

冠 幟 控 股 有 限 公 司
GUAN CHAO HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1872

2018



**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

INTRODUCTION, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

This Environmental, Social and Governance Report (the “ESG Report”) summarizes the environmental, social and governance (“ESG”) initiatives, plans and performances of Guan Chao Holdings Limited (the “Company”), together with its subsidiaries (the “Group”, “we”, “our”, or “us”) and demonstrates its commitment to sustainability development.

The Group adheres to the ESG management principles of the sustainable development philosophy and is committed to effectively and responsibly handling the ESG issues of the Group as a core part of the Group’s business strategy. The Group believes this is the key to its continued success.

The ESG Governance Structure

The Group has established the ESG Taskforce (the “Taskforce”). The Taskforce comprises core members from different departments of the Group, and is responsible for collecting relevant information on our ESG aspects for preparing the ESG Report. The Taskforce reports to the Board of Directors (the “Board”), assists in identifying and evaluating the Group’s ESG risks and the effectiveness of the internal control mechanisms. The Taskforce also examines and evaluates our performances in different ESG aspects such as environment, health and safety, labour standards and product responsibilities. The Board sets up a general direction for the Group’s ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

SCOPE OF REPORTING

The ESG Report covers the Group’s ESG performance in importing and selling of new imported and pre-owned cars in Singapore. Unless specified otherwise, we collect the Group’s key performance indicators (“KPI”) in Environmental and Social areas through the Group’s operation control mechanism. We will continue to expand the scope of disclosure in the future after the Group’s data collection system is more matured and the sustainable development work is enhanced.

REPORTING FRAMEWORK

The ESG Report has been prepared in compliance with all applicable provisions set out in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“HKEx”).

REPORTING PERIOD

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2018 (the “Reporting Period”).

CONFIRMATION AND APPROVAL

This ESG Report was reviewed, confirmed and approved by the Board of the Company.



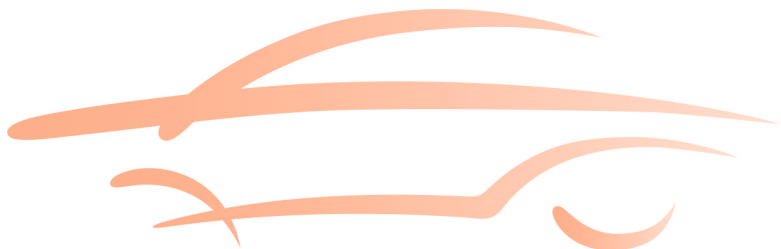
STAKEHOLDER ENGAGEMENT

The Group communicates with and supports stakeholders through a two-way model in order to achieve mutual growth. Therefore, we value stakeholders' opinions to our operation business and ESG issues. In order to better understand and address stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to shareholders and investors, customers, suppliers, employees, as well as the community, non-governmental organizations ("NGOs") and media through different channels. With regard to our usual practice, we share the latest information through email, telephone, site visits, meetings and so on.

Through different stakeholder engagements and communication channels, we will take into account stakeholders' expectation in formulating operational strategies and ESG measures. The stakeholder engagements and communication channels are as follows:

Major stakeholders	Communication channels
Shareholders and Investors	<ul style="list-style-type: none">• Annual general meeting• Annual and interim report• Announcements and circulars
Customers	<ul style="list-style-type: none">• Customer service hotline• Customer satisfaction survey
Suppliers	<ul style="list-style-type: none">• Regular assessment of suppliers' performance• Supplier management meetings and events
Employees	<ul style="list-style-type: none">• Means for employees to express opinions (e.g. opinion form, suggestion box, etc.)• Regular meeting and management communication (e.g. email, telephone, etc.)• Intranet• Site visits• Assessment of work performance
Community, NGOs and media	<ul style="list-style-type: none">• Community investment plans• ESG report

The Group is committed to improving its ESG performance through collaboration with its stakeholders, creating greater value for its society and the country continuously.



MATERIALITY ASSESSMENT

The management and staff of the Group's respective major operations have participated in the preparation of the ESG Report to assist the Group in reviewing its operations and identifying relevant ESG issues, and assessed the importance of related issues to our businesses and stakeholders. Based on the assessed significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units of the Group.

The following table is a summary of the Group's material ESG issues included in this ESG Report:

The ESG Reporting Guide		Material ESG aspects of the Group
A. Environmental		
A1. Emissions	Greenhouse Gas ("GHG") Emissions	P. 5
A2. Use of Resources	Energy Consumption	P. 8
	Water Management	P. 9
A3. The Environment and Natural Resources	Indoor Air Quality Management	P. 10
B. Social		
B1. Employment	Recruitment, Promotion and Dismissal	P. 10
	Equal Opportunities	P. 11
B2. Health and Safety	Fire Safety Management	P. 12
B3. Development and Training	Training Management and Courses	P. 13
B4. Labour Standards	Preventive Measures of Child Labour	P. 14
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B5. Supply Chain Management	Supply Chain Management	P. 15
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	Privacy Protection	P. 17
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	Service Quality	P. 18
	Advertising and Labelling	P. 18
B7. Anti-corruption	Anti-corruption Policies and Systems	P. 18
B8. Community Investment	Corporate Social Responsibility	P. 19

As at the year ended 31 December 2018, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. Stakeholders can provide valuable advice in respect of the ESG Report or our performances in sustainable development by emailing to guanchaoholdings@vincar.com.sg.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

The Group adheres to good environmental management, striving to protect the environment to fulfil the corporate social responsibility. We support the national strategy in environmental protection and selling new parallel-import motor vehicles and pre-owned motor vehicles with compliance to laws and regulations. The Group advocates philosophy of “Energy conservation and Emission reduction”, implements a variety of environmental protection policies and measures amongst the Group’s operations, and implements ISO14001:2015 Environmental Management System (“EMS”).

The Group strictly complies with including but not limited to “Environmental Protection and Management Act”, “Environmental Public Health Act”, and “Environmental Public Health (General Waste Collection) Regulations” and other related environmental protection laws and regulations. We have established accountability system for environmental protection and actively adopt environmental protection measures to tackle the environmental impacts generated in the operation.

During the Reporting Period, the Group did not have any violation of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous wastes that have a significant impact on the Group.

Exhaust Gas Emissions

Due to our business nature, the Group pays attention to the relevant air emissions generated at our operations. We strive to mitigate the exhaust gas and GHG generated from our operation process as much as possible. Our major sources of exhaust gas emissions are combustion of diesel and petrol from vehicles. During the Reporting Period, the amount of sulphur oxides (“SOx”) generated from vehicles exhaust was approximately about 0.87 kg.



GHG Emissions

The principal GHG emissions of the Group are generated from the petrol and diesel consumption of vehicles (Scope 1) and purchased electricity (Scope 2).

During the Reporting Period, the Group's GHG emissions and its intensity performance were as follows:

Indicator ¹	Unit	Total emissions
Direct GHG emissions (Scope 1) — Petrol and diesel consumption	tCO ₂ e	157.66
Indirect GHG emissions (Scope 2) — Purchased electricity	tCO ₂ e	93.42
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	251.08
Total GHG emissions (Scope 1 and 2) Intensity ²	tCO ₂ e/employee	3.44

Note:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, the latest released emission factors of Singapore's power grid basis, "How to prepare an ESG Report?-Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest released of Singapore's regional grid baseline emission factor and "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5).
2. As at 31 December 2018, the total numbers of full-time employees of the Group was 73. The data is also used for calculating other intensity data.

Consumption of petrol and diesel is accounted as the most significant source of direct GHG emissions. The Group has formulated policies and implemented various emission reduction measures to reduce emissions from the source. Specific measures such as:

- Reduce long-distance meetings by advocating telephone or video meetings, reducing exhaust gas and GHG emissions caused by transportation;
- Take public transport during business trips under normal circumstance;
- Encourage employees to choose public transportation for long distance trip in order to reduce exhaust gas and GHG emissions; and
- Generally choosing local suppliers to reduce exhaust gas and GHG emissions.

Through the implementation of these measures, our staff's awareness on emission reduction has been raised.

To reduce GHG emissions, the Group actively adopts electricity conservation and energy saving measures, including strict control of air conditioning usage. The temperature of air conditioning cannot be lower than 24 degree Celsius. Besides, the air conditioning should be turned off when no one is in the office.

Sewage Discharge

The Group has developed an environmental operational control system, monitoring sewage produced in office and showrooms to comply with relevant laws and regulations and meet local government sewage discharge standards. Sewage is discharged into the municipal sewage pipe network system of the government and shall not be discharged directly into the streams or farmland. The Group's operations are not subject to substantial water use. The water supply and sewerage of the properties of the principal office of the Group is fully controlled by the building management division of the property. Therefore, water and sewage data or sub-segment data cannot be provided for disclosure.

Waste Management

The Group identifies and classifies waste, stores and disposes it in a unified manner. In the office and showrooms, the Group has set up a unified recycling box, designated waste management responsible persons to timely dispose of waste, and maintain environmental sanitation around the collection box. The Group has taken specific measures for handling the following categories of solid waste:

Non-hazardous Waste

The non-hazardous wastes produced by the Group are mainly general office domestic waste, such amount is also insignificant to the Group.

Specific waste reduction measures are as follows:

- Classify recyclable and non-recyclable waste and set up collection bins to recycle the waste;
- Increase the recycling rate of recyclable cartons to achieve reutilization;
- Control the consumption of aluminium cans, plastics and glass products, and increase the rate of recycling and reuse of the products;
- Replace plastic products with biodegradable ones;
- Classify and store solid waste, and reuse the waste based on the characteristics of various solid wastes. If it cannot be reused, it will be recycled by special agencies; and
- Implement a waste paper recycling and reuse programme and use double-sided printing to reduce the amount of paper used.

Through the implementation of these measures, our staff's awareness on emission reduction has been raised.

During the Reporting Period, the performance of the Group's non-hazardous waste discharged were as follows:

Type of non-hazardous waste	Unit	Total weight
Paper ³	tonnes	1.72
Paper intensity	tonnes/employee	0.02

Note:

- Paper consumption was approximately 325,000 sheets.

Hazardous Waste

Due to our business nature, the Group did not generate hazardous wastes during the Reporting Period, the Group has established guidelines of governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group must engage a qualified chemical waste collector to handle such wastes, which is complied with the relevant environmental regulations and rules.

A2. Use of Resources

General Disclosure and KPIs

The Group upholds and promotes the principle of effective use of resources, evaluating the potential environmental impacts by real-time monitoring its business operations. Through the 4Rs principles, namely, "Reduce", "Reuse", "Recycle" and "Replace", we promote green office and operation environment to minimize the environmental impacts of the Group. The employees of the Group follow these principles, consciously reduce the consumption of electricity, paper and water resources. For example, the Group's employees work together to implement a paperless office by sending documents in electronic form whenever possible, in order to reduce the amount of paper consumption.

In the sales of new parallel-import motor vehicles and pre-owned motor vehicles, the Group promotes green marketing which complies with the national requirements as well as achieving no toxic, no hazardous substance is generated, no wastewater, no exhaust gas is discharged in stages. The Group manages the use of water, electricity and oil resources by collecting monthly usage statistics and standardizing the operation processes for major energy-consuming equipment for effective utilization of energy.

In addition, in order to achieve environmentally sustainable development, the Group conducts environmental education and training for its employees and promotes practical advice on environmentally friendly lifestyles to enhance employees' awareness of environmental protection. The Group also promotes green travel and raises employees' awareness of emission reduction and carbon reduction.

Energy Consumption

The Group proactively implemented the mission of energy conservation and emission reduction by establishing rules and regulations to achieve the goal of saving electricity and using electricity efficiently. The specific measures are as follows:

- Use energy-saving light bulbs and all departments implement the principle of “Management by the on-duty staff” in order to foster good habits in terms of turning lights off after use;
- Unplug electrical appliances which are not in use for a long time to save standby power;
- Strict control of air conditioning temperatures prevents excessive energy consumption and extends the life of air conditioning units, reducing the amount of waste electronic equipment; and
- Maintain the temperature in showrooms at reasonable level to avoid the malfunction of electrical appliances and tripping because of high temperature in the showrooms.

Through the above measures, our employees’ awareness of energy conservation has been improved.

During the Reporting Period, the performance of energy consumption of the Group and its intensity were as follows:

Type of energy	Unit	Energy consumption
Petrol ⁴	kWh	539,664.21
Petrol intensity	kWh/employee	7,392.66
Diesel ⁴	kWh	14,404.30
Diesel intensity	kWh/employee	197.32
Electricity	kWh	222,860.83
Electricity intensity	kWh/employee	3,052.89

Note:

4. Conversion is in reference to the conversion provided on U.S. Energy Information Administration Energy Conversion Calculators, actual petrol consumption was approximately 57,924.78 litres, and actual diesel consumption was approximately 1,354.23 litres.



Water Management

We encourage all employees and customers to develop the habit of conscious water use to reduce water consumption in the office. The Group continued to increase water conservation propaganda and posted water-saving slogans in the washrooms and staff lounges to encourage employees to save water. Through the above measures, employees' awareness of water saving has been raised and average water consumption is reduced.

During the Reporting Period, the performance of water consumption of the Group and its intensity were as follows:

Water consumption	Unit	Water consumption
Water consumption	m ³	180.70
Water intensity	m ³ /employee	2.48

Due to the Group's business nature, it does not have issue in sourcing water that is fit for purpose.

Use of Packaging Material

Due to our business nature, the Group does not generate packaging materials in the selling process except minimal usage of the packaging materials for car parts, so our daily operation does not produce significant amount of packaging materials.

A3. The Environment and Natural Resources

General Disclosure and KPIs

The Group pursues the best practices for environment protection and focuses on the Group's business impacts on the environment and natural resources. In addition to complying with relevant environmental laws and international standards for protecting the natural environment, the Group has also implemented a number of measures to reduce its environmental impact. On the other hand, the Group also provides environmental education to all employees to enhance their environmental awareness.

Promotion and Education Activities

The Group conducts environmental education and training for its employees annually, and regularly provides environmentally-friendly and energy-saving tips and educational materials to our employees to enhance their environmental awareness.

Indoor Air Quality Management

Apart from education and training, the Group also puts emphasis on indoor air quality. The Group has strict control over air quality management, especially smoking. The Group prohibits anyone from smoking in the office and showrooms, and sets the entire operation areas as smoke-free areas to maintain good air ventilation. The Group also designs special smoking areas for employees and prohibits smoking in public areas. The Group has also installed air purifiers or other devices for removing odour to maintain good air ventilation and indoor air environment.

B. Social

B1. Employment

General Disclosure

Employees are the core of the Group's greatest and most valuable assets and competitive advantages, providing the Group with the driving force for continuous innovation. We respect the principle of "Everyone is equal" and adheres to the people-oriented approach, standardizing employment management to respect and protect the legitimate interests of every employee. At the same time, we strive to ensure our employees' occupational health and safety, strengthen democratic management, and protect employee's interests to show respect to our employees and unleash their enthusiasm, initiative and creativity for building a harmonious employment relationship.

During the Reporting Period, the Group strictly complied with relevant labour laws and regulations, including but not limited to the "Employment Act" in Singapore. The Group was not aware of any material non-compliance of laws and regulations in respect of human resources.

Recruitment, Promotion and Dismissal

Based on merit selection against the job criteria, the Group applies robust and transparent recruitment processes, and recruits individuals based on their suitability for the position and potential to fulfil the Group's current and future labour demand.

We believe that by promoting our internal staff will strengthen the working morale within the Group. The Human Resources Department will circulate the internal job posting through emails or notice so that all staff will be notified the new vacancies. If the staff is eligible for the new opening, he or she will be internally transferred or being promoted. A fair and equal opportunity will be given to both internal staff and other candidates.

A satisfactory and rewarding remuneration package could reduce employee turnover rate for the Group, and lessen the pressure on recruiting and training new staff. It is also a commitment of the Group to reward our existing staff member who contribute towards the Group's growth and success. Our competitive remuneration packages include holidays, annual leave, medical scheme, dental scheme, group insurance, mandatory provident fund, year-end double pay and discretionary bonus etc.



Any appointment, promotion or termination of recruitment contract should be based on reasonable, lawful grounds and internal policies, such as “Sales Staff Handbook”. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those who have poor working performance or constantly make mistakes, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Singapore.

Equal Opportunities

The Group strictly complies with national and local standards by adopting a fair, equitable and open requirement process and develop relevant system files to eliminate discrimination in the recruitment processes. Employees face no discrimination regardless of race, sex, colour, age, family background, ethnic tradition, religion, physical fitness and nationality and thus allowing them to enjoy fair treatment in every aspect including recruitment, salary, training and promotion. Both male and female employees receive the same remuneration with the same job duties. The Group also endeavours to attract professionals with diverse background to join us.

B2. Health and Safety

General Disclosure

The Group highly recognizes the importance of health and safety of its employees. We commit to provide employees with a healthy, safe and comfortable working environment and strive to eliminate potential health and safety hazards at the workplace. We strictly enforce relevant laws and regulations such as the “Workplace Safety and Health Act” (“WSHA”) and “Work Injury Compensation Act”.

The Group has always focused on standardizing the management system to regulate the Group’s occupational health and safety management. We are in the process of applying the bizSAFE Certification to the commitment to safety. To qualify for the bizSAFE Certification, the Group has to demonstrate top management commitment by attending the relevant safety workshop organised by bizSAFE. Besides, the Group acquires risk management capability in managing terror incidents with implementing risk management plan to tackle against terror incidents. All workplaces covered under the WSHA are required to conduct risk management for every work activity and process carried out at their workplaces. The Group’s professional safety supervisors also regularly monitor and evaluate safety measures, and will carry out corrective measures immediately to prevent accidents.

During the Reporting Period, the Group did not have any records on any accidents that resulted in death or serious physical injury and no claims or compensation was paid to its employees due to such events, no material non-compliance of laws and regulations relevant to health and safety of employees were found.

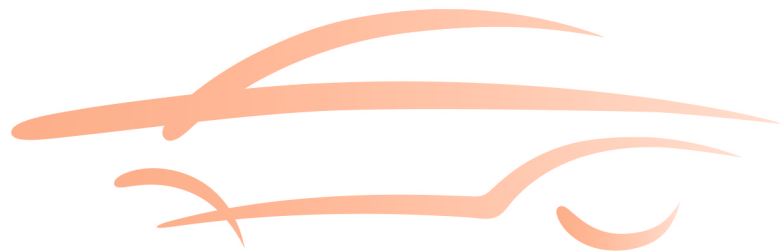
Safety Training and Programme

The Group creates a good working environment for employees, strengthens safety in workplace, and guarantees the operational safety of motor vehicles. We provide employees with safety education and trainings, allowing them to have the knowledge of workplace safety, familiar with relevant workplace safety regulations and operating procedures.

In order to prevent occupational diseases and injuries, the Group allows employees to have full awareness on the factors causing occupational diseases, potential consequence of occupational hazards and protective measures. The Group conducts internal reviews on an annual basis to keep employees informed of the important content according to WSHA. In addition, the Group also provides occupational health and safety trainings and evaluates the effectiveness of trainings through drills annually. To improve the training programmes, the Group consults employees' opinion by survey and collects their suggestions through email. The Group also arranges occupational body check for employees and establishes occupational health records.

Fire Safety Management

The Group attaches great importance to fire safety in the office and showrooms, designs and construct office and showrooms in accordance with national engineering building fire control standards, and has formulated fire safety work measures and established fire control systems. Fire-fighting facilities, including fire sprinkler systems, fire extinguishers, fire hoses, etc., are installed in office and showrooms, and are regularly maintained by external professional companies; "No smoke and fire" signs are posted on prominent positions in the gates and showrooms; motor vehicles are required to park at designated locations; strengthen the monitoring of key locations (such as transformers and power distribution rooms) to reduce fire hazards. In order to raise the awareness of fire protection for all employees, the Group also regularly organizes fire safety training and emergency drills for employees.



B3. Development and Training

General Disclosure

The Group has established long-term employee development mechanism, continuously providing job skills courses that satisfy the needs of employees. The purpose is to enhance their work performance and to have a smoother promotion path. Through a diversified training model, the Group meets the diverse needs of employees at all levels, enhancing staff's skills, helping the Group to achieve sustainable development, and promoting individual employee growth and development.

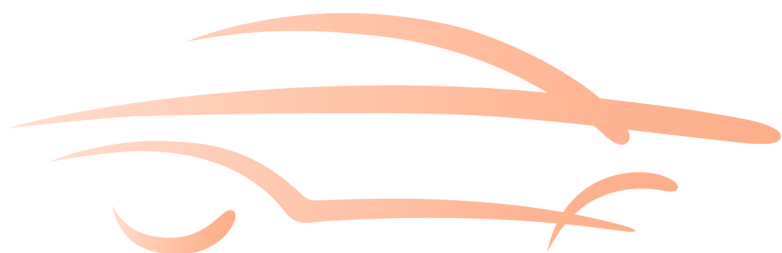
Training Management and Courses

The Group proactively support the events for which junior staff or new employees are guided by experienced employees, in order to help the new employees to adapt to the Group. During the guidance process, experienced employees can also inspire new ideas and enhance their abilities and knowledge. The Group also encourages employees to participate in external training on their own, and will also subsidize employees to obtain professional qualifications related to the business of the Group.

All the sales-personnel of the Group will hold product training meetings regularly to inform employees about the product knowledge and selling process to facilitate the smooth operation of the Group's selling of motor vehicles business; generally entrusting the instructors of professional organizations or arranging business leaders at all levels within the Group to conduct training for employees. The training content may include presentation of a brand new parallel-imported motor vehicles, declaration of national catalogue processes and details, diagnosis of new financial regulations, team building brainstorming method, etc.

New recruits will receive on-the-job training to help them adapt to the work environment and perform their duties as quickly as possible. The Group also trains key personnel such as front line sales persons, environmental, safety management personnel and quality inspectors.

The Group also attaches great importance to safety workplace training to protect the personal safety of employees. The relevant policies have been described in detail in section B2 "Safety Training and Programme".



B4. Labour Standards

General Disclosure

The Group complies with the International Labour Organization's ("ILO") Convention and Ministry of Manpower ("MOM") in Singapore. No employee will be compelled to work against his or her will through force or intimidation of any form or subjected to corporal punishment or coercion of any type related to work.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations in relation to the prevention of child or forced labour, including but not limited to "Employment Act" in Singapore that would have a significant impact in the Group.

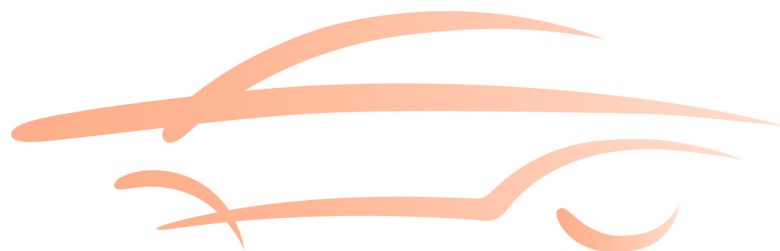
Preventive Measures of Child Labour

The Group strictly prohibits the use of any child and forced labour by its operations in Singapore. Our recruitment post stipulates that only employees over the age of 18 will be recruited and all new employees are required to provide true and accurate personal information. The recruiters will stringently verify their information, including body check results, academic certificates, identity card and account information. The Human Resources Department will also eliminate job applicants under the age of 18.

Preventive Measures of Forced Labour

The Group has a well-established recruitment process includes examines the candidate's background and a formal reporting process to address any exceptions. The Group also regularly reviews and inspects to prevent any child labour or forced labour in the operations. The Group adheres to relevant laws relating to labour standards, such as the ILO frameworks for forced labour. The Group respects human rights and promises that all employees should be protected by the Group and should not be forced to work by employees of any class.

In addition, employees work overtime on a voluntary basis, and we promise not to force employees to work overtime to avoid violating labour standards and effectively safeguarding employee rights. The Group will not collect deposits from new recruits or seize their identity documents. The Human Resources Department also regularly checks the working hour record and will investigate immediately if overworking is discovered. The Group also prohibits punitive measures, management methods and behaviours such as abusive, corporal punishment, violence, mental stress, sexual harassment (including inappropriate language, posture and physical contact), sexual abuse, etc. for any reason.



B5. Supply Chain Management

General Disclosure

Apart from sourcing motor vehicles manufactured from suppliers, price trends of imported motor vehicles and its requirements, the Group also attaches great importance to the management of potential environmental and social risks in the supply chain. The Group has established a rigorous and standardized procurement system and supplier selection process, and has imposed environmental and social risk control requirements on suppliers.

We mainly procure motor vehicles from local and overseas suppliers who are mainly wholesalers generally sourcing directly from the motor vehicle manufacturers in Japan and Europe. Our suppliers also include individual or corporate customers who trade-in their used cars with us at the same time as they purchase new motor vehicles from us.

Supply Chain Management

The Group has implemented a well-managed procurement system and a rigorous supplier selection process to ensure the quality its products. In addition, all suppliers are monitored and assessed by the Group regularly. In order to deliver the best service for our customers, we take into account the followings:

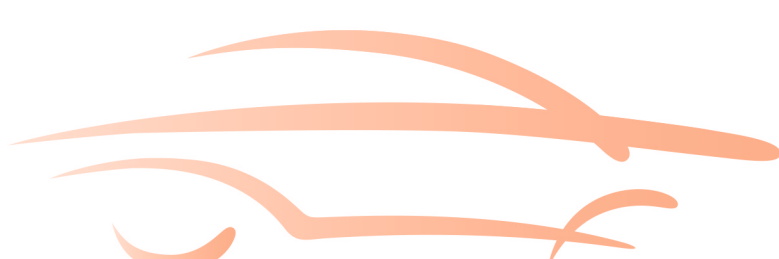
- (i) the reliability of such suppliers and our working relationship with them;
- (ii) the price of the motor vehicles offered by our suppliers; and
- (iii) the assessment on whether such suppliers are well-established.

We engage new suppliers for small orders in order to pre-assess whether their supply of motor vehicles conforms to our standards and requirements.

In addition, the Group takes measures to assess whether suppliers act in compliance with relevant laws and regulations and other required standards for health, safety, forced labour and child labour, and to examine suppliers' awareness of these aspects in order to reduce the social risk of the Group's supply chain.

Fair and Open Procurement

The Group's procurement procedures strictly abide by the established principles of fairness, transparency and value-for-money ("VFM") and related regulations, making procurement on an open, fair and impartial basis without any discrimination against any particular supplier. Employees and other individuals who share common interest with the relevant supplier will not be allowed to participate in the relevant procurement activities.



Business Ethics

The Group also concerns about the integrity of suppliers, and will only select suppliers who have a good track record in the past and do not have any serious violations or ethical violations. We have zero tolerance for bribery and corruption, and it is strictly forbidden for suppliers and partners to obtain procurement contracts or partnerships through any form of transfer of benefits.

B6. Product Responsibility

General Disclosure

The Group attaches great importance to product quality and corporate reputation, and actively monitors the quality of products and services through internal controls and strictly monitors the compliance of products sold. We also maintain communication with our customers and provide after-sales service to ensure understanding and meeting customer needs and expectations, and continuously improve our products and services by understanding customer satisfaction level.

The Group actively complied with the laws and regulations of the “Sale of Goods Act”, “Supply of Goods and Consumer Protection (Fair Trading) Act” (“CPFTA”) and “Personal Data Protection Act”. During the Reporting Period, the Group did not identify any material issues that violated the laws and regulations related to the quality of products and services.

Quality Control

The Group implements strict quality control, its quality standards are formulated with reference to applicable Singapore standards establishing a comprehensive quality control system, and obtaining the Certificate of Conformity (“COC”) for the exported motor vehicles or Completion Inspection Certificate (“CIC”) for the new motor vehicles. The Group has to also undergo an emission and fuel economy test at the Vicom Emissions Test Laboratory (“VETL”) to ascertain their fuel economy and carbon dioxide figures at the point of importation.

The registration process of imported motor vehicles into Singapore is rigorous, and they must pass the registration and technical requirements of the Land Transport Authority. After the registration is completed, the quality manager of the Group reviews the registration document. Only products registered with requirement can be sold, and motor vehicles that fail to register will be prohibited importing into Singapore according to the relevant procedures.



Customer Services and Complaints Handling

The Group provides qualities service experience to consumers through standardized service quality, humanized service process and standardized service management.

Prior to the delivery of motor vehicles to our customers, our staff will generally carry out a pre-delivery inspection exercise by conducting a thorough check on each motor vehicle. After determining that the condition of the motor vehicle is satisfactory, we will then deliver the motor vehicles to our customers. Pursuant to the terms of our sales agreement for new parallel-import motor vehicles, we provide our customers with warranties which are set out in a service booklet provided to them. After-sales services will be provided to customers to address their enquiries. If there is a problem with the product, the Group will actively approach the customer for possible product recycling.

Any customer complaints will first be handled by our trained sales staff. If the complaint cannot be resolved at the first instance, the matter will be escalated to our senior management. The Sales Department continuously tracks the feedback from customers in order to increase customer satisfaction.

To implement excellent customer service, the Group has set up a telephone complaint handling mechanism, and all issues are followed-up and dealt with by the sales team, so that customers have channels to submit complaints and smooth resolutions to any issues. The Group also conducts customer satisfaction surveys to allow us to analyse the level of customer satisfaction and make improvements.

Privacy Protection

The Group cautiously manages customer files to avoid leakage of customer privacy, and requires relevant business personnel to sign the “Confidentiality Agreement” when they join the Group to strengthen the protection of the Group’s business secrets.

Protection of Intellectual Property Rights

The Group is committed to maintaining and safeguarding intellectual property rights, and has different practices to ensure that intellectual property rights are respected. Conventions include not buying pirated products, conducting monthly internal audits, checking whether employees have downloaded pirated software privately, not using photos that are not authorized by the third-party manufacturer, and verifying whether the photos used by the Group is copyrighted once a month. In addition, the Group will not adopt designs that are not authorized by the third-party manufacturers, and will check whether the designs belong to the Group every six months. The Group promises that all propaganda or product design of the Group does not involve plagiarism, and requires all employees to have a sense of intellectual property rights and keep their designs confidential.



Service Quality

The Group has established relevant procedures to ensure that the products and services the Group provides comply with relevant regulations and laws. The Group is committed to provide clear and balanced information to its clients. Product features, use terms and conditions, and any associated risks are clearly communicated by the Group's licensed employees through emails and telephones (with recording function) to its clients, so they can make an informed decision. Clients that are interested in the Group's services are required to sign the client agreement, acknowledging the related terms and conditions along with the associated risks.

Advertising and Labelling

Based on the business nature of the Group, the Group only conducts limited publicity activities. Therefore, the business operations of the Group do not involve material advertising and labelling related risks.

B7. Anti-corruption

General Disclosure

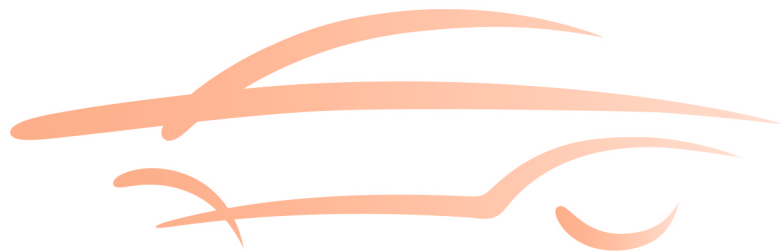
Anti-corruption Policies and Systems

The Group believes that a corporate culture with integrity is the key to the Group's continued success. We have zero tolerance against any form of bribery, extortion, fraud or money laundering. In all circumstances, the Group requires employees to adhere to the highest level of business ethics and professional conduct while carrying out business. This drives us to build a prudent and transparent business hand in hand. Internally, our staff are required to comply with the "Code of Conduct and Ethical Guidelines", relevant policies of conflict of interests, anti-competition and anti-corruption.

The Group strictly abides by the "Prevention of Corruption Act", the "Penal Code" and the "Official Secrets Act". During the Reporting Period, the Group did not find any material violations of laws and regulations regarding the prevention of bribery, extortion, fraud and money laundering.

Conflict of Interest

As part of the Group, employee have the responsibility to protect the Group's interest and avoid situations that may present a potential or actual conflict between their own interests and the Group's interests. They should not take any advantage of their position in gaining personal benefits. We encourage our employees to raise complaints about misconduct and malpractice directly to the directors of the Group.



B8. Community Investment

General Disclosure

Corporate Social Responsibility

The Group believes in shouldering the responsibility of contributing society while having economic development. As a responsible corporate, we have fulfilled our social responsibilities, actively cooperating with charitable organizations, organizing social activities for the purpose of public welfare and charity, and establishing a good public image.

Community Participation

The Group is committed to serving the community through community contributions and communication affairs. The Group incorporates environmental, labour needs, education and culture into community discussions to support relevant activities.

Corporate Social Responsibility Education

The Group hopes to foster employees' sense of social responsibility, encouraging employees to participate in social welfare activities during their work and leisure time to make greater contributions to the community. We also arrange activities like environmental protection, donation and social services for employees. We believe that by participating in the community activities, the civic awareness of our employees can be enhanced, and positive values can be established.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
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 Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions — Exhaust Gas Emissions, GHG Emissions, Waste Management
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emission — Hazardous Waste (Not applicable — explained)
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emission — Non-hazardous Waste
KPI A1.5 ("comply or explain")	Description of measures to mitigate emissions and results achieved.	Emissions — Exhaust Gas Emission, GHG Emissions, Waste Management
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Consumption
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Consumption
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Material (Not applicable — explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Promotion and Education Activity, Indoor Air Quality Management

**Subject Areas, Aspects,
General Disclosures and
KPIs**

Description

Section/Declaration

Aspect B1: Employment

General Disclosure

Information on:

Employment

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.

Aspect B2: Health and Safety

General Disclosure

Information on:

Health and Safety

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.

Aspect B3: Development and Training

General Disclosure

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.

Development and Training



**Subject Areas, Aspects,
General Disclosures and
KPIs**

Description

Section/Declaration

Aspect B4: Labour Standards

General Disclosure

Information on:

Labour Standards

- (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.

Aspect B5: Supply Chain Management

General Disclosure

Policies on managing environmental and social risks of the supply chain.

Supply Chain Management

Aspect B6: Product Responsibility

General Disclosure

Information on:

Product Responsibility

- (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 of redress.

Aspect B7: Anti-corruption

General Disclosure

Information on:

Anti-corruption

- (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.

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.

Community Investment