



**裕程物流集團有限公司**

**Grand Power Logistics Group Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8489

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT  
**2020**

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## ABOUT THIS REPORT

Grand Power Logistics Group Limited (the “**Company**” together with its subsidiaries, hereinafter referred to as the “**Group**” or “**we**” or “**us**”) is pleased to present our first annual Environmental, Social and Governance Report for the year ended 31 December 2020 (the “**ESG Report**”) to provide an overview of the Group’s management of significant issues affecting its operation, including environmental, social and governance (“**ESG**”) matters.

The board of directors (the “**Board**”) of the Company has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

## REPORTING PERIOD

The ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”).

## REPORTING SCOPE

This ESG Report covers Hong Kong, Shanghai, Shenzhen and Tianjin offices of the Group with core business segments principally engaged in air and ocean export and import freight forwarding services. The Group will continue to assess the impacts of its business on the major ESG aspects and to include in the ESG Report.

## REPORTING BASIS

The ESG Report is prepared in accordance with the ESG Reporting Guide set out by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and Rule 17.103 under Chapter 17 of the GEM Listing Rules. The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. In view of our first-time disclosure of certain key performance indicators (“**KPIs**”) which are considered material by the Group during the Reporting Period, the Group will continue to optimize and improve the disclosure of KPIs.

## REPORTING BASIS *(Continued)*

Reporting Principles	Interpretation	The Group's Application
Materiality	The report should disclose significant impacts on the environment and society, or aspects that materially affect how the stakeholders assess the company and make decisions.	The Group conducts questionnaire to understand stakeholder's expectations. Based on the results of the questionnaire, the Group identifies and reports the Group's material sustainability issues.
Quantitative	The KPIs disclosed in the report shall be calculable and comparable where applicable.	Under feasible situation, the Group records, calculates and discloses quantitative information and conducts comparisons with past performance.
Balance	The issuer should objectively and truthfully report its ESG performance for the year.	The Group follows the principles of accuracy, objectivity and fairness to report its achievements and challenges in sustainable development.
Consistency	The ESG report should be prepared in a consistent manner, its ESG's KPIs can be compared to understand corporate performance.	The Group ensures consistency in preparing the report and manage its ESG data for future comparison.

## BOARD INVOLVEMENT

The Board is responsible for monitoring and reviewing corporate governance practices across the Group. We take into account ESG-related risks in decision making and maintaining effective risk management and internal control systems. With an aim to ensure that the Group's operations comply with the principle of sustainability and to monitor the Group's daily operations and risk management matters in relation to ESG-related risks and sustainability issues, the Board maintains regular communication with senior management from key business divisions, monitors the Group's daily operations, reviews feedbacks from stakeholders and updates internal policies whenever necessary. The material issues regarding the ESG-risks of the Group will be reviewed by the Board regularly.

## CONTACT INFORMATION

The Group welcomes your feedback on the ESG Report for its sustainability initiatives. Please contact us through the Company website <http://www.grandpowerexpress.com>.

## STAKEHOLDER ENGAGEMENT

We identified the key stakeholders of our business operations and interacted with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the methods we communicate with them:

Stakeholders	Expectation	Engagement Channels	Measures
Government	— Abide by laws and regulation	— On-site inspections and checks	<ul style="list-style-type: none"> <li>— Operated, managed and settled taxes according to laws and regulations, strengthened safety management</li> <li>— Accepted the government's supervision, inspection and evaluation</li> </ul>
	— Timely tax payment	— Company website	
	— Promote regional economic development and employment		
Shareholders and investors	— Provide high transparency of information disclosure	— Annual general meeting and shareholders' meetings	— Issued notices of general meetings and proposed resolutions according to regulations
	— Protect shareholder's rights and interests	— Annual report, interim report and corporate announcements	— Disclosed corporate information by publishing annual reports, interim reports, quarterly reports and announcements
		— Company website	— Disclosed corporate contact details on website and in reports and ensured all communication channels are available and effective

## STAKEHOLDER ENGAGEMENT *(Continued)*

Stakeholders	Expectation	Engagement Channels	Measures
Employees	— Education and training	— Employee communication	— Provided healthy and safe working conditions and environment
	— Career development opportunities	— Training, seminars and briefing sessions	— Provided training to employees
	— Healthy and safe working environment	— Intranet and emails	— Provided attractive remuneration packages
	— Safeguard the rights and interests of employees		
Customers	— Provide safe and high-quality products	— Website, brochures and annual reports	— Provided prompt, quality and customized services
	— Stable business relationship	— Email and customer service hotline	— Transparent and open communication channels between the Company and the customers
	— Business ethics	— Complaint handling mechanism	
		— Regular meeting	
		— Sale representatives' visits	

## STAKEHOLDER ENGAGEMENT *(Continued)*

Stakeholders	Expectation	Engagement Channels	Measures
Suppliers	— Long-term cooperation	— Suppliers' reviews and assessments	— Performed contractual obligations according to agreements
	— Strong business relationship	— Regular meetings	— Enhanced daily communication and established long-term cooperation with quality suppliers and contractors
Public and communities	— Discharge social responsibilities	— Charity and social investment	— Transparent and open communication channels between the Company and the communities
	— Community involvement	— Annual report	

### A. ENVIRONMENTAL ASPECTS

#### Aspect A1: Emissions

Due to the nature of our business, our Group's operations do not directly generate industrial pollutants, and as such our Group did not incur direct costs of compliance with applicable environmental protection rules and regulations in past years. Our Board expects that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

The Group is committed to reducing its impact on the environment and its carbon footprint whilst pursuing our quest to deliver quality services with competitive price to our customers. Consumption of fuel and energy has been a significant contributor to greenhouse gases as well as other environmental concerns. The Group has adopted various practical measures to reduce the use of natural resources (thus in turn reduce emissions) as mentioned in aspects "A2: Use of Resources" in this ESG Report.

Regarding waste, no material hazardous and non-hazardous waste was produced during the Reporting Period in view of our nature of business.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection by the Group. The Group will continue to assess, record and disclose its greenhouse gas emissions and other environmental data annually, and evaluate the effectiveness of existing measures to further draw up carbon reduction targets and working plans.



## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A1: Emissions *(Continued)*

Major air pollutants emissions from vehicles during the Reporting Period are as follows:

#### Air Pollutant Emission

Type of Air Pollutants	Air Pollutant Emission (kg)
Sulphur Dioxide	0.0392
Nitrogen Oxides	3.3132
Particulate Matter	0.2439

During the Reporting Period, the greenhouse gas (“**GHG**”) emission from the Group’s operation is set out below:

#### GHG Emission

Type of GHG emissions	Equivalent CO <sub>2</sub> emission (kg)
Scope 1	6,287.45
Scope 2	10,519.16
<b>Total</b>	<b>16,806.61</b>
<b>Intensity (kg/Revenue HK\$’000)</b>	<b>0.02</b>

Notes:

1. The calculation of the GHG emissions is based on the “Corporate Accounting and Reporting Standard” from The GHG Protocol.
2. Scope 1 refers to direct emissions from vehicles owned by the Group
3. Scope 2 refers to indirect emissions from the generation of purchased electricity consumed by the Group
4. Scope 3 is not disclosed as the corresponding emission is not controlled by the Group

#### Hazardous and non-hazardous waste

During the Reporting period, the Group had not generated any significant hazardous and non-hazardous waste due to our business nature.



## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A2: Use of Resources

The Group places high priority on the efficient use of resources. The major resources used by the Group are fuels, electricity and water. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows:

- switch off lights and turn off unnecessary energy-consuming devices when they are not in use;
- promote environmental protection such as saving water and electricity by slogan or poster in office;
- encourage printing or photocopying on both sides of paper, where applicable;
- regular maintenance of vehicles with good condition for operational efficiency;
- adopt the use of electric cars; and
- focus on quality management so as to reduce wastage and scrap for less pollution resulted.

During the Reporting period, the Group had not consumed significant packaging materials due to our business nature. Energy and water consumption by the Group during the Reporting Period is set out below:

#### Energy Consumption

Type of energy	Energy consumed (kWh)
Unleaded petrol	25,819.47
Purchased electricity	13,088.35
<b>Total</b>	<b>38,907.82</b>
<b>Intensity (kWh/Revenue HK\$'000)</b>	<b>0.04</b>

## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A2: Use of Resources *(Continued)*

#### Water Consumption

	(m <sup>3</sup> )
Running water consumed	121.71
<b>Intensity (m<sup>3</sup>/Revenue HK\$'000)</b>	<b>0.00014</b>

The Group did not encounter any problem in sourcing water that was fit for purpose and did not note any abnormal water usage during the Reporting Period.

### Aspect A3: The Environment and Natural Resources

The Group raises staff's awareness on environmental issues through education and training and enlists employees' support in improving the Group's performance, promotes environmental awareness amongst the customers, business partners and shareholders, supports community activities in relation to environmental protection and sustainability, and evaluates and monitors regularly the impact of past and present business activities upon health, safety and environmental matters. With the integration of policies mentioned in sections "Emissions" and "Use of Resources" of this report, the Group strives to minimize the impacts to the environment and natural resources.

## B. SOCIAL ASPECTS

### Aspect B1: Employment

We believe that we have always maintained a good working relationship with our employees.

The Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We have a recruitment policy in place to maintain a fair and effective recruitment procedure. Under such policy, we normally recruit employees with the appropriate skills, both technical and personal, in order to meet our current and future needs and to ensure that the employees appointed are qualified and competent to carry out the duties. We believe that we have always maintained a good working relationship with our employees.

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws in Hong Kong and the PRC, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate.

## B. SOCIAL ASPECTS *(Continued)*

### Aspect B1: Employment *(Continued)*

We also ensure that there is gender diversity when recruiting staff at middle to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of our Company.

During the Reporting Period, there were no material non-compliance regarding employment brought against the Group or its employees.

Below is a detailed breakdown of our Group's employees by gender, age group, employment category and geographical location as at 31 December 2020:

	Number of staff	% of total
<b>By gender</b>		
Male	19	48.7
Female	20	51.3
Total	39	100.0
<b>By age group</b>		
30 or below	2	5.1
31-40	19	48.7
41-50	18	46.2
51 or above	—	—
Total	39	100.0
<b>By employment category</b>		
General	22	56.4
Supervisor	5	12.8
Middle and Senior	12	30.8
Total	39	100.0
<b>By geographical location</b>		
Hong Kong	27	69.2
PRC	12	30.8
Total	39	100.0

## B. SOCIAL ASPECTS *(Continued)*

### Aspect B1: Employment *(Continued)*

Below is a detailed breakdown of turnover rate of our employees employed under our Group and all regional offices in Hong Kong and PRC by gender and age group as at 31 December 2020. They are defined by the categories of employees leaving employment divided by the average number of employees in those specified categories during the Reporting Period.

	Number of staff	% of total
<b>Turnover rate by gender</b>		
Male	1	5.3
Female	2	10.3
Total	3	7.8
<b>Turnover rate by age group</b>		
30 or below	2	66.7
31-40	—	—
41-50	1	5.4
51 or above	—	—
Total	3	7.8
<b>Turnover rate by geographical location</b>		
Hong Kong	2	7.7
PRC	1	8.0
Total	3	5.2

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B2: Health and Safety**

We place a strong emphasis on occupational safety of our staff. To indicate our care for employee's health and safety, the Group established a safe and healthy working environment and policy for all employees by establishing monitoring procedures for safety management. The policies include but not limited to the following:

- post warning signs on bright and transparent glass doors where appropriate to avoid collision;
- caution employees to carefully store and work with sharp items such as paper knives, scissors and tacks to prevent injury;
- caution employees to keep long hair or loose clothing away from the shredder's feed opening and turn off the shredder before removing and emptying the waste box or cleaning the shredder.
- place computer screens at right angles to the window to avoid unfavorable reflection of light;
- prohibit smoking in the office premises;
- prohibit storage of excess inflammables in the office premises;
- prohibit blocking or locking exit doors (which should give access to an open and safe area) or passageways;
- prevent obstruction to access to fire facilities and educate employees on the usage of fire equipment such as fire extinguishers and fire hose and reel;
- recommend employees to take a break after long period of continuous work;
- recommend employees to keep a comfortable viewing distance from the computer screen; and
- educate employees on the correct postures when handling heavy objects.

During the Reporting Period, there were no material accidents nor claims for personal or property damage. There were also no interruptions in our business which may or have had a significant impact during the Reporting Period.

We also maintain insurance coverage of employee's compensation, medical, and social securities and public liability insurance.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B2: Health and Safety** *(Continued)*

During the Reporting Period, no work-related fatalities or lost days due to work injury were recorded and the Group was not aware of any material non-compliance with the relevant laws and regulations, such as the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

In light of the COVID-19 pandemic, the Group has strictly complied with the requirements and public health and safety measures from the PRC government and the Hong Kong government. In addition, the Group has also promptly implemented new health and safety measures in response to COVID-19, including: (i) allowing the Group's Hong Kong office staff to work from home by rotation via access to the information technology system; (ii) imposing temperature measurement on all employees before entering the office premises; (iii) prohibiting individuals who do not wear face masks and/or have any symptoms of COVID-19 from entering the office premises; (iv) arranging frequent sterilisation within the office premises; and (v) suspending all physical client meetings and visits.

### **Aspect B3: Development and Training**

Our management considers our employees as key assets which play a pivotal role in our continuous growth. It is our policy to maximize the potential of our employees through training and development. Our employee training and development aim at equipping our employees with the knowledge and skills necessary to perform their job functions and enhance their capability.

We encourage our staff to participate the training courses requested by relevant government departments, such as Civil Aviation Department as a practitioner in logistics field.

During the Reporting Period, we arranged our staff to take part in the Dangerous Goods Regulations and Regulated Agent courses hosted by a consultancy corporation. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

**B. SOCIAL ASPECTS** *(Continued)***Aspect B3: Development and Training** *(Continued)*

Below is a detailed breakdown of the percentage of employees received training by gender and employment category during the Reporting Period:

	Number of staff received training	Percentage of staff received training in the category
General	5	22.7
Supervisor	4	80.0
Middle and Senior	—	—
<b>Total</b>	<b>9</b>	<b>23.1</b>

	Number of staff received training	Percentage of staff received training in the category
Male	7	36.8
Female	2	10.0
<b>Total</b>	<b>9</b>	<b>23.1</b>



**B. SOCIAL ASPECTS** *(Continued)***Aspect B3: Development and Training** *(Continued)*

Below is a detailed breakdown of training hours received by employees by gender and employment category during the Reporting Period:

	<b>Total number of training hours</b>	<b>Average number of training hours per employee</b>
General	144	6.6
Supervisor	56	11.2
Middle and Senior	—	—
<b>Total</b>	<b>200</b>	<b>5.1</b>

	<b>Total number of training hours</b>	<b>Average number of training hours per employee</b>
Male	144	7.6
Female	56	2.8
<b>Total</b>	<b>200</b>	<b>5.1</b>

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B4: Labour Standards**

The Group is fully aware that child labour and forced labour violate fundamental human rights and pose threat to sustainable social and economic development. The Group strictly complies with relevant labour laws in Hong Kong and PRC, such as the Labour Law, the Labour Contract Law, the Regulations on Paid Annual Leave for Employees, the Social Insurance Law and Regulations on Management of Housing Provident Fund of the PRC.

Employment contracts and other records documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request.

During the Reporting Period, we did not identify any issue related to child labour or forced labour within the Group that have a significant impact on the Group for the Reporting Period.

### **Aspect B5: Supply Chain Management**

Our suppliers include airlines, freight forwarders and shipping liners for cargo space and other suppliers for logistics related services such as transportation and warehousing related services. We have approximately 110 suppliers during the Reporting Period mainly from Hong Kong, the People's Republic of China ("PRC"), Taiwan, Thailand etc. We source cargo spaces from our suppliers under different arrangements including direct booking, block space arrangements and flight charters. We have long established business relationships with various international airlines since 2009. Our relationship with airlines has been recognized, as we were awarded various awards by different airlines in the past years. To maximize our flexibility in securing cargo spaces, we also source cargo spaces from other freight forwarders depending on their cargo spaces' availability, capacity, routing and timing. Our ability to secure cargo spaces from these airlines as well as other freight forwarders enable us to reach a wide range of destinations.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B5: Supply Chain Management** *(Continued)*

The Group selects cargo space suppliers for each shipment by taking into account of various factors, such as rate, delivery schedule and availability of cargo spaces. The Group works closely with its suppliers who are committed to high quality, environmental, health and safety standards. They are not considered to pose significant environmental and social risks to the Group's business operations. The Group has maintained high level of ethical standards for choosing the right providers through careful selection and continuous measurement. For selection of suppliers, in order to ensure the quality of our suppliers, we implement certain quality control procedures over our suppliers:

- (i) Suppliers' selection — We maintain a list of approved suppliers which we review and update from time to time. We generally select suppliers based on their track record, their availability, ability or capability to handle relevant orders and the cost of service.
- (ii) Price and performance review — We review the performance, turnaround time and pricing terms offered by our suppliers on a routine basis. We also assess whether a supplier has sufficient resources and skills to fulfill our requirements. If any suppliers repeatedly fail to meet our quality standards without immediate rectification, we may terminate the agreement with the suppliers.
- (iii) Licenses check — We will check whether the supplier possess the relevant licenses for operating their business.

### **Aspect B6: Product Responsibility**

Our customers include freight forwarders and direct customers (i.e. customers that are not freight forwarders who purchase cargo spaces from our Group and directly ship their consignments, for example, manufacturers which directly ship their products to their customers through purchasing cargo spaces directly from our Group, or buyers of goods which arrange shipment by themselves).

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B6: Product Responsibility** *(Continued)*

#### ***Quality control***

We believe our established reputation and track record are important factors affecting customers' choice over freight forwarders. We are one of the eight freight forwarders with warehouse facilities onsite at the Hong Kong International Airport. We have provided freight forwarding services to hundreds of customers, including direct customers and freight forwarders during the Reporting Period. We have maintained business relationships with our customers for years. We believe that this is an indication of the customers' loyalty and recognition of our service quality. We are of the view that even though our Group does not enter into fixed-term contracts with its customers, our Group, with its good reputation and track record, is able to retain existing customers and attract new customers.

In addition, having established a foothold in the freight forwarding market in Hong Kong since 2002 and expanded our Group's presence into the PRC since 2004, our Directors believe that our Group's established reputation and our track record of over 18 years are important factors affecting customers' choice over freight forwarders. Over the 18 years track record, our Group has weathered various crisis in the global economy, in particular, the global financial crisis in 2008 and 2012, and successfully operated in the past difficult business/financial environments. Over the years, our Group has adapted to the ever-changing global economy by establishing a sustainable and proven business model to position our Group to meet the demands of the freight forwarding market in Hong Kong by striving for a larger market share when the opportunities arise, and maintaining a sustainable business operation when the market condition is challenging.

Further, our quality of service has been recognized by The International Air Transport Association ("**IATA**") as evidenced by the certificates issued by the association to us for more than seven years. It is an industry practice that airlines generally only offer cargo spaces to freight forwarders who are IATA accredited agents. In order to become an IATA accredited agent, an applicant has to, among other requirements, have at least two staff members who have attended recognized training courses on handling dangerous goods. An applicant also has to submit its audited financial statements, insurance policies and sales reports on IATA member airlines for inspection by IATA to demonstrate that it has sufficient financial resources which is satisfactory to IATA. By being an IATA accredited agent, we believe that our quality of service is recognized by the association. Such accreditation also serves as an entry barrier to the freight forwarding industry as it takes time to build up the reputation in the industry. We consider such recognition as one of the key factors leading to our success.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B6: Product Responsibility** *(Continued)*

#### ***Customer services***

We generally do not have any specific agreement with our customers on liability for damage of goods during transit and we maintain insurance policies to cover such losses, which is an industry norm. We maintain insurance policies to cover claim for damage or loss to our customers' goods against us from our customers. We did not encounter any incident relating to liability for damage of goods of a material nature during the Reporting Period.

Our customer service team handles general enquiries, complaints and feedback from customers. We did not receive any material complaint or claim from our customers in relation to our services during the Reporting Period.

#### ***Intellectual Property Rights***

The Group is the registrant of around 10 domain names and had registered one trademark in Hong Kong. We had not experienced any infringement to our intellectual property during the Reporting Period which had a material adverse effect on our business, results of operations, financial condition and prospects, and we had not received any infringement claims nor had we filed any infringement claims against any third party during the Reporting Period.

#### ***Data Privacy***

The Group values the privacy of personal data. We strictly follow the Personal Data (Privacy) Ordinance (Cap. 486 of the laws of Hong Kong) (the "**PDPO**") in our operation and adopt the PDPO as our Personal Data Privacy Policy.

The collective objective of the data protection principle is to ensure that personal data is collected on a fully informed basis and in a fair manner, with due consideration towards minimizing the amount of personal data collected. Once collected, the personal data should be processed in a secure manner and should only be kept for as long as necessary for the fulfilment of the purposes of using the data. Use of the data should be limited to or related to the original collection purpose. Data subjects are given the right to access and make correction to their data.

## **B. SOCIAL ASPECTS** *(Continued)*

### **Aspect B7: Anti-Corruption**

To ensure operational efficiency and employees' development in a fair and honest working environment, the Group has formulated whistleblowing policy in the corporate governance manual to promote business ethics and integrity so as to avoid suspected corruption, extortion and money laundering. Our employees are encouraged to report suspected cases of corruption within the Group through channels such as letter and email. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

The Group has been in strict compliance with law and regulation related to anti-corruption. During the Reporting Period, there was no legal case regarding corrupt practices, extortion and money laundering brought against the Group or its employees.

### **Aspect B8: Community Investment**

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes which have a positive impact on community development. The Group is in the process of determining the areas of contributions. Despite no donation is made during the Reporting Period, the Group is considering the appropriate resources to be contributed so as to strike a balance between the financial condition and social investment in the future.