



中國信息科技發展有限公司

China Information Technology Development Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8178)

Environmental, Social and Governance Report

2022



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1. Introduction

This is the Environmental, Social and Governance Report (this “**Report**”) of China Information Technology Development Limited for the year ended 31 December 2022 (the “**Year**”), compiled in accordance with the Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited (“**SEHK**”). This Report aims to disclose relevant environmental, social and governance (“**ESG**”) information, including information on the policies and compliance with relevant laws and regulations that have a significant impact on the group, as well as environmental and social key performance indicators (“**KPIs**”), to the stakeholders of the headquarter of China Information Technology Development Limited and its subsidiaries.

Reporting Specification

To improve readability, the headquarter of China Information Technology Development Limited will be referred to as “**the Company**” or “**CITD**”, Macro Systems Limited will be referred to as “**Macro Systems**”, DataCube Research Centre Limited will be referred to as “**DataCube**” and the headquarter of China Information Technology Development Limited and its subsidiaries will be collectively referred to as “**the Group**”.

Reporting Standard

This Report is prepared:

- in accordance with Appendix 20, Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on the GEM of SEHK (“**the GEM Listing Rules**”); and
- with reference to the Global Reporting Initiative Standards published by the Global Reporting Initiative.

Reporting Boundary

The scope of this Report includes:

- the operation in Hong Kong of the headquarter of CITD incorporated in the Cayman Islands with limited liability;
- the operation in Hong Kong by Macro Systems which is incorporated in Hong Kong with limited liability (a major subsidiary of the Company); and
- the operation in Hong Kong by DataCube which is incorporated in Hong Kong with limited liability (a major subsidiary of the Company).

Reporting Period

The reporting period of this Report is from 1 January 2022 to 31 December 2022, which is the same as the reporting period of the Company's annual report.

Reporting Cycle

This Report is to be published annually.

Access to the Report

The English and Chinese versions of this Report can be browsed or downloaded from:

- the Company's official website
<http://www.citd.com.hk>
- HKEXnews website by Hong Kong Exchanges and Clearing Limited
<http://www.hkexnews.hk>

Contact Us

If you have any opinions regarding this Report, please contact our ESG reporting team via email.

Email address: info@citd.com.hk

2. Preface

This is the ESG Report of the Group for the year-ended 31 December 2022, which is prepared in accordance with the GEM Listing Rules. The Group continues to monitor the public's expectation of sustainable development and disclosure of ESG information. Stakeholders, including government, stock exchange, investors, suppliers, customers, employees and other social groups, expect to understand the Group's ESG policies and non-financial risks more thoroughly. As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its businesses.

The Group understands that good ESG governance is the key to the long-term development of an enterprise. The board of directors of the Company (the “**Board of Directors**”) upholds its primary leading role and management responsibilities in the ESG aspects, including overseeing the Group's assessment of relevant environmental and social impacts; understanding the potential impact of ESG issues on the Group's business model and associated risks; aligning with the expectations of investors and the requirements of regulatory authorizations; improving materiality assessment and reporting processes to ensure that policies are implemented and enforced decisively and consistently; and promoting a top-down culture to ensure that ESG considerations are integrated into the business decision-making process.

To prepare and compile this Report, the Group has specifically formed a reporting team consisting of director, company secretary, management and external consultant, which updates the Board of Directors on a regular basis regarding the reporting progress. The main responsibilities of the team include: to formulate the Group's ESG strategy and report, and is also responsible for identifying and assessing the Group's ESG related risks to ensure an effective ESG risk management and internal control system, thereby enhancing the ESG performance of the Group; to review, recognize and report to the Board of Directors on the Group's ESG framework, standards, prioritization and objectives, and to supervise and implement the ESG strategies on the Group's level; to monitor, review and evaluate the Group's ESG performance; to review and advise the Board on the Group's reporting to the public. The department heads are responsible for overseeing their respective ESG risks and objectives, and reporting regular updates to the ESG reporting team and the Board of Directors on relevant progress and challenges encountered.

The Group is committed to operate in a sustainable manner and at the same time maintain the balance of rights and interests between different stakeholders. The procedures and matrix diagram of materiality assessment has been included in this Report. Quantitativeness of the Report has also been strengthened by providing narrative to explain the basis for KPIs calculation. With a view to enhancing our ESG disclosure, the Group has expanded the reporting boundary this Year to include the operation of DataCube in Hong Kong.

The Group has measured and reported various environmental and social KPIs. The measurement and reporting of KPIs is an ongoing and consistent process, allowing for meaningful comparisons of ESG data in subsequent ESG reports.

When preparing and compiling this Report, the Group has reviewed its existing policies and achieved a better understanding of the values of ESG reporting. During the reporting process through the approach of measurement, management and changes, the Group hopes to drive improvement and innovation while minimizing the Group's non-financial risks. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Board of Directors is pleased to present the 2022 ESG Report for the period from 1 January 2022 to 31 December 2022, which outlines the Group's policies and performance in four areas which are environmental, employment and labour practices, operating practices and community investment.

3. Communication with Stakeholder & Materiality Assessment

Communications is an important aspect of our daily operations. Stakeholder engagement and communications are crucial in understanding the expectations and priorities of our stakeholders. The Group values the opinion of our stakeholders and has thus set up and maintained various communication channels for different stakeholder groups. Comments and suggestions are welcomed as they represent an opportunity to improve the Group and its services.

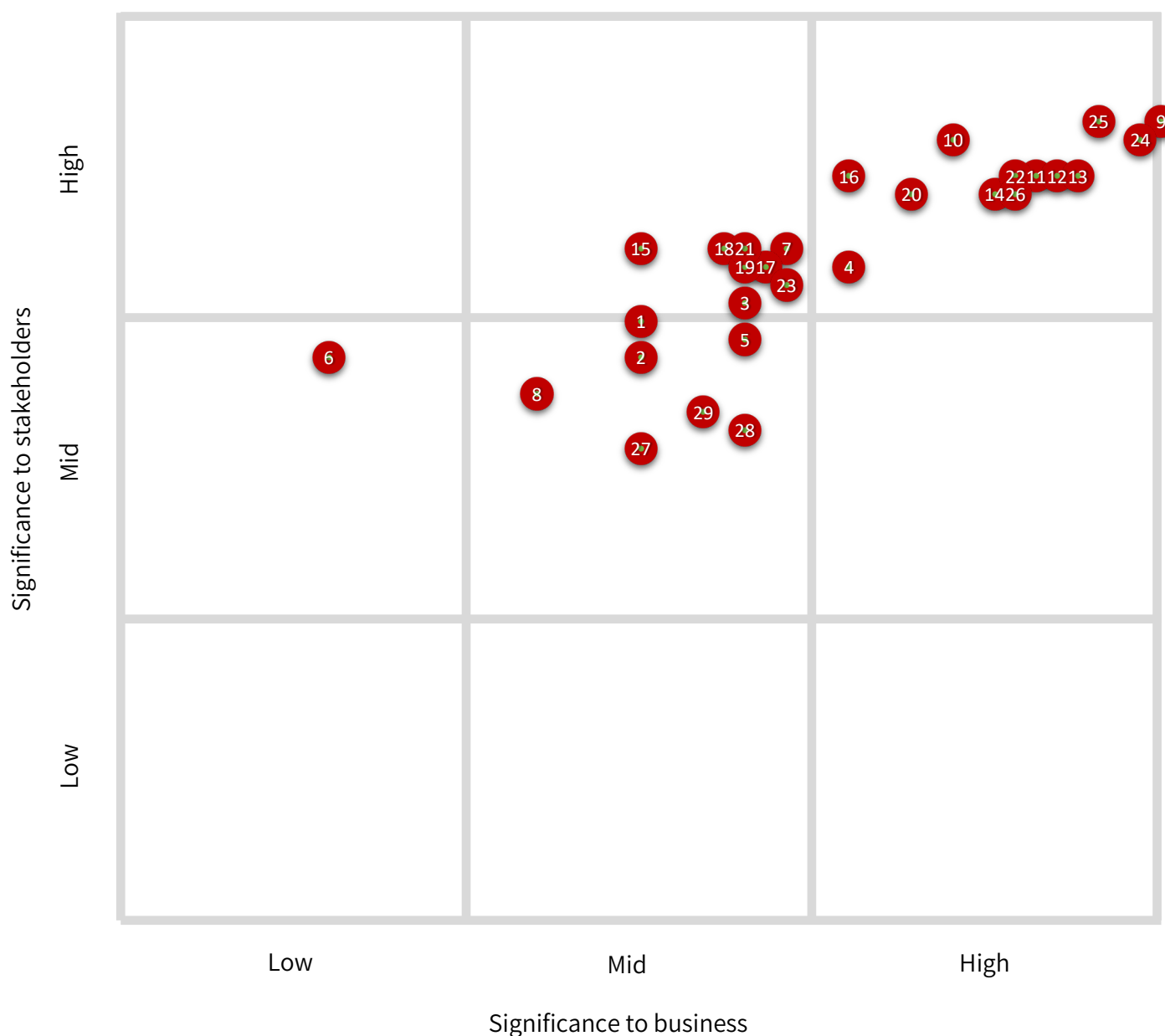
Stakeholder	Key Communication Channels
Shareholders	<ul style="list-style-type: none"> • Announcements and circulars • Quarterly, interim and annual reports • Shareholders' meetings • Company website
Customers	<ul style="list-style-type: none"> • Customer hotline • Regular debriefing sessions with frontline staff to collect customer feedback
Employees	<ul style="list-style-type: none"> • Correspondences, suggestion box • Annual performance appraisal
Suppliers and subcontractors	<ul style="list-style-type: none"> • Business correspondences • Procurement contracts and letters of undertaking • Performance appraisals
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance inspections • Due submissions • Conferences and seminars
Community and public	<ul style="list-style-type: none"> • Press releases and news

Apart from regular communication channels, the Group has also conducted an environmental, social and governance survey to collect opinion from employees, management and external stakeholders, so that the Group can better assess the materiality of various environmental, social and governance aspects.

The implementation of materiality assessment has been divided into three main phases:

- i. identifying the potential material ESG aspects that may have impacts on the Group’s business or stakeholders based on the Group’s actual development and industry characteristics;
- ii. inviting internal and external stakeholders to complete questionnaires to understand their level of concern for each aspect; and
- iii. analysing the results of questionnaires to determine the priority of the potential material aspects.

The following matrix diagram is prepared by the Group to illustrate the significance of various issues to our stakeholders and business:



Environment	Labour Practices	Operating Practices	Community Investment
1. Environmental compliance	9. Employment compliance	16. Operational compliance	27. Charity work
2. Vehicle emissions management	10. Remuneration and benefits	17. Management of environmental risks in the supply chain	28. Promotion of community development
3. Greenhouse gas emissions	11. Working hours and holidays	18. Management of social risks in the supply chain	29. Poverty alleviation work
4. Waste management	12. Diversity and equal opportunities	19. Purchasing practices	
5. Use of energy	13. Occupational health and safety	20. Quality management	
6. Use of water resources	14. Training and development	21. Customer health and safety	
7. Green office	15. Prevention of child labour and forced labour	22. Protection of intellectual property	
8. Responses to climate change		23. Research and development	
		24. Information security	
		25. Customer privacy protection	
		26. Anti-corruption	

Based on the above materiality assessment, 13 material aspects has been identified for the Group's business and stakeholders. The Group has spent more effort to assess, control, monitor and report the material aspects to meet stakeholders' expectations.

Material Aspects	
4. Waste management	16. Operational compliance
9. Employment compliance	20. Quality management
10. Remuneration and benefits	22. Protection of intellectual property
11. Working hours and holidays	24. Information security
12. Diversity and equal opportunities	25. Customer privacy protection
13. Occupational health and safety	26. Anti-corruption
14. Training and development	

4. Environmental

CITD is principally engaged in investment holding and office management. Macro Systems is principally engaged in the provision of system integration and maintenance services in Hong Kong. DataCube is principally engaged in provision of big data applications. Due to the fact that the Group's business activities were tertiary production, the amount of emission was relatively limited.

During the Year, the Group has complied with relevant environmental laws and regulations that have a significant impact on the Group, including but not limited to Air Pollution Control Ordinance, Water Pollution Control Ordinance, Waste Disposal Ordinance, Noise Control Ordinance and Product Eco-responsibility Ordinance in Hong Kong.

4.1 Air and Greenhouse Gas Emissions

During the Year, the Group's major direct greenhouse gas emissions were hydrofluorocarbons (HFC) and perfluorocarbons (PFC), which are resulted from the use of air conditioning equipment in the office. The central air conditioning was provided by the property management company, therefore, such emission data was not available for collection.

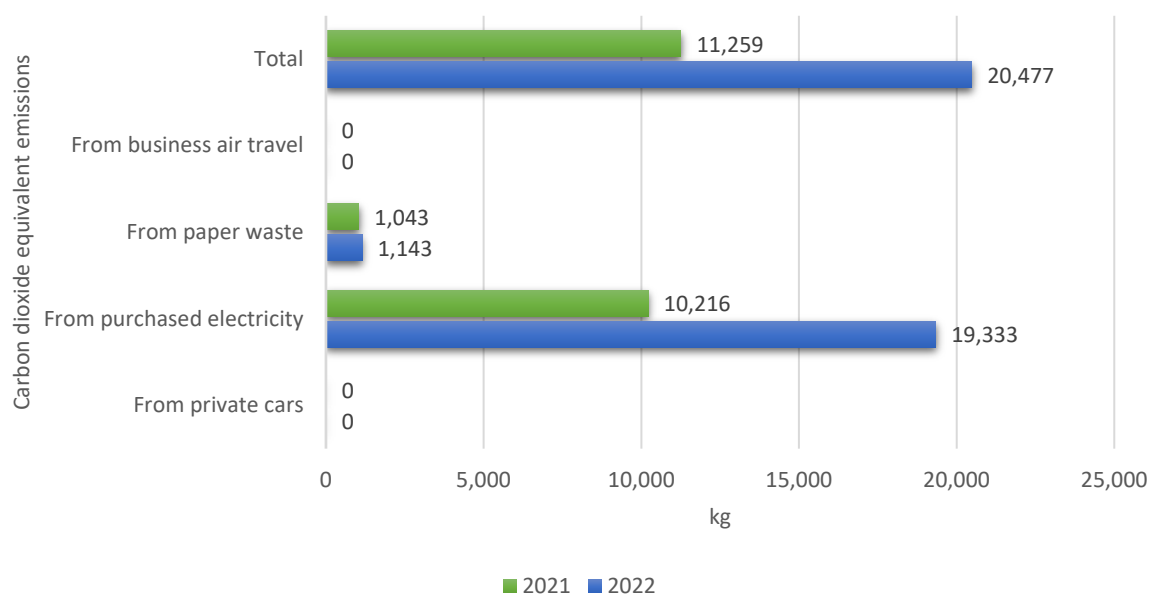
With a view to reducing air and greenhouse gas emissions, the Group has taken a step further in 2021 to encourage the use of public transport by suspending the Group's fuel cards. During the Year and 2021, there were no air emissions of the private cars, including nitrogen oxides (NO_x), sulphur oxides (SO_x) and respiratory suspended particles. Since there were no fuel used by private cars in the Year and 2021, there were no greenhouse gas emissions of the private cars including carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O).

The Group has encouraged employees to reduce unnecessary business air travel, with a view to lowering the Group's carbon footprint and achieving more efficient use of resources. During the Year and 2021, there were no carbon dioxide (CO₂) emission resulted from business air travel by employees. The Group's major indirect greenhouse gas emission were: 19,333 kilograms (2021: 10,216 kilograms) of carbon dioxide (CO₂) resulted from the generation of electricity.

Other minor and indirect greenhouse gas emissions sources were: 1,143 kilograms (2021: 1,043 kilograms) of carbon dioxide (CO₂) equivalent emission resulted from office waste paper; carbon dioxide (CO₂) emissions resulted from disposal of office solid waste at landfills; and carbon dioxide (CO₂) emissions resulted from the electricity used for processing fresh water and sewage. The processing of fresh water, sewage and solid waste were handled by the property management company or relevant local government departments, therefore such emission data was not available for collection.

During the Year, the total carbon dioxide (CO₂) equivalent emission of the Group was 20,477 kilograms (2021: 11,259 kilograms), and the carbon dioxide (CO₂) equivalent emissions intensity was 0.33 kilogram / thousand Hong Kong Dollar revenue (2021: 0.17 kilogram / thousand Hong Kong Dollar revenue). The increase in greenhouse gas emissions during the Year is mainly due to the expansion of reporting boundary to include the operation of DataCube in Hong Kong.

KPI A1.2: Greenhouse gas emissions in total



1 The carbon dioxide equivalent emissions from private cars was calculated based on the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” published by the Hong Kong Environmental Protection Department and Hong Kong Electrical and Mechanical Services Department.

2 The carbon dioxide equivalent emissions from purchased electricity was calculated based on the emission factor obtained from the “2021 Sustainability Report” of CLP Group.

3 The carbon dioxide equivalent emissions from paper waste was calculated based on the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” published by the Hong Kong Environmental Protection Department and Hong Kong Electrical and Mechanical Services Department.

4 The carbon dioxide emissions from business air travel was calculated bas by Carbon Calculator of International Civil Aviation Organization.

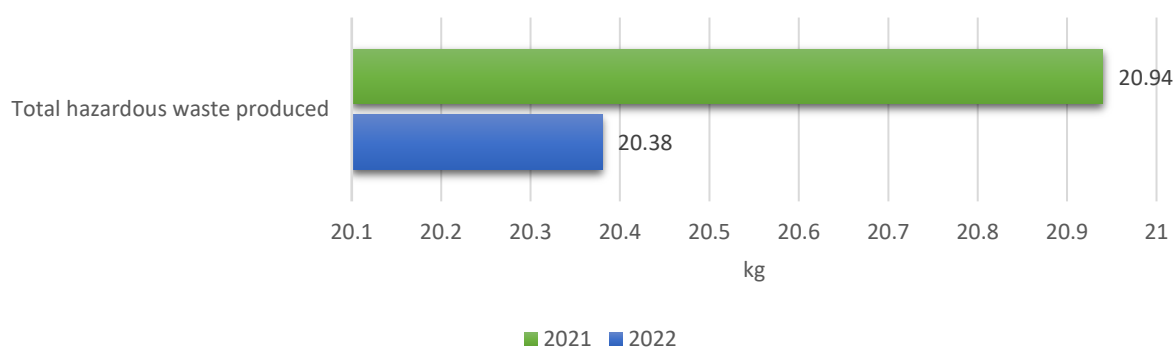
4.2 Discharge into Water and Land, and Generation of Hazardous and non-Hazardous Waste

During the Year, the Group's major source of discharge into water was from use of water in the office and the amount of discharge was not available for collection since water supply and processing of sewage were handled by the property management company or relevant local government departments.

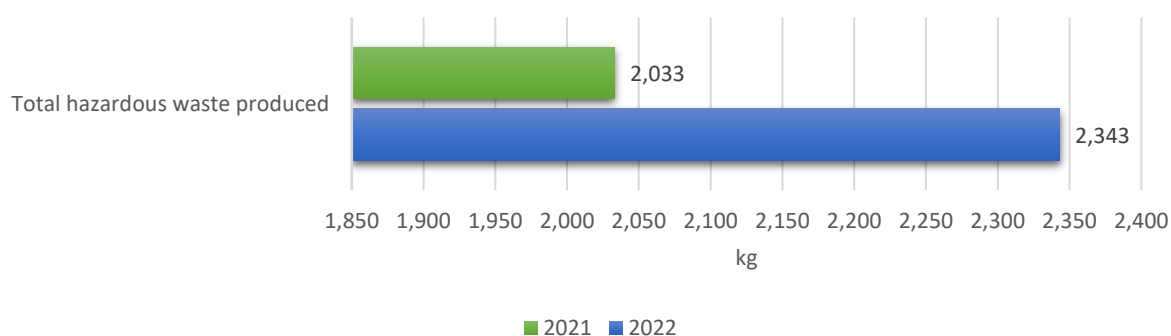
Batteries, network equipment and computers the major sources of hazardous waste, the total weight of hazardous waste generated was 20.38 kilograms (2021: 20.94 kilograms) and the intensity was 0.00032 kilogram / thousand Hong Kong Dollar revenue (2021: 0.00032 kilogram / thousand Hong Kong Dollar revenue). Most of the hazardous waste was collected and recycled by relevant service providers.

The major source of non-hazardous waste was from the solid waste of the offices, the amount generated was 2,343 kilograms (2021: 2,033 kilograms) and the intensity was 0.037 kilogram / thousand Hong Kong Dollar revenue (2021: 0.031 kilogram / thousand Hong Kong Dollar revenue). The non-hazardous waste was handled by the property management company.

KPI A1.3: Total hazardous waste produced



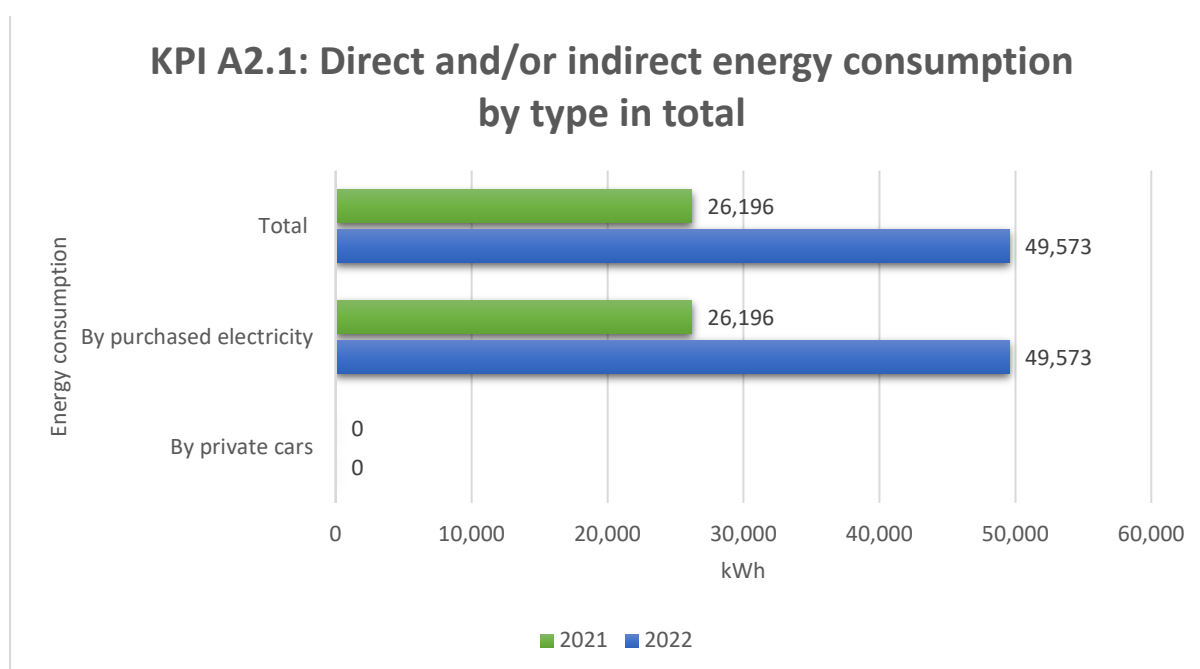
KPI A1.4: Total non-hazardous waste produced



4.3 Energy Consumption and Intensity

During the Year, the direct and indirect energy consumption of the Group included 0 kilowatt hours (2021: 0 kilowatt hours) of energy consumption by private cars and 49,573 kilowatt hours (2021: 26,196 kilowatt hours) of energy consumption from purchased electricity.

The total energy consumption of the Group was 49,573 kilowatt hours (2021: 26,196 kilowatt hours), and the energy consumption intensity was 0.79 kilowatt hour / thousand Hong Kong Dollar revenue (2021: 0.40 kilowatt hour / thousand Hong Kong Dollar revenue). The increase in energy consumption during the Year is mainly due to the expansion of reporting boundary to include the operation of DataCube in Hong Kong.



¹ The energy consumption by private cars was calculated based on the data obtained from the “Energy Statistics Manual” issued by the International Energy Agency.

4.4 Policies and Use of Resources

As an enterprise with social responsibility, the Group encourages its employees to use their best endeavours to reduce waste and emissions, with a view to contributing to the community and the environment. The Group believes in ‘many a little makes a mickle’, despite the fact that the amount of emission is very limited due to its business nature and the Group is in a relatively passive position in reducing waste and emissions. Regarding emission policies, all emissions are handled by relevant government agencies or property management, in ways that are in accordance with local laws and regulations. In addition, the Group considers the efficient use of resources, such as electricity and water, is of equal importance to emission policies. Efficient use of resources not only can reduce waste and emissions from the sources, but also reduce operating expenses, which is mutually beneficial to the Group and the environment.

Policies relating to reduction of waste and emissions, and efficient use of resources include:

- encourage employees to use their best endeavours to take public transport during business trips;
- encourage employees to reduce unnecessary overseas business trips, thus reducing indirect carbon emissions;
- consider energy efficient products when procuring and replacing equipment, e.g. replacing incandescent lighting with LED lighting;
- turn off electrical appliances or switch them to standby mode when they are not in use, thus reducing the amount of electricity used;
- use duplex printing, recycle papers and use electronic means to reduce paper usage;
- reuse office stationaries (e.g. envelopes and folders);
- turn off all unnecessary lighting, air conditioning and electrical appliances before leaving the office;
- encourage employees to recycle paper, plastic bottle and tin can;
- encourage employees to recycle equipment such as computers and communication devices through the recycling programme of Environmental Protection Department.
- provide removal service plan for clients for proper recycling of regulated electrical equipment; and
- provide electronic invoices and monthly bills for clients to reduce use of paper.

During the Year, through the implementation of the emission and efficient use of resources policies stated above, and monitoring of the enforcement of the policies, the Group has reduced emissions resulted from the use of private car and business air travel to zero. Due to the expansion of reporting boundary to include the operation of DataCube in Hong Kong, the Group's total greenhouse gas emission and energy consumption has increased during the Year. With a view to lowing the Group's carbon footprint, the Group aims to reduce the intensity of emissions, wasted produced and resources used by 5% by the end of 2024, through optimization of the above measures, especially to maintain zero emissions resulted from the use of private car and business air travel, save electricity and reduce paper used.

4.5 Responses to Climate Change

Climate change has led to extreme weather events such as global warming, rising in sea level and drought, which may affect the Group's operation indirectly. The Group has identified disruption of supply chain of IT equipment as the major risk that may have a significant impact on the Group.

In response to climate change and the supply chain risk to the Group's operation, the Group shall continue to control or reduce its impact to the environment. In addition, the Group shall diversify the supply chain and reduce reliance on a few suppliers, so as to mitigate risks of suspension of suppliers' factory due to extreme weather events.

5. Social – Employment and Labour Practices

The Group believes employees are essential assets in driving corporate sustainable development and long term success, thus maintaining a good relationship with employees is of utmost importance. By regular communication through different channels, the employees are encouraged to express their opinions on the policies relating to employment and labour practices.

During the Year, the Group has complied with relevant laws and regulations relating to employment that have a significant impact of the Group, including but not limited to Employment Ordinance and various anti-discrimination ordinance.

5.1 CITD - Employment

CITD has formulated employment policies and guidelines that comply with the Employment Ordinance in Hong Kong, the highlights are:

- remuneration and benefits are based on prevailing practices in local market and subject to adjustments based on experiences and qualifications;
- annual discretionary bonuses are adjusted according to annual performances, experiences and positions;
- provide employees with Mandatory Provident Fund schemes in accordance with the laws of Hong Kong;
- provide medical insurance or allowances for employees;
- provide paid annual leave of not less than 12 days for employees;
- provide employees with medical leave in accordance with the laws of Hong Kong;
- adopt policies relating to equal opportunities which aim to eliminate discrimination of sex, family status and disability in workplace;
- CITD has implemented five-day work scheme with working hours of 8 hours a day and 40 hours a week; CITD encourages employees to maintain a work-life balance and avoid unnecessary overtime; and
- dismissal or voluntary termination of employee's contracts shall be enforced in accordance with the employment laws in Hong Kong.

5.2 Macro Systems and DataCube - Employment

The compensation and welfare provided by Macro Systems and DataCube complies with the Employment Ordinance in Hong Kong.

Compensation

The salaries and benefits of the employees are based on prevailing local market rate and subject to adjustment based on experiences and qualifications. In order to attract and retain outstanding employees, the remuneration packages are subject to review from time to time. In addition, commissions are awarded to qualified employees in the sales department based on the performance of Macro Systems, DataCube and individual employee. Salaries are paid monthly on or before the 1st of each month. Employee performance reviews are carried out from time to time, which aims to ensure adequate communication between Macro Systems, DataCube and their employees, and give feedback on employee's performance.

Benefits

Macro Systems and DataCube both operate Mandatory Provident Fund Scheme (the “**MPF scheme**”) under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

After satisfactory completion of probation period, a comprehensive medical scheme under the insurance package are provided to employees. Macro Systems and DataCube are also in possession of a valid insurance policy to cover its liabilities both under the Employees' Compensation Ordinance and at common law for the work injuries for the employees.

Working Hours

Employees are in general required to work 5 days a week from 9am to 6pm. Due to operational requirement, employees may be required to work outside the normal working hours at the discretion of the department manager for the proper performance of the assigned duties and that the compensation leave would be given for those arrangement. Macro Systems and DataCube encourage the management and employees to maintain a work-life balance, avoid unnecessary overtime and maintain a good corporate culture.

Holidays

Macro Systems and DataCube provide holidays and leaves for the employees including:

- public holidays of 17 days per annum, set by the General Holidays Ordinance (Chapter 149 of the Laws of Hong Kong) with the dates published in the Government Gazette;
- paid annual leave of not less than 12 days per annum;
- sick leave in accordance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); employees have to provide proper medical certificate;
- 14 weeks of maternity leave, in accordance with the Employment Ordinance;
- 5 days of paternity leave, in accordance with the Employment Ordinance;
- special leaves including 3 days of marriage leave and 1 to 3 days of bereavement leave;
- birthday leave; and
- compensation leave for overtime work hours.

Recruitment, Dismissal, Equal Opportunity, Diversity and Anti-discrimination

In order to standardise recruitment and dismissal procedures and comply with relevant laws in Hong Kong, Macro Systems and DataCube have formulated recruitment policies, guidelines and Employee Handbook for the human resources and administration department (the “HR & Admin Department”).

The major principle of recruitment is the suitability of the candidates in relation to the positions. Other factors such as required practical knowledge of the position, the quality, attitude, skill, potential and experience of the candidates are also considered. During recruitment, Macro Systems and DataCube encourage to provide equal opportunity to people with different social statuses, races and genders, with a view to increasing internal diversity and strengthening competitiveness.

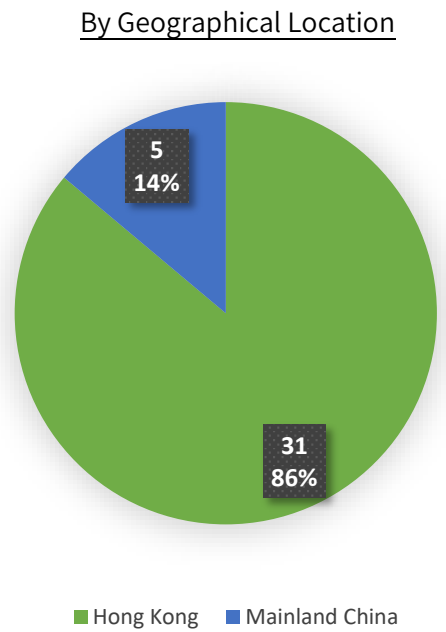
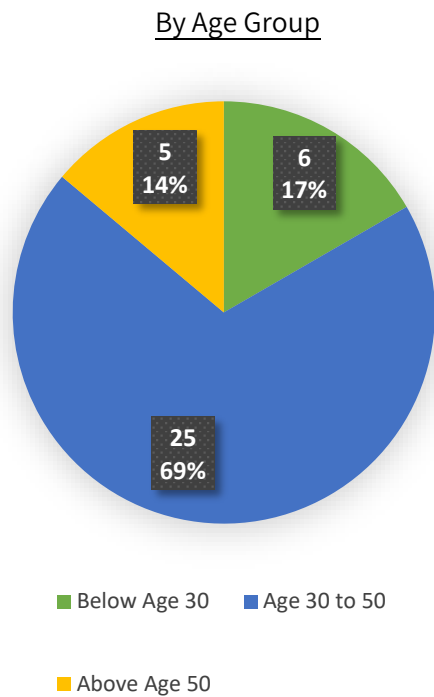
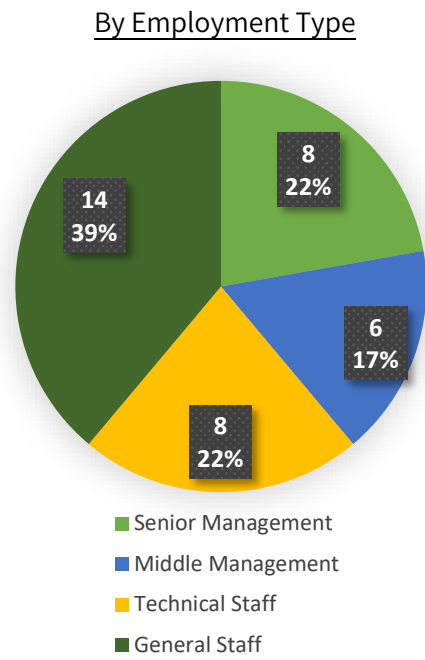
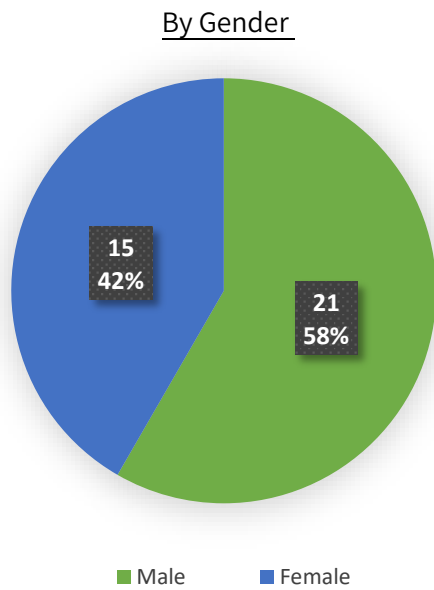
Macro Systems and DataCube comply with Personal Data (Privacy) Ordinance when handling personal data. The HR & Admin Department shall keep the recruitment related documents and employment related data according to the regulation and requirements on record retention, and ensure the records are destroyed with care in accordance with the information classification procedure. When employment reference check is required, Macro Systems and DataCube shall obtain a prior written consent from the candidate.

Upon the employment of an employee, an employment contract which is prepared in accordance with the Employee Handbook and relevant local laws and regulations, shall be signed with the employee including terms on non-disclosure agreement. Probation period is usually 3 months and subject to the performance review for extension.

The conditions of terminating employment contract are thoroughly communicated to the employees through the Employee Handbook and their employment contracts, and the terms and conditions comply with relevant local laws and regulations.

5.3 Composition of the Workforce at a Glance

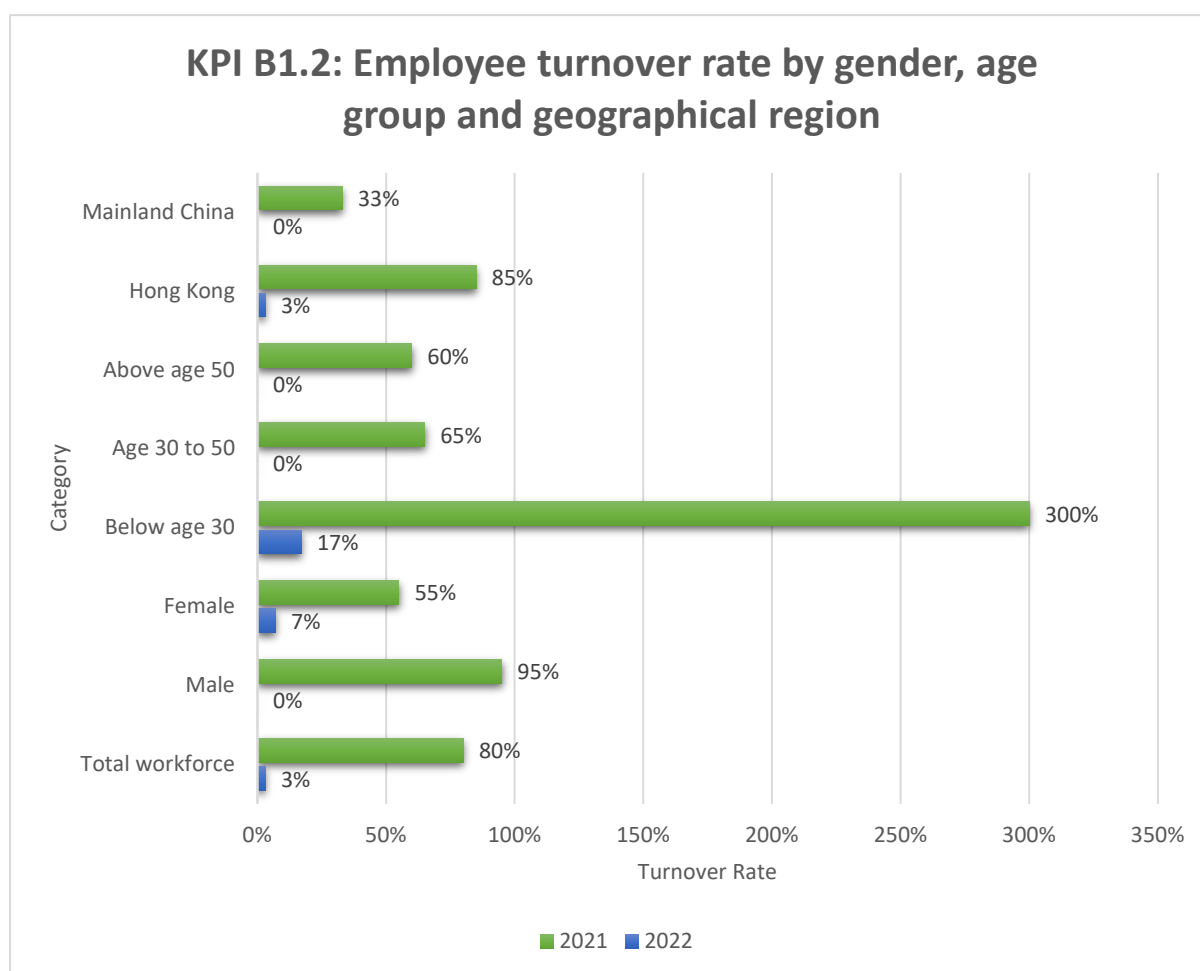
(This refers to employees of the Group within the reporting boundary as at 31 December 2022)



Employee Turnover Rate

From the period of 1 January 2022 to 31 December 2022, there was 1 employee (2021: 24 employees) who left the Group, with a total turnover rate of 3% (2021: 80%). The turnover rates of employee working in Hong Kong and Mainland China were 3% (2021: 85%) and 0% respectively (2021: 33%) respectively. The turnover rates of male and female employee were 0% (2021: 95%) and 7% (2021: 55%) respectively. The employee turnover rates by age group was as follows:

- Below age 30: 17% (2021: 300%)
- Age 30 to 50: 0% (2021: 65%)
- Above age 50: 0% (2021: 60%)



The Group has successfully reduced the employee turnover during the Year by conducting regular employee performance review and salary adjustment. The management will continue to monitor the IT job market in Hong Kong and provide competitive salary package and career prospect to employees.

5.4 Health and Safety

The Group is committed to provide employees a safe working environment to protect them from occupational hazards.

Due to employees' prolonged use of computer, the Group has provided employees with desks of suitable height and task chairs of adjustable height, and encourages them to pay attention to their usual sitting posture, take breaks and do stretching exercises regularly, thus reducing occupational strain. Employees are also reminded to take safety precautions and use suitable tools when lifting heavy goods or reaching items at height.

To safeguard health of employees during COVID-19 situation, the Group has enforced various measures, including but not limited to providing COVID-19 test through medical benefit, allowing employees to work from home, providing software and equipment to enhance communication for internet conferencing and strengthening office sanitization. In addition, employees can enjoy special leave arrangement on vaccine taking days or if they feel unwell after taking vaccine.

During the past three years, there were no workplace injury or work-related fatality incidents in the Group. The Group has secured employees' insurance policies in accordance with the laws of Hong Kong and has complied with relevant laws and regulations relating to health and safety that have a significant impact on the Group, including but not limited to Employees' Compensation Ordinance and Occupational Safety and Health Ordinance.

5.5 Development and Training

The Group values employees' development of skills and knowledges, believing that talent retention can drive innovations and business development. The Group expects to grow and create values together with its employees.

Regarding new employee orientation of CITD, the human resources department will first provide basic training in relation to the CITD's policies and guidelines. Employee will be briefed about CITD's background, introduced to the department head and presented with a set of reference materials. The head and members of the department will be responsible for the training of new employee.

Regarding new employee orientation of Macro Systems and DataCube, the HR & Admin Department is responsible for organizing orientation for new employee such that they can understand the responsibilities and rights in terms of their job duty and the requirement of the information security management system.

In order to comply with ISO/IEC 20000 standard for IT service management and ISO 27001 standard for information security management system, employees of Macro Systems have to undergo training in relation to service management policy and procedures.

Macro Systems and DataCube provide educational compensation to enhance employees' continuing professional development. Fees of work related examinations, certification programmes and training programmes are usually paid by Macro Systems and DataCube. Employees can also apply for fees reimbursement of other development programme upon prior discussion with the management and successful completion of the programme.

On the subject of employees' career prospects, if vacancies or new positions are available, the Group shall consider internal promotion or transfer, thus encouraging upward mobility of employees.

In respect of development and training of the directors of CITD, each director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure the he/she has appropriate understanding of the business and operations of the CITD and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. CITD is committed to arranging and funding suitable training to all directors for their continuous professional development.

Each director is briefed and updated from time to time to ensure that he is fully aware of his responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

The company secretary of CITD supports the Board of Directors, ensures good information flow within the Board and board policy and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of directors. She has attained not less than fifteen hours of relevant professional training during the Year.

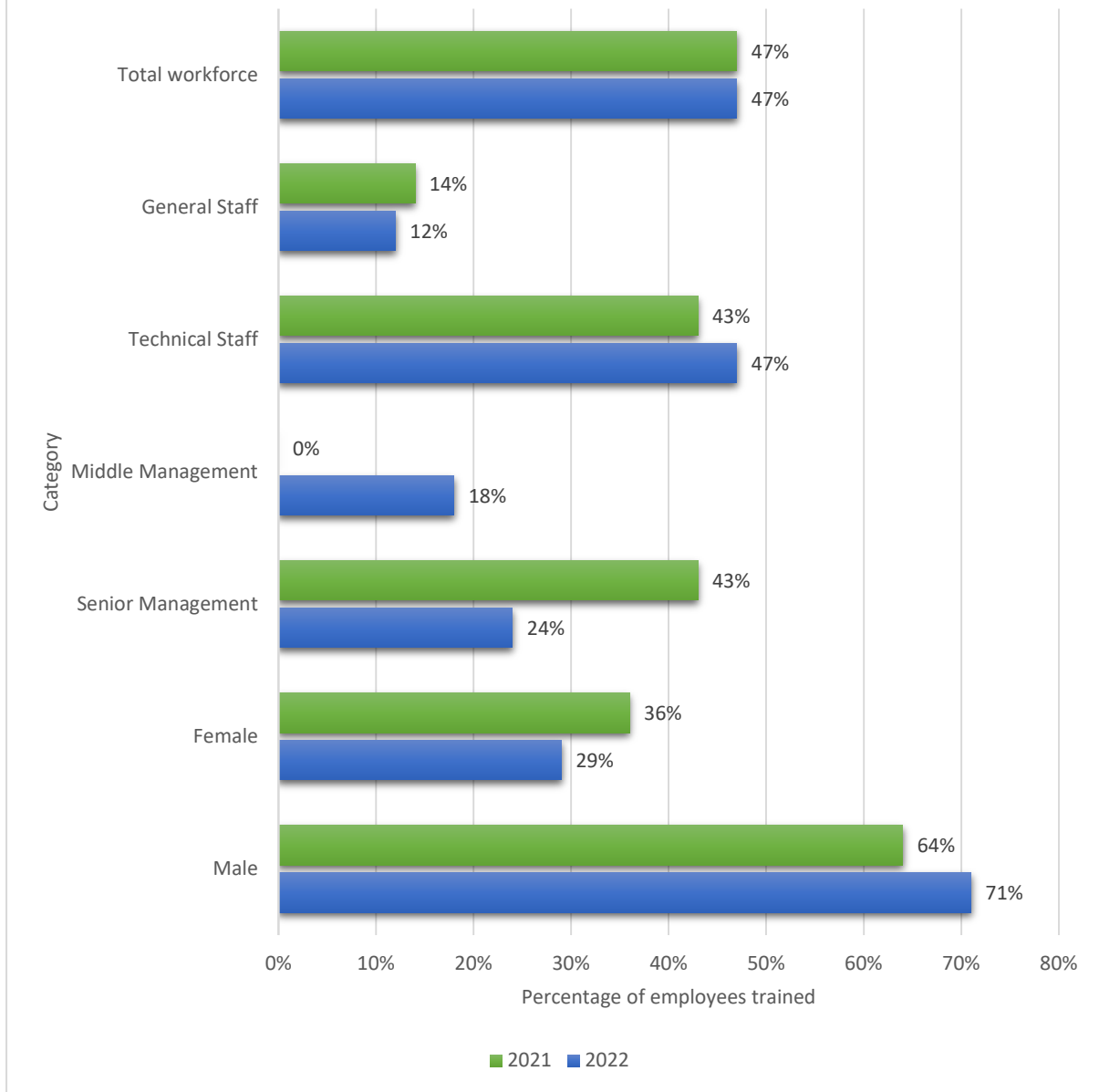
Percentage of Employees Trained and Average Training Hours Completed

From the period of 1 January 2022 to 31 December 2022, the Group's percentage of employees trained for male and female employees were 71% (2021: 64%) and 29% (2021: 36%) respectively.

The percentage of employees trained by employee category was as follows:

- Senior Management: 24% (2021: 43%)
- Middle Management: 18% (2021: 0%)
- Technical Staff: 47% (2021: 43%)
- General Staff: 12% (2021: 14%)

KPI B3.1: The percentage of employees trained by gender and employee category

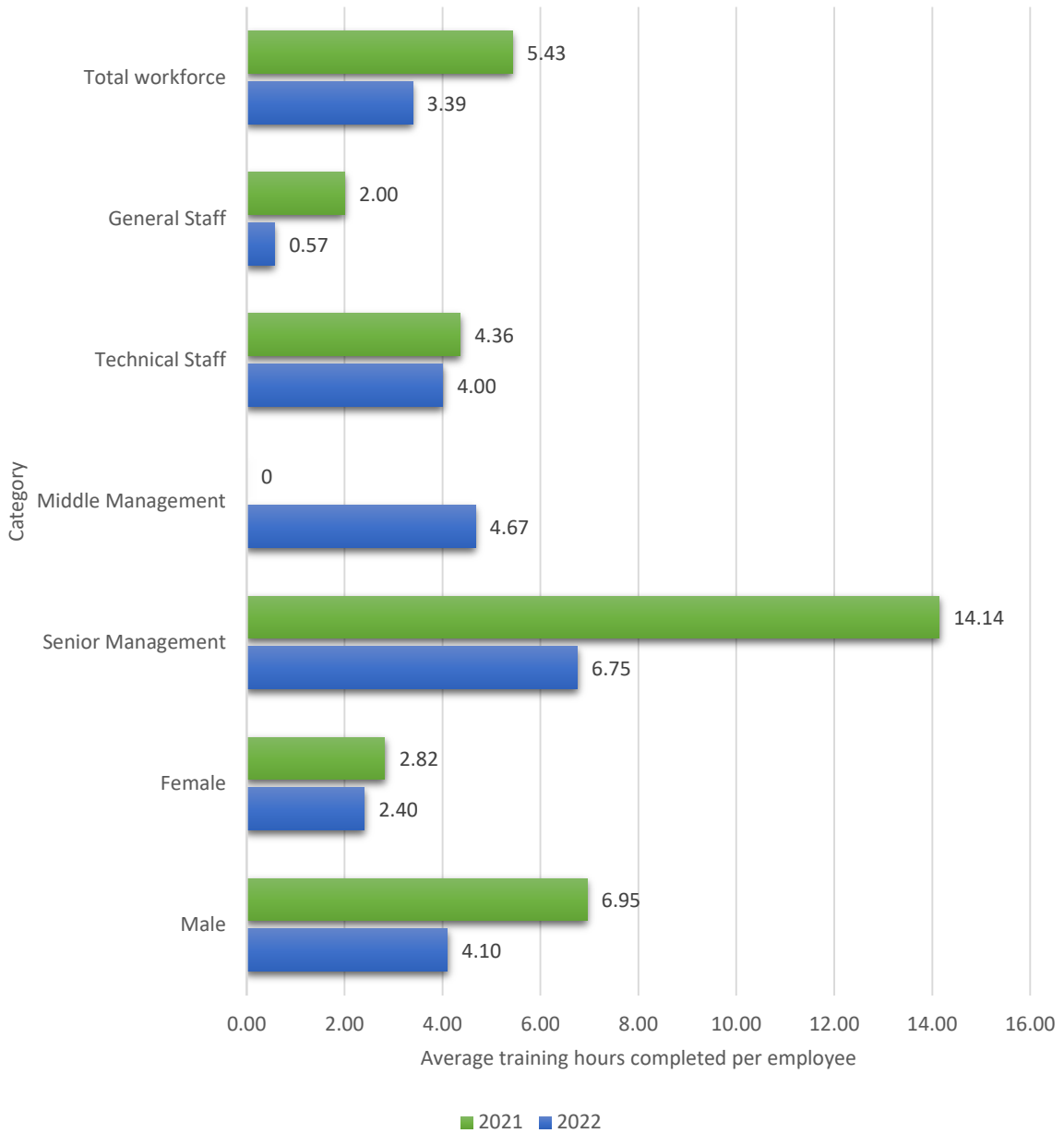


The average training hours completed per employee for male and female employees were 4.10 hours (2021: 6.95 hours) and 2.40 hours (2021: 2.82 hours) respectively.

The average training hours completed per employee by employee category was as follows:

- Senior Management: 6.75 hours (2021: 14.14 hours)
- Middle Management: 4.67 hours (2021: 0 hours)
- Technical Staff: 4.00 hours (2021: 4.36 hours)
- General Staff: 0.57 hours (2021: 2.00 hours)

KPI B3.2: The average training hours completed per employee by gender and employee category



5.6 Labour Standards

The Group strictly complies with the policies and guidelines in the employment laws of Hong Kong, including elimination of child and forced labour. All operating units have to ensure no child or forced labour are employed. During the recruitment process, the human resources department requires candidate to provide identification document to check if the age of candidate complies with the laws.

6. Social – Operating Practices

6.1 Supply Chain Management

CITD continues to monitor closely on its daily operation and encourages suppliers and contractors to join force in promoting performance of sustainable development. Suppliers and contractors are bound by contracts and the laws and regulations of Hong Kong, ensuring their compliance with laws and regulation relating to environmental and social policies. For instances, they are forbidden to employ under-age labour and the products supplied must meet environmental standards.

During procurement for CITD, the procurement manager is responsible for selecting and reviewing suppliers. During procurement for Macro Systems and DataCube, the department or team which is responsible for handling a customer sales order or internal order should follow the supplier management policies in the Information Security Management System Procedural Manual (“**ISMS Procedural Manual**”). A database of suppliers are kept and monitored by procurement department. If there are significant changes in environmental and social risks along the supply chain, the procurement department should discuss with other departments and decide on risk responses.

More environmental friendly products or services should be procured when it is feasible, with a view to minimizing negative impacts to the environment and human health, and also conserving natural resources.

During the Year, the Group’s number of suppliers by geographical region, where the practices above are being implemented, are as follows:

- Hong Kong: 42 (2021: 62)

6.2 Product Responsibility and Quality Management

The Group has formulated regulations relating to software security, network security and privacy, to ensure its products are safe and responsible.

Employees must strictly comply with anti-virus protection regulations, the highlights are:

- anti-virus software must be installed on all computers;
- update the operating system and anti-virus software on a prompt and regular basis, thus fixing security vulnerabilities;
- backup employees' computers and servers on a regular basis, hence protecting possible data loss caused by hardware or software failures; and
- when computers or servers showing signs of anomaly, promptly notify the management, and conduct quarantine and inspection based on relevant protocols, so as to minimize potential risks.

To protect confidential information, privacy and interests of the Group and its stakeholder, employees must strictly comply with regulations relating to information handling, the highlights are:

- disclosure of the Group's information relating to strategies, researches, technologies, financial, clients and other confidential information, to unrelated third parties or employees, is prohibited;
- employees will have to keep such information confidential after resignation;
- To avoid potential leak of information, meeting with clients and visitors should be carried out in conference room, instead of in working area of the office;
- reading other employees' working information, computer and personal items without consent is prohibited;
- permissions must be granted before entry to the finance office or server room with confidential information;
- proper networking and server permissions are configured to avoid employee accessing information unrelated to his work; and
- handle personal information in accordance with Personal Data (Privacy) Ordinance.

To ensure its products' safety and responsibility, Macro Systems has formulated policies and regulations relating to software security, network security and privacy in the ISMS Procedural Manual and service management policy documents, which complies with local laws and regulations, as well as international standards including ISO/IEC 20000 and ISO 27001.

To protect confidential information, privacy and interests of Macro Systems, DataCube and their stakeholder, employees must strictly comply with regulations relating to information handling. Employees are required to keep confidential to all matter or information touching or concerning the business or affairs of Macro Systems and DataCube both during the course of employment and at any time thereafter. Information security risks are evaluated and identified according to the ISMS Procedural Manual and respective procedures and measures are in place to minimise the risks and mitigate potential damages. In additional, information access control has been in place to protect information from unauthorised access.

The ISMS Procedural Manual also provides guidance in these areas, including but not limited to:

- risk management, including identification, assessment, treatment and control of risk;
- document and record control;
- internal audit procedures;
- asset management and information classification;
- access and cryptographic control;
- physical and environmental security;
- operation security; and
- incident management.

During the Year, the Group's percentage of total products sold or shipped subject to recalls for safety and health reasons was 0% (2021: 0%) and the number of products and service related complaints received was 0 (2021: 0).

During the Year, the Group has complied with relevant laws and regulations relating to product responsibility that have a significant impact on the Group, including but not limited to Product Eco-responsibility Ordinance and Personal Data (Privacy) Ordinance.

6.3 Anti-corruption

The Group considers ethical conduct is of utmost importance in corporate sustainable development and long-term success. Employees must comply with relevant laws and regulations in Hong Kong, prohibiting individual and commercial bribery, extortion, fraud and money laundering. Ethics and compliance training, and various operating procedures have been in place to ensure there are sufficient effort spent on anti-corruption. Directors and employees were abided by the code of ethics or employee handbook.

The Group regularly provides anti-corruption training for directors and employees to strengthen their awareness of integrity and self-discipline. During the Year, the Group has provided anti-corruption training for 6 directors and 1 management for a total of 14 hours training with average 2 hours of training per person. Training materials are provided by Hong Kong Independent Commission Against Corruption, and the training content was about corruption prevention guide for small and medium enterprises in Guangdong, Hong Kong and Macao. The Group will continue to provide regular anti-corruption training to its directors and employees.

The Group has established a complete complaint mechanism. If an employee discovers illegal activities within the company, he/she can report it to the administrative department or his/her senior. If the reply to the complaint is not satisfactory or if the employee does not want the complaint to be handled by the administrative department nor his/her senior, he/she can report it directly to the general manager. All complaints filed are confidential and the Group is responsible for protecting the legitimate rights and interests of the whistle blower. If any corruption, bribery, blackmail, fraud and money laundering incidents are discovered, the Group will take necessary legal actions to protect the rights and interests of the Group and its stakeholders.

During the Year, the number of concluded legal cases regarding corrupt practices brought against the Group or its employees was 0 (2021: 0) and the Group has complied with relevant laws and regulations relating to anti-corruption that have a significant impact of the Group.

7. Social - Community

7.1 Community Investment

The Group is committed to create a positive impact on the communities in which it operates. Apart from our pursuit of the business development, we encourage our staff to actively participate in charitable activities and volunteer works, especially on those relating to environmental protection.

We have also encouraged our employees to participate in environmental and charitable activities, make donations to assist underprivileged students and engage in social services. We believe that the participation in activities that repay society can increase our employees' civic awareness and establish correct values. We will seek opportunities to identify suitable projects and contribute to the community and environment to bring positive progress to society. During the year, the Group did not make charitable donations.

In the coming year, the management shall review policies relating to community investment and explore the feasibility of increasing community investment activities.

8. Key Performance Indicators

The Group continually improves by managing, monitoring and reporting its KPIs. The tables below present a quantitative overview of our 2022 performance.

Subject Area A. Environmental

KPI A1.1: The types of emissions and respective emissions data¹

Item	Unit	2021	2022
Private cars NO _x emissions	g	0	0
Private cars SO _x emissions	g	0	0
Private cars RSP emissions	g	0	0

KPI A1.2: Greenhouse gas emissions in total and intensity

Item	Unit	2021	2022
Scope 1 – Direct emissions from sources			
CO ₂ equivalent emissions from private cars ²	kg	0	0
Scope 2 – Energy indirect emissions			
CO ₂ equivalent emissions from purchased electricity ³	kg	10,216	19,333
Scope 3 – Other indirect emissions			
CO ₂ equivalent emissions from paper waste ⁴	kg	1,043	1,143
CO ₂ emissions from business air travel ⁵	kg	0	0
Total CO ₂ equivalent emissions	kg	11,259	20,477
Revenue	HK\$'000	66,092	62,957
CO ₂ equivalent emissions intensity	kg/HK\$'000	0.17	0.33

¹ The Vehicle emission factors were calculated based on the Hong Kong Environmental Protection Department's Vehicle Emission Calculation Model.

² The carbon dioxide equivalent emissions from private cars was calculated based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" published by the Hong Kong Environmental Protection Department and Hong Kong Electrical and Mechanical Services Department.

³ The carbon dioxide equivalent emissions from purchased electricity was calculated based on the emission factor obtained from the "2021 Sustainability Report" of CLP Group.

⁴ The carbon dioxide equivalent emissions from paper waste was calculated based on the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" published by the Hong Kong Environmental Protection Department and Hong Kong Electrical and Mechanical Services Department.

⁵ The carbon dioxide emissions from business air travel was calculated bas by Carbon Calculator of International Civil Aviation Organization.

KPI A1.3 & A1.4: Total hazardous and non-hazardous waste produced and intensity

Item	Unit	2021	2022
Total hazardous waste produced	kg	20.94	20.38
Total non-hazardous waste produced	kg	2,033	2,343
Revenue	HK\$'000	66,092	62,957
Intensity of hazardous waste produced	kg/HK\$'000	0.00032	0.00032
Intensity of non-hazardous waste produced	kg/HK\$'000	0.031	0.037

KPI A2.1: Direct and/or indirect energy consumption by type in total and intensity

Item	Unit	2021	2022
Energy consumption by private cars ¹	kWh	0	0
Energy consumption by purchased electricity	kWh	26,196	49,573
Total energy consumption	kWh	26,196	49,573
Revenue	HK\$'000	66,092	62,957
Energy consumption intensity	kWh/HK\$'000	0.40	0.79

¹ The energy consumption by private cars was calculated based on the data obtained from the "Energy Statistics Manual" issued by the International Energy Agency.

Subject Area B. Social**KPI B1.1: Total workforce by gender, employment type, age group and geographical region**

Category	2021		2022	
	Number	Percentage	Number	Percentage
Total workforce	30	100%	36	100%
Gender				
Male	19	63%	21	58%
Female	11	37%	15	42%
Employment Type				
Senior management	7	23%	8	22%
Middle management	4	13%	6	17%
Technical staff	11	37%	8	22%
General staff	8	27%	14	39%
Age Group				
Below age 30	2	7%	6	17%
Age 30 to 50	23	77%	25	69%
Above age 50	5	17%	5	14%
Geographical Region				
Hong Kong	27	90%	31	86%
Mainland China	3	10%	5	14%

KPI B1.2: Employee turnover rate by gender, age group and geographical region

	2021	2022
Category	Turnover Rate	Turnover Rate
Total workforce	80%	3%
Gender		
Male	95%	0%
Female	55%	7%
Age Group		
Below age 30	300%	17%
Age 30 to 50	65%	0%
Above age 50	60%	0%
Geographical Region		
Hong Kong	85%	3%
Mainland China	33%	0%

KPI B2.1: Number and rate of work-related fatalities

Category	2020		2021		2022	
	Number	Percentage	Number	Percentage	Number	Percentage
Work-related fatalities	0	0%	0	0%	0	0%

KPI B2.2: Lost days due to work injury

	2021	2022
Category	Number	Number
Lost days due to work injury	0	0

KPI B3.1: The percentage of employees trained by gender and employee category

KPI B3.2: The average training hours completed per employee by gender and employee category

Category	2021		2022	
	Average training hours completed	Percentage	Average training hours completed	Percentage
Gender				
Male	6.95	64%	4.41	71%
Female	2.82	36%	2.40	29%
Employee Category				
Senior Management	14.14	43%	6.75	24%
Middle Management	0	0%	4.67	18%
Technical Staff	4.36	43%	4.00	47%
General Staff	2.00	14%	0.57	12%
Total workforce	5.43	47%	3.39	47%

KPI B5.1: Number of suppliers by geographical region

Geographical Region	2021		2022	
	Number	Percentage	Number	Percentage
Hong Kong	62	100%	42	100%
Total	62	100%	42	100%

KPI B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons

Category	2021	2022
	Percentage	Percentage
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0%	0%

KPI B6.2: Number of products and service related complaints received

	2021	2022
Category	Number	Number
Number of products and service related complaints received	0	0

KPI B7.1: Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period

	2021	2022
Category	Number	Number
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	0	0

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If you have any opinions regarding this Report, please contact our ESG reporting team via email.

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