



## FRONTIER SERVICES GROUP LIMITED

(先豐服務集團有限公司\*)

(incorporated in Bermuda with limited liability)

(Stock code: 00500)

### Sanctions Policy

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#### Introduction

Certain governments impose trade or economic sanctions on certain countries by restricting their nationals from making assets or services available, directly or indirectly, to persons or entities that are subject to sanctions or are controlled by persons subject to sanctions. Frontier Services Group Limited (FSG) and its subsidiaries (collectively called 'FSG' or 'the Group') is committed to conducting business with the highest ethical standards and complying with all applicable sanctions.

What constitutes sanctionable activities or contracts which might be subject to sanctions under applicable laws and regulations depends on the circumstances of each case. Care should be taken to analyse each case and address sanctions risk in light of the facts and circumstances involved. In this connection, this sanction policy is relevant to all personnel of FSG, in particular, those who has or will have relevant business activities including but not limited to logistic and freight forwarding services, insurance advisory services, general advisory services, safety risk consulting and advisory services, security training and any other new business activities to be involved by the Group.

#### Sanctions Policies

- FSG will not undertake new business in sanctioned countries if the new business will expose the Group to the risk of breaching sanctions.
- Each department/business unit/regional head has the responsibility to closely monitor the political situation and sanctions risk of the countries and/or places wherein FSG has business and operations and they are held responsible for. They should consult with and report to our FSG's compliance officer if they are uncertain about the country, the entity or the person that they are dealing with are subject to sanctions, and shall report to the Risk Committee whenever there is a possible situation that may undermine the business environment in the relevant region.
- The CEO/CFO or the senior management of same level shall be responsible for assessing and evaluating any potential sanctions risk in a sanctioned country where the Group would like to establish its business presence or conduct any business activities in it. They must do its own search before accepting any new clients whether the clients are in the sanctioned list. When they become aware that any existing clients are subsequently in the sanctioned list, they should inform the Executive Directors or the Company secretary in due course. Whenever in doubt of any sanctioned matters, they should discuss with the executive directors or seek clearance from the relevant lawyers. In any event, all officers of FSG must strictly follow the requirement of the Sanctions Policy.



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- FSG shall engage legal counsel to evaluate and update the existing potential sanctions risk, when required, in FSG's daily operations regularly to ensure compliance with the relevant sanctions laws and regulations.
- Where FSG decides to explore any business opportunities in a sanctioned country, a legal opinion must be obtained from an external legal counsel and such legal opinion must cover the sanctions imposed by the government of the United States, the member states of European Union, the United Nation and Australia.
- FSG will not engage in any activity which will expose itself to sanction risk and will not, directly or indirectly, use any proceeds, or make such proceeds available to any individual or entity, to fund any activities or business in connection with sanctions related activities.
- FSG will disclose the status of FSG's business, if any, in sanctioned countries and its business intention relating to sanctioned countries in its interim and annual reports, and make timely disclosure if its business in sanctioned countries will put shareholders at risk.
- If FSG intends to undertake any new business in a sanctioned country, which may expose them to any sanctions risk, FSG's Risk Committee should consider and review the new business before deciding whether to proceed on the project or not.
- The Risk Committee or the board of directors of FSGL ('the Board') will consider terminating business relationships in sanctioned countries that subjects FSG to sanctions risk.
- The Risk Committee is responsible for project approval and risk management for compliance with sanctions regulations. Should the committee identify any actual or potential sanctions risk in existing or potential businesses, then it will seek advice from an external legal counsel and formulate risk management measures.
- As suggested by the Hong Kong Stock Exchange's guidance on these issues, where FSG considers it a material issue for shareholders FSG will disclose when it terminates or transfers existing projects in sanctioned countries, and provide material details of financial and operational impact on FSG as a result of terminating or transferring to other parties these projects. Similarly and subject to legal advice to do so, FSG will disclose if they believe that material transactions may put themselves or their shareholders at material risk of being sanctioned.
- FSG's principal internal measures to control and monitor FSG's exposure to sanctions risk will be enforcement of this policy and the establishment of the Risk Committee. The Risk Committee will monitor the compliance of all these measures and will regularly report to the Board so that it can assess the adequacy and effectiveness of these measures to protect the interests of FSG and their shareholders.



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**Corporate Governance**

The Executive Directors of FSGL retains overall control and responsibility for this policy. The Risk Committee provides overall oversight of the coordination and management of the Group's strategic direction on sanctions.

The Risk Committee reviews and approves projects, programs or engagements which the Group engages in with politically exposed persons, sanctioned countries or any other project which the senior management deems high risk.

*Note: In case of discrepancies, the English version shall always prevail over the Chinese version.*

*October 2018*