



EXPERT

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

2019

Environmental, Social
and Governance Report

Environmental, Social and Governance Report

INTRODUCTION AND APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Expert Systems Holdings Limited (the “Company”, together with its subsidiaries, the “Group”, or “we”) is one of the Hong Kong’s leading information technology (“IT”) infrastructure solutions providers. Our business objective is to maintain our position as one of the preferred and trustworthy IT infrastructure solutions providers that specialises in helping corporate and institutional customers to maximise values from their IT engagements. This Environmental, Social and Governance Report (the “ESG Report”) summarizes the Group’s environmental, social and governance (“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 this as the core part of our business strategy because we believe this is the key to our continued success in the future.

ESG GOVERNANCE STRUCTURE

The Group has established the ESG Taskforce (the “Taskforce”). The Taskforce comprises core members from different departments of the Group and is responsible for collecting relevant information on our ESG aspects for the preparation of the ESG Report. The Taskforce reports to the Board of Directors (the “Board”), assists in identifying and evaluating the Group’s ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates our performances in different aspects such as environment, safety operation, labour standards and product responsibilities in the ESG aspects. The Board sets up the main direction for the Group’s ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

REPORTING SCOPE

The ESG Report generally covers the Group’s key business and operational activities in Hong Kong, which represents the Group’s major source of revenue. The ESG key performance indicator (“KPI”) data is gathered and included under the Group’s direct operational control companies and subsidiaries. The Group will continue to assess the major ESG aspects of different businesses to determine whether it needs to be included in the future ESG reporting.

REPORTING FRAMEWORK

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in the Appendix 20 of the GEM Listing Rules of the Stock Exchange of Hong Kong Limited.

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 16–25 of the Company’s 2019 Annual Report.

REPORTING PERIOD

This ESG Report describes the ESG activities, challenges and measures being taken during the financial year ended 31 March 2019 (the “Reporting Period” or “2019”).

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STAKEHOLDER ENGAGEMENT

The Group attaches great importance to its stakeholders and their views on the business and ESG issues of the Group. In order to understand and respond to stakeholders' concerns, the Group communicates with its major stakeholders (including shareholders and investors, customers and business partners, staff, suppliers, regulatory bodies and government authorities, media, non-governmental organisations ("NGOs") and the public) through different channels. The channels of communication between the Group and its major stakeholders are as follows:

| Major Stakeholders | Communication Channels |
|--|---|
| Shareholders and investors | <ul style="list-style-type: none">• General meeting and other shareholder meetings• Annual reports, interim and quarterly reports• Announcements and circulars• Website of the Company |
| Customers and business partners | <ul style="list-style-type: none">• Customer support hotline and email• Sales team• Workshops• Customer satisfaction survey |
| Staff | <ul style="list-style-type: none">• Channels for staff to express opinions (e.g. internal meetings, appraisals, and emails)• Regular performance reviews• Trainings, seminars and briefing sessions |
| Suppliers | <ul style="list-style-type: none">• Procurement team• Supplier management meetings and events |
| Regulatory bodies and government authorities | <ul style="list-style-type: none">• Compliance officer• Compliance adviser |
| Media, NGOs and public | <ul style="list-style-type: none">• Community activities and partner programs• Media• External public relations company |

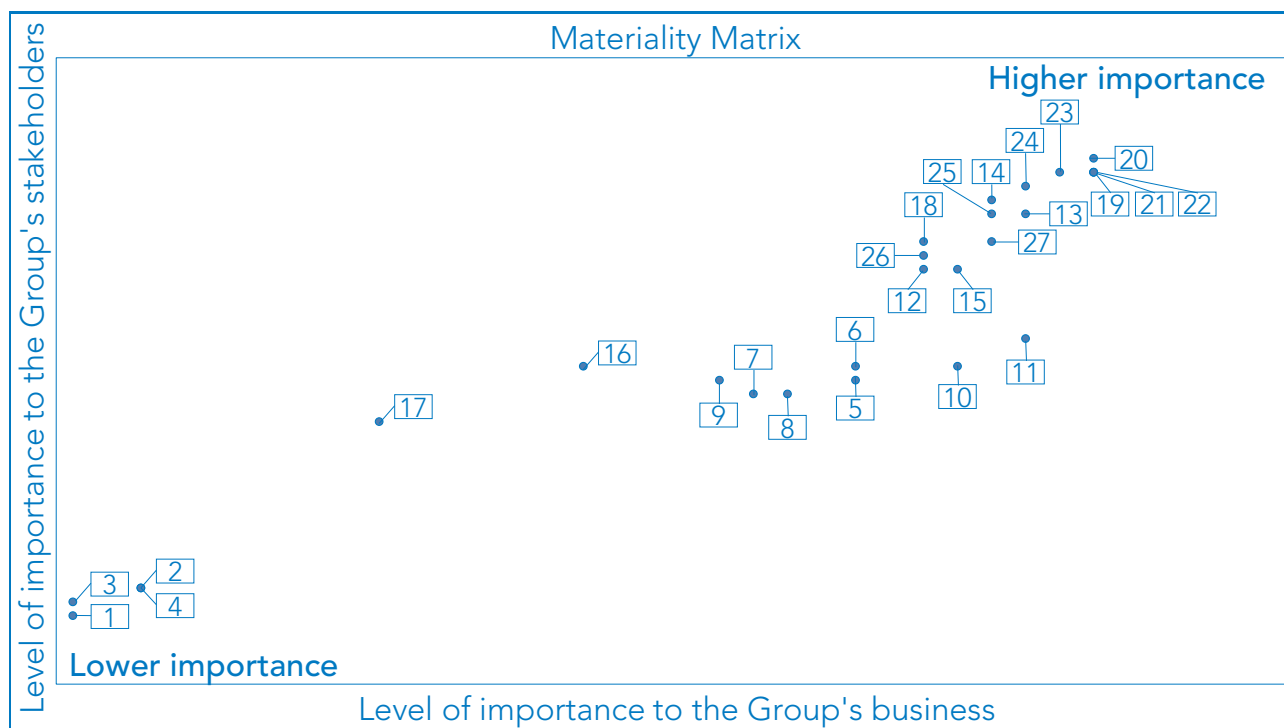
We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community on a continuous basis.

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MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have participated in preparing the ESG Report, assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. We compiled a questionnaire with reference to the identified material ESG issues to collect the information from the stakeholders of the Group.

We have considered feedback from relevant stakeholders in determining the Group's material ESG aspects to be covered in the ESG Report. The Group's materiality matrix for the Reporting Period is shown in the following diagram.



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| Environment | | Employment | | Operational Practices | | Community Participation | |
|-------------|----------------------------------|------------|--|-----------------------|---|-------------------------|---|
| 1. | Greenhouse Gas ("GHG") Emissions | 6. | Recruitment, Promotion and Dismissal | 16. | Green Procurement | 26. | Corporate Social Responsibility |
| 2. | Waste Management | 7. | Participation of Employees | 17. | Local Procurement | 27. | Raising Employees' Awareness on Social Responsibility |
| 3. | Water Consumption | 8. | Remuneration and Benefits of Employees | 18. | Fair and Open Procurement | | |
| 4. | Energy Consumption | 9. | Diversity and Equal-Opportunity | 19. | Quality of Service | | |
| 5. | Working Environment | 10. | Work-life Balance | 20. | Customer Service | | |
| | | 11. | Communication Channels with Employees | 21. | Customer Privacy Protection | | |
| | | 12. | Employment Practices and Labour Practice | 22. | Intellectual Property ("IP") Protection | | |
| | | 13. | Occupational Health and Safety | 23. | Anti-corruption and Anti-fraud | | |
| | | 14. | Development and Training of Employees | 24. | Internal Control | | |
| | | 15. | Prevent Child and Forced Labour | 25. | Whistle-blowing Mechanism | | |

Based on the materiality assessment results, the Group was informed of the topics that stakeholders were highly concerned about. The Group is focused upon customer service, quality of service, customer privacy protection, IP protection, anti-corruption and anti-fraud, internal control, occupational health and safety, development and training of employees, whistle-blowing mechanism, and raising employees' awareness on social responsibility. In the ESG Report, we will further disclose the Group's performance in terms of relevant aspects, and consider the results as important reference points for the planning of ESG management for the next financial year.

The recognition of sustainable development and environmental protection are the most fundamental elements to the operation of the Group; as well as the relationship and satisfaction of our customers have become the top priorities in the Group's operation.

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for ESG issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

CONTACT US

We welcome comments and suggestions from our stakeholders. You may provide your comments on the ESG Report or towards our performance in respect of sustainability via email to enquiry@expertsystems.com.hk.



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THE UNITED NATIONS ("UN") SUSTAINABLE DEVELOPMENT GOALS ("SDGs")

In September 2015, the UN adopted 17 SDGs. These goals build on the preceding Millennium Development Goals and seek to tackle the world's economy, social and environmental issues by 2030. Achieving the SDGs will require action by governments, non-governmental organizations and the private sector.

Our SDGs

As a corporate citizen, the Group recognized the importance in achieving the 17 SDGs and has been striving for the goals related to our business and have aimed at achieving these goals by formulating the relating strategies. We wish to combat and address these goals together and build a better world within the social and environmental aspects. There are aspects of our business that are readily identify as contributing towards achieving SDGs. More details will be discussed below:

| SDGs | SDGs Target | Our Commitment |
|---|---|--|
|  | Achieve gender equality and empower all women and girls | The UN strives to "End all forms of discrimination against all women and girls everywhere" on goal no.5. There is a misbelief in the IT industry that "men can do a better job than woman", leading to a bias in employing male for doing IT related jobs. The Group upholds "Gender Equality" and will not discriminate against candidates or staff by gender. We recognize the value of the diversity of our workforce and is committed to creating and maintaining it. We embrace gender equality in our company culture and we take in the most suitable candidate only in consideration of their ability to fulfil the requirements of the job. Please refer to Aspect B1 in this ESG Report for more information. |
|  | Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | The UN targets to "Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all". The Group assesses, designs and implements IT infrastructure solutions for corporate and institutional customers. Cyber security, which is a part of IT infrastructure, is also one of our business focuses. Cyber security solutions we deployed for our corporate and institutional customer can address their different cyber security concerns such as hacker attack, data loss and etc. in return their IT properties such as network, systems, internet of things, cloud services and etc. can be protected. As a result, this contributes to the overall cyber security of the community and hence improves its economic performance. |

Environmental, Social and Governance Report

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

The Group is committed to the long-term sustainability of the environment and community where it operates. The Group is prudent in controlling its emissions and consumption of resources. We have implemented measures to promote energy conservation, waste reduction and other green initiatives across the life cycle of our products and services. We are also committed to educating our employees to raise their awareness on environmental protection and complying with the relevant environmental laws and regulations.

In order to enhance our environmental governance practice and mitigate the environmental impact produced by the Group's operations, we have adopted and implemented the Environmental Policy and have communicated such policies to our employees. These policies apply the waste management principles of "Reduce, Reuse, Recycle and Replace" as well as emission mitigation principle, with an objective of minimising the adverse environmental impacts and ensure the waste disposal or emissions generated is conducted in an environmentally responsible manner.

In the long run, the Group will enhance its energy saving management in minimising the usage of lighting, air conditioning and electronic appliances and track its energy consumption regularly.

Within our policy framework, we continually look for different opportunities to pursue environmentally friendly initiatives, enhance our environmental performance by reducing energy and use of other resources.

During the Reporting Period, the Group has not identified any material non-compliance of environmental laws and regulations, including but not limited to Air Pollution Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Noise Control Ordinance in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

Air Emissions

Due to our business nature, the Group considers the relevant air emissions generated not significant.

GHG Emissions

The Group's major sources of GHG emissions are from the electricity supplied by the relevant service providers (Scope 2). The Group has no GHG emissions in scope 1 because the Group has no owned vehicles, nor any stationary source that would require fuel consumption; with no fuel consumption, no GHG emissions were resulted from mobile and stationary combustion sources. The Group also has no HFC and PFC emissions from refrigerants.

The amount of GHG emissions has increased by approximately 23.8% from approximately 62.13 tCO₂e in 2018 to approximately 76.91 tCO₂e in 2019. The increase in electricity consumption in the office is in line with the increase in Group's revenue, hence leading to an increase in the total GHG emissions. In order to reduce GHG emissions, measures such as electricity conservation initiatives are adopted and discussed in Aspect A2. Through these GHG emissions mitigating measures, the employees' awareness on GHG emissions mitigation has been enhanced.

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Summary of GHG Emissions Performances:

| GHG Indicators ^{Note 1} | Unit | 2019 | 2018 |
|---|--|-------|-------|
| Total GHG emissions (Scope 2) | tCO ₂ e | 76.91 | 62.13 |
| Intensity | | | |
| Per employee ^{Note 2} | tCO ₂ e/employee | 1.00 | 0.79 |
| Per total floor area ^{Note 3} | tCO ₂ e/m ² | 0.10 | 0.07 |
| Per million HKD revenue ^{Note 4} | tCO ₂ e/million HKD revenue | 0.18 | 0.18 |

Note:

1. GHG emission data is 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, the 2018 Sustainability Report published by CLP Power Hong Kong Limited and the 2018 Sustainability Report published by HK Electric Company Limited, and "How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX.
2. The Group had 77 employees as at 31 March 2019 (31 March 2018: 79). These data are also used for calculating the intensity of non-hazardous waste and electricity usage.
3. The Group's total floor area was approximately 805.47m² in 2019 (2018: approximately 920.50 m²). The data is also used for calculating the intensity of electricity usage.
4. The Group's revenue was approximately HK\$432.5 million for 2019; while the Group's revenue was approximately HK\$337.2 million for 2018. These data are also used for calculating the intensity of non-hazardous waste and electricity usage.

Wastewater Discharge

We do not consume significant volume of water through our business activities, and therefore our business activities did not generate material portion of discharges into water. The majority of the water supply and discharge facilities are provided and managed by property management company.

Environmental, Social and Governance Report

Waste Management

Hazardous waste handling method

Due to the Group's business nature, we did not generate any hazardous waste during the Reporting Period. Despite the Group did not generate hazardous wastes, the Group has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental regulations and rules.

Non-hazardous waste handling method

The Group's Environmental Policy emphasises carbon reduction and waste reduction with the principle of "Reduce, Reuse, Recycle and Replace" to promote better utilisation of environmental resources. The Group is committed to promoting an environmentally friendly mindset among its employees.

In order to minimise the environmental impact of non-hazardous wastes generated in business operations, the Group has initiated different measures to deal with such waste.

Our staff and the designated administrative staff in the workplace collectively take the responsibilities in waste management in our office and warehouse, with reference to the environmental policies, including but not limited to the following:

- Utilising electronic communication where applicable such as e-leave system, e-cards for festival greetings, medical e-claims and e-brochures for distributing to customers;
- Reducing printing and paper wastage by minimising the font size and deleting the unnecessary blank space in the document;
- Promoting upcycling, recycling and the use of recycled paper and toner or environmentally friendly materials;
- Using high performance multi-function printers which incorporate the functionality of printer, scanner and copier into single device. The printers are shared among different departments so as to have a smaller footprint;
- Redeploying office furniture within the Group where possible to reduce the amount of material going to landfill;
- Redeploying computer and notebook within the Group where possible;
- Minimizing waste wherever feasible;
- Sorting recycled waste into appropriate receptacles, educating employees on sorting methods; and
- Placing appropriate signage on walls and bins, stating what type of waste or recyclable should be placed in the bin.

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The Group also promotes waste reduction knowledge to employees through emails so to raise the awareness of environmental protection. Through the above waste reduction measures, employees' awareness of waste reduction has increased.

Through the promotion on efficient use of paper and waste reduction measures, the overall intensity of generation of non-hazardous waste per million HKD revenue was reduced. The Group's office paper waste per million HKD revenue has reduced by approximately 22.22% from about 0.0009 tonne per million HKD revenue in 2018 to approximately 0.0007 tonne per million HKD revenue in 2019; while the wasted toner cartridge per million HKD revenue has slightly reduced by approximately 1.30% from approximately 0.077 piece per million HKD revenue in 2018 to approximately 0.076 piece per million HKD revenue in 2019.

Summary of Non-hazardous Waste Discharge Performances:

| Type of Non-hazardous Waste | Unit | 2019 | 2018 |
|-----------------------------|---------------------------|--------|--------|
| Office paper | tonne | 0.30 | 0.29 |
| Intensity | | | |
| Per employee | tonne/employee | 0.004 | 0.004 |
| Per million HKD revenue | tonne/million HKD revenue | 0.0007 | 0.0009 |
| Toner cartridge | piece | 33 | 26 |
| Intensity | | | |
| Per employee | piece/employee | 0.429 | 0.329 |
| Per million HKD revenue | piece/million HKD revenue | 0.076 | 0.077 |

A2. Use of Resources

General Disclosure and KPIs

The Group strives to optimise resource usage in business operations and continues 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, aiming to achieve higher energy efficiency and reduce unnecessary use of materials.

Environmental, Social and Governance Report

Energy Management

The Group aims at minimizing environmental impacts in our operations by identifying and adopting appropriate measures. The Group has established energy policies, measures, and practices to show our commitment on energy efficiency. All employees are required to adopt such measures and practices, including the purchase of energy-efficient products and services, and assume responsibility for the Group's overall energy efficiency. The Group has also taken the responsibility in educating staff about the importance of energy conservation and emission reductions. In the long run, the Group will enhance its energy saving management in minimizing the usage of lighting, air conditioning and electronic appliances and track its energy consumption regularly in the coming years.

The energy management system is implemented with annual review to assist in achieving our energy saving objectives and targets. Moreover, monthly monitoring of the usage of electricity and water and other materials is implemented. Unexpected high consumption of electricity will be investigated to find out the root cause and take preventive measures.

The Group's energy consumption has increased by approximately 28.95% from approximately 100,653 kWh in 2018 to approximately 129,790 kWh in 2019. The increase in electricity consumption in the office is in line with the increase in Group's revenue.

Summary of Energy Consumption Performance:

| Type of Energy | Unit | 2019 | 2018 |
|-----------------------------|-------------------------|----------|----------|
| Electricity | kWh | 129,790 | 100,653 |
| Intensity | | | |
| Per employee | kWh/employee | 1,685.58 | 1,274.09 |
| Per total floor area | kWh/m ² | 161.14 | 111.04 |
| Per millions revenue in HKD | kWh/million HKD revenue | 300.09 | 298.50 |

During the Reporting Period, the Group has performed the following measures relating to energy conservation:

- Replaced energy-inefficient light bulbs with energy efficient LED lighting by phases;
- Adopted higher energy-efficiency office equipment in our workplace;
- Encouraged our staff to utilise teleconferences and video conferences if appropriate;
- Regularly publicised environmental protection messages to our staff via emails;
- Posted green messages on the information to appeal for colleagues' continued support in energy and conservation; and
- Encouraged our staff to participate in campaigns or activities relating to the promotion of green environment.

Through these energy conservation measures, the employees' awareness on energy conservation has been enhanced.

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Water Consumption

The water consumption of the Group is only limited to basic cleaning and sanitation. We do not consume significant amounts of water through our business activities. The majority of the water supply facilities are provided and managed by property management company. We encourage all employees to develop the habit of conserving water consciously. The Group has been strengthening its water-saving promotion, posting water-saving slogans, and guiding employees to use water reasonably. Through these water conservation measures, the employees' awareness on water conservation has been enhanced. Due to the Group's business nature and the fact that its operations are mainly based in Hong Kong, the issue of sourcing water that is fit for purpose is not relevant to the Group.

Use of Packaging Materials

Due to the nature of its business, the Group did not involve any substantial production or consumption of packaging materials during the Reporting Period.

A3. The Environment and Natural Resources

General Disclosure and KPI

The Group has adopted the minimization of the impact on the environment and natural resources as an ongoing commitment to good corporate citizenship, and endeavours to minimize negative environmental impact of our business operations in order to achieve a sustainable development for generating long-term values to our stakeholders and community as a whole.

We regularly assess the environmental risks of our business, and adopt preventive measures to reduce risks and to ensure compliance with relevant laws and regulations.

Working Environment

To ensure a good working environment for our employees, indoor air quality in our workplace is regularly monitored. The cleaning services for air conditioning system are conducted in the workplace regularly and such measure resulted in maintaining indoor air quality and filtering out pollutants, contaminants and dust particles. We also perform pest control on carpet and dust cleaning on ceiling, lightboxes and fan coils.

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B. SOCIAL

B1. Employment

General Disclosure

We regard each employee as a valuable asset of the Group. Our excellence in human resources is our core competitive advantage. We established relevant policies to fulfil our vision on people-oriented management to realise the full potential of employees. The Employment Policy is formally documented, covering recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunity, etc. We review, and if necessary revised, this Employment Policy and our employment practices at least annually to ensure continuous improvements of our employment standards.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong, that would have a significant impact on the Group.

Recruitment, Remuneration and Promotion

The Group hires employees through open recruitment. In the recruitment process, it standardizes the hiring procedures and recruitment principles, adheres to the hiring principles of morality, knowledge, ability, experience and fitness applicable to job positions as well as the principles of fairness, openness and justice, so as to continuously attract, employ and develop talents with consistent and flexible personnel policy.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. Remuneration packages include holidays, annual leave, medical scheme, mandatory provident fund and discretionary bonus. The promotion of the Group's employees are subject to review regularly. The Group has established objective performance indicators for annual performance evaluation. Supervisor discusses the performance with employee in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

Compensation and Dismissal

The Group constantly reviews its compensation packages to make sure the employees are remunerated at a competitive level. Staff remuneration is usually reviewed once a year. Individual performance, departmental performance, business performance as well as the general increment rate of the market will be taken into consideration. Any termination of employment contract would be based on reasonable, lawful grounds and internal policies, for instance the Employee Handbook. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

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Work-life Balance

We recognise the importance of maintaining a healthy lifestyle and work-life balance of our employees. We support a work-life balance workplace through the regular review of employee's working environment, working hours and rest periods. We also actively engage our employees through social, employee bonding, outings, volunteer works and charity activities. We have conducted the following to organise work-life balancing activities for employees:

- Annual party;
- BBQ party; and
- Celebration of festivals.

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.

We are dedicated to providing equal opportunity in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. This covers all aspects of employment, including selection, job assignment, compensation, discipline, termination, access to benefits and training.

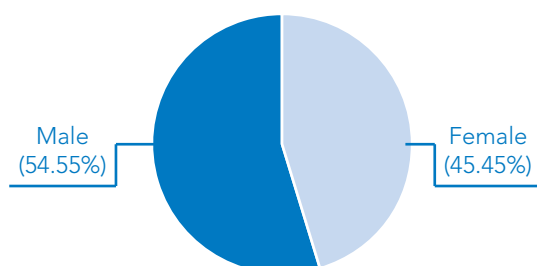
Any employee with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the Human Resources and Administration ("HRA") Department. We strive to ensure that complaints, grievances and concerns, including whistle-blowing, are dealt with promptly and confidentially. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

With the aim of ensuring fair and equal protection for all employees, we have zero tolerance on sexual harassment or abuse in the workplace in any form.

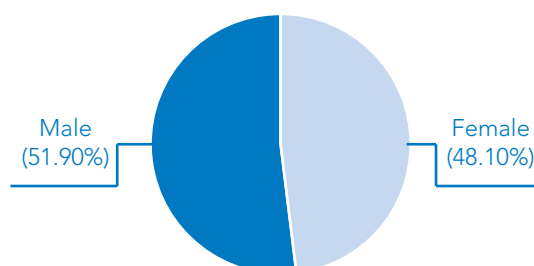
As of 31 March 2019, there were 77 employees. The following graphs show comparison of employee distribution by gender and age between 2019 and 2018.

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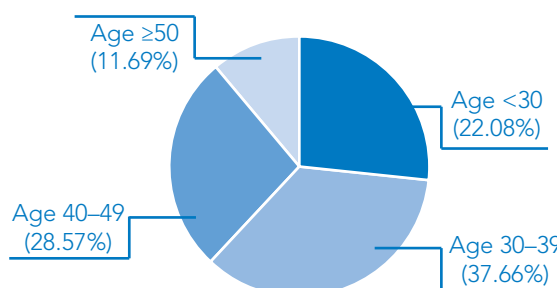
Total workforce by gender (2019)



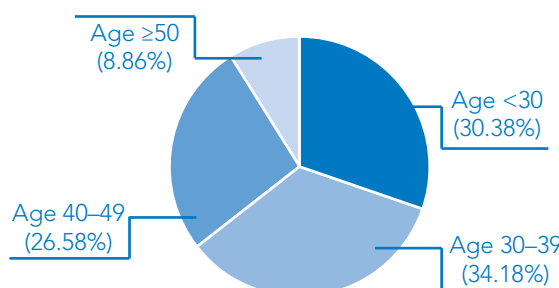
Total workforce by gender (2018)



Age distribution of employees in number and percentage (2019)

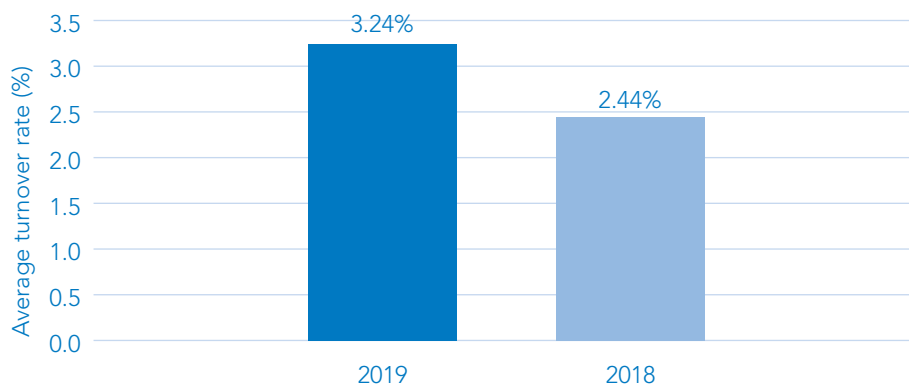


Age distribution of employees in number and percentage (2018)



During the Reporting Period, the employee turnover was 31 and the annual turnover rate was 3.24%. The following graphs show the employee turnover and turnover rate by gender and age, and also the annual turnover rate between 2019 and 2018.

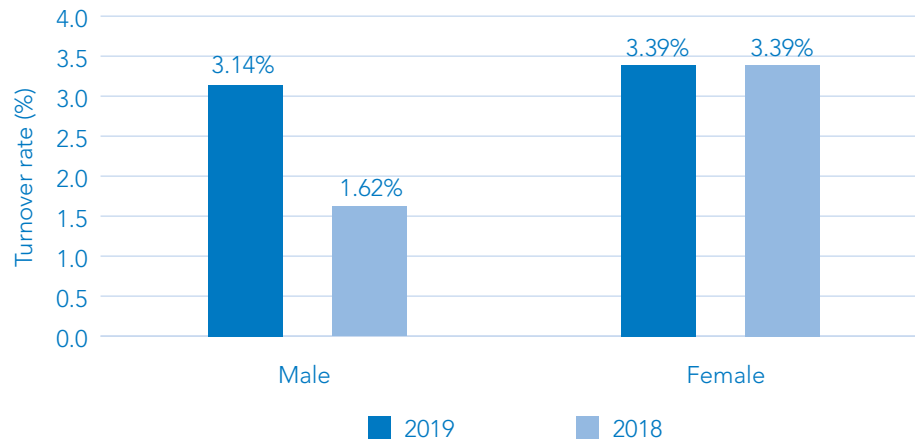
Annual turnover rate ^{Note}



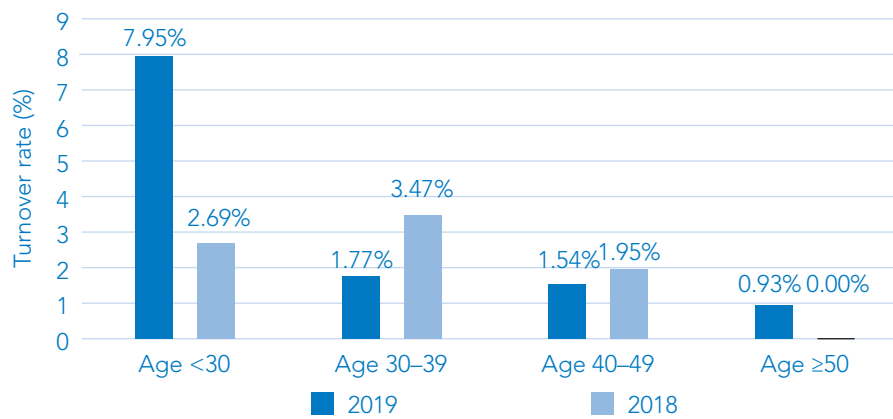
Note: The annual turnover rate is calculated by the average of monthly turnover rate; while the monthly turnover rate is calculated by dividing the total number of staff resigned during the month by the total number of staff as at the end of the month.

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Employee turnover rate by gender



Employee turnover rate by age group



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B2. Health and Safety

General Disclosure

The Group prides itself on providing a safe, effective and congenial work environment as the Group believes that employees are valuable assets of an enterprise and regards human resources as its corporate wealth. The Group works hard to provide a safe, healthy and comfortable working environment to safeguard the personal safety of the employees as well as the safety of the workplace.

The Group follows the occupational health and safety guidelines recommended by Labour Department and Occupational Safety and Health Council, and regularly encourages employees to attend relevant workshops or training courses. HRA Department also takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring.

The Group has also established the Health and Safety Policy ("HS Policy") on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace, to maintain a safe working environment. We review, and if necessary revise, this HS Policy and our health and safety practices at least annually to ensure continuous improvements of our health and safety standards.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Occupational Safety and Health Ordinance and Employee Compensation Ordinance of Hong Kong that would have a significant impact on the Group. There was also no accidents that resulted in death or serious physical injury and no claims or compensation was paid to its employees due to such accident.

Safety Measures

The HRA Department of the Group is responsible for monitoring and reviewing the safety and security management periodically, and performing regular checking in both office and warehouse to ensure furniture, fixtures, fittings and fire safety equipment are maintained in good conditions.

Proper light and ventilation are also ensured to safeguard employees' health. Moreover, first aid boxes are available at easily accessible locations in both office and warehouse. The HRA Department is responsible for ensuring that the supplies inside the first aid boxes are functional and not outdated.

Safety Training

Employees are obliged to attend the trainings organised by the Group on occupational safety and environmental control. Emergency and evacuation procedures were established to respond timely and orderly in any major safety accidents. Moreover, fire exit route floor plans and exit signs have been posted to inform our employees the exit route of our office and a crises and emergency seminar has been held for our employees for their better handling of emergencies during the Reporting Period. The Group fosters employee involvement through the HRA Department to maintain a safe working environment, and employees are encouraged to provide feedbacks on improving the workplace safety and to report any potential hazards that may lead to injury or danger.

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Employee Health Management

The Group offers comprehensive health care coverage for our entire workforce. The Group has also continued to organise work-life balancing activities for employees, implemented green projects at our own premises and carried out other activities to promote healthy living practices. Health and safety communications are provided to employees to present the relevant information and raise awareness of occupational health and safety issues.

B3. Development and Training

General Disclosure

The Group recognises the valuable contribution of our talents for the continued success. Nurturing talents and polishing the skills of our human capital is crucial in leading us to excellence. This is achieved through development of training strategy that focuses on creating values and serving the needs of our customers, talents and society.

Training and Development of Employees

The Group understands that training and development are indispensable for its staff to keep abreast of the latest trend in IT industry and the dynamic pace in current domestic market. To ensure effective training programs are implemented, the Group has established the Training and People Development Policy in controlling the training related procedures. The Group provides regular training, development programmes and training sponsorships.

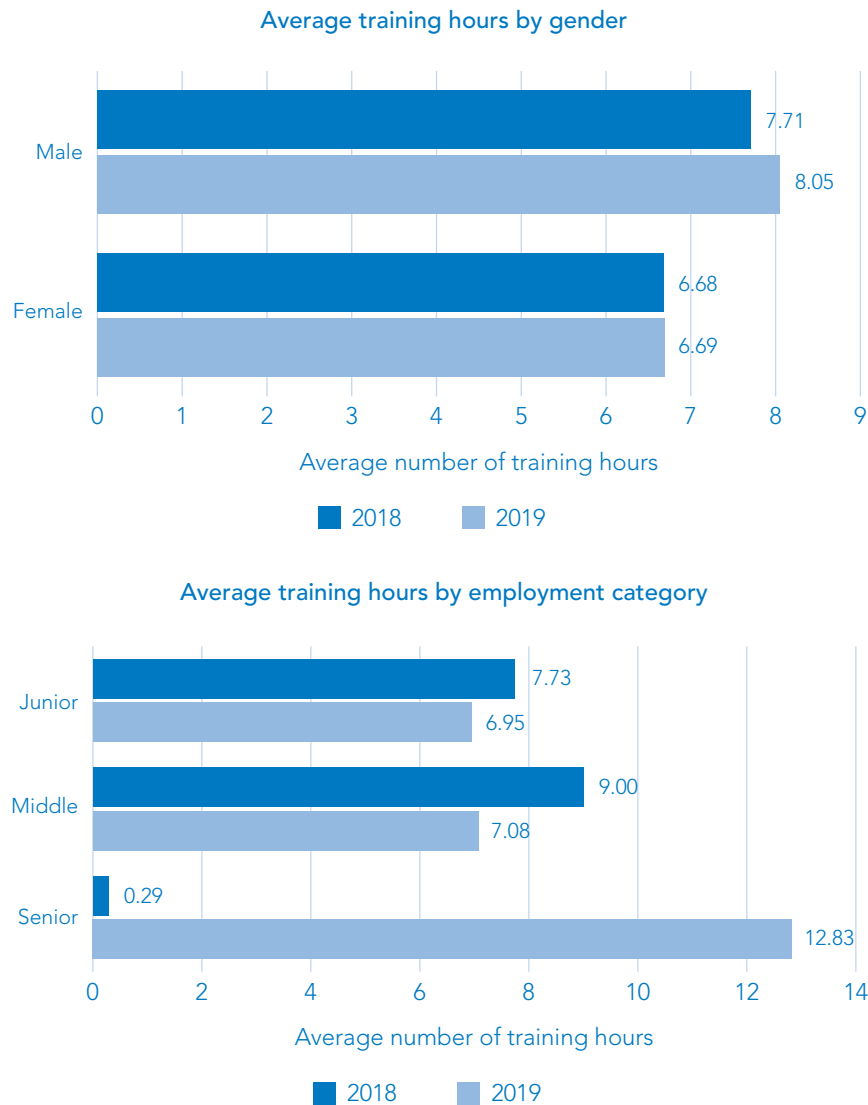
A training plan is developed by management based on the requirements from various departments and employees. We review, and if necessary revise the related policy and our training and staff development activities at least annually to continuously improve relevant provision. Training content is regularly updated to ensure contents are relevant to stakeholder's changing needs such as laws and regulations, technology changes, market trend, product trend and customer behaviour changes. Our training programmes include product knowledge training for sales team, marketing trainings, and new IT solutions training for technical teams, etc.

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 ability in career advancement. We also encourage our employees to attend trainings and obtain professional qualifications. Sponsorships are available to employees who have met certain conditions set by the Group.

Total number of training hours provided to employees in 2019 was 572 hours (2018: 584 hours) while the average training hours per employee in 2019 was approximately 7.43 hours (2018: 7.39 hours).

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The average training hours^{Note} of the Group's employee is shown as follows:



Note: Figure is restated. Calculation methodology of average training hours has been changed from dividing the total number of training hours by number of employees attended the training to dividing the total number of training hours by number of employees in the specific category as at year end.

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Training Programmes

Successful training and staff development lead to the overall enhancement of organisation efficiency in delivering its vision. We are committed to providing training opportunities that are relevant and ensuring availability of appropriate resources with the following focuses:

- Customer Centric: Equipping our talents with necessary skills and knowledge to discharge their duties effectively and efficiently, with the aim to serving our customers;
- Talent Centric: Assisting and encouraging employees to identify, review and formulate their own individual development plans through annual objective setting and performance review process, so as to strengthen their capabilities in areas including self-motivation, self-confidence, leadership and team work; and
- Social Responsibility: Ensuring our talents uphold the interest of key stakeholders as part of their daily routine, such as safeguarding customer privacy, protecting the environment and contributing to the society.

B4. Labour Standards

General Disclosure

Prevention of Child Labour and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and conducts recruitment based on the Hong Kong Employment Ordinance. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The HRA Department also ensures identity documents are carefully checked. Any violation will be dealt with in the light of the circumstances as clearly stated in the Group's Employee Handbook.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong which would have a significant impact on the Group.

B5. Supply Chain Management

General Disclosure

The IT infrastructure solutions we provide to our customers include procurement of hardware and software from our third party suppliers. Our suppliers include prominent international and local hardware, software manufacturers and distributors. We normally source our products from our manufacturer suppliers directly or through their authorised distributors. The Group has maintained long term and stable relationships with major suppliers. All suppliers are evaluated carefully and are subject to regular monitoring and assessment. The Group has formulated Purchase and Payment Policy to manage its suppliers and the Policy is reviewed at least annually. Up to 31 March 2019, the Group had 436 local suppliers and 29 overseas suppliers, the local procurement percentage was 93.76%.

Environmental, Social and Governance Report

Environmental and Social Responsibility of Suppliers

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. The Group has embedded environmental and social consideration in the procurement process and supplier communication. The Group will continue to monitor its supply chain regarding the environmental and social standards.

Fair and Open Procurement

We have also formed rules to ensure that the suppliers could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest in or relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

General Disclosure

The satisfaction of our customers is the cornerstone of the sustainable development of the Group. We are convinced that the success of our clients means the success of the Group, and have been emphasizing the customer-centric business philosophy in our operation at all levels of the Group. Therefore, we strive to optimize and improve the quality of products and services according to the requests of the customers.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong that has a significant impact on the Group, concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress. Moreover, there was no recall of products for safety and health reasons and no complaint received during the Reporting Period.

IP Rights

The Group registered a trademark in Hong Kong and Macau 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 infringement continues.

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

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Customer Privacy Protection

The Group respects the values and rights of the customers' information assets, and in the process of providing our customers with products and services, we strictly comply with the customers' information security management systems and standards. In order to providing high quality services, we are determined to strengthen the protection of customers' privacy. Our employees are professionally trained to maintain the confidentiality of our customers' information. The Group adheres to the Personal Data (Privacy) Ordinance of Hong Kong and expressly reiterates confidentiality obligations in its Customer Database and Privacy Handling Policy. Electronic sensitive information are secured with passwords and stored in separated and restricted drives. Only authorised employees are granted to access particular drives according to their needs and rights. Printed sensitive information are also stored securely and its access is restricted to authorised employees. Electronic sensitive information should be disposed properly and ensure that no data remains and printed sensitive information should be destroyed only under secure conditions. We also have a data backup system through which our back-up data is stored in different locations to reduce the risk of data loss. We have also implemented firewall, anti-virus and anti-spam solutions for our IT systems to prevent leakage of confidential information, which are upgraded constantly.

Customer Service

In addition, the Group has established Quality Assurance and Recall Procedures to handle customers' feedbacks or complaints in a professional manner.

When product quality issue is addressed by customer complaint, regulator notification, internal discovery or laboratory report, Business Development and Operations Manager will reflect and follow up the issue with related vendor. Management Team will assess the risk on the product quality issue to make any further action, i.e. stop selling the product, recall the sold products, etc. Once a product recall action is initiated, by Management Team, vendors, distributors or relevant government departments, Management Team will release an announcement to all related departments, i.e. Sales and Marketing Department, Procurement Department, Logistic Department, etc. Business Development and Operations Manager will draft an email about the product recall program to the affected customers. Sales Administrators will prepare the customer list of the affected customers and send the product recall program email to them. And they have to keep follow up with the customers on the product recall arrangement. Logistic Department will consolidate all the recalled products, and then return to the vendors or dispose properly.

Sales Operations Department reviews the feedback or complaints and then provide action plans and coordinates relevant teams to address them. The Sales Operations Department will also escalate the feedbacks or complaints to management if necessary.

Advertising and Labelling

Due to the Group's business nature, the business operation of the Group does not involve in any advertising and labelling related matters.

Environmental, Social and Governance Report

B7. Anti-corruption

General Disclosure

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 government of Hong Kong. The Group values and upholds integrity, honesty and fairness in how we conduct business.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to Prevention of Bribery Ordinance of Hong Kong. The Group also did not have any concluded legal cases regarding corrupt practices brought against the Group or our employees.

Anti-fraud Mechanism

We have established an Anti-fraud Policy to help to define appropriate methods in handling conflict of interests, accepting advantages, leakage of confidential information, embezzlement of the Group's assets in one's position, fraudulent financial statements, etc. to comply with the relevant laws and regulations. All employees should decline an offer of advantage if acceptance of it could affect their objectivity in conducting the Group's business. Employees will be subject to disciplinary actions if they are found violating 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

In order to further achieve and maintain the highest standards of openness, probity and accountability, the Group has also implemented a Whistle-blowing policy. This policy allows all employees of the Group as well as 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 and fair manner. In some cases, the Group might need to refer the case to relevant authorities. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions, the identity of the whistle-blower will be kept confidential where possible. Any person who is found to have victimised or retaliated against those who have raised concerns under this policy will be subject to disciplinary sanctions.

We have appointed an independent internal control consultant to undertake a review of the adequacy and effectiveness of our internal control systems during the Reporting Period. The Board and the Audit Committee will supervise and review the implementation and effectiveness of the internal control systems on a regular basis.

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B8. Community Investment

General Disclosure

The Group is committed to embolden and support the public by the means of social participation and contribution as part of its strategic development, and to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group. We aim at promoting the stability of the society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as part of the strategic development of the Group.

Community Participation

We participate in community activities, for example, donations, volunteer services, sponsorships, etc. We have raised the awareness of our colleagues through involving them in community events to help people in need. We believe it helps to connect us with the local community, and maintain a mutually beneficial relationship to the society as a whole.

Our staff members have participated in the Suicide Prevention Service Charity Walk held in Tai Tam Country Park during the Reporting Period. The event aims at promoting the suicide prevention service, community education and life education for youths. Besides participating in the walk, the Group has also raised donations for the event. Our staff members have also participated in the Charity Run held by The Boys' and Girls' Clubs Association of Hong Kong and donated a generous sum to the holding organization. We wish, by our physical and monetary effort to stretch our helping hands to the needy in Hong Kong.



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Index Table of ESG Reporting Guide of the Stock Exchange of Hong Kong Limited

| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Statement |
|--|---|---|
| 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 greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Emissions |
| KPI A1.1 ("Comply or explain") | The types of emissions and respective emissions data. | Emissions |
| KPI A1.2 ("Comply or explain") | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity. | Emissions — GHG Emissions |
| KPI A1.3 ("Comply or explain") | Total hazardous waste produced (in tonnes) and, where appropriate, intensity. | Emissions — Waste Management (not applicable — explained) |
| KPI A1.4 ("Comply or explain") | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. | Emissions — Waste Management |
| KPI A1.5 ("Comply or explain") | Description of measures to mitigate emissions and results achieved. | Emissions — GHG Emissions |
| KPI A1.6 ("Comply or explain") | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | Emissions — Waste Management |
| 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 ("Comply or explain") | Direct and/or indirect consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity. | Use of Resources — Energy Management |
| KPI A2.2 ("Comply or explain") | Water consumption in total and intensity. | Use of Resources — Water Consumption (not applicable — explained) |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Statement |
|---|---|---|
| KPI A2.3 ("Comply or explain") | Description of energy use efficiency initiatives and results achieved. | Use of Resources — Energy Management |
| KPI A2.4 ("Comply or explain") | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | Use of Resources — Water Consumption |
| KPI A2.5 ("Comply or explain") | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Use of Resources — Packaging Materials (not applicable — explained) |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | The Environment and Natural Resources |
| KPI A3.1 ("Comply or explain") | 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 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 ("Recommended Disclosure") | Total workforce by gender, employment type, age group and geographical region. | Employment — Diversity, Equal opportunity and Anti-discrimination |
| KPI B1.2 ("Recommended Disclosure") | Employee turnover rate by gender, age group and geographical region. | Employment — Diversity, Equal opportunity and Anti-discrimination |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Statement |
|--|---|--|
| 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 ("Recommended Disclosure") | Number and rate of work-related fatalities. | Health and Safety |
| KPI B2.2 ("Recommended Disclosure") | Lost days due to work injury. | Health and Safety |
| KPI B2.3 ("Recommended Disclosure") | Description of occupational health and safety measures adopted, how they are implemented and monitored. | Health and Safety — Safety Measures, Safety Training, Employee Health Management |
| 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 — Training and Development of employees |
| KPI B3.2 ("Recommended Disclosure") | The average training hours completed per employee by gender and employee category. | Development and Training — Training Programmes |
| 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 ("Recommended Disclosure") | 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 ("Recommended Disclosure") | Description of steps taken to eliminate such practices when discovered. | Labour Standards — Prevention of Child Labour and Forced Labour |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Statement |
|--|---|---|
| Aspect B5: Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Supply Chain Management |
| KPI B5.1 ("Recommended Disclosure") | Number of suppliers by geographical region. | Supply Chain Management |
| KPI B5.2 ("Recommended Disclosure") | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Supply Chain Management — Environmental and Social Responsibility of Suppliers, Fair and Open Procurement |
| 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 |
| KPI B6.1 ("Recommended Disclosure") | % of total products sold or shipped subject to recalls for safety and health reasons. | Product Responsibility |
| KPI B6.2 ("Recommended Disclosure") | Number of products and service related complaints received and how they are dealt with. | Product Responsibility |
| KPI B6.3 ("Recommended Disclosure") | Description of practices relating to observing and protecting IP rights. | Product Responsibility — IP Rights |
| KPI B6.4 ("Recommended Disclosure") | Description of quality assurance process and recall procedures. | Product Responsibility — Customer Service |
| KPI B6.5 ("Recommended Disclosure") | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Product Responsibility — Customer Privacy Protection |

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| Subject Areas, Aspects, General Disclosures and KPIs | Description | Section/Statement |
|--|--|---|
| 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 ("Recommended Disclosure") | 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 ("Recommended Disclosure") | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Anti-corruption — Anti-fraud Mechanism, Whistle-blowing Mechanism |
| 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 |