



**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

**2021**

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE  
REPORT

## 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 second annual Environmental, Social and Governance Report for the year ended 31 December 2021 (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.

Both English and Chinese versions of this ESG Report are available on the Company’s website at [www.grandpowerexpress.com](http://www.grandpowerexpress.com). If there is any conflict or inconsistency, the English version shall prevail. Corporate governance section can be found in the Group’s annual report for the year ended 31 December 2021 on pages 34 to 47 therein.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

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. The executive directors of the Company are responsible for formulating ESG management policies, strategies, goals, and annual reporting and promoting related implementation. They also identify, evaluate, review, and manage major ESG issues, risks, and opportunities while other departments are responsible for organizing, promoting, and implementing various ESG related tasks under the Group’s ESG management policies and strategies. All tasks will be reported to the Board regularly in order to review and re-formulate the policies and plans for achievement of goals and targets. The Group has set short-term and long-term sustainable development vision and goals to achieve ongoing emission reduction according to governmental requirements. Relevant emission reduction targets and corresponding strategies are established and sustainable development factors have been incorporated into the Group’s strategic planning, business model and other decision-making processes. The Board regularly monitors and reviews the effectiveness of management approach, including reviewing the Group’s ESG performance and adjusting corresponding action plans.

## REPORTING PERIOD

This ESG Report illustrates the Group’s initiative and performance regarding the environmental and social aspects during the reporting period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”).

## REPORTING SCOPE

This ESG Report only 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, as the revenue from the above 4 locations accounted for approximately 99.6% of the total revenue of the Group and the number of employees in the above 4 locations constituted approximately 93.0% of the total number of employees of the Group during the Reporting Period, while these are also where the major office premises of the Group are located. The Group will continue to assess the impacts of its business on the major ESG aspects and to include the results of such assessment in this ESG Report.

## REPORTING BASIS

This ESG Report is prepared in accordance with the ESG Reporting Guide (the “**ESG Guide**”) as set out in Appendix 20 to 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 Guide. Certain key performance indicators (“**KPIs**”), which are considered material by the Group are disclosed during the Reporting Period, the Group will continue to optimize and improve the disclosure of KPIs.

During its preparation, the Group adhered to the reporting principles of materiality, quantitative, balance and consistency by:

Reporting Principles	Interpretation	The Group’s Application
Materiality	This ESG 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 this ESG 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 Company should objectively and truthfully report its ESG performance for the Reporting Period.	The Group follows the principles of accuracy, objectivity and fairness to report its achievements and challenges in sustainable development.

## REPORTING BASIS *(Continued)*

Reporting Principles	Interpretation	The Group's Application
Consistency	This 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 this ESG 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-related risks of the Group will be reviewed by the Board regularly.

## APPROVAL OF THE REPORT

This ESG Report was approved by the Board on 31 May 2022.

## CONTACT INFORMATION

The Group welcomes your feedback on this ESG Report for its sustainability initiatives. Please contact us through the Company's website at [www.grandpowerexpress.com](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 use to communicate with them:

Stakeholders	Expectation	Engagement Channels	Measures
Government	- Abide by laws and regulation	- On-site inspections and checks	- Operated, managed and settled taxes according to laws and regulations, strengthened safety management
	- Timely tax payment	- Company's website	
	- Promote regional economic development and employment		- Accepted the government's supervision, inspection and evaluation
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's website	- Disclosed corporate contact details on Company's 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	– Company’s website, brochures and annual reports	– Provided prompt, quality and customized services
	– Stable business relationship	– Email and customer service hotline	– Maintained transparent and open communication channels between the Company and the customers
	– Business ethics	– Complaint handling mechanism	
		– Regular meetings	
		– Sale representatives’ visits	
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

## STAKEHOLDER ENGAGEMENT *(Continued)*

Stakeholders	Expectation	Engagement Channels	Measures
Public and communities	<ul style="list-style-type: none"><li>– Discharge social responsibilities</li><li>– Community involvement</li></ul>	<ul style="list-style-type: none"><li>– Charity and social investment</li><li>– Annual report</li></ul>	<ul style="list-style-type: none"><li>– Maintained transparent and open communication channels between the Company and the communities</li></ul>

## MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. During the Reporting Period, the Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This included distributing questionnaire to stakeholders so as to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in this ESG Report, we took reference to the ESG Guide and set possible topics for assessment.

According to the results of the materiality assessment, the items below demonstrate the ESG topics of high materiality to the Group, including:

- Emissions
- Use of Resources
- Environment and Natural Resources
- Climate Change
- Employment
- Health and Safety
- Development and Training
- Labour Standards
- Supply Chain Management
- Product Responsibility

## **MATERIALITY ASSESSMENT** *(Continued)*

- Anti-corruption
- Community Investment

### **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 "Aspect A2: Use of Resources" in this ESG Report.

Regarding waste, no material hazardous and non-hazardous wastes were generated 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 law 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.

In addition, the Group advocates emission reduction, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of reducing emissions (including air pollutants, greenhouse gas, and hazardous and non-hazardous wastes (if any)). The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.



## A. ENVIRONMENTAL ASPECTS *(Continued)*

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

Environmental aspects	Targets	Steps taken to achieve the targets
Air Pollutants Emissions	The Group will actively implement the air pollutants control plan and measures to maintain or reduce the intensity of air pollutants emissions	<ul style="list-style-type: none"><li>– Carrying out regular maintenance of vehicles with good condition for operational efficiency</li><li>– Encouraging the use of public transportations</li></ul>
Greenhouse Gas Emissions	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of greenhouse gas emissions	<ul style="list-style-type: none"><li>– Adopting LED lighting in some offices</li><li>– Setting the temperature of air-conditioning system in a range between 25°C and 26°C</li><li>– Switching off lights and unnecessary energy-consuming devices when they are not in use</li><li>– Promoting environmental protection such as saving water and electricity by means of slogan or poster in office</li></ul>
Waste Reduction	The Group will actively implement the material-saving plan and measures to maintain or reduce the intensity of waste production	<ul style="list-style-type: none"><li>– Using electronic document processing system to minimize the use of paper</li><li>– Encouraging printing or photocopying on both sides of paper, where applicable</li><li>– Focusing on quality management to reduce wastage and scrap for less pollution resulted</li></ul>

## A. ENVIRONMENTAL ASPECTS (Continued)

### Aspect A1: Emissions (Continued)

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

Type of air pollutants	2021	2020
	Air pollutant emission (kg)	Air pollutant emission (kg)
Sulphur Dioxide	0.0366	0.0392
Nitrogen Oxides	3.0983	3.3132
Particulate matter	0.2281	0.2439

During the Reporting Period and corresponding period, the greenhouse gas ("GHG") emission from the Group's operation is set out below:

Type of GHG emissions	2021	2020
	Equivalent CO <sub>2</sub> emission (kg)	Equivalent CO <sub>2</sub> emission (kg)
Scope 1	6,628.25	6,287.45
Scope 2	8,307.06	10,519.16
<b>Total</b>	<b>14,935.31</b>	<b>16,806.61</b>
<b>Intensity (kg/Revenue HK\$'000)</b>	<b>0.02</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.

## 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.

The Group uses water mainly for daily needs of employees. The Group has been vigorously advocating water conservation, encouraging all employees and customers to develop a habit of saving water, and guiding employees to use water reasonably. The Group is also committed to improving energy efficiency and advocating resource conservation. By implementing appropriate energy and material management programs in each business segment, we can positively influence our environment and economy while also ensuring business sustainability.

The Group strives to improve the efficient use of natural resources, such as minimizing waste/emissions and implementing effective recycling program. Practical measures are implemented as follows:

- adopting LED lighting in some offices;
- setting the temperature of air-conditioning system in a range between 25°C and 26°C;
- switching off lights and unnecessary energy-consuming devices when they are not in use;
- promoting environmental protection such as saving water and electricity by slogan or poster in office;
- using electronic document processing system to minimize the use of paper;
- encouraging printing or photocopying on both sides of paper, where applicable;
- carrying out regular maintenance of vehicles with good condition for operational efficiency;
- adopting the use of electric cars; and
- focusing on quality management to reduce wastage and scrap for less pollution resulted.

## A. ENVIRONMENTAL ASPECTS (Continued)

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

During the Reporting Period and corresponding 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 are set out below:

#### Energy Consumption

Type of energy	2021 Energy consumed (kWh)	2020 Energy consumed (kWh)
Unleaded petrol	24,150.01	25,819.47
Purchased electricity	13,199.00	13,088.35
<b>Total</b>	<b>37,349.01</b>	<b>38,907.82</b>
<b>Intensity (kWh/Revenue HK\$'000)</b>	<b>0.04</b>	<b>0.04</b>

#### Water Consumption

	2021 (m <sup>3</sup> )	2020 (m <sup>3</sup> )
Running water consumed	122.71	121.71
<b>Intensity (m<sup>3</sup>/Revenue HK\$'000)</b>	<b>0.00014</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.

The Group will continue to assess, record and disclose its resource usage data annually, and evaluate the effectiveness of existing measures.

In addition, the Group advocates energy and resources saving, and is committed to achieving sustainable operations. To this end, we have set preliminary directional targets in terms of energy use efficiency and water efficiency. The Group will review the progress and explore more opportunities for various environmental protection goals. In the future, we will set more specific quantitative environmental goals to nurture the environment and cherish natural resources.

## A. ENVIRONMENTAL ASPECTS *(Continued)*

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

Environmental aspects	Targets	Steps taken to achieve the targets
Energy Conservation	The Group will actively implement the electricity-saving plan and measures to maintain or reduce the intensity of electricity consumption.	<ul style="list-style-type: none"><li>– Adopting LED lighting in some offices</li><li>– Setting the temperature of air-conditioning system in a range between 25°C and 26°C</li><li>– Switching off lights and unnecessary energy-consuming devices when they are not in use</li></ul>
Water Conservation	The Group will actively implement the water-saving plan and measures to maintain or reduce the intensity of water consumption.	<ul style="list-style-type: none"><li>– Promoting environmental protection such as saving water and electricity by slogan or poster in office</li></ul>

### 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 the sections headed "Aspect A1: Emissions" and "Aspect A2: Use of Resources" of this ESG Report, the Group strives to minimize the impacts on the environment and natural resources. The principal business activities of the Group do not have a significant impact on the environment and natural resources.

## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A4: Climate Change

Climate change has caused frequent extreme weather and has an impact on the business operations of the Group. Therefore, the Group has formulated working mechanisms to identify, prevent and mitigate climate change issues that may have a significant impact. At the same time, we would adjust the use of resources and energy. In response to disasters and accidents which are easily induced by extreme weather, we always enhance the capability to the disaster response.

#### ***Physical Acute Risk***

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as set out below to prevent and minimize the negative effect of extreme weather:

#### **Physical Acute Risk**

<b>Extreme weather</b>	<b>Preventative and mitigation measures</b>
Typhoons	<ul style="list-style-type: none"><li>– Close doors and windows with advance notice</li><li>– Move materials and equipment to safety areas in advance, or covered with a tarp</li><li>– Reinforce equipment and components that may be blown away</li><li>– Inform and negotiate with clients and forwarders of potential delays in advance</li></ul>
Heavy rain and flooding	<ul style="list-style-type: none"><li>– Check that all windows and doors are closed securely</li><li>– Clean up trash and make sure drains unblocked</li><li>– Reinforce equipment and assets which may be damaged or blew away.</li></ul>
Thunder and lightning	<ul style="list-style-type: none"><li>– Keep good conditions of earthing devices</li><li>– Remind employees to save data and turn off computers</li></ul>

## A. ENVIRONMENTAL ASPECTS *(Continued)*

### Aspect A4: Climate Change *(Continued)*

#### **Physical Chronic Risk**

The Group has identified extreme weather such as extremely hot weather which can cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as set out below to prevent and minimize the negative effects of extreme weather:

#### **Physical Chronic Risk**

<b>Extreme weather</b>	<b>Preventative and mitigation measures</b>
Extremely hot weather	<ul style="list-style-type: none"><li>– Keep windows open to facilitate ventilation</li><li>– Keep a first-aid kit convenient</li><li>– Keep cold water available all the time</li></ul>

## 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 People's Republic of China ("**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)

The Group strictly complies with national and local government regulations, including but not limited to the Labor Law of the PRC\*(《中華人民共和國勞動法》), the Employment Promotion Law of the PRC\*(《中華人民共和國就業促進法》), the Labor Contract Law of the PRC\*(《中華人民共和國勞動合同法》) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), by adopting a fair, just and open recruitment process to eliminate discrimination in the recruitment process, whose employees face no discrimination regardless of race, gender, colour, age, family background, ethnic tradition, religion, physical fitness and nationality, thus allowing them to enjoy a fair treatment in every aspect including recruitment, salary, training and promotion, labour contract termination and retirement, with an endeavour to attract professionals with diverse backgrounds joining the Group. The Group is committed to providing equal opportunities in all respects and maintaining employee diversity, and strongly prohibit any unfair treatment. 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 was no material non-compliance regarding recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, and anti-discrimination being brought against the Group or its employees.

Below is a detailed breakdown of our Group's employees by gender, age group, employee category, geographical region and employment type as at 31 December 2021 and as at 31 December 2020:

	2021		2020	
	Number of staff	% of total	Number of staff	% of total
<b>By gender</b>				
Male	19	47.5	19	48.7
Female	21	52.5	20	51.3
Total	40	100.0	39	100.0

\* For identification purpose only



## B. SOCIAL ASPECTS (Continued)

### Aspect B1: Employment (Continued)

	2021		2020	
	Number of staff	% of total	Number of staff	% of total
<b>By age group</b>				
25 or below	3	7.5	2	5.1
26-40	17	42.5	19	48.7
41-50	17	42.5	18	46.2
51 or above	3	7.5	—	—
Total	40	100.0	39	100.0
<b>By employee category</b>				
General	21	52.5	22	56.4
Supervisor	7	17.5	5	12.8
Middle and Senior	12	30.0	12	30.8
Total	40	100.0	39	100.0
<b>By geographical region</b>				
Hong Kong	26	65.0	27	69.2
PRC	14	35.0	12	30.8
Total	40	100.0	39	100.0
<b>By employment type</b>				
Full-time	39	97.5	38	97.4
Part-time	1	2.5	1	2.6
Total	40	100.0	39	100.0

Below is a detailed breakdown of turnover rate of our employees employed under our Group and all regional offices in Hong Kong and the PRC by gender and age group as at 31 December 2021 and 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.

**B. SOCIAL ASPECTS** *(Continued)***Aspect B1: Employment** *(Continued)*

	2021		2020	
	Number of staff	% of total	Number of staff	% of total
<b>Turnover rate by gender</b>				
Male	2	10.8	1	5.3
Female	4	19.0	2	10.3
Total	6	15.2	3	7.8
<b>Turnover rate by age group</b>				
25 or below	—	—	2	66.7
26-40	2	11.4	—	—
41-50	3	18.2	1	5.4
51 or above	1	33.3	—	—
Total	6	15.2	3	7.8
<b>Turnover rate by geographical region</b>				
Hong Kong	6	22.6	2	7.7
PRC	—	—	1	8.0
Total	6	15.2	3	7.8

## **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 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 excessive 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 or non-compliances in our business which may or have a significant impact on our Group 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)*

In the past three years including 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), which are related to providing a safe working environment and protecting employees from occupational hazards and have significant impact on the Group.

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.

The Group has established an internal management team responsible for monitoring the implementation of the aforementioned occupational health and safety policies and measures.

### **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 in 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 employee category during the Reporting Period and corresponding period:

	2021		2020	
	Number of staff received training	Percentage of staff received training in the category	Number of staff received training	Percentage of staff received training in the category
General	9	42.9	5	22.7
Supervisor	5	71.4	4	80.0
Middle and Senior	—	—	—	—
<b>Total</b>	<b>14</b>	<b>35.0</b>	<b>9</b>	<b>23.1</b>
Male	9	47.4	7	36.8
Female	5	23.8	2	10.0
<b>Total</b>	<b>14</b>	<b>35.0</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 employee category during the Reporting Period and corresponding period:

	2021		2020	
	Total number of training hours	Average number of training hours per employee	Total number of training hours	Average number of training hours per employee
General	80	3.8	144	6.6
Supervisor	96	13.7	56	11.2
Middle and Senior	—	—	—	—
Total	176	4.4	200	5.1
Male	120	6.3	144	7.6
Female	56	2.7	56	2.8
Total	176	4.4	200	5.1

## 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 of the PRC\*(《中華人民共和國勞動法》), the Labour Contract Law of the PRC\*(《中華人民共和國勞動合同法》), the Regulations on Paid Annual Leave for Employees of the PRC\*(《中華人民共和國職工帶薪年休假條例》), the Social Insurance Law of the PRC\*(《中華人民共和國社會保險法》) and Regulations on Management of Housing Provident Fund of the PRC \*(《中華人民共和國住房公積金管理條例》), as well as the Employment Ordinance (Chapter 57 of the Laws of Hong Kong).

The Group strictly prohibits the employment of any child labour and forced labour. To prevent any form of child labour in the business operation, employment will only be permitted for staff at the legal age of employment. New employees are required to provide true and accurate personal data when they are employed. Recruiters should strictly review the entry data including medical examination reports, academic credentials, ID cards, household registration, degree certificates and other information. The Group has established comprehensive recruitment procedures to check the background of candidates in order to prevent any child labour or forced labour in operation. Once any violation is found, the Group will follow up in a more serious manner and handle such case in accordance with national and local laws and regulations, and the group's internal rules depending on the actual situation. For example, we will timely understand the child's education status, and timely contact the local education department and its guardian to escort the child home.

The Group and its employees signed legal labour contracts in accordance with laws, which ensures that employees can resign within the terms of their employment contract, so that there is no compulsory use of labour. For the use of false information or in violation of the provisions of the Group, the Group will terminate the probation period or the labour contract immediately.

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 relating to child labour or forced labour within the Group that had a significant impact on the Group for the Reporting Period.

\* For identification purpose only

## B. SOCIAL ASPECTS (Continued)

### 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 had 232 suppliers (2020: 111) during the Reporting Period mainly from Hong Kong, the PRC, Taiwan, Thailand, etc. Below is a detailed breakdown of our Group's suppliers by geographical region during the Reporting Period and corresponding period:

	2021		2020	
	Number of suppliers	% of total	Number of suppliers	% of total
China (including Hong Kong, Macau and Taiwan)	216	93.1	107	96.4
Other regions	16	6.9	4	3.6
Total	232	100.0	111	100.0

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 granted 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. In addition, we evaluate if the suppliers consider the environmental and social criteria including the prohibition on the recruitment of child and forced labour, eliminating discrimination to employees, providing a safe working environment, considering if the products and services provided are beneficial to environmental protection and fulfilling the Group's internal environmental requirement while minimizing the negative impact on the natural environment, and strictly obeying the law.
- (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 repeated 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.

The Group has established an internal management team responsible for monitoring the implementation of the aforementioned procedures.

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

### **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).

The Group strictly adheres to the applicable laws and did not identify any material non-compliance with the relevant laws and regulations on health and safety, advertising, labeling and privacy matters related to products and services provided during the Reporting Period.

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

We believe our established reputation and track record are important factors affecting customers' choice over freight forwarders. 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 19 years are important factors affecting customers' choice over freight forwarders. Over the 19 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.

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

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

#### **Quality control** *(Continued)*

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 8 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.

#### **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 claims against us from our customers for damage or loss on their goods. We did not encounter any incident relating to liability for damage of goods of a material nature and did not recall any items due to safety and health reasons, as our business operation does not involve the sales of products 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 makes timely applications to register its new trademarks, labels and product designs to protect its intellectual property rights. Internal legal personnel and external legal advisers are hired to provide legal advice on the protection and infringement (if any) of intellectual property rights. The Group also requires its employees to keep trade secrets and other proprietary intellectual property rights of the Group confidential.

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.

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

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

#### **Data Privacy**

The Group values the privacy of personal data. We strictly follow the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and Personal Information Protection Law of the PRC\* (《中華人民共和國個人信息保護法》) in our operation and adopt them 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 or related to the original collection purpose. Data subjects are given the right to access and make correction to their data.

The Group has established an internal management team responsible for monitoring the implementation of the aforementioned policy.

#### **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. During the Reporting Period, we had not provided any anti-corruption training to our directors and staff because we were in the process of determining and arranging appropriate resources in promoting such topics within our organization. Yet, looking ahead, we will invest more resources to our anti-corruption training and expand the scope of anti-corruption training data disclosure.

The Group has been in strict compliance with law and regulation related to anti-corruption and the prevention of bribery, extortion, fraud and money laundering, including but not limited to the Company Law of the PRC\* (《中華人民共和國公司法》), the Tendering and Bidding Law of the PRC\* (《中華人民共和國招標投標法》), and the Prohibition of Commercial Bribery Interim Provisions of the PRC\* (《中華人民共和國禁止商業賄賂行為的暫行規定》) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

\* For identification purpose only

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

### **Aspect B7: Anti-Corruption** *(Continued)*

Whistle-blowers can report verbally or in writing to the audit committee of the Company for any suspected misconduct with supporting evidence. The audit committee of the Company will conduct investigations against any suspicious or illegal behavior to protect the Group's interests. The Group has established an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimization. Where any crime is suspected by the Group, a report will be submitted promptly to the relevant regulators or law enforcement authorities when the management of the Group considers it necessary. The management of the Group is responsible for overseeing the implementation and monitoring of the Group's measures to prevent bribery, extortion, fraud and money laundering and whistleblowing procedures.

During the Reporting Period, the Group did not identify any material non-compliance of laws and regulations related to the prevention of bribery, extortion, fraud and money laundering, and 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 focus areas of contributions. Despite no donation is made during the Reporting Period (2020: nil), 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.

## REFERENCES TO THE ESG GUIDE

Subject areas, aspects, general disclosures and KPIs		Chapter/ Disclosure	Page
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer,  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	7
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Emissions	9
<b>KPI A1.2</b>	Direct and energy indirect greenhouse gas emissions and, where appropriate, intensity.	Emissions	9
<b>KPI A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	Emissions	7
<b>KPI A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	Emissions	7
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Emissions	8
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions	7

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<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources	10
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	11
<b>KPI A2.2</b>	Water consumption in total and intensity.	Use of Resources	11
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources	12
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources	11-12
<b>KPI A2.5</b>	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Use of Resources	11
<b>Aspect A3: The Environment and Natural Resources</b>			
<b>General Disclosure</b>	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Emissions, Use of Resources and The Environment and Natural Resources	7-12
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Emissions, Use of Resources and The Environment and Natural Resources	7-12
<b>Aspect A4: Climate Change</b>			
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change	13
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change	13-14

Subject areas, aspects, general disclosures and KPIs		Chapter/ Disclosure	Page
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment	14-15
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment	15-16
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Employment	17
<b>Aspect B2: Health and Safety</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer,  relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	18



<b>Subject areas, aspects, general disclosures and KPIs</b>		<b>Chapter/ Disclosure</b>	<b>Page</b>
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	19
<b>KPI B2.2</b>	Lost days due to work injury.	Health and Safety	19
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	18-19
<b>Aspect B3: Development and Training</b>			
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	19
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training	20
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Development and Training	21
<b>Aspect B4: Labour Standards</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	Labour Standards	22
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards	22
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Labour Standards	22

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<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management	23-24
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management	24
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management	24
<b>Aspect B6: Product Responsibility</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility	25

<b>Subject areas, aspects, general disclosures and KPIs</b>		<b>Chapter/ Disclosure</b>	<b>Page</b>
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	26
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<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility	26
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Product Responsibility	25-26
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	27
<b>Aspect B7: Anti-corruption</b>			
<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Anti- Corruption	27-28
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti- Corruption	28
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti- Corruption	28
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<b>Aspect B8: Community Investment</b>			
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<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Community Investment	28