Asia-express Logistics Holdings Limited
亞洲速運物流控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8620

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2026

CONTENTS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE OF THIS REPORT

This environmental, social and governance report (the "Report") covers the impact of the principal operations of Asia-express Logistics Holdings Limited (the "Company", together with its subsidiaries, the "Group", "we", "our" or "us") on the environment, society and governance ("ESG") from 1 April 2025 to 31 March 2026 (the "Reporting Period" or "FY2026"), together with the comparative figures from 1 April 2024 to 31 March 2025 ("FY2025"), where applicable.

In determining the reporting boundary, the Group has considered its organisational structure, the extent of control over its group entities and business activities, and the relevance of such operations to the Group's environmental and social impacts. Accordingly, the Report includes the Group's principal operations during the Reporting Period. The scope of this Report for the Reporting Period is the same as that for FY2025.

Principal activities

During the year ended 31 March 2026, the Group was principally engaged in the provision of logistics services in Hong Kong and the People's Republic of China (the "PRC"), including: (i) air cargo ground handling services; (ii) transportation services; and (iii) warehousing and value-added services.

This Report covers the above principal operating activities, which represent the major sources of the Group's environmental and social impacts during the Reporting Period.

Basis of preparation

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") as set out in Appendix C2 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "GEM Listing Rules").

The content of this Report has been developed through a structured and systematic process, including the identification and prioritisation of the Group's key stakeholders and ESG issues, determination of the reporting scope and boundaries, collection of relevant data and information, and the compilation and review of the Report's content.

This Report focuses on the policies, measures and performance of the Group in respect of corporate social responsibility and sustainable development during the Reporting Period. For details of the Group's corporate governance practices, please refer to the section headed "Corporate Governance Report" in the Group's 2026 Annual Report dated 29 June 2026.

In addition, the Group acknowledges the importance of industry-based metrics in enhancing the relevance and comparability of climate-related disclosures. In preparing this Report, the Group has considered the applicability of industry-based metrics associated with its business model, operational activities and industry characteristics, including logistics, transportation and warehousing operations. The Group will continue to assess the applicability and feasibility of incorporating relevant industry-based metrics and cross-industry metrics, where appropriate, in future reporting periods as its data collection systems and climate-related governance continue to evolve.

REPORTING PRINCIPLES

The Group has followed the following reporting principles, namely Materiality, Quantitative, Balance and Consistency, in its preparation of this report:

- Materiality: The board (the "Board") of directors of the Company has identified material environmental, social and governance ("ESG") issues through stakeholder engagement and the materiality assessment processes. The ESG Report has made key disclosures about these material issues which are sufficiently important to investors and other stakeholders.

- Quantitative: This report discloses the quantitative environmental and social key performance indicators ("KPIs"), thus allowing stakeholders to understand and evaluate the ESG performance of the Group comprehensively. Information on the standards, methodologies, references and sources of key emission and conversion factors used on these KPIs are stated whenever appropriate.

- Balance: This report presents an unbiased picture of the Group's ESG performance.

- Consistency: The methodologies used to calculate environmental and social KPIs are consistent with the previous years, thus can provide a meaningful comparison of the ESG data over time. If there is any change in the methodologies, the Group will explain in detail in the corresponding sections.

STATEMENT OF THE BOARD

The Group believes that good sustainability governance is becoming increasingly important to our long-term business development. It is the Board's responsibility to oversee the ESG issues, including establishing ESG strategies and targets, identifying material ESG risks, monitoring the ESG working group's evaluation, prioritisation and management of the Group's ESG-related issues, and monitoring the progress made against ESG-related goals and targets. The Board reviews such progress based on reports submitted by the ESG working group, including the implementation status of relevant initiatives, performance against applicable ESG indicators and targets, and any material deviations or issues identified. Where necessary, the Board may provide guidance on remedial measures, resource allocation or adjustments to the relevant action plans. The ESG-related goals and targets are established having regard to the nature of the Group's logistics operations and are intended to support, among other things, operational efficiency, responsible use of fuel and energy, emissions reduction, employee health and safety, service quality and sustainable supply chain management. To better manage the Group's performance in ESG aspects and identify potential risks, the Board regularly conducts materiality assessment with the assistance of the ESG working group, taking into account of opinions from different stakeholders to assess and prioritise important ESG-related matters.

The Group has created a dedicated ESG working group (comprising our chief executive officer, chief financial officer and representatives of different business operation teams of the Company) to manage ESG matters. When a material ESG-related issue is identified, the ESG working group will develop appropriate mitigation plan based on the goals formulated by the Group and follow up with its implementation. The ESG working group is also responsible for reviewing the ESG management and strategies as well as reporting to the Board of the Group's compliance status of ESG-related issues and the latest ESG-related market trends through Board meetings.

STAKEHOLDER ENGAGEMENT

The Group values all stakeholders and their views on the Group's business and ESG issues. In order to know and understand the expectations of stakeholders, the Group has been maintaining close communications with stakeholders through various engagement methods and communication channels. The Group also takes into consideration the following issues of concern of stakeholders in the formulation of business and ESG strategies:

Major Stakeholders	**Areas of Concern**	**Engagement Channels**
The Stock Exchange	• Compliance with the GEM Listing Rules	• Announcements published on the Stock Exchange's website • Meetings as necessary • Telephone calls and emails
Government/ regulatory authorities	• Compliance with laws and regulations • Proper tax payment	• Site visits and audits • Regular declarations • Announcements of new laws and regulations in the Gazette • Annual and interim reports and other publications on the Group's website
Shareholders and investors	• Return on investments • Transparent information disclosure • Protection on rights and interests of shareholders and fair treatment of shareholders	• Annual and other general meetings of shareholders • Annual and interim reports, announcements and other publications • Disclosure on the Stock Exchange's/ the Group's website • Company email managed by designated personnel
Employees	• Salaries and welfares • Protection on employees' rights and interests • Working environment • Training and development • Health and safety • Feedback opportunities	• Regular meetings • Comprehensive training notice and emails • Regular company activities • Annual performance appraisals
Customers	• Safe and high-quality services • Good relationship • Business ethics	• the Group's website • Regular visit • Telephone calls
Suppliers	• Long-term business relationship • Fair competition	• Procurement contracts • Emails and telephone calls
Media	• Corporate governance • Environmental protection	• the Group's website • Press release

MATERIALITY ASSESSMENT

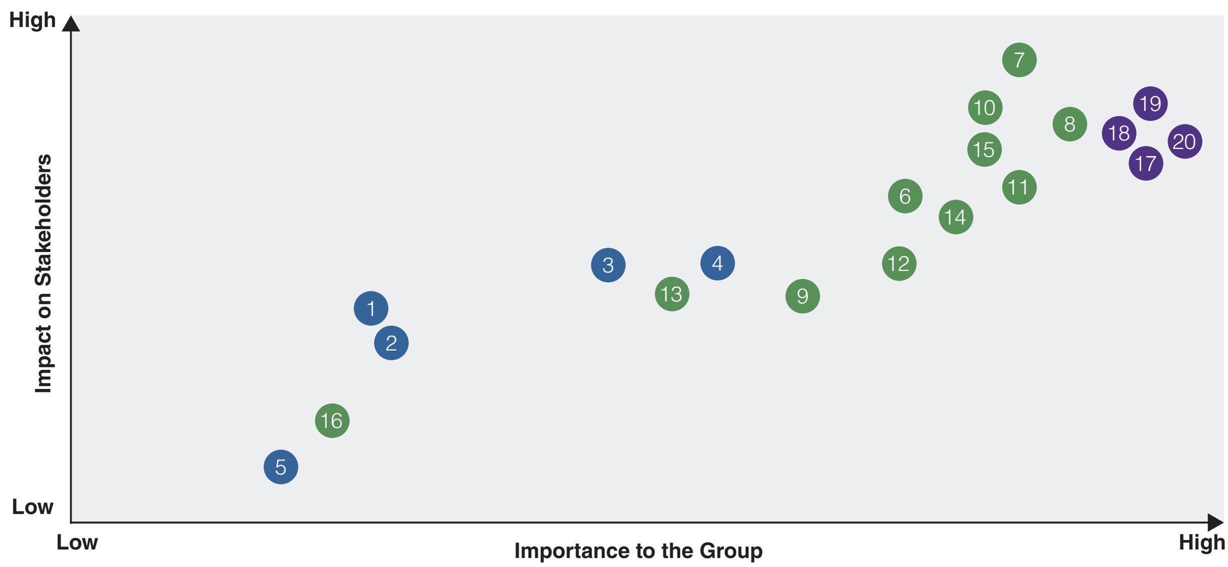
During the Reporting Period, the Group held discussions with the management and conducted materiality assessment through various channels to identify ESG issues that the key stakeholders and the Group are both interested in, and assess their risks to the Group's business, in order to evaluate, prioritise and manage material environmental and social issues. For materiality assessment, the Group has adopted the following three processes:

Identification	Setting priorities	Validation
• Through diverse channels and internal discussion • Examines and adopts the ESG issues of concern in previous stakeholders' engagement • Draws attention to emerging ESG issues	• Synthesises, analyses and evaluates the views of all parties to identify and prioritise potential and important issues	• Interacts with the management team to validate the materiality assessment results and ensure that these issues are aligned with the sustainable development direction sought by the Group • Reports the materiality assessment results to the Board and makes disclosure in the ESG report

The Group has identified the key ESG issues that are of practical relevance to its stakeholders in respect of the characteristics of its principal businesses. Based on the principle of materiality, this report illustrates the impact of the Group's business on the environment and society.

Based on internal and external stakeholder feedback and an assessment of the Group's ESG issues, the matrix highlights the key ESG issues according to their importance to stakeholders and significance to the Group.

MATERIALITY MATRIX



The following table sets out the summary of the key ESG issues of the Group:

Environmental	Social	Climate-related Disclosure
1 emission control	6 employment practice	17 Climate Governance
2 waste management	7 occupational health and safety	18 Climate Strategy
3 use of resources	8 career development and training	19 Risk Management
4 energy management	9 prevention of child labour and forced labour	20 Metrics and Targets
5 water management	10 supply chain management	
	11 quality assurance	
	12 health and work safety	
	13 intellectual property rights	
	14 privacy protection	
	15 anti-corruption	
	16 community investment	

FEEDBACK

We encourage our stakeholders to provide us with their comments and suggestions. If you have any comments on the ESG Report or the Group's sustainability performance, please email us at enquiry@asia-expresslogs.com and the Group will keep on reviewing its performance and make improvements.

A. ENVIRONMENTAL

The Group is committed to continuously enhancing its environmental and social responsibilities to achieve sustainable development. The Group's target is to reduce hazardous greenhouse gas emissions and unnecessary waste disposal in its daily business operations. At the same time, the Group has formulated a number of environmentally friendly policies and guidelines while establishing, tracking and closely monitoring the KPIs for continuous improvement. The ESG working group regularly updates and notifies the management of the Group on the work results and KPIs to ensure that the Group follows the direction of the policies and upholds the same philosophy.

The Group strictly abides by applicable environmental laws and regulations regarding air emissions and generation of hazardous and non-hazardous waste. During the Reporting Period, we did not notice any non-compliance cases related to applicable environmental laws and regulations that have a significant impact on the Group.

A.1 Emissions

During the Reporting Period, the Group owns more than 150 trucks and private cars for the purpose of providing air cargo ground handling services, transportation services and general business use. The Group generally provides ancillary delivery services to customers of its air cargo terminal operation services, point-to-point transportation services, as well as two-way non-stop cross-border transportation services between Hong Kong and Guangdong Province. As such, the table below shows the gas emissions during the Reporting Period:

A.1.1 Air emissions

	FY2026	FY2025
Nitrogen oxides	**22,469 kg**	21,091 kg
Sulphur dioxide	**18 kg**	17 kg
Particulates	**1,585 kg**	1,485 kg

A1.2 Hazardous and non-hazardous waste

The Group's business does not involve discharge of pollutants and hazardous waste to water and land. As assessed by the ESG working group, immaterial amount of hazardous waste was generated by the Group's business operations during the Reporting Period, so no relevant disclosure has been made accordingly.

Non-hazardous waste directly generated by the Group is mainly generated from its warehouse operations and office administrative work, in which minimal non-hazardous waste such as printing paper is the major type of such waste. Immaterial amount of non-hazardous waste was generated by the Group's business operations during the Reporting Period, so no relevant disclosure has been made accordingly. The Group adopts appropriate and economical policies concerning the waste generated in the office during daily operation. For example, the Group encourages its employees to use recycled paper, and most of its internal administrative documents are published electronically instead of printing out on paper, putting our philosophy of being economical into practice.

A.1.3 Measures implemented for and results of reducing emissions

As motor vehicles constitute our primary emission source, the Group continually adopts latest eco-friendly vehicles in the market to ensure regulatory compliance. Our current fleet operates at the lowest emission intensity achievable with existing technology. The Group has set a greenhouse gas emissions intensity reduction target, details of which are set out in section C.4 "Metrics and Targets" of this Report. We will actively implement latest technological breakthroughs to further reduce emission intensity when viable solutions emerge. During the course of our operations, we always bear in mind environmental protection and resources efficiency. For example, we recommend the use of teleconferencing and videoconferencing instead of business trips, encourage our employees to use recycled paper, introduce some of our customers to accept our invoices, receipts and statements by electronic means, in an effort to reduce emissions from our daily operations in a versatile and effective way.

Due to the Group's business nature, we did not generate a significant amount of hazardous waste during the Reporting Period. However, in case of any hazardous waste being generated, we will engage qualified waste collectors and recyclers to dispose such waste in accordance with relevant environmental regulations and rules. Whereas non-hazardous waste will be carefully sorted, so recyclable waste could be reused. Given minimal volumes of non-hazardous waste is operationally generated, specific reduction targets are not established. We maintain low waste generation through continuous operational optimization and source reduction initiatives. In addition, the Group has adopted the following practices to reduce paper waste so as to reduce the production of non-hazardous waste:

- reuse envelopes and folders in office;
- utilise electronic means for office daily communication;
- promote double-sided printing and photocopying; and
- use the back of old single-sided documents for printing or as draft paper.

A.2 Use of Resources

A2.1 Direct and indirect energy consumption

We encourage our employees to use electricity effectively. We have taken various measures to improve energy efficiency, such as reducing electricity usage, keeping indoor temperatures at a reasonable level, and using energy-efficient equipment. During the Reporting Period, the Group's energy usage was as follows:

Energy Consumption	FY2026 Usage (kW/h)	FY2026 Intensity *(Note 3)*	FY2025 Usage (kW/h)	FY2025 Intensity *(Note 3)*
Electricity	194,955	594.9	213,943	614.8
Diesel	12,097	36.9	11,436	32.9
Petrol	6	0.0	7	0.0
	207,058	631.9	225,386	647.7

Note 3: The intensity is measured in kW/h per HK$1 million of the Group's revenue. The Group's revenue was approximately HK$327.7 million during the Reporting Period (2025: HK$348.0 million).

A2.2 Total amount and intensity of water consumption

Despite the fact that the Group does not operate in a highly water intensive industry, water is still another essential resource used by the Group in its daily operations, primarily for cleaning purposes within warehouses and office premises. The water supply and discharge are managed by the respective building management offices, and as such, specific water usage data is not available to the Group in current financial year. Although the Group's overall water consumption is limited and it does not encounter any challenges related to water sourcing, we strive to conserve water resources during our daily operations. Details of the Group's water consumption during the Reporting Period were shown below:

Water Consumption	FY2026 Usage (m^3)	FY2026 Intensity *(Note 4)*	FY2025 Usage (m^3)	FY2025 Intensity *(Note 4)*
Water	N/A	N/A	179	0.51

Note 4: The intensity is measured in m^3 per HK$1 million of the Group's revenue. The Group's revenue was approximately HK$327.7 million during the Reporting Period (2025: HK$348.0 million).

A2.3 Plan on energy utilisation

The Group understands that greenhouse gas emissions and energy footprints in its operations are mainly derived from power consumption. Therefore, the Group has formulated energy conservation policies and other environmental protection measures in the hope of reducing greenhouse gas emissions. The Group has adopted a green policy to encourage our employees to save electricity, water and paper both at work and in daily life. The Group endeavours to use its best efforts to reduce the consumptions on energy and paper in the coming year. In order to save energy, our employees are required to turn off equipment, machinery and electronic products after work.

In order to save paper and ink, our employees are required to verify the data before printing them out and print on both sides of the paper, if possible. We also use telecommunications systems for business communication, and hold teleconferences and video conferences instead of business trips.

A2.4 Water resources management

The Group is fully aware of the importance of water as one of the most precious resources on the planet. The Group endeavours to use its best efforts to reduce the consumptions on water in the coming year. Thus, different water conservation initiatives have been implemented at our workplace, such as encouraging our employees to save water by posting notices at conspicuous locations, reminding them to turn off the taps after use, regular checking of faucet water pipes to prevent leakage and random inspection to avoid unused running taps. Meanwhile, we also constantly monitoring and recording our water usage at our office and warehouses.

Owing to the geographical location of the Group's office and warehouses, the Group did not encountered any problems in sourcing water that is fit for purpose during the Reporting Period.

A2.5 Total amount of packaging materials used

The Group does not produce any finished products. Therefore, the Group did not consume significant amount of packaging materials for product packaging during the Reporting Period and no relevant disclosure has been made accordingly.

A.3 Environment and Natural Resources

The Group is committed to protecting our environment and minimising the impact of its daily operations on the environment and natural resources. To achieve this, we pursue the best practices in our business operations while always keeping the importance of environmental protection in our mind. We regularly monitor, assess and evaluate the environmental risks faced by the Group and execute risk mitigation plans through our integrated risk management system. At the same time, the ESG working group (comprising our chief executive officer, chief financial officer and representatives of different business operation teams of the Company) continues to monitor any environmental and social issues relating to our business operations on a daily basis. In case of any significant environmental risks being identified, the ESG working group will develop appropriate mitigation plan and follow up with its implementation.

A.4 Climate Change

The Group is aware that climate change may introduce uncertainty to its business operations, as climate change increases the likelihood of extreme weather-related events, such as hurricanes, rainstorms, sea-level rise and flooding. These extreme weather-related events may disrupt supply chain, interrupt the Group's business operations and cause financial and physical damages. Climate change may also adversely impact the Group's employees in terms of health and commuting. To combat climate change, the Group has adopted the following preventive and countermeasures:

- exploring ways of recycling to reduce wastes and discharges from the Group's operation;
- promoting energy efficiency in the working environment;
- providing trainings to staff on ESG risks covering issues including climate change to raise internal awareness; and
- regularly reviewing the Group's business strategies to ensure both resilience and timely responses to climate-related risks and opportunities.

B. SOCIETY

B.1 Employment

The Group complies with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), 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 Law of the PRC on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》), the Social Security Law of the PRC (《中華人民共和國社會保障法》), the Trade Union Law of the PRC (《中華人民共和國工會法》), the Special Regulations on Protection of Women Workers (《女職工勞動保護特別規定》) and other relevant regulations. The Group also makes timely contributions to the Mandatory Provident Fund for employees in Hong Kong and five major insurances and housing funds for employees in the PRC.

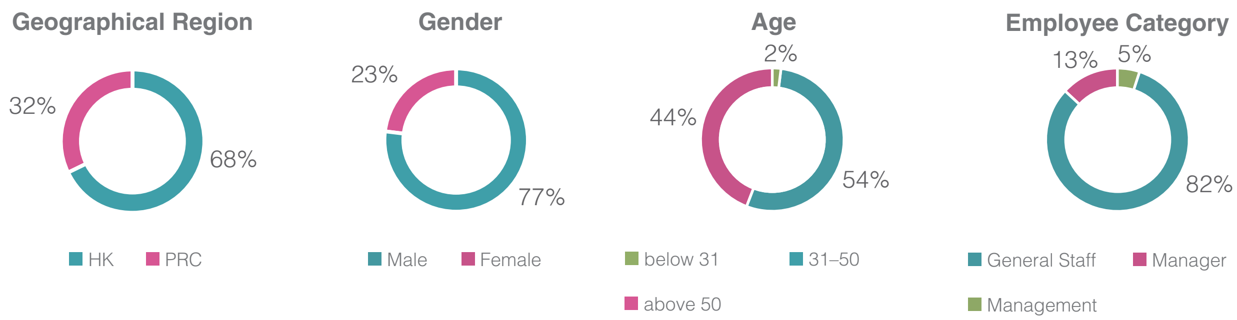
During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations that have a significant impact on the Group relating to employment and labour standards.

The Group understands that its employees are critical assets and its business development wholly depends on their contribution and hard work. The growth of our employees leads to continuous innovation in our services and helps us achieve excellence and quality. The Group provides competitive remuneration packages to its employees with reference to industry practices and benchmarks, including paid annual leaves, marriage leaves, maternity leaves, internal promotion opportunities and annual bonuses.

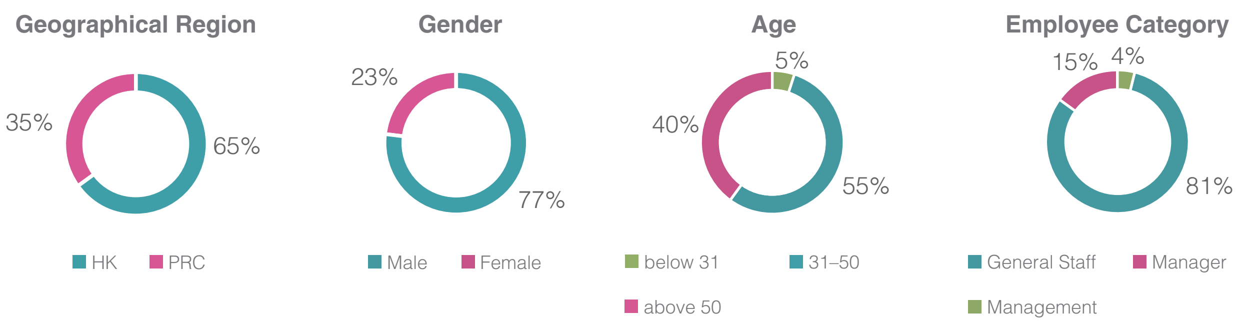
During the recruitment process, we strive to be fair and just, and therefore we have adopted an open recruitment process. The Group will not tolerate any kinds of discrimination, including gender, sexual orientation, disability, age, religion, family background or other personal characteristics protected by law.

As at the end of the Reporting Period, the Group had a total of 175 (2025:189) full-time employees. None of which are part-time workers, contractors, interns or volunteers. The following figures are compiled based on the total number of employees as at the end of the Reporting Period.

FY2026

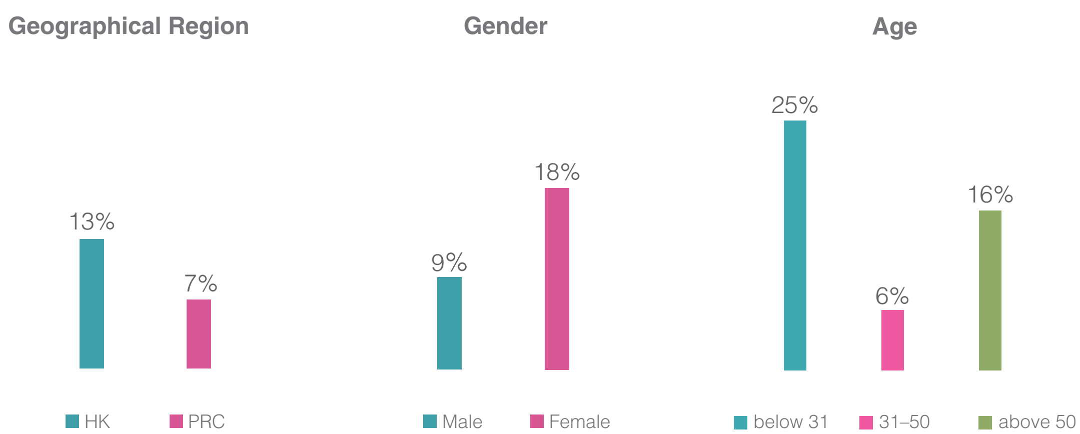


FY2025

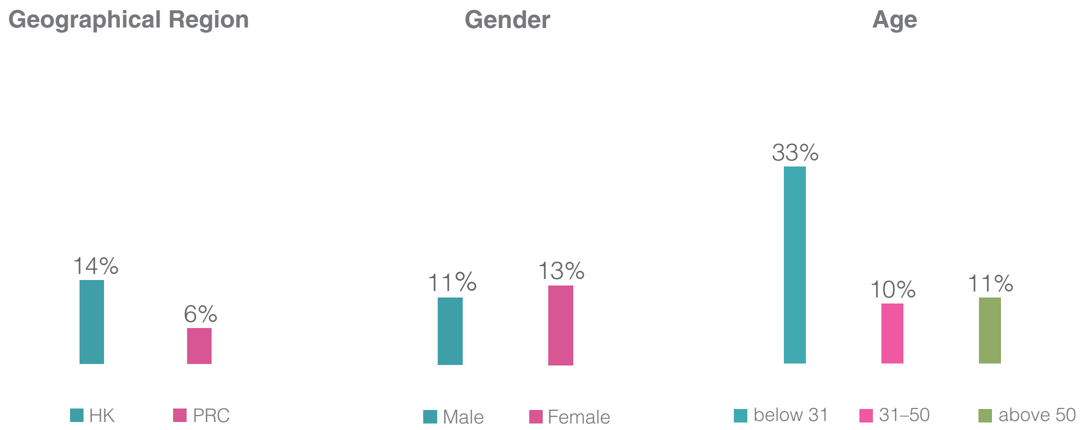


The analysis of employee turnover rates during the Reporting Period is as follows:

FY2026



FY2025



The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of the Group during the Reporting Period. In addition, no non-compliance with relevant laws and regulations that results in significant fines or sanctions had been reported during the Reporting Period.

B.2 Health and Safety

We value health and work safety of our employees which is of utmost importance. Due to the nature of work in the air cargo terminal operation services and transportation services industry which generally involves carrying heavy objects and usage of machinery, workers are subjected to risks of accidents and injuries. In response, we have established guidelines in our staff manual for our staff to follow. We have in place safety checklists for our supervisors to conduct checking from time to time. Our supervisors are also encouraged to attend external training on occupational safety to keep abreast of latest developments in work safety and attain certificates from the Occupational Safety and Health Council in Hong Kong.

In relation to work safety for our drivers, we have (i) installed real time cameras at the driver seats of some of our vehicles to monitor the driving behavior of our drivers; and (ii) provided in-house training for drivers to improve their driving skills and manners.

We have provided training programmes and weekly briefings to educate and remind our employees of the importance of and the correct practices for health and safety in the workplace. The personnel at our human resources and administration department records and keeps track of any injuries of our employees that have occurred during their performance of work duties, to ensure insurance claims and treatments are effectively pursued to protect our employees and our Group.

The number of work-related injuries and lost days due to work-related injuries occurred during each of the past three years including the Reporting Period were as follows:

	Unit	FY2026	FY2025	FY2024
Number of work-related injuries	case(s)	1	3	1
Lost days due to work-related injuries	day(s)	194	443	5

Save as disclosed above, there had not been other major work-related injuries or work-related fatalities of our employees or traffic accidents that would have caused material adverse impact on the business, operations or financial performance of our Group during the past three years including the Reporting Period.

The Group complied with relevant laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and protection of employees from occupational hazards.

B.3 Development and Training

We provide regular trainings to enhance our employees' skills, knowledge and capability. For new hires, we offer an induction program followed by an on-the-job training during their probation period, and continually monitors their progress. In-house training courses are conducted to give our employees understanding regarding basic background of logistics business, regulations and other relevant topics. Further, our Group also provides on-site trainings to enhance our employees' understanding on the standard operating procedures, such as the proper techniques in cargoes handling, loading and unloading. During the Reporting Period, around 70% of our staff have received training, among which, 16% are managers and management level staff; 84% are general staff, 94% are male and 6% are female. They have on average attended training courses on work safety or other work-related programs for at least 1 hour.

During the Reporting Period, the Group also presented trophies to employees with outstanding work performance and long service, thereby expressing its gratitude for their hard work and dedication over the past years with the hope that its employees will remain true to their original aspirations and move forward with perseverance.

B.4 Labour Standards

The Group strictly complies with the laws in the place where it operates, including the Labour Law of the PRC (《中華人民共和國勞動法》), the Special Protection Regulations for Juvenile Workers (《未成年工特殊保護規定》) and the Regulations on Prohibition of Child Labour (《禁止使用童工規定》), and absolutely refrains from hiring child labour or involuntary labour. The human resources department of the Group verifies the age of the candidate during the recruitment process. During the Reporting Period, there was no child labour or forced labour involved in the Group's business activities and the Group was not aware of any non-compliance with the relevant laws and regulations relating to prevention of use of child or forced labour which have a significant impact on the Group. In case of any non-compliance, the Group will take immediate measures to terminate his/her work.

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group has established policies that prohibit any forced, bonded or otherwise involuntary labour throughout our operations. Additionally, through our procurement and tendering policies, the Group also endeavours to ensure that our suppliers and contractors are free from the employment of forced, bonded or otherwise involuntary labour.

B.5 Supply Chain Management

Our suppliers mainly include (i) dispatched work agencies providing dispatched labour; (ii) external transportation service providers providing transportation services; (iii) oil company supplying fuel for our vehicles; and (iv) landlords of our logistics centre and offices. In order to maintain the high quality of our services, we have adopted a strict screening mechanism in the selection of suppliers. When selecting and evaluating a potential supplier, we generally consider (a) the quality of the supplier's services or products; (b) delivery time; (c) the pricing of its services or products; and (d) the reputation of the supplier. Where relevant, we also consider the supplier's environmental performance, including compliance with applicable environmental requirements and the use of energy-efficient and lower-emission vehicles, equipment, products or services. For suppliers that we are currently engaging, we regularly evaluate them in various aspects, such as quality and price competitiveness to ensure they perform satisfactorily and consistently over time. During the Reporting Period, these supplier engagement, evaluation and monitoring practices were applied to all 11 major suppliers of the Group. If a supplier is discovered to be in serious violation of its responsibilities and operating procedures, the Group may consider to terminate the contracts with such supplier in order to mitigate the adverse impact on the supply chain. Management will review suppliers that fail to meet our standards and reconsider whether it will continue to be one of our approved suppliers.

On top of the quality aspect, the Group values the importance of sustainable business practices and expects our suppliers to uphold the same philosophy. We constantly monitor the environmental and social risks along our supply chain, for example, we recognise the significance of air emissions and fuel consumption of land transportation, ensure our fleet subcontractors to meet the environmental requirement and also encourage them to upgrade their vehicles to more energy efficient and lower emission models. When selecting and reviewing fleet subcontractors, preference may be given to those using more energy-efficient and lower-emission vehicles, and their environmental performance is monitored as part of the Group's regular supplier evaluation process. We believe a green supply chain is a key factor for sustainable business growth.

During the Reporting Period, we had a total of 11 major suppliers, all of which were located in Hong Kong.

During the Reporting Period, the Group had not experienced any significant problems with the quality of the services provided by the suppliers. The Group believes that the existing supply chain management and procedures can ensure the quality of its supply chain.

B.6 Product Responsibility

The Group is committed to providing safe, reliable and high-quality logistics services and complying with relevant laws and regulations relating to the health and safety, advertising and privacy aspects of the services provided. The Group has established operational procedures relating to safe cargo handling, vehicle operations and service delivery. Given the nature of the Group's business as a logistics service provider, product labelling requirements are generally not applicable to the Group, while advertising activities are not considered material to its operations. During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to the health and safety, advertising, labelling and privacy aspects of its services.

Quality Assurance

We believe our ability to maintain the quality of our services is important to the growth of our Group. Our quality assurance measures are designed and implemented by quality assurance department, which oversees our logistics services to ensure that we provide quality services and satisfy our customers' KPIs at all times. Regular meetings are held where senior management would review the effectiveness of our operations and respond to feedback from customers with the aim to constantly improving our quality standards. Our quality assurance policies generally include the following:

1. we develop a set of customised KPIs with our customers after understanding their needs;

2. we encourage feedbacks from our customers. Within 24 hours upon receiving feedbacks from our customers, our staff will respond to the customers and thereafter, follow up with our customers' feedback. Customers' complaints and feedback will be recorded, reviewed and referred to the relevant department or management personnel for investigation where appropriate. Corrective measures will be taken where necessary, and the outcome will be communicated to the relevant customers as part of the Group's methods of redress;

3. the quality assurance department of our Group will conduct regular and/or surprise spot check on our services in order to improve the service standard; and

4. we will regularly communicate with our customers regarding the service quality of our Group.

During the Reporting Period, the Group received seven service-related complaints from its customers. Each complaint was documented in a corrective action report setting out the details of the incident, investigation findings, root cause, corrective and preventive actions, responsible personnel, required approvals and the proposed action completion date. The relevant departments followed up on the implementation of the proposed actions, and all complaints were handled in accordance with the Group's established complaint-handling and quality assurance procedures.

Intellectual Property Rights

The Group respects intellectual property rights. The Group has registered its trademark and patents properly to protect its intellectual property rights. We will regularly review our policies and control measures in this regard to ensure compliance with relevant laws and regulations such as the Patents Ordinance (Cap. 514 of the Laws of Hong Kong) and the Patent Law of the PRC.

Data Privacy

The Group emphasises data privacy. We apply all necessary internal controls to safeguard the data security of our stakeholders in accordance with local applicable laws and regulations. We pay additional attention in handling sensitive customers' data and maintain complete confidentiality to protect customers' interests. In particular, we strictly govern the process of collecting, using, storing and transferring data to ensure compliance with relevant laws and regulations including the Personal Data (Privacy) Ordinance (Cap.486 of the Laws of Hong Kong). We also imposed clear guidelines regarding data privacy in our human resources management policies, in which all confidential information are strictly prohibited from unauthorized disclosure or private manipulation. During the Reporting Period, the Group was not aware of any material breach of customer privacy or material non-compliance with relevant laws and regulations relating to data protection and privacy.

B.7 Anti-corruption

During the Reporting Period, the Group complied with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Criminal Law of the PRC (《中華人民共和國刑法》), the Regulations of the PRC for Suppression of Corruption (《中華人民共和國懲治貪污條例》) and the Prevention of Bribery Ordinance (《防止賄賂條例》) (Cap. 201 of the Laws of Hong Kong) and no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

Although no training sessions on anti-fraud and anti-money laundering were held during the Reporting Period, we have established guidelines on anti-corruption and set out in our human resources management policies. Our staff handbook also provides guidance to employees on acting with integrity and communicates clearly with them on the proper behaviours and prohibited acts when performing duties. In particular, staff are prohibited from any accepting or soliciting of advantages to or from suppliers, business partners and customers.

In order to establish an open, fair and transparent business culture, and deter violations such as bribery, extortion, fraud and money laundering, the Group has established a whistle-blowing channel for our employees, which is responsible for receiving and reviewing relevant whistle-blowing reports and is determined to crack down on all corrupt activities.

B.8 Community Investment

Acting as a responsible corporate citizen, we understand the importance of giving back to society. Our management cares about those in need in the communities and continue to support the people by providing the necessary assistance. We also encourage our employees to participate in community and charitable activities to give back to society. These were HK$10,000 charitable donations made by the Group during the Reporting Period. The management will continue to focus on the needs of the society and endeavour to enhance the sustainability of the community.

C. CLIMATE-RELATED DISCLOSURES[1]

C.1 Climate Governance

To proactively address the challenges of global climate change, promote low-carbon sustainable development and duly fulfil its corporate environmental responsibilities, the Group complies with applicable environmental laws and regulations in Hong Kong and the People's Republic of China (the "PRC"), as well as the latest listing rules, and has established and continuously improved its climate-related governance structure.

At the governance level, the Board has overall responsibility for overseeing the Group's ESG strategy, reporting and climate-related risks and opportunities. The Group has established an ESG working group comprising the chief executive officer, chief financial officer and representatives from different business operation teams of the Company. The ESG working group is responsible for regularly assessing ESG issues, including climate-related risks and opportunities, formulating relevant response strategies, monitoring the implementation of ESG policies and measures, and reporting material ESG matters to the Board through Board meetings or management reports.

The Board, with support from the ESG working group, periodically assesses whether appropriate skills and competencies are available to oversee climate-related risks and opportunities and, where necessary, enhances such capabilities through training, engagement of external advisers and review of market practices. The ESG working group is specifically tasked with identifying and assessing various ESG matters, including climate-related risks and opportunities arising from the Group's principal businesses, namely air cargo ground handling services, transportation services, and warehousing and value-added services in Hong Kong and the PRC.

The ESG working group conducts climate-related risk monitoring as part of the Group's overall ESG and risk management process. Such process includes risk identification, risk assessment, risk response, implementation of mitigation measures, and continuous review. The ESG working group reports to the Board on climate-related risks and opportunities on a regular basis, and on an ad hoc basis in the event of material environmental incidents, extreme weather events, significant regulatory changes or other matters that may have a material impact on the Group's operations.

1 The Company discloses information with reference to the climate-related disclosure requirements under Part D of the HKEX ESG Reporting Code. As the Group's climate management system, data collection and analytical capabilities are still under continuous development, certain information, including in particular those under paragraphs 22 to 27 of Part D, has not been fully disclosed at this stage. Relevant quantitative metrics are under development and will be progressively enhanced and disclosed in future reports as appropriate.

This ensures that the Board is informed and able to take into account climate-related risks and opportunities when overseeing the Group's strategy, operational planning, major business decisions and risk management processes. The Board, with support from the ESG working group, also oversees the setting of ESG-related goals and targets, including those relating to emissions reduction, energy efficiency, waste reduction and operational resilience, and monitors progress against such goals and targets through periodic reporting.

In the future, the Group will continue to enhance the integration of climate-related risks and opportunities into its overall risk management and internal control systems, with a view to ensuring coordination across relevant business and operational functions.

C.2 Climate Strategy

The Group has gradually integrated climate-related considerations into its overall business model, operational management and long-term strategic planning. Based on the nature of its logistics business, covering air cargo ground handling services, transportation services, and warehousing and value-added services, the Group continuously assesses the potential risks and opportunities arising from climate change and incorporates relevant factors into its operational decision-making process.

At the strategic level, the Group proactively addresses climate-related risks while exploring opportunities arising from the transition to a low-carbon economy. The Group recognises that increasingly stringent environmental requirements, customer expectations for greener logistics services, and the development of low-emission transportation technologies may affect the logistics and transportation industry over the short, medium and long term.

The Group's business operations are dependent on vehicles, fuel, electricity, warehousing facilities, road and airport-related infrastructure, manpower and supply chain continuity. Climate-related factors, including extreme weather events, changes in environmental regulations, fuel and energy costs, and market demand for lower-carbon logistics solutions, may affect the Group's business continuity, service delivery capability, operating costs, asset utilisation, and customer relationships.

As motor vehicles constitute the Group's primary emission source, the Group continually adopts eco-friendly vehicles available in the market where commercially practicable and ensures that its fleet complies with applicable regulatory requirements. The Group also promotes the use of teleconferencing and videoconferencing instead of business trips, encourages employees to use recycled paper, and introduces electronic invoices, receipts and statements to customers where practicable, in order to reduce emissions from daily operations.

Climate-Related Risks and Opportunities

The Group has assessed the potential impacts of climate-related transition risks, physical risks and climate-related opportunities on its assets and business activities during the Reporting Period. Based on the assessment currently available, the Group has not identified any assets or business activities that are materially vulnerable to climate-related transition risks or physical risks, nor any assets or business activities that are materially aligned with climate-related opportunities. The Group will continue to monitor developments in climate-related risks and opportunities and enhance its assessment methodology as data availability and analytical capabilities improve.

During the Reporting Period, the Group did not have any capital expenditure, financing or investment specifically allocated towards climate-related risks or opportunities, and accordingly no amount was separately recognised in this regard. The Group will continue to monitor the potential financial implications of climate-related risks and opportunities and consider relevant capital allocation as appropriate in the future.

Climate-related risks and opportunities primarily relate to the Group's logistics operations, including:

(i) air cargo ground handling services;

(ii) transportation services; and

(iii) warehousing and value-added services

(collectively, the "Principal Operations").

The impacts of such climate-related risks and opportunities on the Group's business model and value chain, their expected financial effects, including financial position, financial performance, cash flows, access to finance and cost of capital, and the Group's existing and planned strategy and decision-making are analysed below.

To gain a better understanding of the potential impact of various risks and opportunities on the Group, the Group has categorised the timeframes based on its business model, value chain and operational planning cycle:

Timeframe	Short-term	Medium-term	Long-term
Definition	1–3 years	4–10 years	Over 10 years

The above timeframes are aligned with the Group's internal strategic planning and decision-making cycles. In particular:

Short term (1–3 years): This aligns with the Group's annual budgeting, fleet management, manpower planning, route arrangement and near-term operational planning cycle. Climate-related risks within this horizon, such as typhoons, rainstorms, flooding, extreme heat or temporary disruption to road and airport-related infrastructure, are incorporated into operational risk management and business continuity planning.

Medium term (4–10 years): This corresponds to the Group's medium-term business development and investment planning horizon, including fleet renewal, warehouse management, service capacity planning and customer relationship management. Climate-related considerations within this timeframe, such as stricter vehicle emission standards, customer demand for lower-carbon logistics services and changes in fuel or electricity costs, are considered in operational planning, supplier selection and service development.

Long term (over 10 years): This reflects the Group's long-term strategic positioning and asset lifecycle planning, particularly in relation to fleet transformation, adoption of low-emission or alternative-energy vehicles, warehouse energy efficiency and long-term resilience of logistics operations. Climate-related risks and opportunities over this horizon, including chronic physical risks and transition to a low-carbon economy, are considered in the Group's long-term business model evolution and sustainability strategy.

By aligning climate-related risk assessment with these planning timeframes, the Group seeks to ensure that climate considerations are incorporated into its decision-making processes across operational, investment and strategic levels. The Group will continue to refine this alignment as its climate risk assessment capabilities and data availability improve.

Category	Climate risks/ opportunities	Time range	Impact on business model and value chain	Expected financial impact	Current and anticipated adaptation and mitigation efforts
Physical risk (Acute)	Extreme weather events, including typhoons, rainstorms, flooding and severe weather conditions	Short term	Extreme weather may disrupt air cargo ground handling operations, transportation schedules, warehouse access, road conditions and staff commuting. It may also affect delivery timeliness and service reliability.	Possible increase in operating costs, overtime costs, repair costs, insurance claims, delay-related costs and potential loss of revenue due to service disruption.	Monitor weather warnings and airport/road conditions; maintain communication with customers and staff; adjust delivery schedules where necessary; strengthen contingency and emergency response arrangements; regularly review business continuity plans.
Physical risk (Chronic)	Rising average temperature, prolonged heat and changing weather patterns	Medium to long term	Higher temperatures may increase energy consumption for offices and warehouses, affect outdoor and cargo-handling staff, and increase maintenance requirements for vehicles and equipment.	Possible increase in electricity costs, fuel consumption, vehicle maintenance costs and staff welfare/ safety-related costs.	Promote energy efficiency in office and warehouse operations; maintain suitable working environment; provide health and safety reminders and training; review equipment and vehicle maintenance practices.

Category	Climate risks/ opportunities	Time range	Impact on business model and value chain	Expected financial impact	Current and anticipated adaptation and mitigation efforts
Transition risk (Policy and legal)	Stricter environmental regulations, vehicle emission standards and carbon-related requirements	Short to medium term	The Group operates a sizeable vehicle fleet. Stricter emission standards or low-emission transport policies may affect fleet management, vehicle replacement decisions and subcontractor selection.	Possible increase in compliance costs, vehicle upgrade costs, maintenance costs and capital expenditure.	Continue to adopt eco-friendly vehicles available in the market where commercially practicable; ensure fleet compliance with applicable regulations; monitor regulatory developments; encourage fleet subcontractors to meet environmental requirements and upgrade to more energy-efficient and lower-emission models.
Transition risk (Market and customer preference)	Increasing customer demand for lower-carbon logistics and greener supply chain solutions	Medium to long term	Customers may place greater emphasis on emissions performance, energy efficiency and sustainability practices when selecting logistics service providers.	Possible impact on revenue, customer retention and tender competitiveness if the Group cannot meet customer expectations; possible increase in cost for enhancing green service capabilities.	Enhance ESG disclosure and data collection; promote electronic documentation; reduce unnecessary business travel; explore practical emission reduction measures; maintain communication with customers on service quality and sustainability expectations.
Transition risk (Technology)	Development of low-emission vehicles, electric vehicles and digital logistics solutions	Medium to long term	New technology may change the cost structure and operating model of transportation and warehousing services. The Group may need to consider future fleet transition or digitalisation to maintain competitiveness.	Possible increase in capital expenditure and technology adoption costs; potential long-term savings from fuel efficiency and route optimisation.	Monitor market availability and commercial feasibility of low-emission vehicles and logistics technologies; review fleet renewal plans; explore digital tools to improve operational efficiency and reduce unnecessary mileage.

Category	Climate risks/ opportunities	Time range	Impact on business model and value chain	Expected financial impact	Current and anticipated adaptation and mitigation efforts
Climate opportunity	Resource efficiency and operational efficiency	Short to medium term	Improving route planning, fuel efficiency, electricity use and paperless processes may reduce operating costs and environmental impact.	Potential reduction in fuel costs, electricity costs, paper usage and administrative costs.	Encourage electronic invoices, receipts and statements; use teleconferencing and videoconferencing; promote double-sided printing, recycled paper and energy-saving practices; monitor energy and water consumption.
Climate opportunity	Green logistics and sustainable supply chain development	Medium to long term	The Group may benefit from customers' increasing focus on sustainable logistics providers and lower-carbon supply chains.	Potential improvement in customer relationship, tender competitiveness and long-term business opportunities.	Continue to strengthen supply chain management; monitor environmental and social risks along the supply chain; encourage subcontractors and suppliers to adopt more environmentally responsible practices.

Note: Quantitative information on the financial effects of climate-related risks and opportunities has not been disclosed as such effects are not separately identifiable and are subject to significant measurement uncertainty. The Group is also developing its capabilities and currently does not have sufficient resources to provide meaningful quantitative estimates.

In the above climate-related scenario analysis, the Group identified climate-related risks and opportunities by selecting key scenarios relevant to its operations during the Reporting Period, taking into account their nature, likelihood, frequency and potential magnitude of impact. This was conducted with reference to relevant international frameworks and based on reasonable assumptions, including regulatory developments and market trends. The Group identifies, assesses, prioritises and monitors climate-related risks alongside other business risks within its overall risk management framework and prioritizes the risks based on their potential impact. The Group will continue to monitor these risks and opportunities through the work of the ESG Task Force and the Board as further explained in section C.1 Climate Governance of this Report. During the Reporting Period, the Group has enhanced its climate-related scenario analysis and strengthened its data collection and assessment approach. While the analysis above remains qualitative, the Group will further refine the analysis as its data and capabilities develop.

Climate Resilience and Business Transformation Path

Climate-related initiatives are currently resourced through the Group's internal funding and are incorporated into its overall budgeting, capital allocation and operational planning processes. As at the reporting date, the Company considers that its strategy and business model remain resilient to the identified climate-related risks and opportunities, given that the Group's principal operations are mainly logistics services comprising air cargo ground handling services, transportation services, and warehousing and value-added services.

However, the Company's assessment of climate resilience is subject to uncertainties primarily arising from the Group's value chain and operating environment, including fuel consumption by its vehicle fleet, electricity consumption at offices and warehouses, road and airport-related infrastructure, the availability of lower-emission vehicles, customer demand for green logistics services, and the environmental performance of suppliers and subcontractors.

The Company retains the flexibility to adjust its strategy over time, including through the adoption of more energy-efficient equipment, continued review of vehicle fleet efficiency, enhancement of route planning and operational efficiency, promotion of electronic documentation, and strengthening of environmental considerations in supplier selection and supply chain management. The Group will also continue to explore practical low-carbon operational measures, such as the wider use of teleconferencing and videoconferencing, electronic invoices and statements, paper reduction practices, and energy-saving measures in offices and warehouses, with a view to reducing reliance on key resources and mitigating potential adverse environmental impacts.

The Company does not currently have a formal climate-related transition plan. However, it is progressively developing its approach to climate transition, taking into account regulatory developments, market trends, customer expectations and technological advancements in the logistics and transportation industry. This approach is based on assumptions including continued tightening of environmental and vehicle emission standards, increasing customer demand for lower-carbon logistics solutions, and the availability and commercial feasibility of low-emission vehicles and digital logistics technologies.

C.3 Risk Management

The Group has formulated a climate-related risk and opportunity management process covering four key stages, namely identification, assessment, analysis and response. When formulating risk management strategies, the Group focuses on integrating climate-related risks with other business and operational risks, and pays particular attention to matters with higher potential impact and higher likelihood of occurrence, including extreme weather events, fuel and electricity cost fluctuations, vehicle emission requirements, supply chain continuity, service delivery capability and occupational health and safety.

At the practical level, given that the Group has not yet identified any climate-related matters that would pose significant risks to the normal operation of its business or present significant opportunities in the short to medium term, while taking into account the cost-benefit principle, the Group continues to promote low-carbon and resource-efficient operations. Specific measures include improving energy efficiency in offices and warehouses, encouraging reduction of paper usage, adopting electronic communication and documentation, monitoring fuel and energy consumption, maintaining vehicle efficiency, and reviewing the feasibility of using more environmentally friendly vehicles and equipment where commercially practicable.

The ESG working group is responsible for identifying, assessing and monitoring ESG and climate-related risks and opportunities in the Group's daily operations. Where material climate-related risks are identified, the ESG working group will assess their potential impact on the Group's operations, financial performance, service quality and business continuity, and will develop appropriate mitigation measures and report to the Board where necessary.

The Group is gradually advancing the assessment of climate-related financial impacts, focusing on financial areas such as capital expenditure, operating costs, repair and maintenance costs, insurance costs, fuel and electricity costs, and potential changes in asset utilisation. Climate-related factors, including climate-related risks and opportunities, had limited impact on the Group's financial position, financial performance and cash flows during the Reporting Period, as the Group's climate-related initiatives are currently integrated into its regular business budget and have not been separately classified as significant capital expenditure or incorporated into an internal carbon pricing mechanism.

The Group has not identified any climate-related risks or opportunities that are expected to result in a material adjustment to the carrying amounts of its assets or liabilities within the next annual reporting period. Looking ahead, the Group plans to further enhance its climate-related risk assessment and financial impact assessment mechanisms, and will continue to collect and monitor relevant operational data, including fuel consumption, electricity consumption, greenhouse gas emissions and other relevant environmental indicators, with a view to progressively enhancing quantitative disclosure of the financial impacts of climate-related risks and opportunities.

C.4 Metrics and Targets

Greenhouse gas emissions

Greenhouse gas emissions are the main indicators continuously tracked and monitored by the Group, including Scope 1 direct emissions, Scope 2 energy indirect emissions and Scope 3 other indirect emissions. Greenhouse gas emissions include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), and are presented in carbon dioxide equivalent.

Greenhouse gas emissions from the Group's operations mainly arise from its logistics and transportation activities. Scope 1 direct emissions mainly originate from fuel combustion by the Group's vehicles, including trucks and private cars used for air cargo ground handling services, transportation services and general business operations. Scope 2 energy indirect emissions mainly arise from purchased electricity and gas used in the Group's offices and warehouses. Scope 3 other indirect emissions mainly arise from paper and water consumption in offices and warehouses, and business air travel by employees.

The Group's greenhouse gas emissions inventory has been prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Scope 3 emissions have also been categorised with reference to the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

The Group adopts an activity-based calculation approach in measuring its greenhouse gas emissions. Scope 1 emissions are calculated primarily based on fuel consumption records for vehicles operated by the Group and the relevant emission factors. Scope 2 emissions are calculated based on electricity consumption recorded in utility bills and the applicable location-based grid emission factors for the locations in which the Group operates. Scope 3 emissions are calculated based on relevant activity data, including water consumption records, paper usage or disposal data and business air travel records, together with the applicable emission factors or recognised calculation tools. Carbon dioxide, methane and nitrous oxide emissions are converted into carbon dioxide equivalent using the applicable global warming potential values.

The Group selected this measurement approach as it is consistent with the GHG Protocol, appropriate to the nature of the Group's logistics and transportation operations, and supported by activity data that is reasonably available to the Group. The methodology also facilitates comparison of the Group's greenhouse gas emissions performance between reporting periods. The key inputs are obtained primarily from fuel purchase and consumption records, electricity and water bills, paper records and business travel information. Where direct measurements are not available, reasonable estimates are made based on the relevant operational records and recognised emission factors.

During the Reporting Period, there were no material changes to the measurement approach, key inputs or assumptions used in calculating the Group's greenhouse gas emissions as compared with the previous reporting period.

The Scope 2 emissions disclosed by the Group are location-based emissions, calculated using the applicable grid emission factors for the geographical locations and electricity suppliers concerned. During the Reporting Period, the Group did not use renewable energy certificates, power purchase agreements, green electricity tariffs or other contractual instruments in calculating or managing its Scope 2 emissions. Accordingly, no adjustment has been made to the location-based Scope 2 emissions in respect of any such contractual instruments.

The Scope 3 emissions currently measured and disclosed by the Group comprise the following categories under the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011):

- Category 1 — Purchased goods and services, comprising emissions associated with fresh water supply;

- Category 5 — Waste generated in operations, comprising emissions associated with paper waste disposal and wastewater treatment; and

- Category 6 — Business travel, comprising emissions associated with business air travel by employees.

The Scope 3 Standard identifies third-party disposal of solid waste and wastewater treatment under Category 5 and employee air travel under Category 6.

During the Reporting Period, the Group continued to monitor its greenhouse gas emissions and energy consumption. The Group's greenhouse gas emissions were mainly generated from vehicle operations, which are closely related to the nature of its logistics business. Accordingly, fleet management, fuel efficiency, route planning and the adoption of more environmentally friendly vehicles, where practicable, remain key focus areas of the Group's emissions management.

The Group's greenhouse gas emissions during the Reporting Period were as follows:

	FY2026		FY2025	
	CO_2 equivalent emission (tonnes)	**Intensity *(Note 1)***	CO_2 equivalent emission (tonnes)	Intensity *(Note 1)*
Scope 1 — Greenhouse gas direct emissions	**2,980**	**9.09**	2,817	8.10
Scope 2 — Energy indirect emissions	**124**	**0.38**	135	0.39
Scope 3 — Other indirect emissions	**12**	**0.04**	16	0.05
Total	**3,116**	**9.51**	2,968	8.54

Note 1: The intensity is measured in tonnes per HK$1 million of the Group's revenue. The Group's revenue was approximately HK$327.7 million during the Reporting Period (2025: HK$348.0 million).

Climate-related Targets

The Group has been progressively strengthening its energy conservation and emissions management measures. Given the nature of the Group's business, greenhouse gas emissions are mainly generated from vehicle operations, including trucks and private cars used for air cargo ground handling services, transportation services and general business operations. Accordingly, improving fleet efficiency, reducing unnecessary fuel consumption and enhancing operational efficiency are the Group's key focus areas in managing climate-related performance.

Building on the Group's existing environmental measures, the Group aims to progressively improve its emissions performance by maintaining compliance with applicable regulatory standards and pursuing continuous reductions through operational efficiency, vehicle management and adoption of practicable low-carbon measures. Progress against climate-related targets will be monitored through periodic review of fuel consumption, electricity consumption, greenhouse gas emissions and relevant intensity indicators.

The Group does not currently apply an internal carbon pricing mechanism for decision-making, nor factor climate-related considerations into the Group's remuneration policy. However, the Group will continue to assess the feasibility of adopting such mechanisms in the future, taking into account its business development, operational needs, regulatory requirements and market practices.

In addition, the Group has established a climate-related target, namely the greenhouse gas emissions reduction target set out below, to monitor its progress towards improving environmental performance and supporting the transition to a lower-carbon economy. The Group does not have any climate-related targets that it is required to meet by law or regulation.

Greenhouse Gas Emissions Target

The Group has set a quantitative greenhouse gas emissions reduction target to reduce the Group's greenhouse gas emissions intensity by 1% by 31 March 2028, using the financial year ended 31 March 2025 as the base year.

The target is set on an intensity basis, measured by greenhouse gas emissions per HK$1 million of revenue, as the Group's emissions are closely linked to business volume, vehicle usage, customer demand, route arrangements and logistics operating activities. During FY2025, the Group's total greenhouse gas emissions were 2,968 tonnes CO_2e, with an emissions intensity of 8.54 tonnes CO_2e per HK$1 million of revenue.

(a) *Metric used to set the target*

The target is measured based on the Group's greenhouse gas emissions intensity, expressed as tonnes of carbon dioxide equivalent per HK$1 million of revenue.

The target covers the Group's principal greenhouse gas emissions, including carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), being the principal greenhouse gases generated from its operations. The target covers Scope 1 direct emissions, Scope 2 energy indirect emissions and Scope 3 other indirect emissions, where applicable.

(b) *Objective of the target*

The objective of the target is climate change mitigation and the enhancement of the Group's operational efficiency. The target is intended to support the Group in reducing emissions intensity, improving fuel and energy efficiency, and promoting more sustainable logistics operations.

(c) *Scope of application*

The target applies to the Group's principal operating activities within the reporting boundary, including air cargo ground handling services, transportation services, and warehousing and value-added services in Hong Kong and the PRC.

The target is expected to be achieved through internal operational measures, including vehicle efficiency management, route and scheduling optimisation, energy-saving measures in offices and warehouses, reduction of unnecessary paper usage, wider use of electronic documentation, and adoption of more environmentally friendly vehicles and equipment where commercially practicable.

(d) *Target period*

The target period is from 1 April 2025 to 31 March 2028.

(e) *Base period*

The base year for measuring progress is the financial year ended 31 March 2025.

(f) *Milestones or interim targets*

The Group will conduct annual reviews of its greenhouse gas emissions and emissions intensity to monitor progress towards the target. No specific interim quantitative milestones have been set at this stage. However, the Group aims to achieve progressive improvement over the target period through continuous monitoring and implementation of practical emissions reduction measures.

(g) *Nature of the target*

This is an intensity-based greenhouse gas emissions reduction target based on the Group's greenhouse gas emissions per HK$1 million of revenue.

The Group does not currently plan to use carbon credits or other offsetting mechanisms to achieve its greenhouse gas emissions reduction target. As the target is an emissions intensity reduction target and not a net emissions target, disclosures relating to the use of carbon credits, including reliance, verification schemes and credit types, are not applicable. The Group will review its approach to carbon credits on an ongoing basis, taking into account regulatory developments and market practices.

(h) *Alignment with international climate agreements*

In setting the target, the Group has taken into account the global transition towards a lower-carbon economy, the objectives of the Paris Agreement, and relevant regional and market expectations relating to climate change mitigation. The target reflects the Group's commitment to improving environmental performance while taking into consideration its business nature, operational scale, fleet-based logistics activities and the commercial feasibility of available low-carbon technologies.

Setting, Review and Monitoring of the Climate-related Targets

The Group has established an internal framework for setting, reviewing and monitoring its climate-related targets.

(a) *Target setting and validation*

The greenhouse gas emissions reduction target has been developed internally with reference to the Group's historical greenhouse gas emissions performance, business nature, operational scale, revenue level, vehicle fleet usage, energy consumption profile, and relevant market practices in the logistics and transportation industry.

The target has not been validated by an independent third party during the Reporting Period. The Group will continue to review the need and feasibility of obtaining external validation in future reporting periods, taking into account regulatory developments, stakeholder expectations and the maturity of its climate-related data collection system.

(b) *Review process*

The Group will conduct regular reviews of its climate-related targets and monitor trends in greenhouse gas emissions and emissions intensity over time. The ESG working group will review the Group's performance against the target by comparing annual emissions data with the base year, and will assess the reasons for any material changes in performance.

Such review will take into account operational factors, including changes in revenue, vehicle usage, route arrangements, fuel consumption, electricity consumption, warehouse utilisation, business volume and adoption of energy-saving measures. Where necessary, the ESG working group will report the review results to the Board and recommend appropriate improvement measures.

(c) *Monitoring metrics*

Progress towards the target will be monitored using quantitative indicators, including:

- total greenhouse gas emissions;
- greenhouse gas emissions intensity;
- Scope 1, Scope 2 and Scope 3 emissions, where applicable;
- fuel consumption by vehicles;
- electricity consumption in offices and warehouses; and
- other relevant operational data, including water consumption and paper usage, where applicable.

These metrics will be tracked periodically and compared against the base year of FY2025 to assess the Group's performance and progress towards the target.

(d) *Revisions to targets*

Any future revisions to the climate-related targets will be made with reference to changes in the Group's business strategy, operational scale, fleet composition, regulatory requirements, data availability, market practice and the commercial feasibility of low-carbon technologies.

Where any target is revised, the Group will disclose the nature of the revision and the reasons for such revision in future ESG reports. The Group will also disclose its performance against the climate-related target and provide an analysis of trends or changes in performance in future reporting periods, so as to enable stakeholders to understand the Group's progress and the key drivers of its climate-related performance.

APPENDIX I: CONTENT INDEX FOR THE STOCK EXCHANGE ESG REPORTING CODE

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KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	A.1.2 Hazardous and non-hazardous waste	P.8
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	A.1.3 Measures implemented for and results of reducing emissions	P.8
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General Disclosures and KPIs	Description	Section	Page no.
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General Disclosures and KPIs	Description	Section	Page no.
Aspect B3: Development and Training			
General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities.	B.3 Development and Training	P.15
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B.3 Development and Training	P.15
KPI B3.2	The average training hours completed per employee by gender and employee category.	B.3 Development and Training	P.15
Aspect B4: Labour Standards			
General Disclosure	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.	B.4 Labour Standards	P.16
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B.4 Labour Standards	P.16
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B.4 Labour Standards	P.16
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B.5 Supply Chain Management	P.16
KPI B5.1	Number of suppliers by geographical region.	B.5 Supply Chain Management	P.16
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B.5 Supply Chain Management	P.16
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B.5 Supply Chain Management	P.16

General Disclosures and KPIs	Description	Section	Page no.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B.5 Supply Chain Management	P.16
Aspect B6: Product Responsibility			
General Disclosure	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, labelling and privacy matters relating to products and services provided and methods to redress.	B.6 Product Responsibility	P.17–18
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B.6 Product Responsibility — Quality Assurance	P.17–18
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B.6 Product Responsibility — Intellectual Property Rights	P.17–18
KPI B6.4	Description of quality assurance process and recall procedures.	B.6 Product Responsibility — Quality Assurance	P.17–18
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B.6 Product Responsibility — Data Privacy	P.17–18

General Disclosures and KPIs	Description	Section	Page no.
Aspect B7: Anti-corruption			
General Disclosure	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.	B.7 Anti-corruption	P.18
KPI B7.1	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.	B.7 Anti-corruption	P.18
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B.7 Anti-corruption	P.18
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B.7 Anti-corruption	P.18
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B.8 Community Investment	P.19
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B.8 Community Investment	P.19
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B.8 Community Investment	P.19

ESG Indicator			Section	Page no.
Governance			STATEMENT OF THE BOARD	P.3
Governance	19.	An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose the following information: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including the following information: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	C.1 CLIMATE GOVERNANCE	P.19

ESG Indicator			Section	Page no.
Strategy Climate-related risks and opportunities	20.	The issuer must disclose information that enables an understanding of the climate-related risks and opportunities that are reasonably expected to affect its cash flows, access to financing, or cost of capital in the short, medium, or long term. Specifically, the issuer must: (a) Describe climate-related risks and opportunities that are reasonably expected to affect the issuer's cash flows, access to financing, or cost of capital in the short, medium, or long term; (b) For each climate-related risk identified by the issuer, explain whether the issuer considers that risk to be a climate-related physical risk or a climate related transition risk; (c) For each climate-related risk and opportunity identified by the issuer, specify the time horizon (short-term, medium- term, or long-term) within which it is reasonably expected to affect the issuer; and (d) Explain how the issuer defines short-term, medium-term, and long-term, and how these definitions relate to the scope of its strategic planning.	A.4 CLIMATE CHANGE C.2 CLIMATE STRATEGY	P.11 P.20
Business model and value chain	21.	The issuer must disclose information that provides an understanding of the current and anticipated impacts of climate- related risks and opportunities on its business models and value chains. Specifically, the issuer must make the following disclosures: (a) Description of the current and anticipated impacts of climate-related risks and opportunities on the issuer's business model and value chain; and (b) Description of where climate-related risks and opportunities are concentrated within the issuer's business model and value chain (e.g., geographic regions, facilities, and asset types).	C.2 CLIMATE STRATEGY	P.20

ESG Indicator		Section	Page no.
Strategies and decisions	22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	C.2 CLIMATE STRATEGY	P.20
	23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	C.2 CLIMATE STRATEGY	P.20

<table>
<tr><th>ESG Indicator</th><th></th><th>Section</th><th>Page no.</th></tr>
<tr><td>Financial position, financial performance and cash flows</td><td>Current financial effect
24. An issuer shall disclose qualitative and quantitative information about:
(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and
(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</td><td>C.2 CLIMATE STRATEGY</td><td>P.20</td></tr>
<tr><td></td><td>Anticipated financial effect
25. The issuer shall provide qualitative and quantitative disclosures about:
(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:
(i) its investment and disposal plans; and
(ii) its planned sources of funding to implement its strategy; and
(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</td><td>C.2 CLIMATE STRATEGY</td><td>P.20</td></tr>
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ESG Indicator			Section	Page no.
Climate resilience	26.	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: • which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; • whether the analysis included a diverse range of climate-related scenarios; • whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; • whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; • why the issuer decided that its chosen climate- related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; • time horizons the issuer used in the analysis; and • what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	C.2 CLIMATE STRATEGY	P.20

ESG Indicator			Section	Page no.
Risk Management				
Risk Management	27.	An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate- related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate- related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	C.3 RISK MANAGEMENT	P.25
Metrics and Targets				
Greenhouse gas emissions	28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	C.4 METRICS AND TARGETS	P.26

ESG Indicator			Section	Page no.
	29.	An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	C.4 METRICS AND TARGETS	P.26
Climate-related transition risks	30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	C.4 METRICS AND TARGETS	P.26
Climate-related physical risks	31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	C.4 METRICS AND TARGETS	P.26

ESG Indicator			Section	Page no.
Climate-related opportunities	32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	C.4 METRICS AND TARGETS	P.26
Capital deployment	33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	C.2 CLIMATE STRATEGY	P.20
Internal carbon prices	34.	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	C.2 CLIMATE STRATEGY	P.20
Remuneration	35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	C.4 METRICS AND TARGETS	P.26
Industry-based metrics	36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	SCOPE OF THIS REPORT	P.2

ESG Indicator			Section	Page no.
Climate-related targets	37.	An issuer shall disclose (a) the qualitative and quantitative climate- related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	C.4 METRICS AND TARGETS	P.26
	38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	C.4 METRICS AND TARGETS	P.26
	39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	C.4 METRICS AND TARGETS	P.26

ESG Indicator			Section	Page no.
	40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	C.4 METRICS AND TARGETS	P.26
Applicability of cross-industry metrics and industry-based metrics	41.	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	C.4 METRICS AND TARGETS	P.26