed per employee[10] was approximately 3.9 hours (FY2023: approximately 6.2 hours). The decrease in training hours in FY2024 as compared to FY2023 was due to the exceptional high number of training sessions conducted in FY2023 which was mainly due to i) the full 12-month effect of staff trainings after the completion of acquisition of our infrastructure management services business and also the joint venture business of artificial intelligence; ii) staff trainings were postponed in the previous years due to the impact of the COVID-19 pandemic; and iii) our Malaysia operation was newly established in August 2022, we have spent a significant amount of trainings to all of the new staff in Malaysia. As a result, we have an exceptional high number of training sessions conducted in FY2023.

The following charts show the breakdown of employees trained by gender and employee category among all trained employees.

Employees Trained by Gender[11]

FY2024
FY2023
38%
27%
73%
62%

◆ Male   ◆ Female

Employees Trained by Employee Category[11]
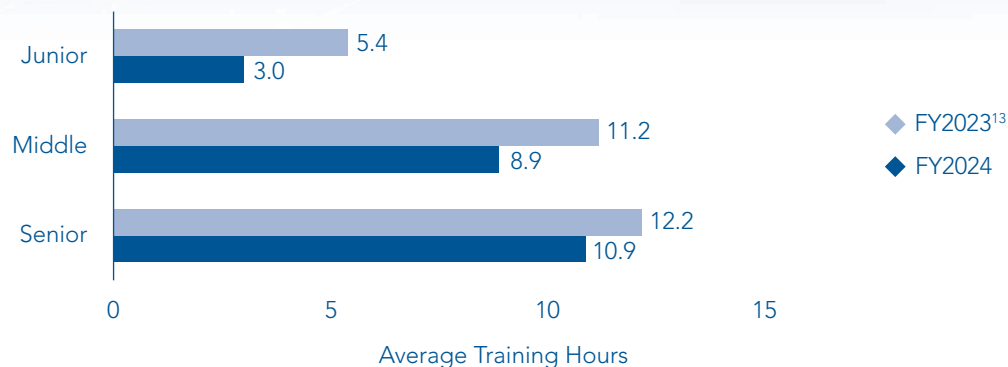

FY2024
FY2023
9%
7%
18%
17%
74%
75%

◆ Senior   ◆ Middle   ◆ Junior

The following charts show the average training hours completed per employee by gender and employee category.

Average Training Hours by Gender[12]

Female	5.9 (FY2023) / 3.7 (FY2024)
Male	6.4 (FY2023) / 4.0 (FY2024)

Average Training Hours

◆ FY2023
◆ FY2024

Average Training Hours by Employee Category[12]

Junior — FY2023: 5.4, FY2024: 3.0
Middle — FY2023: 11.2, FY2024: 8.9
Senior — FY2023: 12.2, FY2024: 10.9

◆ FY2023[13]
◆ FY2024

Average Training Hours

Note(s):

9. Total percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year *100%.

10. Average training hours completed per employee = Total training hours during the financial year/Total number of employees at the end of the financial year.

11. The breakdown of employees trained by category = Total number of employees trained during the financial year by category/Total number of employees trained during the financial year *100%.

12. Average training hours completed per employee by category = Total training hours during the financial year by category/Total number of employees at the end of the financial year by category.

13. The data has been restated.

B4. Labour Standards

Prevention of Child Labour and Forced Labour

The Group strictly complies with local laws and prohibits any child and forced labour employment. The HRA Department is responsible for monitoring and ensuring compliance with the latest and relevant laws and regulations that prohibit child labour and forced labour.

Child labour is strictly prohibited during the recruitment process as defined by laws and regulations, personal data are collected during the recruitment process to assist in the selection of the suitable candidate, and the HRA Department will take responsibility for checking the provided identity document to ensure the candidate is legally entitled to work.

Forced labour is strictly prohibited in the Group. Office hours are clearly regulated in the Employee Handbook, it may vary according to different job functions and nature, and employees may be assigned work schedules other than normal office hours or appropriate to carry out the employment duties properly and effectively. Nonetheless, employees of the Group work overtime on a voluntary basis to prevent any breaches of labour standards.

If there is any suspected violation case regarding child and forced labour, the Group will conduct an investigation. When the violation case of child labour is confirmed, the Group would terminate the employment contract in real time and might take disciplinary actions against any staff members who are responsible for the cause of the incident. For forced labour case, the Group would terminate the employment contract of and might take disciplinary actions against staff members who are responsible for the case.

During the Reporting Year, the Group was not aware of any material non-compliance with applicable child and forced labour-related laws and regulations in the Group's operation locations that would have a significant impact on the Group, include but not limited to the key laws and regulations in the Legal Register.

B5. Supply Chain Management

The IT infrastructure solutions the Group provides to its customers include the procurement of hardware and software from its third-party suppliers (including subcontractors). The Group's suppliers and subcontractors are prominent international and local hardware and/or software manufacturers and distributors, and we normally procure our products from the manufacturer suppliers directly or through their authorised distributors.

The Group has formulated the Purchase and Payment Policy to regulate procurement practices, and the policy is subjected to review annually. We have also established a stringent and standardised procurement system in which all suppliers are evaluated carefully and subjected to regular monitoring and assessments. The Group has maintained the Approved List of Suppliers/Subcontractors. Suppliers are subjected to annual performance evaluations and may be suspended or removed from the approved list if they fail to fulfil our standards. The termination of a supplier relationship may also be incurred by any substantial violation of related laws and regulations.

Environmental, Social and Governance Report 2024

During the Reporting Year, the Group had a total of 795 major suppliers (FY2023: 404 suppliers) and all such suppliers are subject to the supplier engagement practices. The local procurement rate was approximately 94.47% (FY2023: 95.05%). The regional distributions of the Group's suppliers were as follows:

Regional Distribution of the Group's Suppliers

FY2024: 42, 60, 45, 693
FY2023: 21, 338

◆ Hong Kong   ◆ Mainland China   ◆ Others
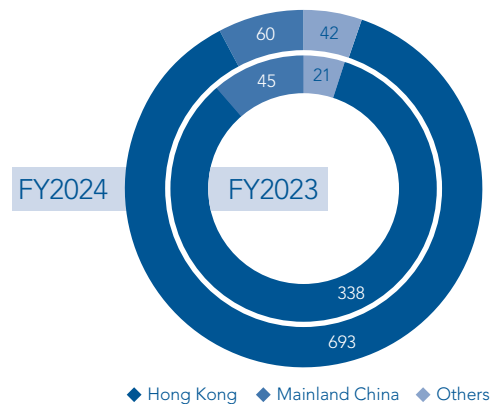
Environmental and Social Responsibility of Suppliers

In view of the increasing environmental concerns in the society, the Group is aware of the importance of managing the environmental and social risks of its supply chain. We actively share green practices with our suppliers and propagate the importance of sustainable operations with them. The Group also gives priorities to the local suppliers, in order to minimise GHG emissions during the logistics, and suppliers who provide or promote environmental products or services in the selection process. During the supplier selection process, suppliers' environmental and social performances are considered as a selection criterion for establishing a long-term relationship. We aim to maintain a good relationship with suppliers which have remarkable records in environmental and social performance. Suppliers should not violate relevant environmental and labour laws, and substantial violations may incur the termination of the supplier relationship. The Group will continue to monitor its supply chain in regards to environmental and social standards.

Fair and Open Procurement

We have also formulated rules to ensure suppliers can participate in the Group's procurement in an open and fair manner. Subject to priorities being given to the local suppliers and suppliers who provide or promote environmental products or services, the Group does not differentiate or discriminate against any suppliers; and we do not allow any forms of corruption or bribery. Employees or other individuals having any interest in the supplier will not be allowed to participate in the relevant procurement activities. The Group only selects suppliers with a good track record in the past and no serious violations of business ethics.

B6. Product Responsibility

Customer satisfaction serves as the cornerstone of the Group's sustainable development. We are convinced that the satisfaction of our customers means the success of the Group and have been emphasising customer-centric business philosophy in our operations at all levels. Therefore, we strive to optimise and improve the quality of products and services according to the requests of customers.

During the Reporting Year, the Group was not aware of any material non-compliance with any applicable laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided in the Group's operation location that has a significant impact on the Group, include but not limited to the key laws and regulations in the Legal Register.

The Group's services and products that we sell have won unanimous recognition and support from customers and suppliers. During the Reporting Year, we have received the following awards:

- HPE FY23 Top Performing Partner — Computing and HPC Solutions

- HPE FY23 Top Performing Partner — Government

- Nutanix Partner of the Year 2023 (TCV) 1st runner-up

- Palo Alto Networks FY23 Highest Growth in Cybersecurity of The Year

- Lenovo Top Innovation Partner

- Jabra Hong Kong Jabra Ambassador of the Year 2022

- Hitachi Vantara Rising Star Partner of the Year FY23

- Vmware Greater China Industry Award

- H3C Best Project Award

- NetApp FY24 Rising Star

- Adobe Adobe Creative Cloud Top Growth Reseller of the Year

- Karin Top Business Partners Award

- HPI Best Performing Reseller — Higher Education

- Dell Technologies Rising Star

Upholding high standards on product and service quality, the Group's subsidiary, Expert Systems Limited, obtained certificates in ISO27001:2022 Information Security Management Systems and ISO 9001:2015 Quality Management Systems. The quality of the Group's services is recognised by international standards.

Quality Assurance and Recall

We recognise the importance of achieving and maintaining high product quality standards for the sustainable growth of the Group. To maintain high product quality, we attach great emphasis on quality management and have formulated the Quality Assurance and Recall Procedures to manage any potential recall procedures and define the roles of related personnel and departments during the recall procedure.

When a product quality issue is raised by any third-party, the management team promptly conduct the risk assessment to determine the appropriate course of action. If a product recall is deemed necessary, announcements are disseminated to all related departments, and the sales operation managers, along with the sales administrators will ensure that affected customers are notified about the product recall programme. The Logistic Department is responsible for consolidating all recalled products and returning such products to suppliers or disposing of them properly.

During the Reporting Year, there were no product recalled for safety and health reasons (FY2023: Nil).

Protection of IP Rights

The Group registered trademarks in Hong Kong, Macau, Mainland China and Singapore respectively. For any infringement of its IP, the Group will urge infringers to cease such infringement. The HRA Department of the Group will take further action if the infringement continues.

To protect third-party IP rights and comply with relevant licensing terms when the software is used, employees are prohibited from duplicating, installing, or using the software in violation of its copyright or licence terms as part of the Group's Information Security Policy which is documented in the Employee Handbook. Prior authorisation is required to install any free software and installation of software is constantly monitored. Employees in violation of the policy will be subject to disciplinary actions. The Group will also notify the manufacturers if any illegal or unauthorised use of their hardware and/or software is noticed.

Customer Privacy Protection

The Group respects the values and rights of customers' information assets while protecting and maintaining customers' privacy always remains the priority of the Group. The Group adheres to relevant laws and regulations in the Group's operation location, and reiterates the confidentiality obligations in its Customer Database and Privacy Handling Policy. The Group will regularly reviews this policy to ensure its effectiveness.

Any sensitive information such as customer databases and personal information requires strict control and limited access. Electronic sensitive information is secured with passwords and stored in separate and restricted drives. Only authorised employees are granted to access particular drives according to their needs and rights. We also store printed sensitive information securely and access to such information is restricted to authorised employees. We require employees to properly dispose of, delete or destroy all electronic sensitive information. Besides, firewalls, anti-virus, and anti-spam solutions are installed for IT systems to prevent leakage of confidential information, and such systems will be upgraded regularly.

Customer Service

Maintaining good communication with the Group's customers has been the Group's underlying principle for effective customer management. The Sales Operations Department is responsible for reviewing customers' feedback and complaints and providing action plans to address the problems by coordinating with relevant teams and departments. The feedback or complaints will also be reported to management if necessary.

During the Reporting Year, 8 services-related complaints (FY2023: 5 complaints) have been received, all complaints have been handled with care in accordance with the internal policies. Records of the complaints were made for future reviews, mitigation measures were implemented to prevent future occurrence of the complained events.

Advertising and Labelling

As the Group's operation process does not involve advertising and labelling practices, information relating to advertising and labelling is considered as non-material to the Group.

B7. Anti-corruption

The Group values and upholds integrity, honesty, and fairness, and strives to achieve high standards of ethics in its business operations. To maintain a fair, ethical, and efficient business and working environment, the Group strictly adheres to the laws and regulations relating to anti-corruption and bribery as set out by the governments of the Group's operating locations.

As part of our commitment to ethical business practices, we have implemented several measures to strengthen our anti-corruption framework and foster a transparent and accountable organization culture.

To maintain the Group's high integrity corporate culture, the Group is committed to providing anti-corruption training or related training materials to its directors and employees at least once a year. During the Reporting Year, the Group has provided anti-corruption training sessions to the Group's directors and employees in the form of lectures and seminars respectively. Such training could increase the employee's awareness and facilitate the implementation of the Group's Anti-fraud Policy, Whistle-blowing Policy, Code of Conduct and relevant procedures.

During the Reporting Year, the Group was not aware of any material non-compliance with any laws and regulations relating to bribery, extortion, fraud, and money laundering in the Group's operation locations, that has a significant impact on the Group, include but not limited to the key laws and regulations in the Legal Register. During the Reporting Year, the Group also did not have any concluded legal cases regarding corrupt practices brought against the Group or its employees (FY2023: Nil).

Anti-fraud Mechanism

We have established an Anti-fraud Policy which sets out methods in identifying and handling fraudulent behaviours including misstatement on one's expenses, kickback, offering and accepting bribery, embezzlement of the Group's assets in one's position, fraudulent financial statements, etc.

To reduce fraud risks, a formal fraud risk evaluation will be organised by the Board annually. The HRA Department will arrange training on professional ethics and fraudulent behaviours. All managers are also required to evaluate fraud risks within their scope of duty constantly and ensure adequate controls are in place. Material fraud risks must be reported to the Board.

The Group also requires all employees to decline any offer of advantage if acceptance of it could affect their objectivity in conducting the Group's business. Employees will be subjected to disciplinary actions if they are found to have violated the Anti-fraud Policy after investigation. Disciplinary actions include verbal or written warnings, demotion, and dismissal, and the case may be reported to law enforcement authorities for possible prosecution, depending on the situation.

Whistle-blowing Mechanism

To further maintain and achieve the highest degree of openness, probity, and accountability, the Group has also formulated a Whistle-blowing Policy. This policy allows all employees of the Group as well as independent third parties (e.g. customers, suppliers, sub-contractors, creditors, and debtors) who deal with any employees to report any possible improprieties, misconducts, malpractices, or irregularities in matters of financial reporting, internal control or other matters to the Board or the Audit Committee anonymously. Reports and complaints received will be handled in a prompt, fair, and confidential manner. The policy also aims at protecting whistle-blowers from unfair dismissal, victimisation, and unwarranted disciplinary actions. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subjected to disciplinary sanctions. The Group will review the related measures regularly to ensure its effectiveness.

We have appointed an independent internal control consultant to undertake a review of the adequacy and effectiveness of its internal control systems during the Reporting Year. The Board and the Audit Committee also supervise and review the implementation and effectiveness of the internal control systems regularly.

B8. Community Investment

The Group is dedicated to actively engaging and supporting the public through various form of social participation and contribution as part of its strategic development. We endeavour to foster a corporate culture and practices that embody responsible citizenship in our daily work life. With the deep sense of social responsibility, the Group has developed the Community Investment Policy and directing our community investment focus on helping the underprivileged groups in the society. We believe participating in activities that pay back to society can increase our employees' civic awareness while establishing positive values. During the Reporting Year, the Group has participated in 4 community activities.

Dress Casual Day 2023

Environmental, Social and Governance Report 2024

During the Reporting Year, the Group participated in the fund-raising event "Dress Casual Day 2023" organised by The Community Chest on 30 October 2023. The Group donated cash to The Community Chest and organised an in-house fund raising activity to raise funds from our employees. Our employees were enthusiastic about joining the fund-raising event and made donations to the charity. The money raised will benefit over 165 member social welfare agencies covering different groups of people-in-needs, including the elderly, children, teenagers, etc. Thanks to the wholehearted support of our employees, we won the 3rd highest per capita contribution award by category (Companies & Organisations) for "Dress Casual Day" 2023 again.

Environmental, Social and Governance Report 2024

Cultural Exchange of Healthy Cuisine

The Group partnered with The Neighbourhood Advice-action Council to organise the "Cultural Exchange of Healthy Cuisine" event to enhance racial harmony. In the event, participating employees of the Group got a chance to cook different healthy featured Southeast-Asian and Chinese foods with ethnical minorities. By cooking together, the participants did not only learn about cooking healthy food but can also interact with people of different races and enhance their understanding of others' cultures. The Group has donated 150–200 pieces of featured Chinese and Southeast Asian food for the event, including coconut luddo, pani puri and Hakka glutinous rice balls.

A Trip of Nature to Hoi Ha

The trip to Hoi Ha Wan in Sai Kung, co-organised by the Group and The Neighbourhood Advice-action Council is an activity that allow participants to get close to nature and interact with racial minorities in the society. 40 free places and food sponsorships were provided for the ethnic minorities. With the theme of health, we went hiking with them, visited the Hoi Ha Visitor Centre, enjoyed the beautiful view of Hoi Ha Wan and have a picnic together. Along the way we talked and laughed, got to know more about their language and culture, and increased our understanding of each other. During the event, in addition to admiring the beautiful scenery of the marine park, we also shared each other's homemade food, and played games together. We hope that the hiking and picnicking event can encourage a healthy and green lifestyle of regular outdoor activity and promote social inclusion by providing an opportunity for our employees to interact with ethnical minorities in the trip.

Environmental, Social and Governance Report 2024

Welcoming Chinese New Year with Elderly

We organised the "Welcoming Chinese New Year with Elderly" event and celebrated Chinese New Year with elderlies from Martha Baker Social Centre for the Elderly of The Neighbourhood Advice-action Council. Our 13 employees volunteered in the event to play game, do handcrafts and write Fai Chun with 32 elderlies to send them love and cares. We sponsored the lantern, Fai Chun, and the New Year's blessing presents, wishing them the Happiest and Warmest Chinese New Year. The activity went very smoothly. Seeing the satisfied smiles of the elderly, our colleagues felt it was very meaningful.

Environmental, Social and Governance Report 2024

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Sections
Governance Structure	ESG Governance Structure
	Stakeholder Engagement
	Materiality Assessment
Reporting Principles	Reporting Principles
Reporting Boundary	Reporting Scope

"Comply or explain" Provision

Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
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 and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emissions (not applicable — explained)
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management (not applicable — explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions — GHG Emissions
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.	Emissions — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Management
KPI A2.2	Water consumption in total and intensity.	Use of Resources — Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources — Energy Management
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.	Use of Resources — Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Working Environment
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.	Climate Change
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.	Climate Change

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Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
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.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment — Employment Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment — Employment Practices
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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety — Employee Health Management, Safety Training and Education
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Development and Training — Training Programmes
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training — Training Programmes

Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
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.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child Labour and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child Labour and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
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.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management — Environmental and Social Responsibility of Suppliers
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management — Environmental and Social Responsibility of Suppliers
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.	Product Responsibility

Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Quality Assurance and Recall
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Protection of IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Quality Assurance and Recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Customer Privacy Protection

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.	Anti-corruption
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.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption — Anti-fraud Mechanism, Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Community Investment

End