

Environmental, Social and Governance Report

ENVIRONMENTAL

Unless otherwise specified, the environmental data covers the Group's operation in Hong Kong, Singapore and Japan.

During the year, the Group has made its best endeavours to protect the environment from its business activities and workplace. The Group also educates its employees on their awareness of promoting a green environment. The Group seeks to identify and manage environmental impacts attributable to its operation, in order to minimise these impacts if possible.

A1. Emissions

The Group invests in income generating properties or properties with the potential to appreciate in value. Most of the properties are for office and hospitality usage purposes. Properties are leased to tenants/hotel operators for stable lease income. Therefore the hospitality operation attributes greenhouse emission for the Group. The Group has taken steps to closely monitor and minimize environmental impacts in its hospitality operation.

For our 56-storey iconic building involving hospitality, office and conventional centre located in Japan, an energy system was installed by an Energy Service Company ("ESCO") in 2015 for energy saving purpose. The ESCO is engaged to monitor the effectiveness of new heat source system regularly. Electricity, heating & gas ("Energies") was saved in 2016 when compared with that of 2015.

We are also the pioneer in technology product distribution in Asia with an extensive reseller channel network representing many world renowned vendors. No generation on hazardous waste as we are not manufacturers.

Emissions of greenhouse gases by the Group were mainly contributed by the consumption of purchased electricity, heating and gas consumption in hospitality business.

2016 CO₂ Emission	Total tonnes
Energy indirect emission	4,043,526
Other indirect emission	42
Total greenhouse gas emission	<u>4,043,568</u>

Indirect emission is mainly from paper usage in offices and senior management's air travel. It amounted to 42 tonnes CO₂ for the year ended 31 December 2016.

Non-hazardous waste produced (paper waste, printer cartridges, tonner bottle) was 1,948 kg for 2016.

A2. Use of Resources

Energies consumption and water consumption were mainly attributable to its hospitality business. For 2016, total Energies consumption was 7,747 million kWh, whereas the water usage was 144,246 cubic metre.

For distribution business, goods were delivered to our resellers at original packaging. No material additional packaging materials were required.

Air conditioners, computers and office lights are switched off during non-business hours, to minimise light pollution and reduce energy consumption.

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A3. The Environment and Natural Resources

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimizing wastage in daily operations. For energy saving and greenhouse emission reduction, energy system was installed in our iconic building in Japan for energies saving, recycling bins are provided at our offices with waste paper and used toner cartridges collected for recycling. The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. In addition, we arranged conference calls or video conference instead of face-to-face meetings where possible.

SOCIAL

B1. Employment and Labour Practices

Employment, remuneration and benefits, recruitment and promotion

The Group is always complying with the labour regulations and associated guidelines. Our full-time staffs are entitled to paternity and compassionate leaves, healthcare and mandatory provident fund in respective jurisdiction. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices. We encourage a healthy work-life balance among staffs. As at 31 December 2016, the Group had a total of 103 permanent staffs. 93% are located in Hong Kong and the remaining are located in Singapore and Japan.

To attract, motivate and retain experience staffs, we reviewed their pay packages annually with prevailing market conditions to ensure they are competitive under volatile and severe market. To create incentives for directors and senior staffs to work with commitment toward enhancing the value of the Group and its shareholders, the Company adopted share option scheme and grant share options to eligible staffs of the Group since 1992.

Workforce by gender:

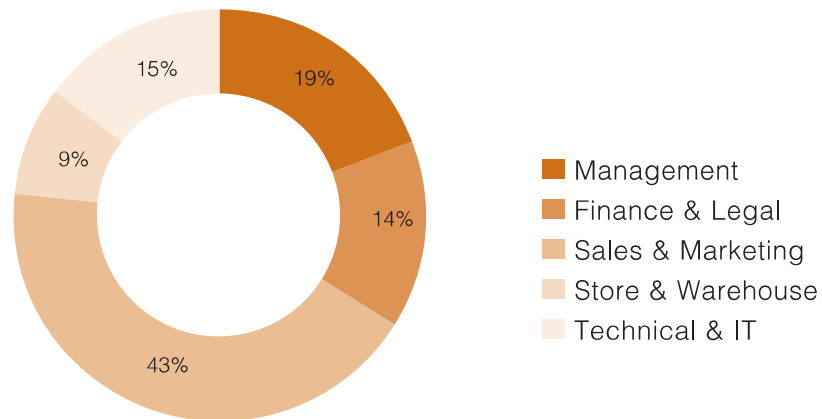
	Hong Kong	Singapore	Japan	Total
Male	54%	50%	100%	54%
Female	46%	50%	0%	46%

Workforce by age group:

	Hong Kong	Singapore	Japan	Total
Below 30	15	0	0	15
Age 31-50	69	3	0	72
Over 50	12	3	1	16
Number of staffs	96	6	1	103

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Workforce by function:



Diversity and Equal Opportunities

The diversity of our employees provides us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. At a senior management level, our board diversity policy guides the Group's approach to selection of candidates taking into account an extensive range of characteristics, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

B2. Health and Safety

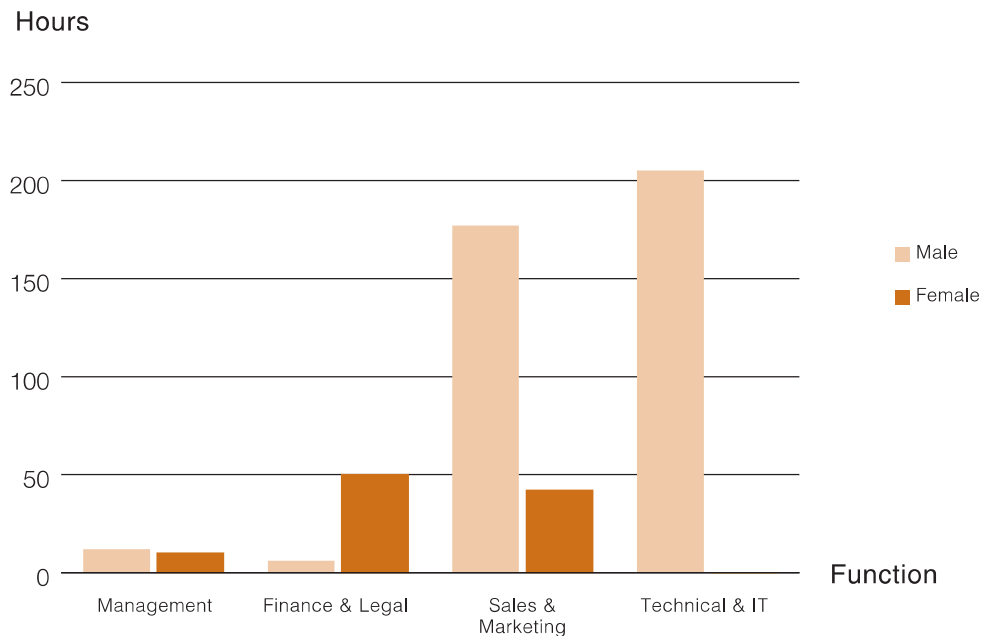
The Group provided a safe and healthy environment in the work places for all staffs. The staff turnover rate was low and there was no reported lost days caused by injury.

B3. Development and Training

As a distributor of renowned brands information technology products, mobile phones and related products, our sales force and technical staffs possess broad knowledge of networking, storage, and mobility products in order to provide the best services to our resellers. We worked closely with suppliers to keep our sales teams updating to the latest technology and features of new products. The Group understands training and development is one of the keys to success. We offer both internal and external training to our key staffs. Total training hours offered in 2016 was 514 hours for 75% staffs, average 6 hours per trained staff. Those training were focusing on product knowledge, accounting and regulatory compliance update.

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Training hours by gender and function:



The Group also encourages and provides subsidies to employees to pursue educational or training opportunities that achieve professional development.

B4. Labour Standards

The Group has complied with relevant labour regulations, government regulations in Hong Kong, Singapore and Japan. The Group does not employ staffs who are below 18 years of age. No employee is paid less than the minimum wage specified by the government regulations. Monthly salary payments, the Mandatory Provident Fund Scheme or Central Provident Fund Scheme payment are made on time.

During recruitment process, verification of applicant's identity information is required and recruitment of child labour is strictly prohibited. Applicant is also required to provide document proofs of academic qualifications and working experience for verifications, applicant who is suspected to have false academic qualifications and working experience would not be employed. The Group enters employment contract with each of its employee in accordance with relevant laws and regulations in its operating jurisdiction and also prohibits forced labour.

B5. Supply chain management

Sound supply chain management ensures the Group to sustain its business operations and development. As well as leveraging our extensive network of information technology distribution, we have maintained strong relationships with our suppliers. When selecting suppliers, the Group takes factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

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Currently we procured over 20 internationally renowned brands from our suppliers. 64% supplied goods domestically, the remaining was mainly supplies from USA and the PRC.

For hospitality, our hotel operators have many year of experience in hotel business. We have built strong relationships with our property assets managers, lenders, as well as accounting and tax advisors.

B6. Product responsibility

The marketing of information technology, mobility and related products to general public are usually devised by suppliers and the Group is also providing marketing services to our suppliers. During holidays and festivals, we work with our suppliers to offer products at promotional prices through print and media advertising campaigns.

Suppliers provide warranty on the products they supplied to the Group for distribution. Suppliers are responsible for providing or procuring the provision of in-warranty service to the end users. Generally the warranty provided by the suppliers has a term from one to three years. The Group also adopts following quality control policies on the products to be sold:

- Inventory management team performs a series of inspection upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the supplier for replacement.

During the year 2016, a new mobile phone model of a renowned brand have encountered product quality issues shortly after launched in early September in Hong Kong. The products were recalled globally by middle of October 2016. The Group has worked closely with the supplier for recalling those products and the recall process was finished before end of 2016.

The Group did not receive any injury case for the products sold by company. The recalled product contributed less than 1% to the total revenue of the Group and thus financial impact to the Group was considered immaterial.

End users safety is always in the top priority. The Group takes speedy action together with our suppliers for any quality issues at all time.

The Group is committed to abide by the laws and regulations in relation to intellectual property protection. During the year, we have not received any cases of infringement of intellectual property rights. We are also not aware of any suspected cases of infringement of intellectual property rights of the products that we were distributed in 2016.

The Group is also committed to abide by the Personal Data (Privacy) Ordinance. Personal data shall be highly protected. Privacy policy and personal information collection statements in our websites demonstrate a commitment to safeguarding each personal data privacy. Employees are committed not to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known.

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B7. Anti-corruption

In our Code of Conduct and Whistle-blowing Policy, which defines the Group's stance on conflicts of interest, intellectual property rights, privacy and confidentiality of information, bribery, corruption and non-competition. All employees are required to adhere.

In addition, seminars would be held to update staff on any changes to regulations and to refresh their knowledge on aspects of ethical practices when applicable.

During the year, there were no incidents of corruption reported within the Group.

B8. Community

In view of the work force and size of the Group, serving the community by way of cash and in-kind donations are considered most direct and effective.

In 2016, a total donation of HK\$50,000 was made to charitable organizations in Hong Kong.