



Microware Group Limited
美高域集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1985

Environmental, Social and Governance Report 2024



Environmental, Social and Governance Report

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SCOPE AND REPORTING PERIOD

Microware Group Limited (hereinafter referred as the “**Company**”, and together with its subsidiaries referred as the “**Group**”) is pleased to publish the Environmental, Social, and Governance (the “**ESG**”) report, highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix C2 to the Rules Governing the Listing of Securities on the Listing Rules Guidance set out by Stock Exchange. The disclosure in this report complies with the mandatory disclosure requirements and the “comply or explain” provisions as set out in the ESG Reporting Guide.

The principal activity of the Group is the provision of Information Technology (“**IT**”) infrastructure solution services and IT managed services in Hong Kong. It advises clients on their IT systems, delivers, and/or installs and implements IT infrastructure solutions with the hardware and software purchased from several manufacturers or authorised distributors for its clients. This ESG report covers the Group’s overall environmental and social performances of the business operation in the Kwun Tong office, Hong Kong, from 1 April 2023 to 31 March 2024 (“**Reporting Period**”), unless otherwise stated. The total floor area of the above-mentioned office is 4,495.13 m². Other operations with no significant environmental and social impacts were excluded from the reporting scope.

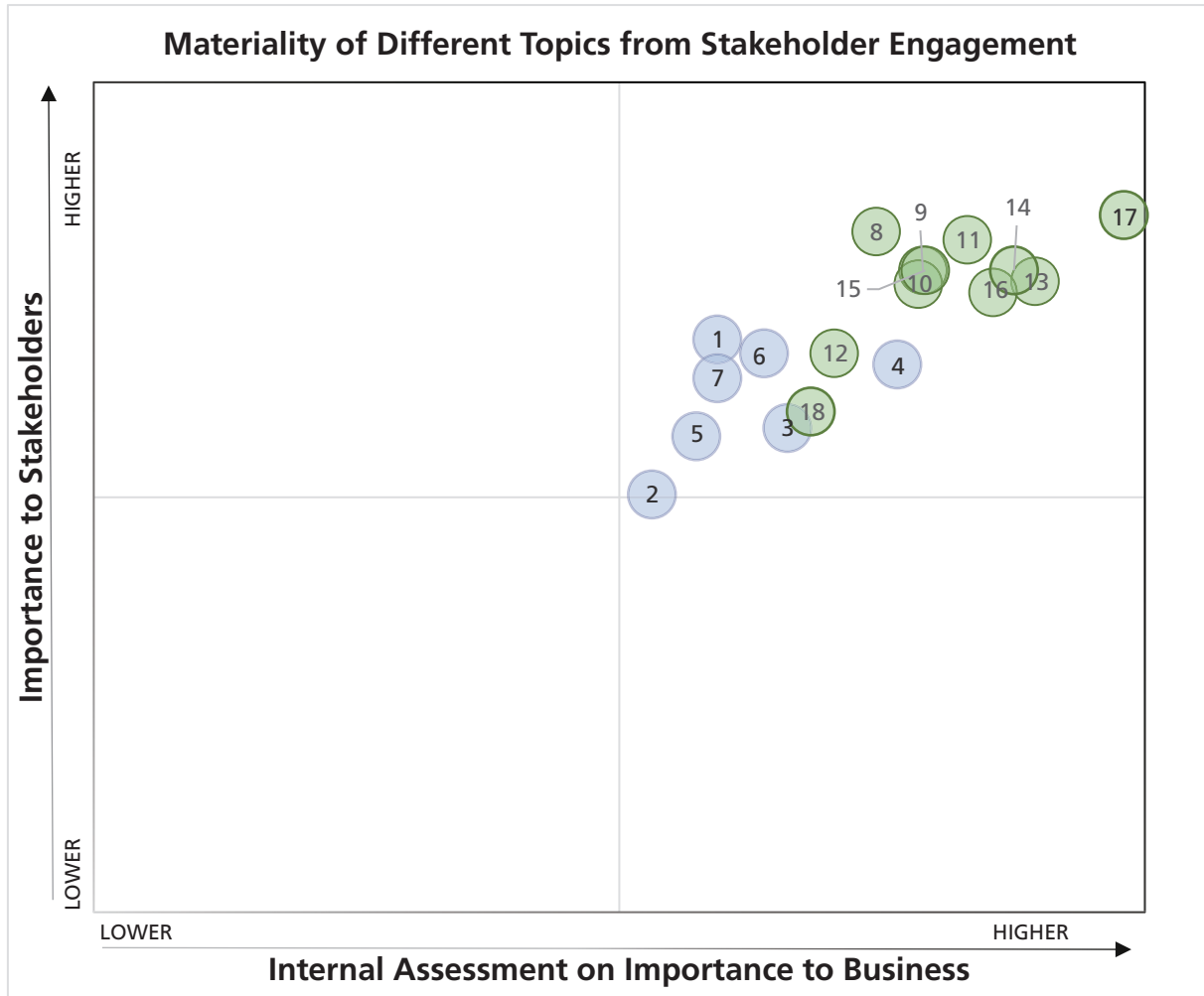
STAKEHOLDER ENGAGEMENT AND MATERIALITY

It is believed that every corporation shall take into consideration of its people, the environment and the community in its business operation to achieve sustainable development and return. The Group upholds high ethical standards and is committed to engaging its stakeholders and operating its business fairly, responsibly, and transparently.

The Group manages stakeholders’ satisfaction by holding regular meetings with its stakeholders. The Group maintains a list of stakeholders (e.g. customers, suppliers, regulatory bodies, etc.) and reviews it on a half-yearly basis. Interim service meetings with stakeholders are organised quarterly to discuss service performance and achievement, the business environment in which the services operate, requirements for new or changed services and other service-related issues. Service review meetings are organised on an annual basis to discuss any changes to the service scope and stakeholders’ business needs.

During the Reporting Period, the Group had specifically circulated a survey amongst stakeholders such as directors, senior management, frontline employees, shareholders, suppliers, and customers to understand their concerns about the Group’s operations. The topics of concern and their respective level of materiality are shown on the matrix as follows.

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Environmental

- 1 Energy
- 2 Water
- 3 Air Emission
- 4 Waste and Effluent
- 5 Other Raw Materials Consumption
- 6 Environmental Protection Measures
- 7 Climate Change

Social

- 8 Employment
- 9 Occupational Health and Safety
- 10 Development and Training
- 11 Labour Standards
- 12 Supply Chain Management
- 13 Intellectual Property Rights
- 14 Data Protection
- 15 Customer Service
- 16 Product/Service Quality
- 17 Anti-corruption
- 18 Community Investment

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As indicated by the materiality assessment, topics on the social aspects are viewed as of higher importance in stakeholders' perspectives. The top 7 material topics are:

1. Anti-corruption
2. Intellectual Property Rights
3. Data Protection
4. Product/Service Quality
5. Labour Standards
6. Occupational Health and Safety
7. Customer Service

The Group has policies addressing the above issues and will be discussed in this report. The Group will continue to engage its stakeholders and review its policies to reduce all potential challenges to the Group's sustained development.

There has been no change to the methods or key performance indicators used herein or any other relevant factors affecting a meaningful comparison of the Group's ESG report for the year ended 31 March 2024.

STAKEHOLDERS' FEEDBACK

The report can be accessed and downloaded from the company's website at <https://www.microware1985.com/> or on the website of the Stock Exchange at www.hkexnews.hk. The Group welcomes stakeholders' feedback on its environmental, social and governance approach and performance. Please give your suggestions or share your views with the Group via email at ir@microware1985.com.hk or by phone at (852)2565 3088.

THE BOARD'S STATEMENT

The board of directors (the "**Board**") has overall responsibility for the Group's sustainability strategy and reporting. Committed to integrating sustainability into the businesses, the Board leads and provides directions to the management of the Group (the "**Management**") to develop and promote effective implementation of sustainability policies and strategies, and to keep track of sustainability progress. The Board, together with the Management, reviews sustainability affairs quarterly and institutes appropriate measures to enhance the sustainability performance of the Group. Division heads hold periodic meetings to discuss significant matters related to the plant and review management approaches to a suite of sustainability issues. In particular, the Group has engaged an independent consultant to provide input and counsel on sustainability-related issues.

The Board is responsible for identifying key environmental and social performance indicators, setting targets according to the present business condition and reviewing the Group's ESG progress. These acts aim to facilitate business growth and create long-term values for its stakeholders. The Board always review and discuss the Group's ESG issues through the Directors' meeting regularly and communicate to stakeholders through the annual sustainability report. Moving forward, the Group will monitor and review the progress of its ESG performance continuously and strive to reduce energy and water consumption, reduce waste and improve all social performance.

THE GROUP'S ESG COMMITMENT

It is a fundamental aim of the Group to accomplish the green vision and raise employees' environmental awareness for carbon reduction. The Group integrates environmental management into business processes and continually improves the environmental performance in line with local regulations and industry-specific guidelines.

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Environmental-specific Strategies

The Group is committed to achieving the following environmental objectives:

1. Strictly comply with all applicable environmental legislation, standards and regulations;
2. Ensure that resources are not wasted and that where practicable, materials and goods are reused and recycled;
3. Reduce the generation of waste as far as it is reasonably practicable and dispose of waste in an environmentally responsible manner;
4. Reduce energy consumption and improve energy efficiency through appropriate environmental management;
5. Avoid, reduce, or control environmental pollution arising from its business and engaged suppliers and contractors to adopt and implement similar environmental measures;
6. Communicate best practices relating to environmental issues; and
7. Encourage employees to take part in appropriate environmental initiatives.

Social-specific Strategies

1. Organise end-user seminars of different scales to share and promote industrial expertise and cutting-edge solutions while boosting sales;
2. Sponsor and participate in large-scale exhibitions organised by IT leaders to demonstrate leadership in the industry to showcase corporate responsibility; and
3. Attend overseas training and roundtable summits to enhance engagement, thus relationships, with vendors.

Recognitions, Accreditations and Certifications

As a result of the Group's continuous effort in community work and performing social responsibility, it has been honoured to receive the title of Caring Company for the fifteenth consecutive year.

Running a business that focuses on delivering IT infrastructure solutions services, the Group is determined in providing services that meet international standards as their corporate responsibility.

Certifications

The Group has therefore earned certifications as follows as evidence of their accountability.

- **ISO/IEC 20000-1:2018** The IT Service Management System that supports the provision of hardware maintenance services to its external customers by Microware Limited. – Part 1: Service management system requirements
- **ISO/IEC 27001:2013** Provision of hardware maintenance services, assessed following Statement of Applicability v2.2 – Information security management systems

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Membership

The Group holds corporate memberships of the Hong Kong Computer Society, Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries. The Group is also a highly trusted partner for various multinational corporations, such as Adobe Systems, DellEMC, HP Inc, Lenovo, Microsoft, Nutanix, VMWare etc., having qualified for a range of professional specialism. They include network security, wireless LAN, storage solutions, cloud solutions, data analytics, management operations, sales, post-sales services, etc.

Awards

The Group has obtained the following awards:

| NO. | Presented by | Name of Awards/The Group's Partner Level |
|-----|------------------------------|---|
| 1 | Adobe | 2023 Adobe Document Cloud – Top Growth Reseller of the Year |
| 2 | APC | Best GOV Segment Partner Award |
| 3 | | Select Partner 2023 |
| 4 | City University of Hong Kong | Compliment 2023/24 |
| 5 | H3C | 2023 Rising Star of the Year |
| 6 | Hewlett Packard Enterprise | FY23 Top Performing Solution Partner – Enterprise |
| 7 | | FY23 Top Performing Solution Partner – Storage Solution |
| 8 | Hillstone | Strategic Partner (Hong Kong and Macau) |
| 9 | HP Inc Hong Kong Limited | Gold Partner FY24 |
| 10 | | Best Contributor to Commercial Print Market Share |
| 11 | Kaspersky | Outstanding Partner |
| 12 | Lenovo | FY23 Top Commercial Business Champion |
| 13 | | FY23 Top Growth Enterprise Solutions Partner |
| 14 | | Platinum 360 Partner |
| 15 | NetApp | FY24 Best Growth Award – Public Sector |

Environmental, Social and Governance Report

A. ENVIRONMENTAL

The Group has implemented environmental protection policies which raise employees' awareness of carbon reduction and waste reduction. The Group has adopted some measures to facilitate environmental friendliness of its workplace and to promote a recycling culture within the Group on Reduce, Reuse and Recycle basis. The Group's business nature (IT Infrastructure Solutions) in which operates is not a major source of environmental pollution, so it is believed that the impact of its operation on the environment is minimal. The environmental aspects of the Group were also not considered as material to stakeholders which were discussed in the section "Stakeholder Engagement and Materiality" of this report. Therefore, the Group has set the targets of not increasing the energy consumption intensity, water consumption intensity and waste production intensities by more than 5%, with 2021/22 as the base year. The Group always recognises the importance of emissions and waste reduction and encourages the employees to follow energy and water saving, and waste reduction working routines. There was no other major non-compliance relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

A1. Emissions

A1.1 Air Emissions

The Group has not involved in the consumption of fuel that contributes to significant emissions of non-GHG air emissions.

A1.2 GHG Emissions

During the Reporting Period, a total of 260.06 tonnes of carbon dioxide equivalent (tCO₂e) GHG, mainly carbon dioxide, methane, and nitrous oxide, were emitted due to the Group's operation. The annual emission intensity was 0.06 tCO₂e/m² and 1.02 tCO₂e/employee. See the following table for the breakdown of GHG emissions during the Reporting Period and Figure 1 for a three-year comparison of the emissions.

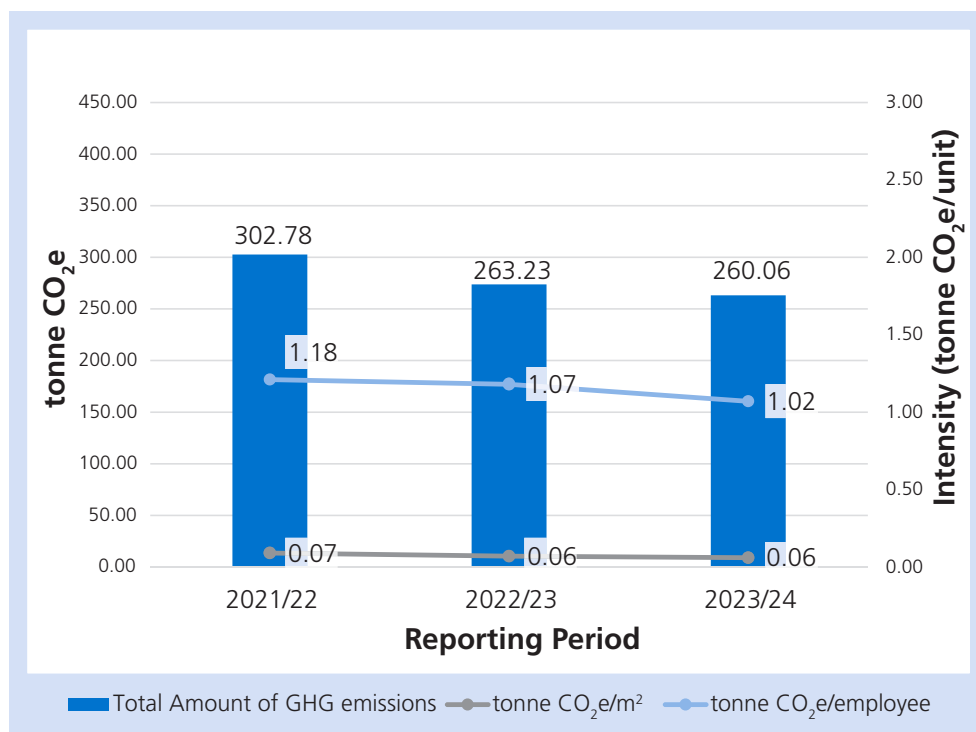
Environmental, Social and Governance Report

Greenhouse Gas Emissions during the Reporting Period

| Scope of GHG Emissions | Emission Sources | Emission (tCO ₂ e) | Total Emission Percentage |
|----------------------------------|--|-------------------------------|---------------------------|
| Scope 1 Direct Emission | N/A | N/A | N/A |
| Scope 2 Energy Indirect Emission | Purchased electricity | 249.24 | 96% |
| Scope 3 Other Indirect Emission | Wastepaper disposal at landfills | 9.82 | 4% |
| | Electricity used for freshwater processing | 0.23 | |
| | Electricity used for sewage processing | 0.12 | |
| | Business air travel by employees | 0.64 | |
| TOTAL | | 260.06 | 100% |

Note: Emission factors were made by reference to Appendix C2 to the Listing Rules and their referred documentation as set out by the Stock Exchange unless stated otherwise.

Figure 1 Yearly Comparison of Greenhouse Gas Emissions



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With the implementation of the Environmental Protection Policy, the Group had been able to achieve a generally reducing trend in the total amount of GHG emissions as well as the emission intensity per square metre and employee.

A1.3. Hazardous Waste

During the Reporting Period, a total of 1,214 kg of hazardous wastes were generated by the Group, which included 501 kg of batteries and 713 kg of computer hardware including computers and printer cartridges. The intensity of hazardous waste generated was 0.27 kg/m², or 4.78 kg/employee.

A1.4. Non-hazardous Waste

During the Reporting Period, the paper was the Group's major source of non-hazardous wastes. A total of 2,046.2 kg of wastepaper, with an intensity of 0.27 kg/m², or 4.78 kg/employee, was generated during the Reporting Period.

A1.5. Measures to Mitigate Emissions

The environmental impact brought by the Group's major business (i.e. IT Infrastructure Solutions) is relatively low, so the Group has set the targets of not increasing the GHG emissions intensity by more than 5%, with 2021/22 as the base year. The amount of GHG emissions intensities in tCO₂e/m² and tCO₂e/employee were reduced by 17% and 13% respectively during the Reporting Period compared with the base year. The overall emissions, energy and water consumption mainly come from the use of resources in the daily routine of offices. To reduce carbon emissions induced by the Group's operations, the Group implemented carbon reduction measures and initiatives to encourage employees to develop an environmentally friendly working routine:

- Employee utilising video conference calls, and recruitment interviews, online meetings and training sessions to avoid air travel needs;
- Working with suppliers who have implemented environmental policies such that its emissions induced indirectly can be controlled;
- Reducing waste generation for the reduction of emissions incurred from waste treatment; and
- Carrying out multiple energy-saving practices as described in Section A2.3.

A1.6. Waste Handling and Reduction Initiatives

Waste Handling

The environmental impact brought by the Group's major business (i.e. IT Infrastructure Solutions) is relatively low, so the Group has set the target of not increasing the waste production intensity by more than 5%, with 2021/22 as the base year. The amount of non-hazardous waste production intensities in kg/m² and kg/employee were reduced by 22% and 23% respectively, and the amount of hazardous waste production intensities in kg/m² and kg/employees were increased by 42% and 43% respectively during the Reporting Period compared with the base year. The Group handles both its hazardous and non-hazardous waste carefully to minimise risks imposed on the environment as a result of its operations.

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The Group acts for the proper recycling of regulated electrical equipment and electronic equipment from its customers, turning waste into resources. The steps for recycling electrical and electronic equipment are shown below:

- Notify customers in writing of the arrangement of the statutory removal services and the relevant terms of services;
- Upon the consumer's request, arrange for free statutory removal services to remove old equipment;
- Provide an appropriate recycling label to the consumer;
- Provide a receipt with the prescribed wording to inform consumers about the recycling levy payable by the registered supplier; and
- Keep a record of the request for statutory removal services for the ease of future review.

For IT equipment collected from its customers, they are grouped as usable or unusable items after recording and degaussing and erasing relevant data. Usable components are sent to the workshop for repair while unusable ones are sent to sub-contractors for dismantling. If the dismantled parts of such components are found to be able to function, they will be integrated into computer equipment for reuse. As for those that are un-reusable, they will be collected by licensed collectors which are qualified with ISO 14001 to ensure that they are handled properly. For toner cartridges, they are also sent to specialists for further recycling when feasible.

For non-hazardous wastes that are generated from office operations, they are regularly collected by the property managing companies of the respective office buildings. Regarding documents and paperwork that involve a large amount of confidential information, a licensed recycler is engaged to collect such paper for careful treatment.

Reduction Initiatives

To reduce the generation of hazardous and non-hazardous wastes, the Group raises its employees' awareness of adopting waste reduction practices by reducing, reusing, and recycling. Specific measures taken include:

- Disposing of office furniture and other materials only when they are no longer usable, if the office furniture is still usable and suitable to use, the Group redeploys them to reduce the amount of material going to landfills;
- Gathering used and shared stationaries such as binders, punchers, and file folders at an internal reuse area employee for employees' usage;
- Deploying e-administration such as e-fax and e-forms for leave application, stationary application, submission of benefit and expenses claims, appraisal, payroll slip, medical insurance claims, etc. to reduce paper usage;
- Making the default printing mode as double-sided printing, and encouraging employees to reuse single-sided paper for drafting purposes;
- Using e-cards for festival greetings;

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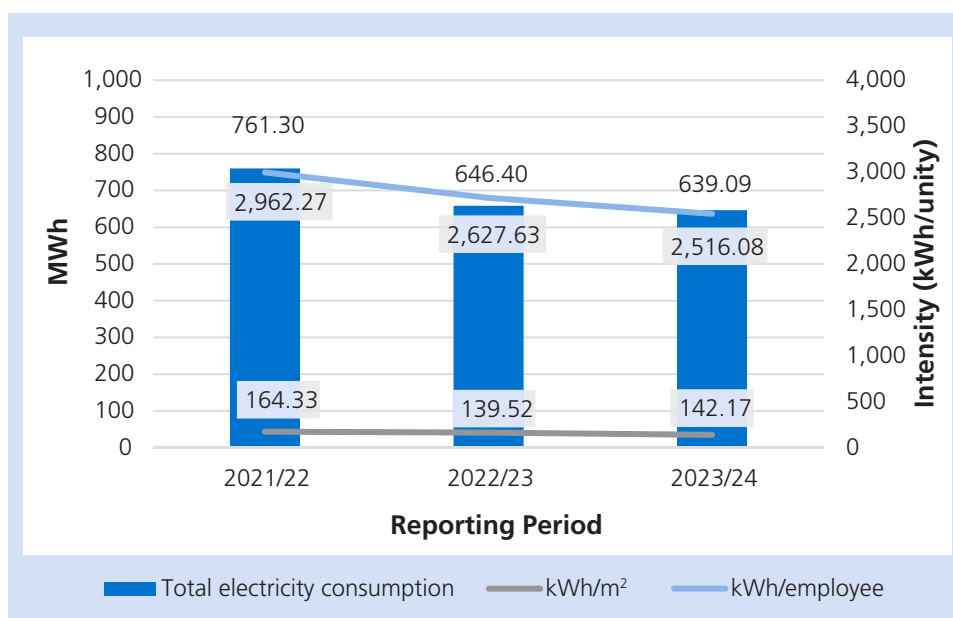
- Encouraging on-site engineers to reuse or recycle packaging materials for parts delivery after maintenance;
- Adopting a new Purchase Orders (“Pos”) system since 2021 which enhanced paper-saving purchasing practices. The new system supported electronic company chop and Pos approval functions, and the documents can be accessed by using electronic PDF documents. By using the new Pos system, less paper is needed to be printed and stored. The Group saved 11,000 pages of paper approximately after the new Pos system was adopted;
- Implementing electronic reforms gradually to achieve a paperless office, such as the introduction of e-administration and procurement systems;
- Collecting and recycling paper to the licensed recycler;
- Collecting computer components to the licensed collector with ISO14001;
- Recycling used toner cartridges to the specialists;
- Reminding staff to bring their own cups and cutlery to reduce the use of disposable tableware; and
- Reducing food waste.

A2. Use of Resources

A2.1. Energy Consumption

The only source of energy for the Group was electricity during the Reporting Period. Consumption of energy was 639.09 MWh, with an energy intensity of 142.17 kWh/m² or 2,516.08 kWh/employee. See Figure 2 for a three-year comparison in electricity consumption.

Figure 2 Yearly Comparison of Electricity Consumption

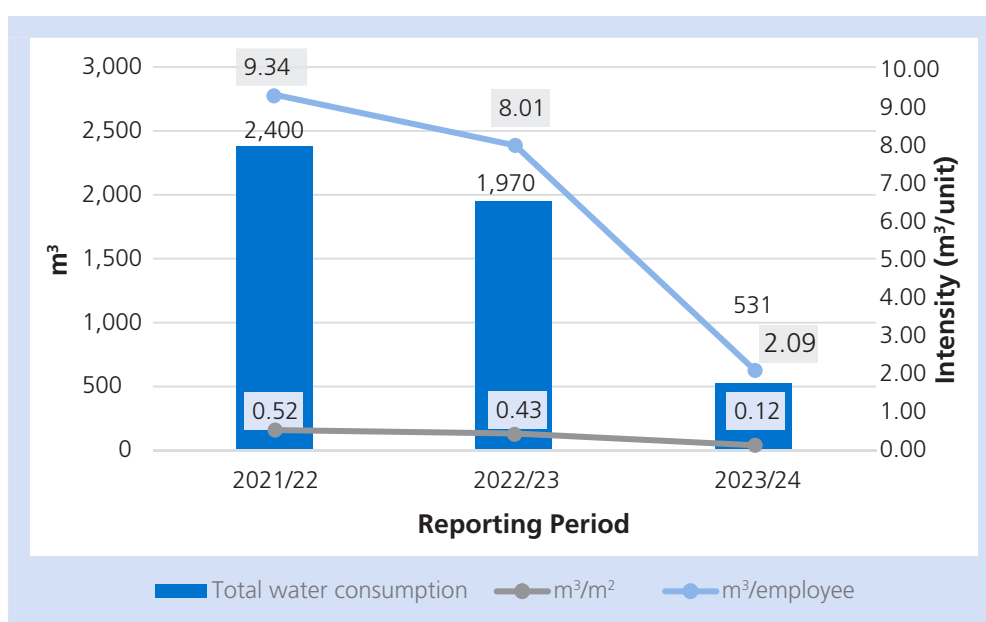


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A2.2. Water Consumption

Water consumption of the Group during the Reporting Period was 531 m³ with water intensity of 0.12 m³/m² or 2.09 m³/employee. Only water consumption of the Group's Kwun Tong office has been included as water consumption of the Group's Wan Chai office is managed by the office's building management office and the toilet is in the public area, and therefore water usage data is not available. It is noteworthy that its water consumption is insignificant.

Figure 3 Yearly Comparison of Water Consumption



A2.3. Energy Use Efficiency Initiatives

The environmental impact brought by the Group's major business (i.e. IT Infrastructure Solutions) is relatively low, so the Group has set the target of not increasing the energy consumption intensity by more than 5%, with 2021/22 as the base year. The amount of energy consumption intensities in kWh/m² and kWh/employee were reduced by 13% and 15% respectively during the Reporting Period compared with the previous period. The Group encourages employees to reduce electricity consumption and has implemented the following initiatives:

- Using energy-efficient lighting (e.g. LED tubes, T5 fluorescent tubes and parabolic reflectors);
- Using electronic appliances with Grade 1 energy labels;
- Using all-in-one multi-functional devices that minimise power consumption and carbon footprint;
- Setting computer monitors to enter sleeping mode when idled over 5 minutes;
- Reminding employees to turn off unnecessary lighting, electronic appliances, and devices via sending messages before holidays and posting prompts next to light switches; and

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- Turning off lights, air-conditioners, and other electronic equipment during non-office hours, and Prompts are posted next to light switches that remind people to turn off the lights when they exit a room.

A2.4. Water Use Efficiency Initiatives

The environmental impact brought by the Group's major business (i.e. IT Infrastructure Solutions) is relatively low, so the Group has set the target of not increasing the water consumption intensity by more than 5%, with 2021/22 as the base year. The amount of water consumption intensities in m^3/m^2 and $\text{m}^3/\text{employee}$ were reduced by 77% and 78% respectively during the Reporting Period compared with the base year. The Group has adopted automatic urinal sensors and installed faucet water savers with Grade 1 water efficiency labels to reduce water wastage.

The Group had no issue in sourcing water that is fit for purpose during the Reporting Period.

A2.5. Packaging Materials

Due to the business nature of the Group as a service provider, it does not require any packaging materials for its products. While its services may often involve computer parts and items that are wrapped in protective materials, its engineers are reminded to reuse these materials for delivery or recycling.

A3. The Environment and Natural Resources

A3.1. Significant Impacts of Activities on the Environment

The Group's business operations were office-based, in which significant emissions were mainly related to electricity consumption. Other emission sources included freshwater processing, sewage treatment and paper disposed at landfills. Hazardous wastes generated from its offices were mainly computer hardware and batteries while non-hazardous wastes generated were mainly paper.

The Group believes that the IT infrastructure solutions industry in which it operates is not a major source of environmental pollution and the impact of its operation on the environment is minimal. Even so, the Group formulated its environmental protection policy and stressed the principle of "Reduce, Reuse and Recycle" to promote better utilisation of environmental resources. The Group is committed to promoting an environmentally friendly ambience among its employees and raising employees' awareness of carbon reduction and waste reduction.

During the Reporting Period, to the best of the Group's knowledge, the Group did not have any non-compliance issues with environmental laws and regulations in Hong Kong.

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A4. Climate Change

Governance of Climate-related Risks Management

The Board focuses on managing the risks brought by climate change, integrating ESG, including climate-related issues into the corporate governance process, improving board-level supervision, and leading the management to cope with the climate risk in the existing business processes and the impact on the Group's overall strategy. The climate-related risks management has been integrated into the Group's risk management system. The Board has the responsibility to monitor the effectiveness of its climate-related risks management, discuss, report and formulate related measures within the risk management process, such as the Board meetings, and formulate emergency plans according to the risks identified in order to strengthen its ability to cope with the negative impacts brought from extreme weather emergency conditions. The Group strives to ensure normal production and operations, and maintain the safety of public security and employees' life and property. For detailed information about the ESG governance of the Group, please refer to "The Board Statement" section.

Climate-related Risks Management

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

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

The Group's Climate-related Risks identification

The Group believes that the climate risks have a minimal impact on its core business. The Group assesses the climate risks of its business regularly and takes preventive measures to reduce the risks to ensure compliance with relevant laws and regulations.

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Physical and Transition Risks:

| Climate-related Risk | Time Horizon | Potential financial impacts | Risk level |
|---|--------------------------|--|------------|
| Physical Risks | | | |
| Extreme weather | Short term and Long term | The increasing global temperature may lead to higher electricity consumption in the Group's business operation since more frequent use of air-conditioning facilities is required, so the operation cost of the Group's business operation may become higher under extreme weather conditions. | Low |
| Transition Risks | | | |
| Tightening of climate-related policies | Long term | Tightened environmental policies increase the cost of fulfilling such requirements. It might also raise the operating costs, insurance costs and penalties for noncompliance. | Low |
| Cost to transition to lower emissions technology | Medium term | Substitution of existing technology and equipment with lower emissions or resource-saving options to comply with the new energy and sustainability standards incur investment and maintenance costs. | Low |
| Changing customer behaviour | Medium term | A change in customer or user behaviour and preferences leads to a loss in customer and income if there is a failure to meet stakeholders' expectations on climate risk management and goals. | Low |
| Reputation Risk | Medium term | The change in customer or user preferences may increase the chance of receiving negative stakeholder feedback about the existing IT services. It may affect the reputation of the Group. | Low |

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Measures to cope with the climate-related physical and transition risks

- The staff handbook describes the work arrangements and contingency measures for the periods during and after the tropical cyclone and rainstorm warnings to maintain business operations and to protect the safety of all staff under extreme weather conditions. The Group strives to ensure the employees can respond to the emergency conditions properly under extreme weather events. Besides, the Group considers arranging working hours flexibly or adopting work-from-home measures under extreme climate conditions, so that these measures may help to maintain the Group's business operations.
- To maintain low electricity consumption and working efficiency of employees, the Group persists in using electronic appliances with Grade 1 energy levels to minimise electricity consumption, and promote the importance of energy-saving to employees to increase their awareness of switching off unnecessary electronic appliances in their working routine.

Opportunity

The increasing awareness of climate change and green services in the general public can bring opportunities to the Group's business since the business nature of the Group can help different enterprises save resources in workplaces. With the progress of IT solution systems and infrastructure in the future, more jobs can be replaced by using electronic systems and electronic files instead of using paper. Also, it is believed that the progress of the new IT system and infrastructure designs can be more energy-efficient, so the Group can grasp this opportunity to become an environmentally friendly IT enterprise in the future.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in tCO₂e), total GHG emissions (in tCO₂e) and the GHG emission intensity (in tCO₂e/m² and in tCO₂e/employee) regularly. The GHG emission data and information about target setting are shown in the section "A1. Emissions" of this report.

B. SOCIAL

1. Employment and Labour Practices

B1. Employment

B1.1 Employee Figures

The Group had a total number of 254 employees as of 31 March 2024, all of which were from Hong Kong. In general, the distribution of the Group's workforce has remained similar throughout the years. See Figures 4-7 for the compositions of employees by categories.

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Figure 4 Yearly Comparison of Workforce by Employment Type

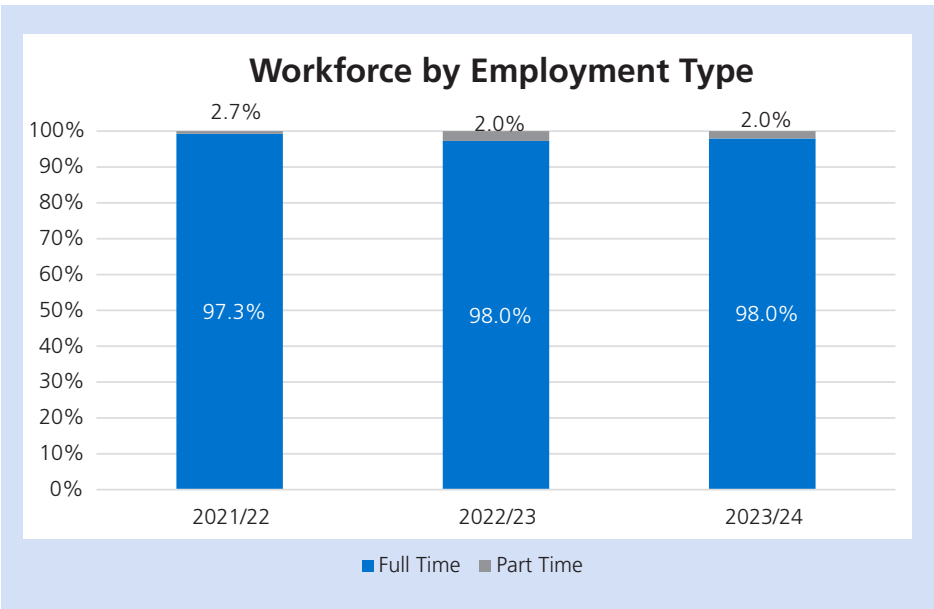
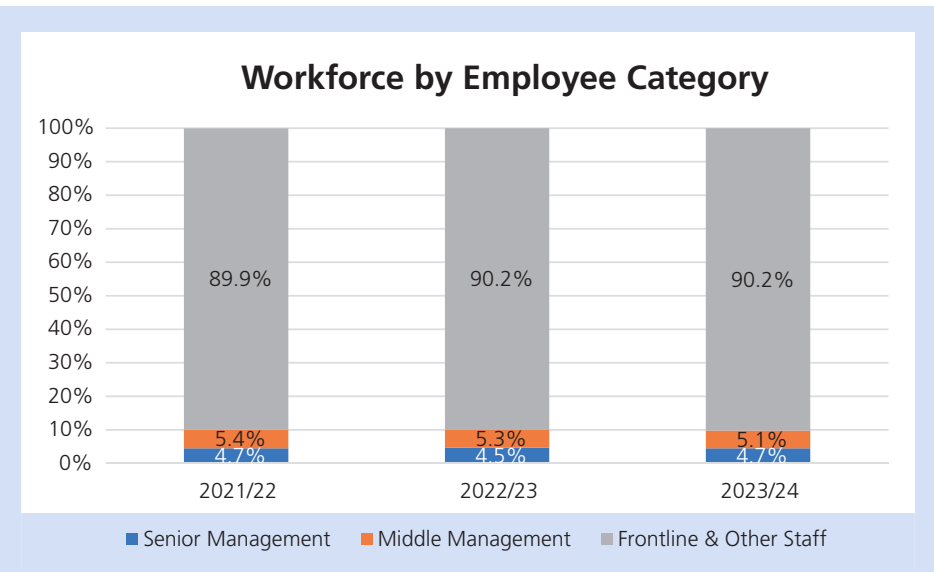


Figure 5 Yearly Comparison of Workforce by Employee Category



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Figure 6 Yearly Comparison of Workforce by Age

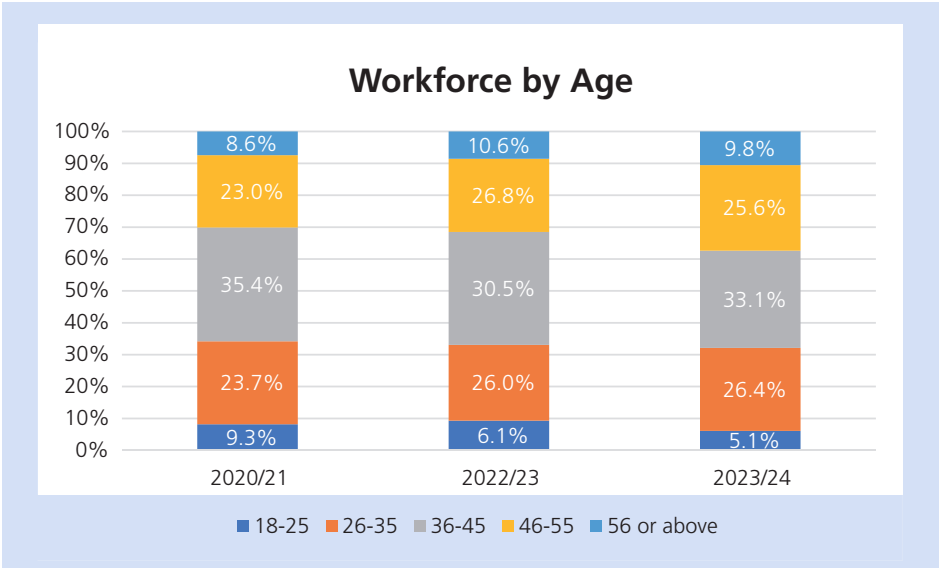
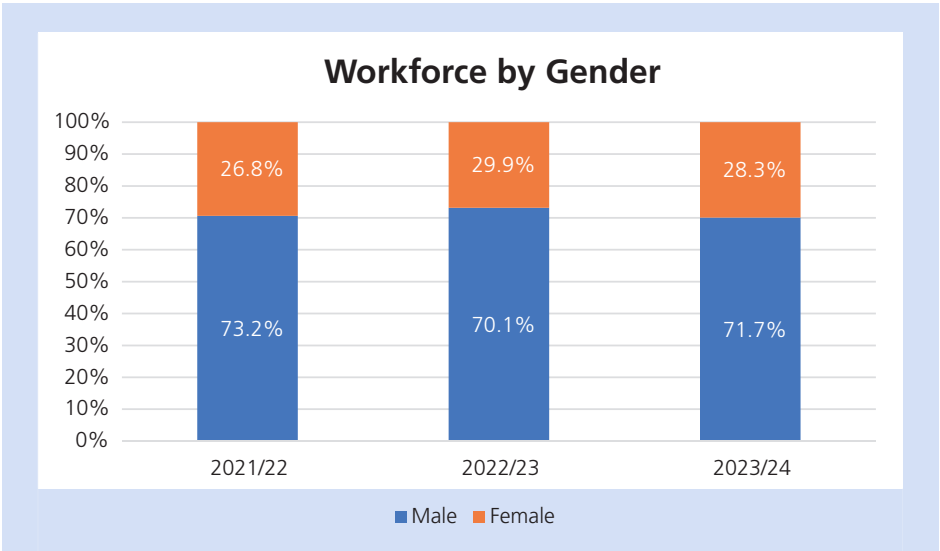


Figure 7 Yearly Comparison of Workforce by Gender



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B1.2 Turnover

During the Reporting Period, a total of 56 employees left the Group, contributing to a turnover rate of 22%. In general, the proportion of employees who left the Group during the Reporting Period was similar with that of the previous reporting period. Figures 8-11 illustrate the turnover rate by categories with yearly comparison.

Figure 8 Yearly Comparison of Turnover Rate by Employee Type

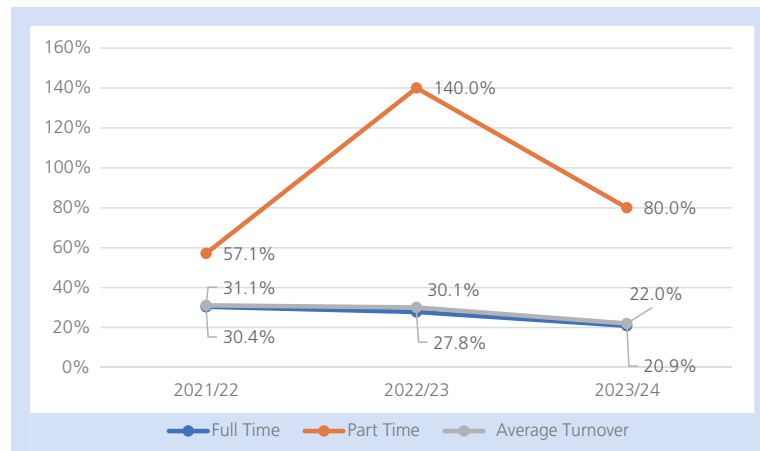
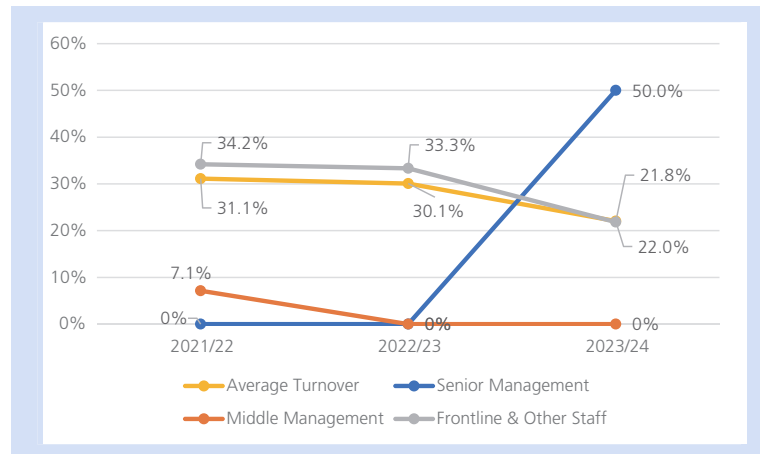


Figure 9 Yearly Comparison of Turnover Rate by Employee Category



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Figure 10 Yearly Comparison of Turnover Rate by Employee Age

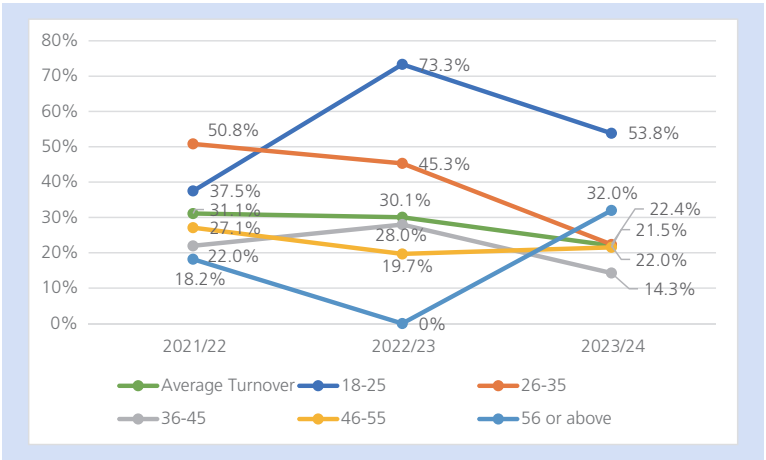
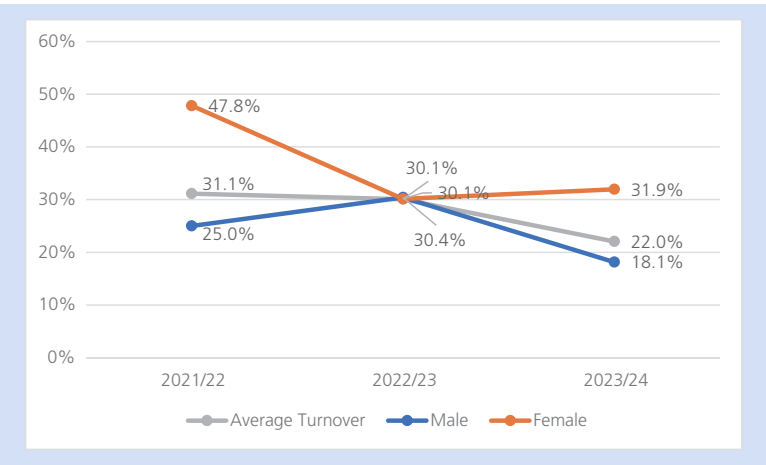


Figure 11 Yearly Comparison of Turnover Rate by Gender



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B1.3 Employment Policies

Employee Benefits and Welfare

The Group generally recruits employees from the open market. Fair terms regarding standard working hours, termination of employment and dismissal had been laid down in the employment contracts. Competitive remuneration is offered to its employees with medical insurance, travel insurance and employees' compensation insurance provided. Housing allowances are approved on a case-by-case basis by the Chief Executive Officer. The salary range for each employee grade is determined and approved by the Directors based on principles of fairness, ability, competitiveness, and timeliness. Overall employee salary is reviewed annually based on the result of performance evaluation approved by departmental directors and the Chief Executive Officer. The Group provides a defined contribution to the Mandatory Provident Fund ("MPF") as required under the Mandatory Provident Fund Schemes Ordinance Cap. 485 for its eligible employees. Employees are entitled to various types of leave including annual, sick, maternity, and paternity leave under the Employment Ordinance Cap. 57 and other laws and regulations. In addition, the Group also provides compassionate leave and two days of marriage leave. Education subsidy programme, children's education allowance and medical check programme are provided. They can also purchase the Group's products at special prices upon approval from the relevant department head or senior management. The Group did not note any material non-compliance with laws and regulations regarding compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare during the Reporting Period.

Equal Opportunity and Fair Treatment

As an equal opportunity employer, the Group emphasises a fair, open, objective, and non-discriminatory selection process in its recruitment, promotion, transferral processes and other business operation activities. Assessment of eligibility is based on attributes relevant to the job requirement like qualifications, knowledge, work experience, skills, and competency. No candidate is screened and discriminated against based on their race, gender, religion, age, disability, nationality, family status, etc.

The Group is committed to creating a safe work environment which is free from discrimination and sexual harassment and where members of employees are treated with dignity, courtesy, and respect. The policy of anti-discrimination has been developed which applies to all employees, their work-related interactions, and functions. Any acts of discrimination and sexual harassment are strongly prohibited and condemned, and the terms are written in the Group's employees' handbook. The Hong Kong Bill of Rights Ordinance Cap. 383, the Sex Discrimination Ordinance Cap. 480, Disability Discrimination Ordinance Cap. 487, Family Status Discrimination Ordinance Cap. 527 and Race Discrimination Ordinance Cap. 602 are complied with. It is unlawful under the said ordinances to discriminate against or harass a person directly or indirectly.

Any employee who believes he or she has been subjected to or has witnessed, actions that constitute a violation of this Anti-discrimination policy must promptly report the matter to management. Management will investigate any report of an alleged violation of this Anti-discrimination policy and, where appropriate, take appropriate corrective action.

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Any employee who feels sexually harassed is encouraged to report to his or her supervisor and the Head of Personnel. The Group will evaluate the relevant facts and circumstances and give appropriate advice if necessary. Sexual harassment is a civil offence under the Sex Discrimination Ordinance and is strictly prohibited by law. Any harassment complaints will be handled seriously and reported to the Equal Opportunities Commission immediately.

Employee Relations

Appraisals are conducted annually to evaluate employee performance and strengthen mutual understanding between appraisees and the Group. They also provide a basis of reference for making related personnel decisions including confirmation of employment, salary increment, bonus allocation, promotion, transferal, jobs rotation and arrangement of training, etc. Employee performance is appraised through self-assessment and assessment by immediate supervisors as well as interactive communication between employees and his/her immediate supervisor.

A dismissal procedure is established to ensure fair treatment for all employees who may become liable for disciplinary action. Except in cases of dismissal without notice for serious misconduct, employees will receive a formal oral warning and three formal written warnings before formal dismissal.

To encourage all employees to give full play to their potential, and to raise the Group's soft power and competitiveness to retain talents, the Group has launched a comprehensive promotion mechanism and competitive remuneration packages to protect the rights and benefits of its employees, and to assist outstanding talents to develop positive long-term career path.

To build workplace camaraderie to strengthen employees' sense of belonging, the Group used to organise many activities such as celebrations during festivals, early leave from work is allowed during festive celebrations or special occasions, quarterly morale activities, other interest classes, workshops, annual dinner and celebrations of employees' life events.

During the Reporting Period, to the best of the Group's knowledge, the Group did not have any non-compliance issues with labour laws and regulations.

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B2. Employee Health and Safety

The Group provides a healthy and safe working environment for its employees and sub-contractors and takes adequate steps to prevent accidents and injuries arising in the course of work. It also exercises a duty of care to its customers and the general public in its business activities.

The health and safety policy of the Group states that one of the prime responsibilities of the management at all levels is to ensure all reasonably practicable actions are taken to comply with the Occupational Safety and Health Ordinance Cap. 509 and the policy itself. The policy ensures that:

- Risks of all types of work activities are identified and minimised;
- Accidents are prevented and investigated if occurred;
- Contractors and business partners selected shall conform to the Group's health and safety requirements; and
- Provide health and safety training for employees.

The health and safety performances are periodically monitored and reviewed by the Company's Office Administration Department. The Group has implemented the following measures to maintain a healthy and safe working environment for all employees:

- Ensures proper lighting and adequate ventilation at the office;
- Promotes employee awareness of health and safety through posted information at conspicuous locations;
- Checks and inspects furniture regularly to ensure that they are well maintained and replaced if necessary, to avoid physical injuries;
- Provides the equipment including comfortable chairs, hand tools, light-duty working platform;
- Provides group medical scheme and body check claim reimbursement to employees;
- Provides e-training on health and safety for employees; and
- Shares information about the building's fire safety facilities, equipment and emergency evacuation plan with all employees to ensure they are familiar with this information to cope with emergencies.

The Group did not note any material non-compliance with laws and regulations about providing a safe working environment and protecting employees from occupational hazards during the Reporting Period.

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Occupational Health and Safety Data

| Year | 2023/24 | 2022/23 | 2021/22 |
|------------------------------|---------|---------|---------|
| Work-related fatality | 0 | 0 | 0 |
| Work-related fatality rate | 0% | 0% | 0% |
| Work injury cases >3 days | 0 | 1 | 0 |
| Work injury cases ≤3 days | 0 | 1 | 0 |
| Lost days due to work injury | 0 day | 7 days | 0 day |

B3. Development and Training

The Group provides internal training and encourages participation in external training, work-related education courses and seminars through the provision of the education subsidy programme. It believes that all-around training can increase productivity, build confidence in its workforce, and create a better working environment. Employees can apply for tuition assistance subject to management approval.

Internal training such as employee orientation covers various topics including company policy, anti-discrimination, anti-corruption, intellectual property, data security, communication and soft skills courses. Most of the external courses are paid by employers for improving employees' knowledge of servicing techniques, quality and familiarity with the products, such as Hewlett Packard Enterprise ("HPE") Sales Course, Project Management Professional Certification, Cisco Certification and NetApp Storage Installation Certificate.

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Training and Development Data

| Year | 2023/24 | 2022/23 | 2021/22 |
|--|---------|---------|---------|
| Total number of employees | 254 | 197 | 257 |
| Total training hours | 639 | 635 | 132 |
| The percentage of trained employees | 37% | 80% | 13% |
| The average hours per employee | 2.5 | 2.6 | 0.5 |
| Percentage of employees trained by gender (%) | | | |
| Male | 42% | 85% | 18% |
| Female | 24% | 71% | 1% |
| Percentage of employees trained by employment category (%) | | | |
| Senior management | 0% | 45% | N/A |
| Middle management | 8% | 92% | N/A |
| Frontline and other employees | 40% | 81% | 15% |
| Average training hours completed per employee by gender (hours) | | | |
| Male | 2.37 | 3.00 | 0.68 |
| Female | 2.88 | 1.67 | 0.06 |
| Average training hours completed per employee by job grade (hours) | | | |
| Senior management | 0 | 0.91 | 0 |
| Middle management | 1.85 | 2.23 | 0 |
| Frontline and other employees | 2.69 | 2.68 | 0.57 |

B4. Labour Standards

In compliance with the Employment Ordinance Cap. 57, there was no child nor forced labour in the Group's operation during the Reporting Period. The human resources department of the Group checks job candidates' identity cards, working visas, relevant certificates and references to ensure compliance with all the applicable laws regarding employment and labour standards. Legal action will be taken if the practices of child and forced labour are discovered. In addition, the Group also ensures a fair recruitment process and the working environment without any coercive acts. In the recruitment process, recruitment advertisements with job requirements and job descriptions are posted openly to invite applicants, and then the line manager and supervisor select the suitable applicants to attend interviews. The selected applicants' interviews are arranged by the human resource department. At last, suitable applicants will get the offers from the human resource department after their applications are confirmed by the chairman. All new employees are subject to background checks prior to employment. There was no non-compliance about preventing child and forced labour that had a significant impact on the Group during the Reporting Period.

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2. Operating Practices

B5. Supply Chain Management

Suppliers the Group engaged were principally hardware and software manufacturers, authorised distributors and other IT service providers which mainly act as its subcontractors. Hardware and software were mainly purchased from the manufacturers directly or through their authorised distributors.

Since providing a healthy and safe working environment for employees and sub-contractors is a top concern of the Group, it requires its business partners and suppliers to fulfil and perform the health standards that the Group sets. This makes sure anyone who is working directly or indirectly for the Group is protected from any workplace hazards, and any injury arising from such work can be prevented.

When selecting and evaluating a supplier, the Group also considers three other major criteria namely price, quality of work, and performance capability. It executes a contract with the chosen supplier either in the form of a purchase order or a contract which covers a statement of work, schedule, service term, pricing and payment, acceptance of products, warranty, and termination. The supplier is assessed and filed to the supplier master file before being employed. Suppliers in the master file are evaluated periodically with the frequency depending on the nature of products or services they provide. Purchase orders are approved by the procurement manager. All personnel involved in the selection and evaluation processes should declare any conflict of interest before the selection and evaluation process is performed. These measures are taken such that the Group can ensure the quality of its products delivered remains top tier.

Number of suppliers in this Reporting Period

| Geographical Region of suppliers | Number of suppliers |
|----------------------------------|---------------------|
| Hong Kong | 241 |
| USA | 2 |
| UK | 2 |
| Australia | 1 |

Total number of suppliers: 246

The Group's sustainable development policy commits it to high standards on environmental, health and safety, human rights, labour policies, business ethics and community issues. It also commits to favouring suppliers who share the same standards and promote sustainable development. The Group actively seeks to select and work with suppliers who not only comply with laws and regulations but also meet the standards that are expected of an industry leader. The Group also has a strong preference to work with suppliers who share the sustainable commitment to honesty and integrity and who seek to integrate principles of sustainable development into all areas of its business. The Group requires its suppliers to complete a Code of Conduct Self-Assessment which can provide clear, accurate and appropriate reporting of the progress toward its achievement of sustainable development objectives. The Group cooperates with the suppliers which provide environmentally preferable products. For instance, the Group purchased the recycled paper from these suppliers.

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B6. Product Responsibility

Product responsibility is one of the Group's priorities. There was no non-compliance about health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress that have a significant impact on the Group during the Reporting Period.

B6.1 Advertising and Labelling

The Group mainly distributes promotional materials via sending electronic direct mails ("eDM") to its target database. When the marketing department sends out promotional messages, the Group's name and contact information are made visible to receivers such that to notify them of the sender of the e-mail. The Group also clearly states the terms and conditions of the promotional offers in case of any ambiguity. Such terms and conditions include valid dates and exceptions of the offer. It is also stated that the Group reserves the final rights if there are any disputes. If receivers no longer wish to be contacted by the Group for such promotional matters, there is also an unsubscribe button on every eDM that receivers are free to click on to opt-out from the mailing list.

B6.2 Product Recalls

While the Group's products are rarely subjected to safety and health issues, it has certain recall procedures if the products have been defected. A recall may take place if a complaint is filed by a customer stating that the distributed product does not meet the user's expectation, or if a manufacturer of the distributed product informs the Group of its potential violation against local legislation, failure to meet appropriate safety standards and hazardous to health. Under both circumstances, the Group will follow the following procedures as remedial follow-up.

1. File an incidence report;
2. Evaluate the problem to determine any associated risks, and inform the product market department regarding the affected product and problem;
3. Determine the scope and degree of products affected, and find out their batches, serial numbers, and list of affected customers, then inform relevant sales teams and individual salesmen;
4. Define actions to be taken within a timeframe, and assign responsibilities to relevant team members;
5. The product recall activities may, when necessary, include:
 - a. replacing the distributed products;
 - b. taking corrective actions to repair affected apparatuses and materials, or replace spare parts;
 - c. notifying affected customers/users of recalls with instructions on ceasing the use and return method of the product;
 - d. advising the customer on any other problem or aspect of the product;

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6. File a final report that analyses the causes of the recall and any relevant conclusions; and
7. Take necessary corrective measures to avoid another incidence.

The Group had no product sold or shipped subject to recalls for safety and health reasons in the Reporting Period.

B6.3 Intellectual Property (“IP”) Rights

The Group registered several trademarks in Hong Kong and branded its business using the brand name “Microware Limited”. It is prohibited for the staff or external parties to make use of the brand name or logo shown in any messages or promotional materials without the Group’s approval. Legal action will be taken for any unauthorized use of our logo or trademark.

It manages the security of its assets such as financial information, IP, or employee details entrusted to the Group by third parties in compliance with the ISO/IEC 27001:2013 information security management system. For any infringement of its IP, the Group will urge infringers to cease such infringement. The human resources department of the Group will take further action if the infringement continues.

To protect third-party IP rights and comply with relevant licensing terms when software is used, employees are prohibited from duplicating, installing or using software in violation of its copyright or license terms, as stated in the Group’s information security policy and employee handbook. Use of free software products is stringently controlled, making copies of copyright works (e.g. books, periodicals, computer software, etc.) is strictly prohibited, and permission shall be sought before bringing in personal computers or software to the office.

The trademark “Microware” has been registered with domain names. Anybody is not allowed to use the name or logos of “Microware” shown in any message or promotion material without getting approval from the Group’s authorised party.

Employees in violation of the policy will be subject to disciplinary action, and civil or criminal sanctions. If any illegal or unauthorised use of their hardware and/or software is noticed, the Group will notify the manufacturers. No material non-compliance with the following laws and regulations regarding IP rights was noted during the Reporting Period:

- Trade Marks Ordinance Cap. 599;
- Patents Ordinance Cap. 514; and
- Copyright Ordinance Cap. 528.

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B6.4 Information Security

Information has varying degrees of sensitivity and criticality. The Group classifies information into three categories according to its asset management policy, namely public, internal use and confidential. Information is labelled and handled according to its sensitivity to ensure a sufficient level of protection. Access to confidential information is restricted, in which they are either password-protected, encrypted or can only be accessed upon authorisation of the management.

Complying with the Personal Data (Privacy) Ordinance Cap. 486, the Group collects and uses data from job applicants, employees, and customers lawfully and fairly. The employee handbook clearly states the Group's management of confidential information including data, database, customers or prospective customer lists. Besides, employees are required to sign employment contracts with contractual obligations which include a code of conduct and confidentiality clauses that prohibit employees from disclosing trade secrets, confidential information, and customers' information without permission. Apart from the information security policy, the Group has also established procedures for the management of cryptographic keys, which maintain confidentiality, integrity, authenticity, and non-repudiation of the Group's sensitive data.

The Group has also implemented measures to enhance the security of its IT system. It applies Dedicated Internet Access ("DIA") internet line to provide stable internet access and installs firewall on servers and devices to monitor and control incoming and outgoing network traffic. Moreover, The Group has added an SSL certificate ("<https://>") to its website for data protection to ensure information security when the customer fills in information/data in the online enquiry form. A privacy policy has been launched on the Group's website which T and C are indicated at the bottom of the webpage for customers to overview and fully understand.

The Group did not note any cases of material non-compliance regarding data protection and privacy as required by related laws and regulations during the Reporting Period. No material non-compliance with laws and regulations that have a significant impact on the Group regarding customer data protection and privacy was recorded during the Reporting Period.

B6.5 Data Protection and Privacy Policies

The Group is committed to ensuring a high level of data protection for its existing and potential clients. Therefore, employees and subcontractors are subject to a duty of confidentiality to the Group and the Group's clients pursuant to their employment agreements and subcontracting agreements. By the employees' handbook, confidential information includes all tangible or intangible ideas, information, and materials generally not known to the public about the business or its customers.

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Employees and subcontractors are forbidden to disclose any confidential information obtained during or after the course of services regarding the Group's clients to any third party and shall not use such confidential information for their benefit. All telemarketing promotion needs to operate within the Group's office and data is not allowed to be copied out of the working site. Upon termination of employment with Microware, employees are also not to use and retain any confidential information. A privacy policy page was also added to the Group's revamped website for its stakeholders' reference. Some of the guideline's suggestions are as follows:

| "Dos" | "Don'ts" |
|---|---|
| <ul style="list-style-type: none"> • Make sure all information is removed from the workplace at the end of the day and stored in a locked area • Confidential sensitive or classified information, when printed, should be cleared from printers immediately • Keep your drawers locked when you are not in your seat • Ensure doors of entrance/exits are closed • Shred your confidential and internal use document when it is not required at all times • Beware of social engineering methods • Report to MIS Manager immediately If you see anyone unknown on office premises • Share the folders/files only to intended users & for the specified time. Provide specific Read, Modify, Full Control etc. on a requirement basis only • Remove all unauthorised software • Lock your computers when away from the seat (Press Win key + L) | <ul style="list-style-type: none"> • DO NOT display confidential and internal use documents on the board at your workstation • DO NOT clutter the work area with Post-It or other handwritten, notes displaying sensitive information such as user IDs, passwords, and personal information of teams including contact details, conference details etc. • DO NOT leave confidential and internal use documents in your rubbish bin • DO NOT leave your notepads unattended or being used as a mouse pad • DO NOT leave your RSA token unattended • DO NOT plug USB Drive/Device on your laptop/desktop • DO NOT tailgate and piggyback • DO NOT store any songs and videos on the desktop/laptop • DO NOT save passwords in a text file on your desktop • DO NOT let auditors touch/take/have access to your personal information/ data/objects |

The Group has adopted a customer resources management system to manage the database of the customers. Only authorised people are allowed to access the system and all the data is kept confidential. Management Information Systems Department ("**MIS**") is responsible for monitoring the security event log of the operation system and the event log of SQL server so as to prevent any unauthorised access to the system.

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In case of information leakage, MIS department will take the following steps:

- Meet related department heads to review the cases;
- Evaluate the impact of the data leakage;
- Inform any internal or related parties about the data leakage issue;
- Take immediate actions to prevent further data leakage, e.g., scan the virus, install the security patch, block the internet access in the firewall, etc; and
- Review the progress with committee members.

B6.6 Customer Communication

The Group is committed to providing quality service to its customers. It complies with the ISO/IEC 20000-1:2011 service management system and established a business relationship management procedure to ensure the maintenance of good relationships with customers through understanding customers and their business needs, regular review of service level achievements and timely resolution of customers' complaints.

To manage customer satisfaction, the Group maintains a list of customers and reviews it on a half-yearly basis. Interim meetings and annual meetings are organised on a quarterly and yearly basis to discuss service performance and achievement of the Group. The Group analyses customer surveys and establishes service improvement plans after meetings to follow up with the customers. When customers call or email the Group for product enquiry, service call, or maintenance, the marketing department will pass the respective contacting information and product request to the sales team for follow-up.

Upon receipt of product or service-related enquiries or complaints, customers' information will be recorded, and cases will be transferred to relevant departments for further handling. An initial assessment will be conducted to determine complaints in terms of severity, safety implication, complexity, impact and the need or possibility of immediate action. Respective departments will make reasonable efforts to investigate all relevant circumstances and information surrounding the complaint, followed by communicating with the complainant regarding the decision and action to be taken. If the complaint cannot be resolved immediately, the case will be escalated to higher management. Action plans to address the complaints and customers' satisfaction will be evaluated after the complaints are settled. There was no complaint regarding the Group's products and services, nor products sold or shipped subject to recalls for safety and health reasons during the Reporting Period.

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B7. Anti-corruption

The Group believes that honesty, integrity, and fair play are essential values in its business. It has established an anti-corruption policy to ensure that the Group's reputation is not tarnished by dishonesty, disloyalty, or corruption. The policy stipulates standards of behaviour and explains proper procedures and responses to different situations in business dealings.

B7.1 Conflict of Interest

Conflict of interest arises when the personal interests of employees compete or conflict with the interests of the Group. Employees should avoid such situations, actual or potential, which may compromise his/her integrity and put the Group's interests and reputation at stake. The employees must declare to the Group any financial interest, direct or indirect, which he/she or members of his/her immediate family may have, in any business or other organisation which competes with the Group or with which the Group has business dealings.

B7.2 Anti-Corruption

Any employee soliciting or accepting an advantage in connection with his/her work without the permission of the employer commits an offence under the Prevention of Bribery Ordinance Cap. 201. The offeror will also commit an offence. The term "advantage" is defined in the said ordinance and includes gift, loan, fee, reward, office employment, contract, service and favour. The acceptance of an advantage that could affect an employee's objectivity or induce an employee to act against the Company's interests, or lead to questions or complaints of bias or impropriety, shall be declined. In cases of an advantage given voluntarily, the employee may accept it if it will not influence his/her performance, knowing that there is no obligation to return anything for the offer. The value of the advantage accepted shall not exceed HK \$500.

The Group followed the said ordinance during the Reporting Period. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B7.3 Whistle-blowing Policy

The Group is committed to the highest possible standards of openness, probity, and accountability. In line with the standards it upholds, the Group expects and encourages its employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Group to voice those concerns to the human resources and administrative manager in full detail with supporting evidence. The whistleblower can report suspected cases in person or in a written way. Upon receipt of complaints and potential breaches, the Group will endeavour to respond fairly and properly.

People making appropriate complaints under the policy are assured of protection against unfair dismissal, victimisation, or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. Employees who victimise or retaliate against those who have raised concerns under the policy will be subject to disciplinary actions.

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B7.4 Anti-corruption Training

During the Reporting Period, the Group has organised anti-corruption training and seminars to all directors and staff, the contents included business ethics and competition ordinance. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B8. Community Investment

Apart from caring for its employees, the Group cares for its community and discharges its corporate social responsibilities by actively participating in voluntary services.

B8.1 Voluntary Services

During the Reporting Period, the Group collaborated with various charity organisations to carry out several social services to encourage employees to take care of the people in need in society. The detail of the community investment of the Group in the Reporting Period is shown in the following table.

| Area of Contribution | Activities in the reporting period | Beneficiary/ Collaborators/Partner organisations | Detailed resources input |
|-----------------------|------------------------------------|---|--------------------------|
| Community care | Rice Dumpling Delivery Service | Yang Memorial Methodist Social Services | Donation: HK\$6,000 |
| | Mooncake Delivery Service | Yang Memorial Methodist Social Services | Donation: HK\$6,000 |
| | Charity Donations | The Community Chest of Hong Kong | Donation: HK\$2,183,000 |
| | | Operation Blessing Hong Kong Ltd | Donation: HK\$82,000 |
| Scholarship & bursary | Donations for learning support | City University of Hong Kong | Donation: HK\$100,000 |
| | | The Learning Support Services Association Ltd | Donation: HK\$50,000 |