



GRAND BAOXIN AUTO GROUP LIMITED
廣匯寶信汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1293

2022
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

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ABOUT THIS REPORT

Overview

This report is the seventh Environmental, Social and Governance (“ESG”) Report released by Grand Baoxin Auto Group Limited (“Grand Baoxin” or the “Company”). It focuses on the disclosure of relevant information on the environmental, social and governance aspects of the Company and its subsidiaries (the “Group” or “We”, “Us”). Some of the content relates to China Grand Automotive Services Group Co., Ltd. (“China Grand Automotive”, “CGA”), the controlling shareholder of the Group. This report is issued on an annual basis, covering the period from 1 January 2022 to 31 December 2022 (the “Reporting Period”).

Basis of Preparation

This report was prepared primarily based on the *Environmental, Social and Governance Reporting Guide* in Appendix 27 to the Listing Rules of the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”). The contents of this report were prepared based on a set of systematic procedures which includes identifying and prioritizing important stakeholders, identifying and prioritizing material ESG issues, determining the scope of the ESG report, collecting the relevant materials and information, compiling the report according to information and reviewing the information contained in the report.

Scope and Boundary of the Report

The policy documents, statements, and information contained in this report basically cover the Company’s headquarter, the subsidiaries under its effective control and holding company, unless otherwise specified. The information from previous years quoted in this report are final statistics for the year. The financial information in this report are denominated in RMB.

Reliability Assurance

As confirmed by the management, this report was approved by the Board of Directors on 26 April 2023. The Group guarantees that the contents of this report do not contain any false statements, misleading representations or material omissions. We undertake to accept responsibility for the contents of this report as to its authenticity, accuracy and completeness.

Access and Response to the Report

This report is issued in traditional Chinese and English. The electronic versions of this report can be accessed at the website of the Hong Kong Stock Exchange in the headline category “Financial Statements/ESG Information” on the page of Grand Baoxin and at the official website of the Company in the column “Investor Relations”. If you have any queries or suggestions regarding the contents of this report, you are always welcome to share your views through the following channels:

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CHAIRMAN'S STATEMENT

Looking back at 2022, the extremely severe and complex macro situation at home and abroad, coupled with the twists and turns of the COVID-19 pandemic, have had a profound impact on the demand of the domestic automobile market and the industrial supply chain. In the face of difficult situations, the Group adheres to the coordinates of "earnestness, diligence, passion, belief and determination", relies on the business philosophy of keeping pace with the times and the comprehensive reform of daring to be the first, and relies on the efforts of all employees, so as to ensure the smooth operation of the Company and consolidate its development foundation.

In 2022, Grand Baoxin has deepened its strategic business layout, strengthened its strategic investment, adhered to the corporate mission of "customer-oriented, excellence management, quality services". While ensuring the Group's principal business to be developed in a healthy and orderly manner, it has comprehensively improved the return on assets of the Company, and strengthened the development of "new energy" on the business side, so as to continuously provide customers with stable and high-quality products and services, thereby improving customer satisfaction. At the same time, we have reshaped a complete, scientific, and efficient business management system, taken "fineness, meticulousness and precision" as the work requirement, and continuously explored new ideas for strategic optimization.

Grand Baoxin is well aware of the importance of social responsibility to the sustainable development of enterprises. In 2022, we continued to deepen internal governance, party building, and government responsibilities around the level of governance, fully combined with our own business features and integrated the concept of sustainable development into all aspects of corporate operation and governance. At the environmental level, we have actively responded to the national goals of "emissions peak and carbon neutrality", taken the concept of sustainable development as the guiding principle, adhered to the green development path of "clean, productive and emission reduction", and jointly realised the harmonious coexistence of the Company and the environment. At the social level, we have further promoted the digital transformation and continuously improved service quality through the full-cycle customer service process. At the same time, we attached great importance to the legitimate rights and interests of each employee, paid attention to the physical and mental health of employees, provided employees with channels for continuous learning and growth, actively participated in community public welfare activities with employees, shared the development achievements with the community, created positive value for social progress, and devoted the kindness and cohesion of Grand Baoxin to all aspects of social development.

Looking forward to 2023, Grand Baoxin will adapt to the changes of the times, stimulate new vitality through new directions, enhance long-term competitiveness and brand building, and empower the transformation and development of the industry. At the same time, we will focus on internal development, prioritise stability while pursuing progress, integrate the concept of sustainable development based on refined operation, enhance the development resilience and long-term competitiveness of the Company, and create greater value for all stakeholders.

1. POSITIVE-ORIENTED AND CONSOLIDATE THE GOVERNANCE LEVEL

Grand Baoxin adheres to the principle of integrity and is committed to consolidating the standard of governance as well as maintaining an honest and clean enterprise atmosphere. On the basis of operation compliance, the Group has strengthened its ESG governance efforts by enhancing its corporate ESG performance in three dimensions in terms of environmental, social and governance, optimising its ESG management system and implementing various ESG initiatives to support corporate sustainable development.

1.1 Overview of Grand Baoxin

Grand Baoxin Auto Group Limited (HK.01293) was listed on the Main Board of the Hong Kong Stock Exchange on 14 December 2011. As an auto sales service group specializing in the sales of luxury, and ultra-luxury brands, we have always adhered to principles of “being excellent, unique and professional”, providing a series of services for our customers, including pre-sales service, sales of new automobiles, after-sales service, automobile financial products, sales of used automobiles, automobile insurance, and sales of auto parts and sales of other automobile-related products.

Corporate Culture

The Group has always adhered to the corporate mission of “customer-oriented, excellence management, quality service” and the corporate philosophy of “trustworthy, prudent, excellence”, striving to achieve the highest customer satisfaction and maximise the improvement of overall comprehensive competitiveness. In addition, we are committed to becoming a warm enterprise with a great love for public welfare and a sense of social responsibility. In recent years, we have actively carried out and participated in public welfare activities, contributed to the Group’s efforts in improving social well-being, and given back to the society with love.

Surviving Principles

Offering services others do not provide, offering better services than those others provide, and offering more efficient services than those good ones others provide

Service Guidelines

Focus on meeting all-round needs of customers



Corporate Culture

Efficient, Persistent
Loyal, Co-operate

Corporate Philosophy

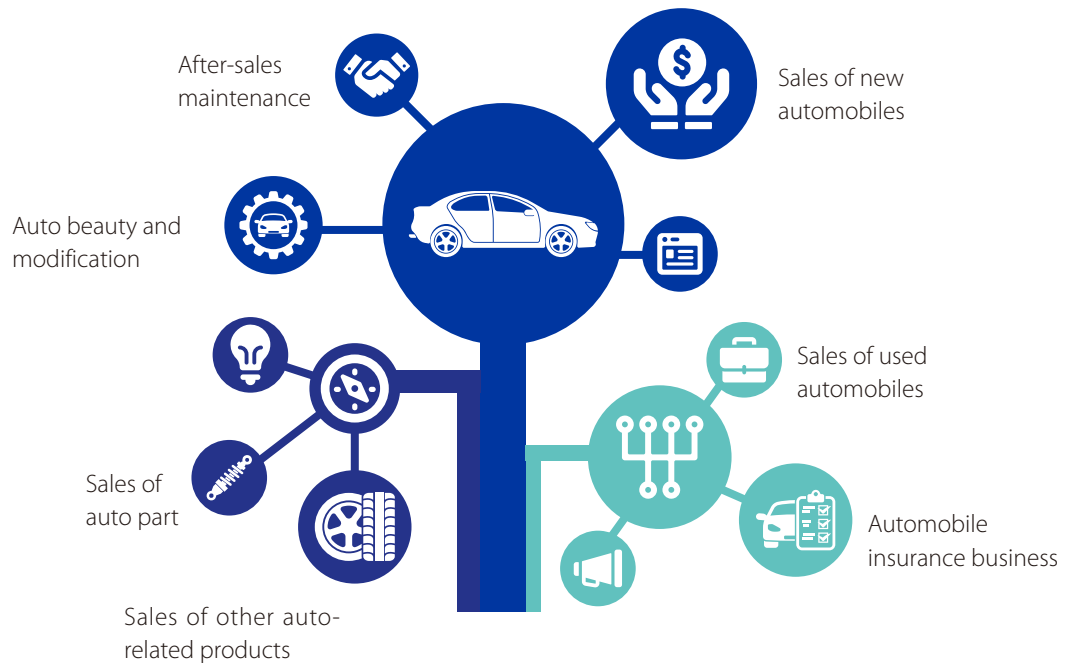
Trustworthy, Prudent, Excellence

Corporate Mission

Customer-oriented,
Excellence Management, Quality Service

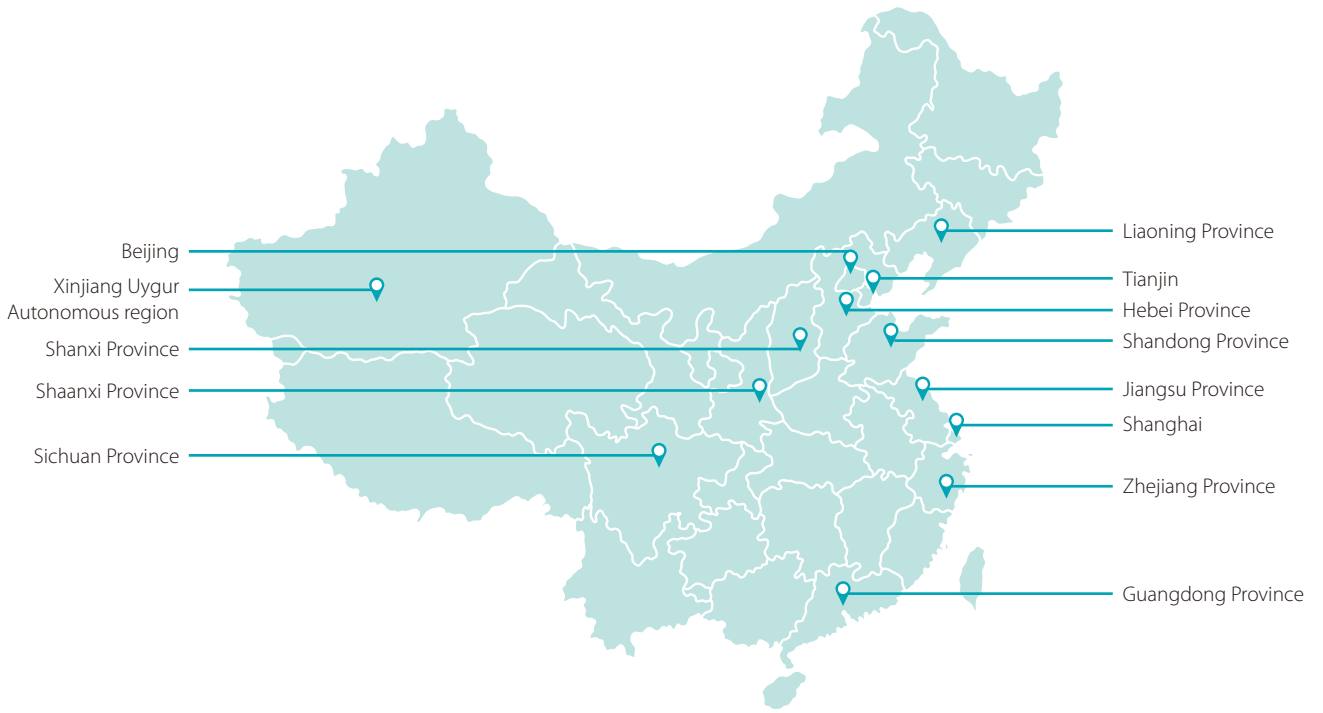
Commercial Layout

As an authorised car dealer, Grand Baoxin gives full play to its advantages of comprehensive range of integrated services and provides customers with global unified standards services for various brands of automobiles, including sales of new automobiles, after-sales maintenance, auto beauty and modification services, sales of used automobiles, automobile insurance business, sales of auto parts and other auto-related products.



Main Businesses of Grand Baoxin

We are committed to leading the establishment of a multi-brand network covering the whole country with luxury car brands. Up to now, the Group has 107 various distribution networks in total with 10 luxury and ultra-luxury automobile brands (BMW (MINI included), Audi, Jaguar Land Rover, Volvo, Cadillac, Infiniti, Alfa Romeo, Porsche, Rolls-Royce and Maserati), as well as mid-to-high-end independent brands such as GAC Toyota, GAC Honda and FAW Toyota, covering most of the mainstream luxury and ultra-luxury automobile markets in China. Our business is mainly located in East China, while expanding to economically developed, densely populated regions with strong market potential such as North China, Central China, South China, Northeast China, and Northwest China.



Distribution Network of Grand Baoxin



Ultra-luxury automobile brands



Luxury and mid-to-high-end automobile brands



Ultra-luxury and Luxury Automobile Brands of Grand Baoxin

Business Performance

In 2022, under the impact of external adverse factors where most stores are affected by varying degrees, the Group emphasized automobile sales just as much as service quality in its policy concern. While focusing on the new automobile sales, the Group also strengthened the service quality of after-sales business with the ultimate goal to deliver the best services most agreeable to the needs of the customers, so as to safeguard the healthy, steady and sustainable growth of the Group in the long run.

During the Reporting Period, due to the multiple external environmental impact in various regions, the Group's annual sales revenue of new automobiles in 2022 decreased significantly compared to that in 2021, in particular, the Group's sales network in northwestern, northern, southwestern and northeastern regions in China were affected by the recurring impact of sporadic pandemic as well as a long period of lockdown and control in the second half of the year, resulting in an extended period of receiving vehicles after customers' payment and delivering new vehicles to the stores, which had a significant impact on the normal operation of the Group's 45 stores in phases.

For the year ended 31 December 2022, our revenue amounted to approximately RMB31,698.7 million, representing a year-on-year decrease of 15.7%; gross profit amounted to RMB463.4 million, representing a decrease of 79.7%; loss attributable to equity holders amounted to RMB698.0 million, as compared to profit attributable to equity holders of RMB552.0 million for the year ended 31 December 2021, and loss per share recorded RMB0.25.

Revenue

The following table sets forth a breakdown of our revenue for the period indicated:

Revenue source	Year ended 31 December		2021	
	2022 Revenue (RMB'000)	Contribution to total revenue (%)	Revenue (RMB'000)	Contribution to total revenue (%)
Automobile sales	27,948,010	88.2	33,024,027	87.9
Luxury and ultra-luxury brands	25,955,432	81.9	30,621,878	81.5
Mid-to-upper market brands	1,992,578	6.3	2,402,149	6.4
After-sales business	3,713,369	11.7	4,523,362	12.0
Luxury and ultra-luxury brands	3,508,409	11.1	4,233,949	11.2
Mid-to-upper market brands	204,960	0.6	289,413	0.8
Finance leasing services	37,308	0.1	35,255	0.1
Total revenue	31,698,687	100	37,582,644	100

(For more information disclosure on operating performance, please refer to the 2022 Annual Report of Grand Baoxin)

Enterprise Honour

- CGA, the controlling parent company of Grand Baoxin, was ranked 89th on the 2022 Fortune China 500;
- Various stores of Grand Baoxin Auto have won various awards in the National Sales Competition of BMW Electric Cars;
- Grand Baoxin Auto's MINI stores have won a number of awards granted by the 2022 MINI OSCARS;

1.2 Corporate Governance

The Group is in strict compliance with the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China* and the requirements under laws and regulations and regulatory documents for corporate governance of listed companies. The Group consolidates the foundation of internal control management and creates sustainable economic benefits by building a standardised corporate governance system.

Governance Structure

A scientific and standardised governance system with effective balances and productive operation is the key to the long-term, stable, and sustainable development of the Company. The Board of Directors consists of four executive directors and three independent non-executive directors, of which about 43% are female directors. Each member has different professional backgrounds and rich experience, helping the Group to develop in a balanced manner in all aspects.

An Audit Committee, a Nomination Committee, and a Remuneration Committee have been established under the Group's Board of Directors to improve the operational efficiency of the Board of Directors. The Audit Committee is mainly responsible for ensuring the effective implementation of the internal control of the enterprise, formulating the control and risk management system and audit plans, and checking the financial reporting and audit reporting, etc.; the responsibilities of the Nomination Committee include assisting the Board in developing and managing a fair and transparent process to develop the Company's human resources strategy for directors and senior management, while assessing the independence of independent non-executive directors; the Remuneration Committee is mainly responsible for ensuring the remuneration conforms to the strategic objectives of the enterprise, and provides remuneration plans that can attract, motivate and retain the senior management personnel of the Company on the premise of compliance and legality.

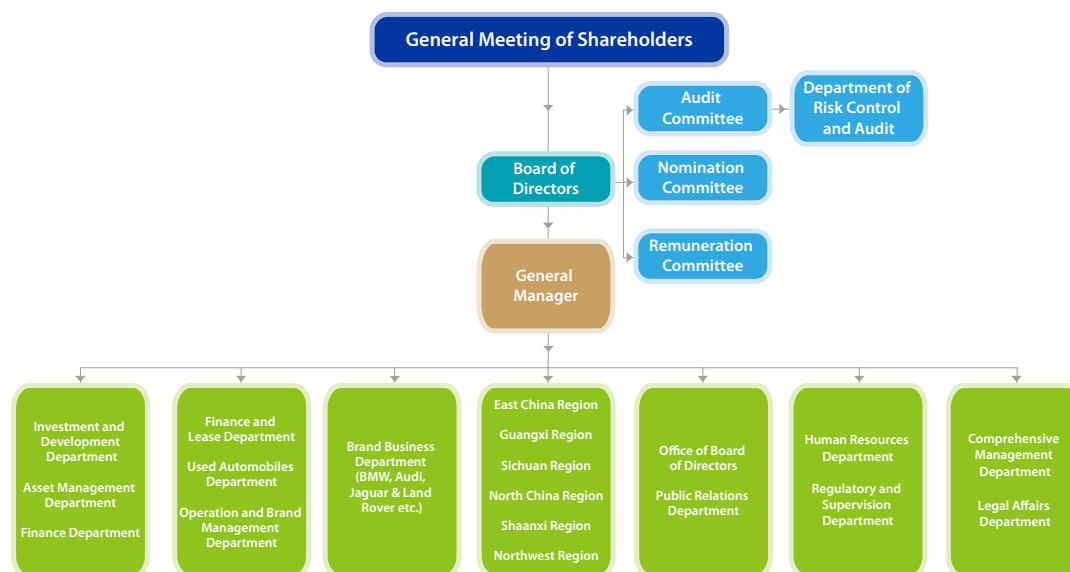


Figure: Governance Structure of Grand Baoxin

(For more information, please refer to the section "Corporate Governance Report" in the Group's 2022 Annual Report)

Internal Control and Risk Management

We strictly abide by the *Audit Law of the People's Republic of China* and other laws and regulations, and have developed an internal risk management code and risk control system according to the *Basic Rules of Corporate Internal Control* and the *Guidelines for Evaluation of Corporate Internal Control* as well as our own conditions. We are committed to building an all-round internal control system throughout all departments and stages. We have established a three-tier risk management mechanism covering pre-event, in-process and post-event to achieve full-cycle risk control. We fully integrate the awareness of risk management into daily operation and management, and conduct risk identification, assessment, and response in each process of the operation, so as to minimise the huge economic losses caused by risk time. On behalf of the Board of Directors, the Audit Committee of the Group inspects the construction, implementation and supervision of management's risk management and internal control, and checks its effectiveness annually.

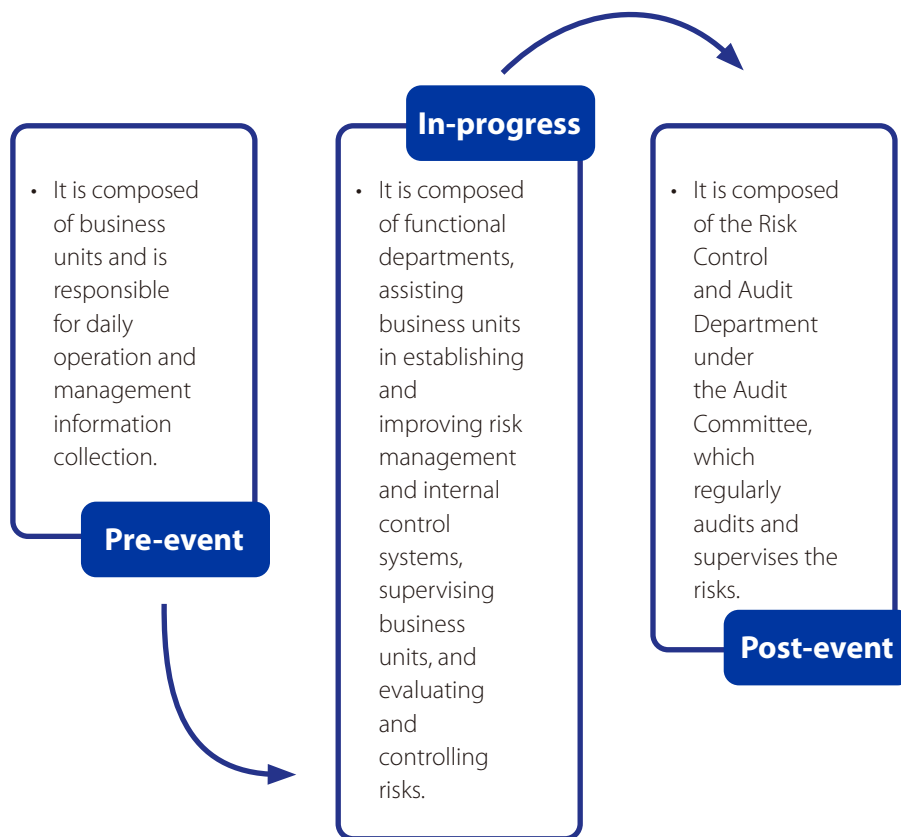


Figure: Three-tier Risk Management Mechanism

By implementating unit responsibilities, strengthening of internal audit, establishing information communication mechanism and constructing of talent team, and comprehensively improving the risk management level, the Group continuously optimises the operation efficiency of the risk management system from these four aspects. As for internal control, we adopt internal control and self-evaluation as the main management approach, and the evaluation scope covers many aspects such as strategy, finance, technology, human resources and public relations. During the self-evaluation process, we continuously identify the pain points of internal control and carry out targeted rectification. During the Reporting Period, the Group took proactive measures to identify, assess and manage significant risks (including ESG risks) arising in the business and in the changing business environment at different levels. The Group's risk management has integrated strategic reviews before, during and after the incident with a bottom-up risk assessment process to identify, assess and manage significant risks. Our risk management covers all functions and distribution networks of the Group.

ASSIGNING RESPONSIBILITIES TO DEPARTMENTS

01

Regulating the corporate structure, clarifying responsibilities of each department, and defining duties and powers of posts regarding areas such as decision-making, execution and supervision

FORMING A COMPETITIVE TEAM OF TALENTS

03

Organizing training regularly and establishing competition in line with its own situation mechanism to tap more internal talent



02

STRENGTHENING INTERNAL AUDIT

Strengthening internal audit functions, ensuring the independence of internal auditors and the objectivity of audit work

04

ESTABLISHING COMMUNICATION MECHANISMS

Improving communication mechanisms and internally establishing clear reporting lines to ensure external interest-related smooth communication between relevant parties

Figure: Improved Risk Management System

Integrity and Probity

Adhering to the corporate philosophy of “trustworthy, prudent, excellence”, the Group strictly abides by relevant laws and regulations which include the *Civil Code of the People’s Republic of China*, the *Company Law of the People’s Republic of China*, the *Anti-unfair Competition Law of the People’s Republic of China*, the *Anti-monopoly Law of the People’s Republic of China* and the *Interim Provisions on Banning Commercial Bribery*, and adheres to the business values of integrity and fairness and a sense of social responsibility in the interaction with partners.

The Group has established and continuously improves its internal anti-corruption and probity system. Through daily training and publicity, employees can fully understand relevant laws and regulations and the Group’s internal rules and regulations. The Group guides employees to be honest and trustworthy, and creates, and strives maintain a corporate culture of integrity. Through a disciplinary mechanism, a prevention mechanism and a security mechanism, the clean corporate atmosphere that one wouldn’t, couldn’t and can’t easily commit corruption across the Group is formed to ensure the sustainable development of the Group.

For complaints and reports, we have established a sound reporting management system, so that employees can report violations to the Group’s discipline inspection staff through various reporting channels such as mails, hotlines and emails, and form a complete closed loop for each reported incident by strictly implementing the accountability mechanism.

In addition, the Group has also clarified the confidentiality measures for the whistleblower’s information. We protect the personal information and reporting materials of whistleblower. At the same time, the whistleblower shall be responsible for his/her reporting behaviour and the clues provided and shall be true and reliable. He/she shall not spawn rumors and frame others by taking advantage of reporting and complaining. Relevant accountability and handling mechanisms are also added for whistleblowers who distort facts and take the opportunity to retaliate against others.



Figure: Reporting Channels of Grand Baoxin



Figure: Reporting Process of Grand Baoxin

In order to create a clean and self-disciplined corporate culture, we continue to carry out integrity publicity and implementation, and continuously strengthen employees' awareness and understanding of integrity and clean through business ethics training, regular meetings, annual integrity training and other methods for new employees, and implement the concept of probity and integrity. In addition, we will strengthen the anti-corruption awareness at the board level through board meetings and other forms, and cultivate a top-down anti-corruption corporate culture. During the Reporting Period, the Group was not involved in any litigation of corruption.

1.3 ESG Governance

Grand Baoxin actively practices the concept of sustainable development, continuously optimises the construction of the management system, and attaches attention to the impact of its business on the environment, society, and other stakeholders. We have established a three-level ESG governance structure consisting of the Board of Directors, the ESG Task Force, and the ESG Executive Team, defined the work responsibilities at all levels, formed a collaborative management mechanism led by the Board of Directors and participated by multiple departments and investment enterprises, and cooperated with all stakeholders to create value on the road of sustainable development and green operation.

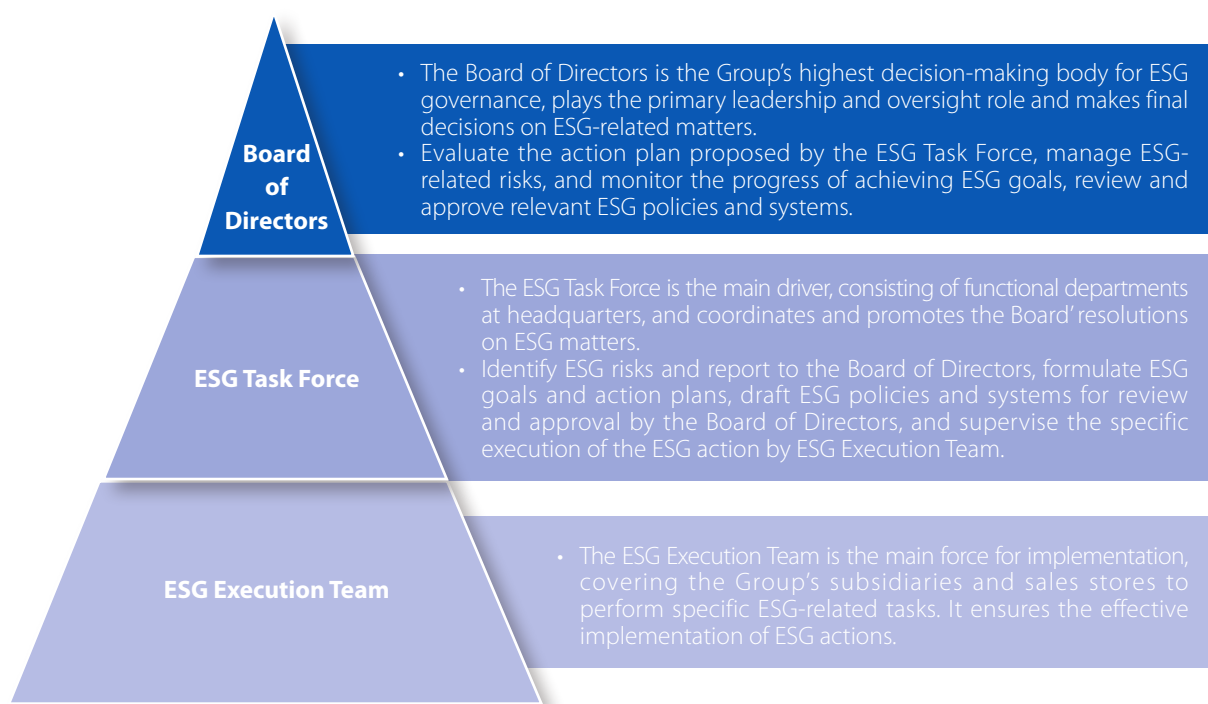


Figure: ESG Governance Structure of Grand Baoxin

Statement of the Board

Board Responsibilities

- The Board of Directors is the highest leadership and decision-making body of the Group's ESG management and assumes full responsibility for ESG effort. During the operation of the Company, the Board of Directors is responsible for reviewing ESG-related matters of the Group and formulating the Company's ESG vision, goals, strategies and structure, evaluating the action proposals and plans proposed by the ESG working group, controlling ESG-related risks, supervising the completion of ESG goals, reviewing and approving relevant ESG policies and systems, and ensuring that ESG management is always in line with the future development of the Company.

Implementation of ESG Task

- In terms of business operation, the Board of Directors of the Company has set up the ESG Task Force and the ESG Executive Team to lay a solid foundation for the effective publicity and implementation of ESG management. The ESG Task Force is composed of functional departments of the headquarters, which is responsible for formulating ESG-related goals, specific policy measures, performance indicators and effect evaluation plans, reporting regularly to the ESG Committee and the Board of Directors, and coordinating and promoting the relevant resolutions of the Board of Directors on ESG matters. As the main force in the implementation of ESG management, the ESG Executive Team covers the subsidiaries and sales stores of the Group, implements the ESG task plan, and implements the ESG management concept in all aspects of daily operations.

Important ESG Issues

- Grand Baoxin has always focused on the relevant needs of various stakeholders, attached importance to the significant impact that ESG risks and opportunities may have on the Group, and identified and evaluated important ESG issues through active communication. Based on an independent third-party materiality assessment, the Board of Directors of the Company approves and prioritizes the final important ESG issues, and regularly evaluates the previous ESG performance.

ESG Risk Governance

- In order to effectively prevent and control various internal and external risks, the ESG Task Force identifies ESG risks by assessing environmental and social related risks and makes a preliminary analysis and assessment report to the Board of Directors, which reviews and approves the risks to be disclosed, and formulates corresponding countermeasures in advance to mitigate their negative impacts on the Company's operation. During the Reporting Period, we conducted risk identification, assessment and response, including climate change risks.

Stakeholder Communication

Grand Baoxin has always focused on the communication with stakeholders. We deeply understand that the sustainable development of the enterprise cannot be achieved without the strong support of all stakeholders and hope to ensure that all stakeholders can effectively supervise and participate in the major decision-making of the enterprise by establishing a diversified and transparent communication mechanism. Key stakeholders of Grand Baoxin include investors, government departments, customers, employees, local communities, media, and partners. During the Reporting Period, we have completed various activities on investor relations, communicated with more than 1,000 investors.

Stakeholder Groups	Issues of Concerns for Stakeholders	Main Communication Channels
Investors/Shareholders	<ul style="list-style-type: none"> • Business performance • Risk management • Probity and integrity 	<ul style="list-style-type: none"> • Annual reports and announcements • Thematic reports • Regular disclosure
Government Departments	<ul style="list-style-type: none"> • Legal compliance • Management of “three kinds of waste” • Energy Management • Resource Management • Response to Climate Change 	<ul style="list-style-type: none"> • Regular reports/interim announcements • Correspondences • On-site investigation
Customers	<ul style="list-style-type: none"> • Customer service • Customers’ rights and interests • Customer communication 	<ul style="list-style-type: none"> • Business communication • Feedback from customers • Exchange and discussion
Employees	<ul style="list-style-type: none"> • Staff remuneration and benefits • Occupational safety and health of employees • Career development and training of employees 	<ul style="list-style-type: none"> • General meetings of employees • Collective bargaining • Communication platforms for employees
Local Communities	<ul style="list-style-type: none"> • Community contribution • Impacts of daily operation on neighboring communities • Charity 	<ul style="list-style-type: none"> • Communal activities • Press releases • Announcements • Interviews and surveys
Media	<ul style="list-style-type: none"> • Information disclosure • Charity • Legal compliance • Response to Climate Change 	<ul style="list-style-type: none"> • Group website • Group announcements • Interviews and exchange
Partners	<ul style="list-style-type: none"> • Supplier management • Business development • Probity and integrity 	<ul style="list-style-type: none"> • Business communication • Supplier meetings and procurement announcements and notices

Analysis of Substantive Issues

Stakeholder feedback and suggestions on the issues of sustainable development have always been the focus of the Group’s attention. During the Reporting Period, we integrated stakeholders and their concerns into the operation and decision-making process by sorting out important ESG matters and the concerns of various stakeholders, and continuously improved the Company’s sustainable development management according to the identified important issues in combination with the ESG materiality issue matrix of the last year.



Figure: Substantive Matrix of Grand Baoxin

Materiality of issues	Issues
Issues of high materiality	Business Performance
	Legal compliance
	Customers' rights and interests
	Risk management
	Energy management
	Resource management
	Customer service
	Probity and integrity
	Supplier management
Issues of moderate materiality	Response to climate change
	Management of "three kinds of waste"
	Occupational health and safety of employees
	Career development and training of employees
	Staff remuneration and benefits
	Charity
Issues of low materiality	Community contribution

2. CUSTOMER-ORIENTED AND QUALITY SERVICE

Grand Baoxin adheres to the corporate mission of “customer-oriented, excellence management, quality service”, and provides full-cycle high-quality services from pre-sales to after-sales while respecting customer needs. The Group has developed automobile sales services for decades and is committed to providing all-round integrated services and a series of services for our customers, including sales of new automobiles, after-sales maintenance, auto beauty and modification services, sales of used automobiles, automobile insurance business, sales of auto parts and other auto-related products. We take the needs of customers as the starting point and principle for the service of each brand company, so as to achieve the highest customer satisfaction, implement the service policy with the core of meeting the all-round customer needs, give full play to the integrated services of the Group, and maximise the improvement of the overall comprehensive competitiveness.

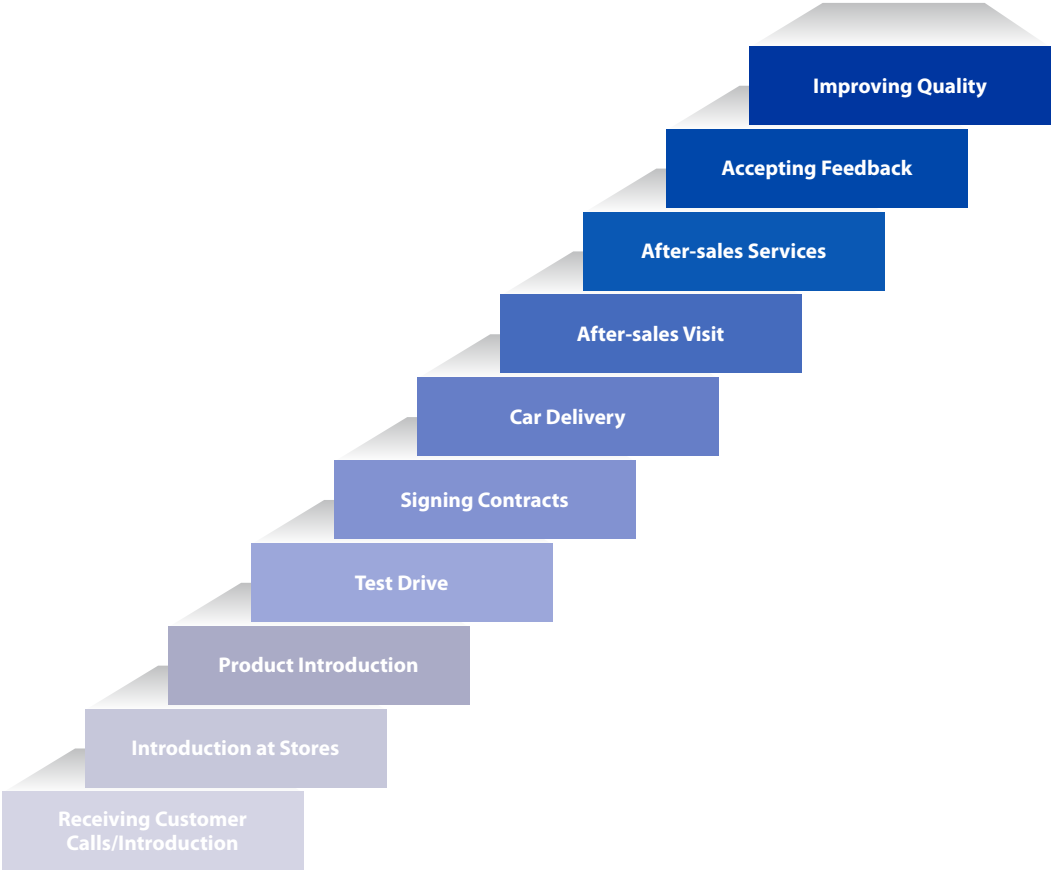


Figure: The Whole Cycle of Customer Service Process of Grand Baoxin

Digital Transformation

Grand Baoxin actively responds to the digital transformation strategy of the Group's controlling shareholder, China Grand Automotive, adheres to the core idea of "customer-oriented", and establishes the goal of promoting the construction of a digital information service platform with business support, business empowerment and customer operation as the core, gradually realizing internal efficiency improvement to assist in business management decisions, and building a digital customer service platform externally. Under the guidance of digital transformation, we have deeply explored our own advantages and made every effort to build three strategic directions of "customer pool, product pool and service pool", aiming to build an open and win-win industrial alliance and improve the Company's operation and management efficiency comprehensively.

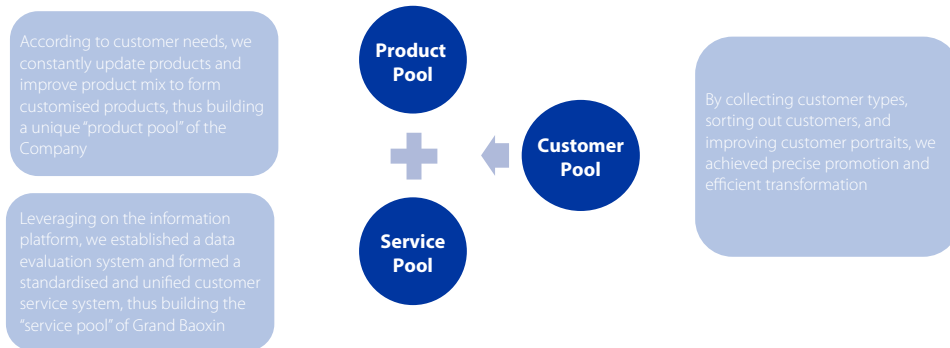


Figure: Digital Transformation Direction of Grand Baoxin

In addition, we utilise data system groups such as Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) to build a customer pool with rich attributes, stratified groups, clear profiles, and effective reach, accurately match customer groups and position customer needs, and carry out accurate marketing through digital marketing platforms. At the same time, we have built a membership system to enrich online services from multiple channels and protect the high-quality member benefits to provide better and considerate services.

Offline Customer flow management and online service

Each store of Grand Baoxin will record the customer flow through the WeCom platform and conduct data analysis through the platform's customer flow interface and details of customer flow.



We use WeCom, public accounts and mini programs to carry out online services for customers, covering customer consultation, opinion feedback, customer care, and interaction during customers' consumption process, which not only realizes the timely and two-way circulation between enterprises and customers, but also improves customer satisfaction.



Digital marketing platform

We take WeCom as the channel carrier and ERP system as the core to create customer digital management files, establish digital shops and empower stores to improve service capabilities.

We use the tag system to stratify customer groups to lay a solid foundation for refined marketing. Based on customer profiles and stratification, we formulate corresponding marketing strategies to carry out automatic and precision marketing through mini programs, WeCom and other channels.



Membership system and benefits services

We have built and continuously improved the membership system, coupling with high-frequency life benefits (such as Internet, food, clothing, housing and transportation, fuel up and other high-frequency consumption benefits), low-frequency maintenance benefits and store exclusive benefits (road rescue, tire service, paint service, loaner car service, etc.) to launch the digital benefits business, aiming to help stores promote high-frequency benefits, extend the value chain of the automotive industry, and upgrade operational activities.



2.1 Heart-warming Pre-sales

Extraordinary pre-sales service is the competitive advantage of the enterprise, and it is an important window for us to communicate with customers, interact with customers, and establish trust relationship. We strictly comply with the *Advertising Law of the People's Republic of China* to ensure that all promotional content and forms carried out by our sales personnel are compliant and appropriate, exaggerated and false promotion are prohibited, and resolutely maintain a fair and transparent environment for sales promotions.

To this end, the Group has formulated and implemented the Sales Operation Manual to further normalise and standardise pre-sales services, specifying in detail the processes such as answering customer calls, product introduction, test drive, signing contracts and car delivery, and clearly stipulating the professional service process for sales personnel to carry out various pre-sales services.

Introduction at Stores — receptionist

- Relevant service personnel have received employee training in workflow and reception desk etiquette
- Provide standard and high-quality reception services to make a great first impression on customers

Product Introduction — Professionals

- Receptionists have rich industry background and professional product introduction ability
- The receptionist can accurately insight into customer needs and provide exclusive purchase solutions for customers with customer history information

Test Drive — Test-drive Commissioner

- *Registration Form for Test-drive*: manage the use of test-drive cars
- *Test Drive Agreement*: sign with the customer, which is conducive to the customer's clear understanding of the service content
- *Test Drive Feedback Form*: improve the service quality through feedback

Signing Contracts — Sales Management & Financial Personnel

- Contracts need to be approved level-by-level, and can only come into effect after being approved by the sales management
- After the financial personnel review the contract price and confirm it is correct, they shall issue a receipt and hand it over to the customer in person
- Any involvement of the sales consultants during the process of approval and review is prohibited

Car Delivery — Sales Consultant

- Confirm the information of the delivered car with the customer
- Introduce the main functions and operation instructions of the car and deliver the accompanying data
- Introduce after-sales services such as insurance services
- Innovative delivery services: well-wishing and giving souvenirs as well as photo-taking for the purpose of continuous upgrade of customer experiences

Figure: Whole Process of Pre-sales Services of Grand Baoxin

In order to improve the quality of pre-sales service management, the stores will regularly adopt on-site drills, irregularly arrange mysterious visitors to the sales site for spot checks or unannounced visits to summarise the problems existing in the service process and make corrections. Some stores will also hold business etiquette competitions to improve the professional level of staff services and enhance the quality of pre-sales service.

Conduct on-site drills to find out the pain points in the pre-sales service process

In order to find out the problems in the pre-sales service process in time, many Volvo stores carry out on-site drills every week, score the on-site sales consultants, hold a review and summary meeting after the drills, cross-comment on the missing and weak items in the process, analyse and rectify the problems found in time, and make sufficient preparations for customers or close purchase in the store in the later period. At the same time, the Brand Division regularly invites excellent stores to share experience and high-quality process rehearsals and management tools to promote the common progress of Grand Baoxin Volvo brand.



Business etiquette competition

In order to improve the service skills and awareness of employees, a number of stores regularly carries out business etiquette competitions to instill the service concepts and standards of Grand Baoxin to employees, improve the quality of pre-sales service, customer satisfaction and reputation, and finally achieve the goal of promoting the economic benefits of the enterprise.



In order to improve the customer's experience in the purchase process, the store heartily prepares afternoon tea and other catering receptions and provides a personalised car delivery ceremony for customers in need, which is innovative while providing high-quality services for customers.

Premium Retail Experience

In order to improve the customer's purchase experience, many Audi stores will provide customers with catering services, and create more surprises for customers in combination with Audi's high-end brand image, so that customers can experience the noble service. In 2022, Anhui Aoxiang Customer Service Department participated in the Best Customer Experience Competition of FAW Audi and won the award of "Best Catering Outstanding Case".

Personalised car delivery service

Many of our Audi stores provide customers with personalised and customised car delivery services. For special holidays such as Valentine's Day and Network Valentine's Day(May 20th), we take the initiative to communicate with customers and make special customizations to create a warm and romantic delivery environment, leaving memorable highlights for our customers. Our Audi brand in various cities provides door-to-door car delivery service. The customer experience of door-to-door car delivery service made with "earnest" has been widely praised by customers.



In addition, in the face of customers' capital needs, we provide customers with professional, innovative, and differentiated auto financial products, solve the capital turnover difficulties that customers may face when purchasing a car, assist customers in pre-lending risk review, in-lending risk management and post-lending risk control, and achieve "hassle-free car purchase" with the help of our professional financial leasing institution. A trustworthy brand image of Grand Baoxin has been accumulated from every detail.

2.2 Responsible After-sales

We promise to provide customers with high-quality and professional after-sales service, continuously explore the extension of the value chain of the auto industry, broaden the service boundary, and help customers maximise their value. We improve the quality of after-sales service in terms of value-added services, customer complaint management, customer satisfaction survey and others to provide high-quality after-sales service for customers with due diligence.

Value-added Services

Our value-added services include car maintenance, car modification, and car insurance. The car maintenance service is the realization of the Group's extension and diversified commercial value of the auto industry chain. We strive to purchase quality auto parts, great maintenance equipment and tools so as to solve various auto faults for customers with quality and quantity guaranteed and in an efficient and timely manner equipped with our professional team of technicians. In terms of car modification, we provide personalised car modification solutions based on safety guarantee in combination with the needs of customers and a variety of auto peripheral products.

We actively communicate with customers, warmly send reminders of car loan repayment, insurance expiration, after-sales maintenance, etc., as well as free activities such as accident car repair and self-driving tour in stores under special circumstances through the WeCom group. In terms of car insurance, we have launched insurance products such as “Hassle-free Card Services” and “Hassle-free Double Services” in combination with different needs. In addition, in order to realise the digital empowerment of the industry, we use the “Insurance Cloud” of China Grand Automotive to realise the platform-based control of the entire interface of business operation, connect with major cooperative insurance companies through the cloud platform, achieve one-stop service of claim settlement and maintenance, conduct 360-degree statistical analysis of insurance policies and statement of account, and achieve closed-loop management of insurance business.

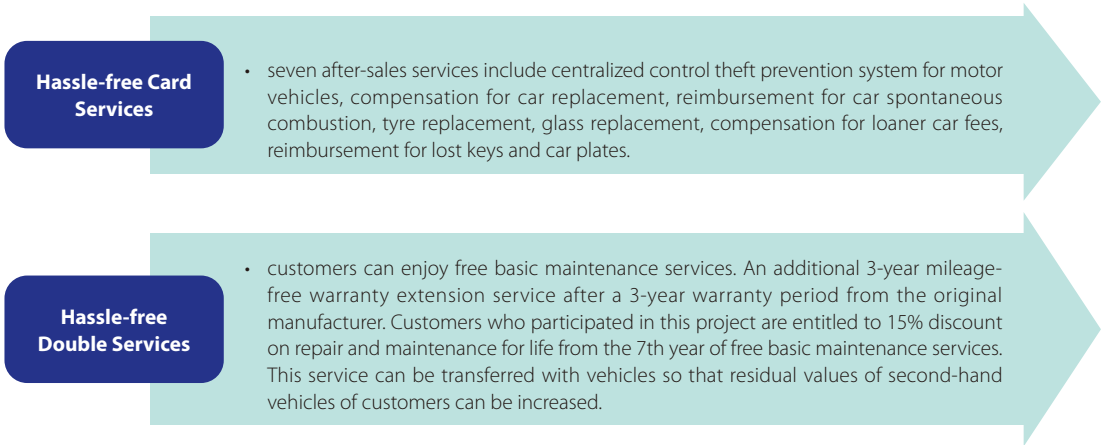


Figure: Insurance Service of Grand Baoxin

Customer Complaint Management

We attach great importance to customers' opinions on products and services and standardise the customer complaint handling process by formulating and implementing management systems such as Customer Complaint Management. We take "first-tier management and control, second-tier handling and processing" as the working principle of a customer management system and thus built a complaint handling management system with customer service departments of all operating companies as the hosts with complimentary support from other relevant functional departments, which can optimise the process and improve the quality of after-sales service.



Figure: Customer Complaint Management System of Grand Baoxin

On the basis of traditional customer complaint channels such as hotline, email, suggestion box, after-sales service interview and complaint at the spot, we have continuously expanded the communication and feedback channels with customers online, and opened online complaint channels such as the official website of the Group, Hui Yang Che APP, WeChat social media groups and all platforms related to automobile promotion and sales, which are more flexible and cover a wider range, helping us to solve problems for customers in a more efficient manner and establish a responsible corporate image.

Once the customers' questions and opinions are received, we will analyse the causes of the complaints after verification at the first time, make up for the management deficiencies, and regularly supplement the internal assessment to improve the timeliness and effectiveness of management and ensure the timeliness and effectiveness of customer complaint handling.

During the Reporting Period, Grand Baoxin received 2 complaints from customers in respect of products and services, all of which were duly resolved due to prompt follow-up actions and effective communication with satisfactory feedback from customers.

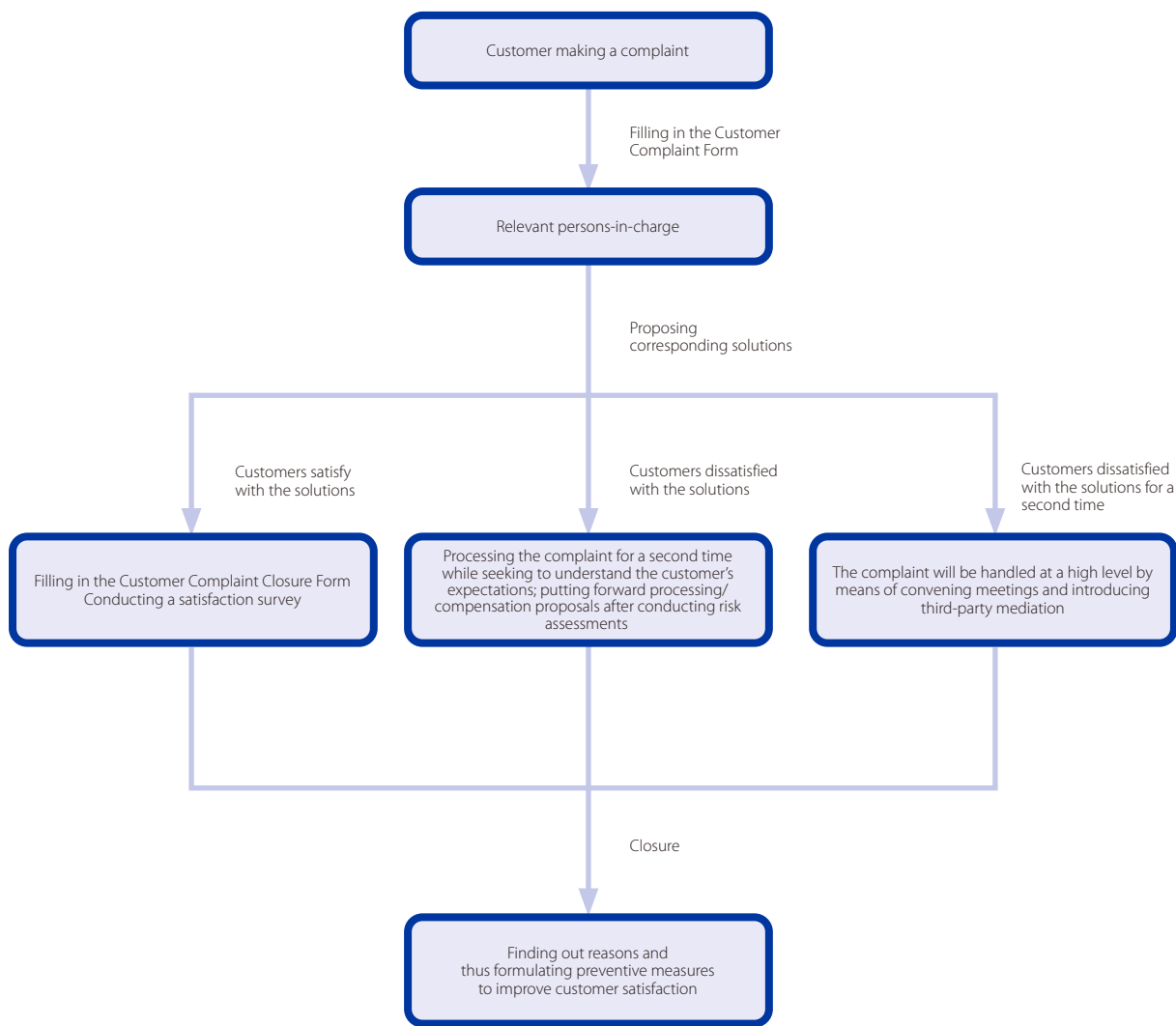


Figure: Grand Baoxin's Procedures for Handling Customer Complaints

Customer Satisfaction Survey

Customer satisfaction is an essential indicator for evaluating the quality of the Group's products and services. Grand Baoxin attaches great importance to customers' feedback on products and services, requires each store to formulate satisfaction management goals, and links them with internal performance assessment, so as to strengthen employees' attention to customer service quality. We place department managers as the direct responsible person for customer satisfaction management, which plays a significant role in drawing action plans, guiding, and supervising the stores.



Figure: Customer Satisfaction Management Process of Grand Baoxin

In order to further improve customer satisfaction, we adopt telephone warm calls, questionnaires and professional satisfaction surveys to have a comprehensive understanding of the problems existing in our service, face the pain points in the service process and formulate solutions for improvement. During the Reporting Period, customer satisfaction for Grand Baoxin reached 97 points. In the future, we will continue to serve every customer heartily with an aim of obtaining high satisfaction.

2.3 Customer Care

The Group focuses on improving customer experience, strengthening customer care through customer hierarchical management and corresponding personalised services, enhancing customer stickiness, and effectively expanding the customer base. Each dealer of Grand Baoxin will hold diversified activities according to the needs of customers, such as car lectures, camping, and pandemic care.

Diversified Campaign

Ningxia Aolisheng Store carries out customer care and retention month activities for Audi customers, invites customers to join the Audi Customers' Membership Club for free and enjoy the benefits of Audi customers, enables customers to get a platform to communicate with Audi customers and reinforce the communication with the store service staff face to face through various events for customers, and deeply experience the high-quality services of Audi brand and Ningxia Aolisheng.



Sending warm message with WeCom group

We regularly send well-wishing, care prompts and car use tips to customers in the WeCom customer group on holidays, bad weather and seasonal changes, so as to enhance customers' awareness of car maintenance and safe driving, make customers feel meticulous and warm, and improve customers' trust and favorability.

Car lecture

We not only pay attention to the regular customers who have purchased cars, but also welcome all potential customers and deal customers to participate in the monthly car lectures and related care activities. We explain the knowledge and skills of car maintenance to customers, and continuously improve customer satisfaction with sincere and warm service attitude.



2.4 Privacy Protection

The Group respects and attaches much importance on the protection of customer's privacy. We are in strict compliance with the laws and regulations including the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Cyber Security Law of the People's Republic of China*. Besides, we have formulated privacy and confidentiality systems such as the *Notice on Confidentiality and Security Management of Customer Information in the Customer Management System* which continuously improves the information security and privacy protection management system. We have strengthened the internal management of customer information contact and set the access authority for customer information to effectively ensure the security of customer information. Every working staff of key positions concerning data application are required to sign *Post Confidentiality Agreement* to prevent privacy data disclosure and strengthen data security management. We will strictly review and verify the traces of data operation upon his/her departure, so as to ensure data security.

The operation of exporting customers' personal information requires strict procedures of approval. We will focus on the review and level-by-level approval of the purpose and rationality of data acquisition, and the applicant can export the data only after receiving all approvals. In addition, we can monitor and trace all exported information to prevent abnormal operations based on the Office Automation system.

During the Reporting Period, the Group did not encounter any incidents relating to the leakage of customer information and breach of privacy.

FAW Toyota Business Department and Audi Business Department Formulated the *Customer Information Management Specification*

In 2022, in order to ensure the integrity and accuracy of customer files and protect customer information and trade secrets, the FAW Toyota Business Department and Audi Business Department issued the *Customer Information Management Specification*, which stipulated the customer file management responsibilities, approval system and punishment measures for illegal reading of customer information, and effectively implemented the information confidentiality system.



Figure: Export Process of Customer Data

At the same time, we also require suppliers to respect the Group's systems related to information security and customer privacy protection and shall not obtain customer information from the Group in illegal ways or inconsistent with business ethics.

3. RECRUITING TALENTS AND GATHER TALENTS IN THE WORLD

Grand Baoxin has focused on the employees' development and training, and always adhered to the "people-oriented" talent concept, attached importance to the legitimate rights and interests of each employee. Based on protecting the health and safety of employees, we are committed to creating a fair, equal, harmonious and inclusive working environment for employees, and constantly improving the salary and welfare system and training mechanism to stimulate the enthusiasm and creativity of employees. At the same time, we continue to enrich and innovate the communication channels of employees, improve the sense of happiness and belonging of employees, and jointly realise the sustainable development of Grand Baoxin.

3.1 Employee Recruitment

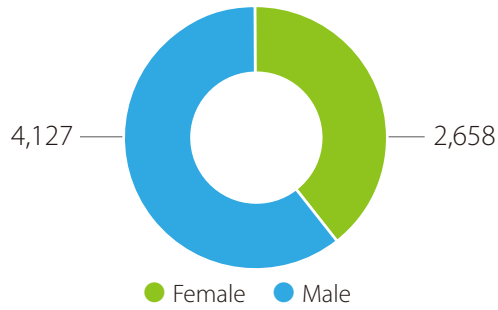
The Group adheres to the fair and impartial principles to select talents and the legal employment and equal treatment. It guarantees to protect the legitimate rights and interests of employees. Meanwhile, we are grateful for the hard work of every employee, and will fully meet the needs of employees with a rich and complete compensation and welfare system to enhance their happiness and enthusiasm.

Employee's Right and Interests

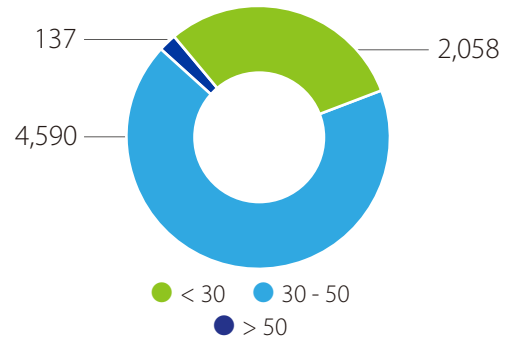
We have strictly complied with the laws, regulations and applicable regulations of the place of operation, including the *Civil Code of the People's Republic of China*, the *Labour Law of the People's Republic of China*, the *Law on Protection of Women's Interests of the People's Republic of China* and the *Provisions on the Prohibition of Using Child Labour* formulated by the State Council. We have prepared the *Employees' Handbook* as internal rules and regulations, adhere to the principle of fairness and impartiality in appointing talents, respect and treat every employee equally without discriminations on the basis of gender, age, ethnicity, religious belief and race, etc., to ensure that the legitimate rights and interests of employees are protected. At the same time, we strictly prohibit child labour and forced labour, and ensure compliant employment by setting up specialists to conduct strict entry checks. Employees' personal privacy information is always strictly protected by us, to avoid any improper behaviour against employees, and to protect the basic rights and interests of employees in various aspects.

As of 31 December 2022, the Group had a total of 6,785 full-time employees. The breakdown of employees by gender, employment type, age and region are as follows:

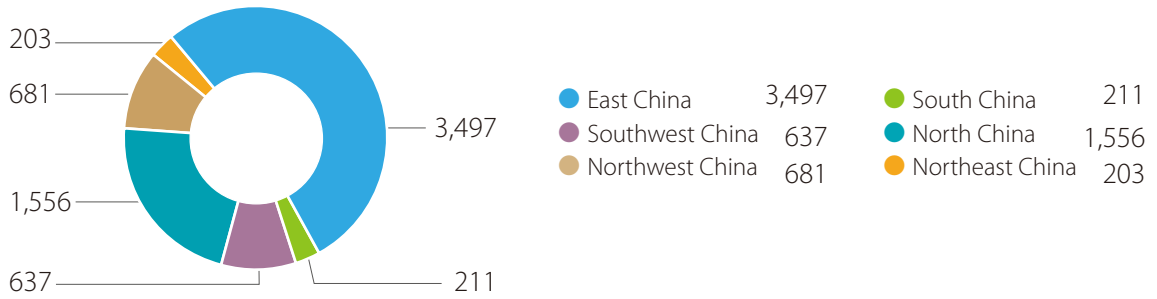
Number of Employees by Gender



Number of Employees by Age



Number of Employees by Region



Salary and Welfare

During the Reporting Period, we have further improved the compensation and welfare system, enriched welfare support to provide employees with more competitive salary packages as well as various welfare and security and attached importance to the hard work of each employee. At the same time, we have built a scientific salary system to improve the correlation between employee performance and incentives, and on this basis, we also have improved the two-way salary adjustment mechanism, including four salary adjustment methods: regular salary adjustment, job salary adjustment, special salary adjustment, and comprehensive salary adjustment, which mobilise the enthusiasm of employees in all aspects.

Employee equity incentive is one of the important methods to improve the salary incentive system of the Company, which can bind employees with the interests of the Company for a long time, actively mobilise employees to actively create greater value for the company, and redeem equity returns through the capital market. In 2023, the Company will further establish and improve the company's long-term incentive mechanism, fully mobilise the enthusiasm of the company's management and core key employees, attract and retain outstanding talents, and provide sustainable guarantee for the company's strategic transformation and stable development.

In addition, on the basis of the statutory welfare such as five insurance plans and one housing provident fund and festive days, we also provide the combination of incentive welfare and subsidies, including holiday compensatory leaves, transportation and communication allowances, and free body check. Besides, we always attach great importance to the needs of our employees, further ensure the diversity and humanization of the welfare system, and enhance employees' sense of identity and belonging to the Group.

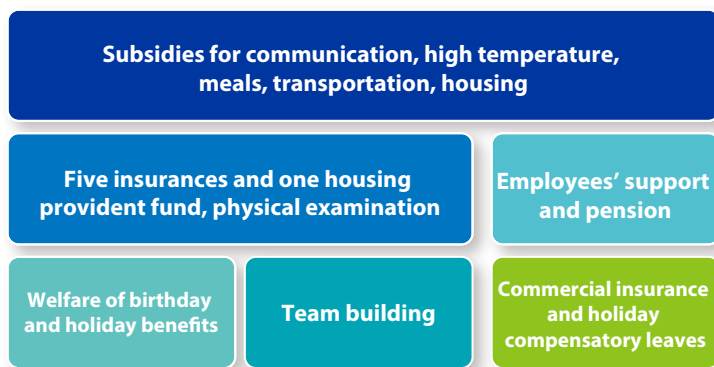


Figure: Employee Welfare System of Grand Baoxin

3.2 Talent Development

Employees are the precious wealth of enterprises, and also an important guarantee for enterprises to achieve sustainable development and innovation-driven. We always attach great importance to the personal career development of employees. Through the talent training system and the sound employee promotion system, we help employees to improve their professionalism and vocational skills, encourage and guide employees to realise their career dreams and the mutual achievements of the organization and individuals, and continuously expand and stabilise the talent team.

Staff Training

A perfect staff training system is a favorable driver to help employees grow and develop enterprises. To build a solid talent echelon and improve the professional ability and professionalism of employees, we actively improve the training mechanism, strive to practice the full-stage training of all employees, and embed the online and offline training model in the training system to help employees achieve a comprehensive improvement in their soft and hard skills. At the same time, the specific performance of employees in training will also be included in the assessment and evaluation system in the form of points, so as to continuously improve the training content and assessment form.

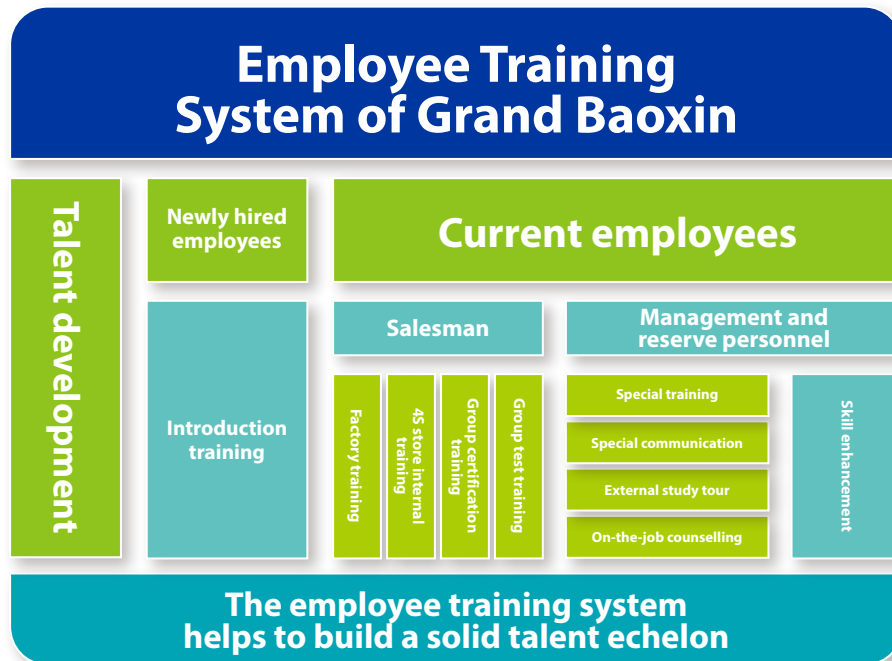


Figure: Grand Baoxin’s Employee Training System

We have configured different exclusive training programs for new employees, current employees, management and reserve management personnel, and formed a variety of training forms based on employees' actual work experience and various job positions, so as to empower employees at all stages. For new employees, we have set up introduction training to help newly hired employees quickly integrate into the new environment, introduce the company and explain the job instructions to newly hired employees. For current employees, we have set up regular basic training programs including factory training, 4S store internal training, group certification training and group test training for the purpose of improving business capabilities. For the Group's management and reserve management personnel, we have conducted skill enhancement training programs for them with a focus on leadership enhancement and management thinking.

In addition to professionalism and professional skills, we also attach importance to the comprehensive ability of our employees. During the Reporting Period, we carried out training programs for all employees, including professional knowledge and theory training, professional skills practice training, team spirit training and other aspects to help employees integrate into corporate culture and enhance employees' sense of identity and belonging to the enterprise.

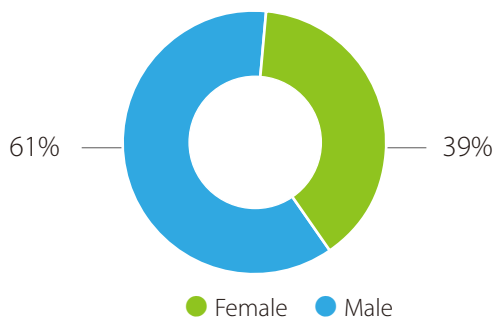


Figure: Grand Baoxin's Employee Training Program

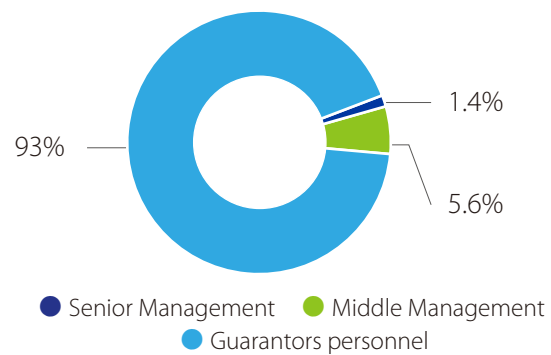


During the Reporting Period, the total training hours of the Group's employees were 311,987 hours, with a training coverage rate of 100%. The proportion of employees trained and the average training hours are as follows:

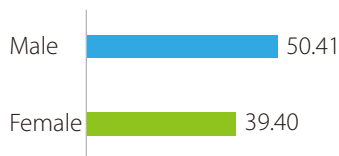
Percentage of employees trained by gender



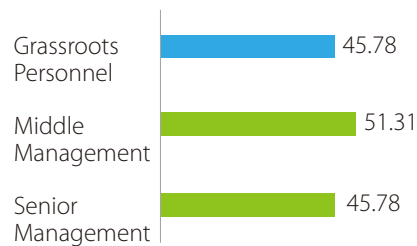
Percentage of employees trained by employee category



Average training time of employees by gender (hour)



The average training hours of employees by category (hours)



Career Development

We have established a standardised management system and a fair and diversified promotion mechanism, and formulated the Performance Evaluation and Competency Assessment Management System, which has achieved detailed management of employee performance appraisal and promotion development, with the combination of quantitative indicators and qualitative indicators to ensure that the appraisal results are clear, transparent, fair and impartial.

During the Reporting Period, we always adhere to the principle of two-way choice and common development, and constantly improve the division of job functions and responsibilities and the establishment of job ranks. At the same time, it will promote the communication and linkage between the departments at all levels, support the talent flow within the enterprise, realise the diversified development of employees, and eventually grow into the compound talents needed by the enterprise. According to the different departments, positions and levels, we adopted multi-dimensional and multi-level performance appraisal methods, and combined employee training records, evaluation results and other comprehensive factors to ensure the authenticity and effectiveness of the assessment results, so as to achieve development incentives and talent retention for all employees.

3.3 Safety and Health

The occupational health and safety of employees, and the management policy of “safety first and prevention foremost” is our consistent management policy and code of action. We strictly abide by laws and regulations such as the *Law of the People’s Republic of China on Work Safety*, the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases*, the *Provisions on the Supervision and Administration of Occupational Health at Work Sites*, and the *Measures for the Administration of Occupational Health Examination*, and have formulated and implemented the *Administrative Measures on Preventive Measures of Occupational Diseases*, the *Administrative Measures on Labour Protection Appliances*, the *Safety Management System* and other internal systems. We also strictly implement the employee safety management measures to effectively improve the safety management level, guide every employee to participate in the work of safety publicity, safety training and safety prevention, and jointly build a safety protection network.

We continue to strengthen the construction of safety culture, and the company always further ensures the health and safety of employees, including safety education and training, safety supervision and inspection, safety troubleshooting, management of hazardous operations, safety incident reporting, and emergency rescue and first-aid. At the same time, we have established a safety production management responsibility system with clear functions, established the first person in charge, the main person in charge and the direct person in charge of safety production, clarified the ownership of rights and responsibilities and relevant responsible persons, and ensured the safe production management of Grand Baoxin in accordance with the law.

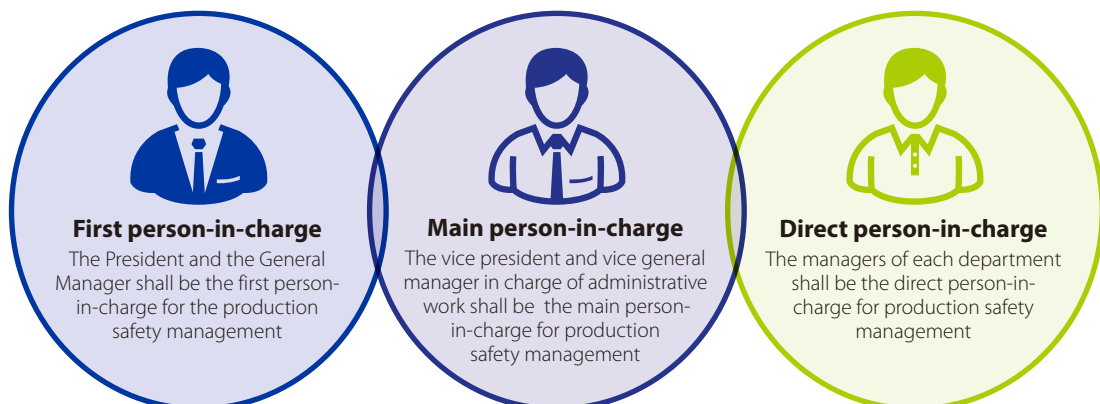


Figure: Work Safety Management Responsibility System

To work safe, awareness first. For employees at different stages and positions, we have carried out a wide range of targeted and practical safety training and publicity activities to improve employees' safety awareness and help them enhance their self-protection ability. During the Reporting Period, we carried out safety training and publicity activities such as safety month and firefighting month, and at the same time, we took the assessment results of staff safety training as an important reference indicator for the appointment and promotion of managers to realise the normalization of safety management. From 2020 to the end of the Reporting Period, the Group had no work-related fatalities. During the Reporting Period, the Group lost 0 days due to work injury.

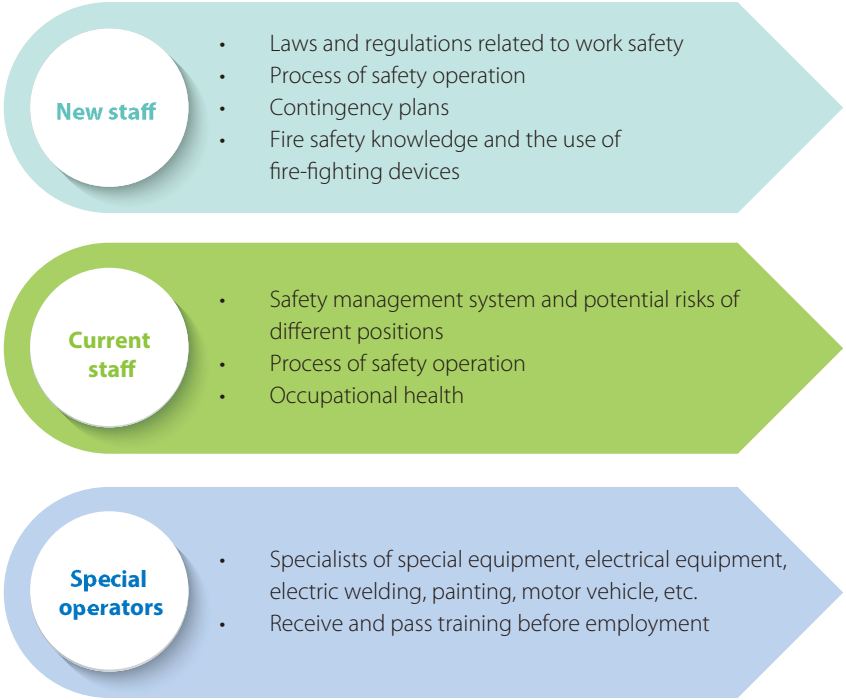


Figure: Focus of safety training and education

We have strictly implemented various safety management systems and taken relevant safety management measures to ensure the health and safety of employees, including regularly conducting a body check on employees, establishing occupational health records, providing labour protection equipment, controlling labour intensity and time, etc. so as to do a good job in daily supervision and inspection, and create a safe and healthy cultural atmosphere.

Labour Protection Equipment

- Distribute labour protection equipment to employees in accordance with relevant regulations on labour protection, and regularly supervise and inspect the correct use of the labour protection gear on a daily basis to protect the health and safety of employees.

Labour Intensity

- Employees are assigned to the appropriate positions according to the job, position and personal ability. Labour intensity is strictly controlled. Meanwhile, position-to-position and department-to-department redesignation required by employees is our concern.

Labour Hours

- When employees are required to work overtime, the Group will strengthen the inspection of the working environment during overtime and observe the conditions of employees, thereby preventing employees from being overworked and those with excessive fatigue. Overtime pay will be paid in a timely manner.

Protection in Special Environment

- Operators shall wear labour protection equipment required for dust prevention and noise reduction.
- Adjust the working time to avoid high temperature period; distribute heatstroke prevention and cooling drugs to personnel engaged in high-temperature operation.

Figure: Protection Measures for Occupational Health

Risk identification and hidden trouble troubleshooting of safety production are the key work that we have always paid close attention to. By actively carrying out hazard identification, risk assessment and risk control, the occupational hazard factors are effectively reduced and eliminated, and the process of identification, risk assessment and control measures of occupational health and safety hazards is further clarified. Additionally, the disposal principle of early detection, early treatment and full solution of safety risks is realised. During the Reporting Period, we carried out safety hazard investigation and safety supervision and inspection activities, introduced special inspection, assessment and disposal for risk points, and comprehensively implemented safety production guarantee.

Safety Troubleshooting

- Conduct quarterly comprehensive safety inspections
- Set up a special fund for safety troubleshooting
- Carry out troubleshooting before holidays
- Report the hidden safety hazards to the supervisor/general office
- Seasonal inspection: precautions of thunderstorms in rainy season, precautions of high temperature and flood in summer, precaution of fire and low temperature in winter, etc.

Safety Supervision and Inspection

- Strictly implement the internal safety supervision system
- Routine safety inspections on stores are carried out every week, and monthly safety production inspections are carried out every month. The inspection results and rectification progress shall be submitted to the work safety committee office at the headquarter.

Figure: Grand Baoxin's Management Measures for Safety Production

In accordance with the provisions of *the National Safety Assessment Code and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units (GB/T 29639-2020)*, we have developed a series of emergency rescue and handling plans, and established and improved relevant handling processes and responsible teams to ensure efficient, timely and proper handling of emergencies. Importantly, we always strive to protect the life and health of employees.

3.4 Care for Employees

Humanistic cares make us much warmer. During the Reporting Period, we continuously improved the two-way communication channel with employees, enhanced the communication and interaction between management and employees, and deeply understood the core demands and opinions of employees. At the same time, we enrich the working life of employees through diversified humanistic care activities, broaden the channels for employees to participate in physical and mental health activities, help employees relieve work pressure, and create a harmonious and united office environment.

Employee Communication

Grand Baoxin always attaches importance to the rights and interests of employees, and constantly improves the communication system from the communication subject, communication channel and communication method. Through a combination of online and offline, we have set up a variety of communication channels, and included more relevant departments and responsible entities to encourage employees to actively give opinions and suggestions. For the problems fed back by employees, we will make corresponding responses and provide specific solutions to meet the reasonable expectations of employees as much as possible, and realise the closed-loop processing of communication.

Care and Love for Employees

We take love as the foundation and deliver warmth to our employees. During the Reporting Period, we carried out cultural and sports activities including enterprise festival activities, sports day, post training and skill competitions to help employees cultivate interests, establish health concepts, and enhance internal communication, creating a more harmonious and healthier workplace environment, and enhancing the sense of belonging of employees.

- **Fun sports games**

All Brand Business Departments and stores in various regions hold various types of activities based on their own conditions to strengthen their team work;



- ***On-the-job trainings and skills challenge***

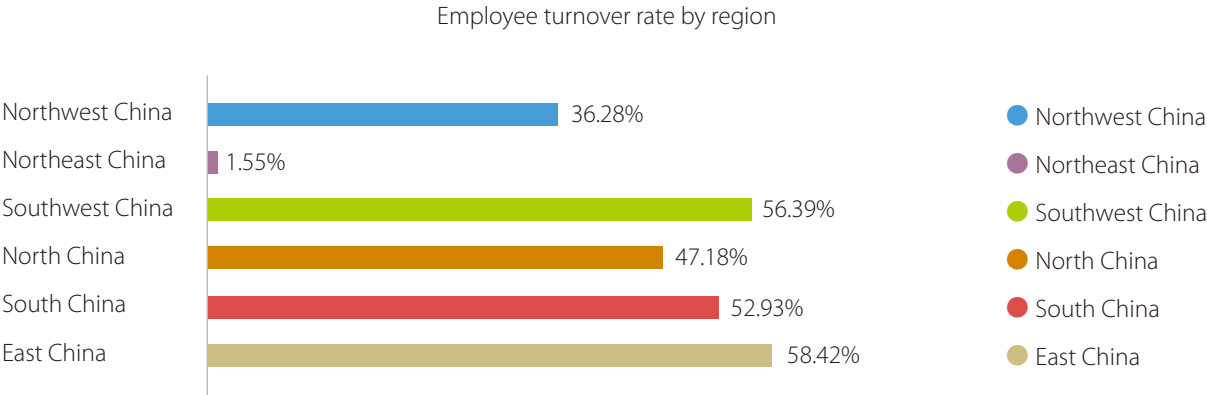
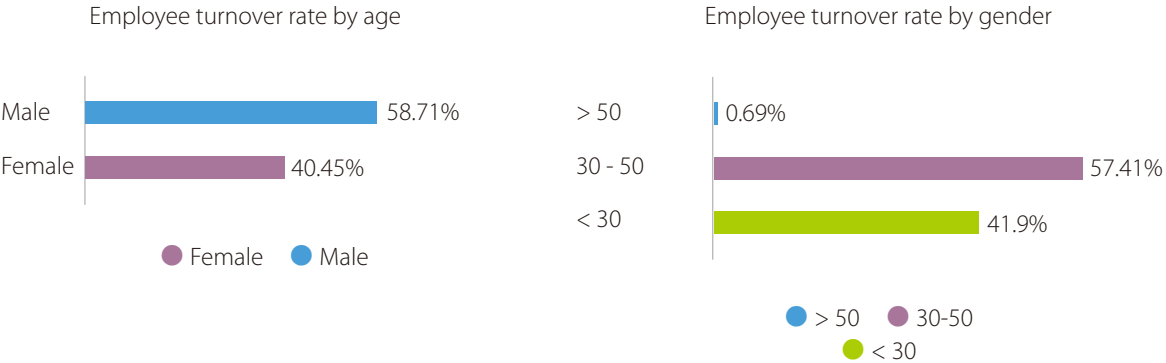
All Brand Business Departments and stores in various regions reinforce on-the-job trainings in response to difficulties such as after-sales maintenance;



We always attach great importance to talent cultivation and protection, and are committed to bringing together outstanding employees under the big family of Grand Baoxin to build a diversified and converged enterprise talent system. We also respect employees' future career choices, and conduct in-depth interviews with lost employees to understand the true wishes and valuable opinions of employees and improve feedback items, so as to create a warm and harmonious corporate atmosphere.



During the Reporting Period, the employee turnover rate of Grand Baoxin was 51.56%. The employee turnover rates by gender, age and region are as follows:



4. GREEN OPERATION CONTRIBUTING TO A LOW-CARBON FUTURE

Adhering to its green development road of “clean production, high efficiency and emission reduction”, Grand Baoxin fully combines its own business characteristics, responds to the national green strategic policy of building ecological civilization from the dimensions of environmental management, coping with climate change, and emission management, and integrates the concept of green sustainable development into every link of the company’s operation to jointly realise the harmonious coexistence of enterprises and the environment.

4.1 Environmental Management

Grand Baoxin believes that Environmental management is fundamental to sustainable development, strictly complies with relevant laws and regulations on environmental protection, such as *the Environmental Protection Law of the People’s Republic of China*, *the Energy Conservation Law of the People’s Republic of China*, *the Atmospheric Pollution Prevention and Control Law of the People’s Republic of China* and *the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, and irregularly update and maintain relevant internal policies. With the deepening of the environmental management concept of society and stakeholders, and the continuous development of environmental protection strategy, we have established safety production committees in the Company’s headquarters, regions and stores around the characteristics of our businesses, responsible for organizing and implementing environmental protection related work, standardizing environmental protection management requirements, and successfully improving the quality and efficiency of environmental management.

As an important part of Grand Baoxin’s environmental management work, a two-pronged environmental management system provides direction and standards for the Group’s environmental management work. Under the standard system, we strictly abide by the system requirements to ensure the orderly and reliable operation of environmental protection work. At the same time, we have signed the responsibility letter of safety and environmental protection objectives with each Brand Business Department, each store in different regions on an annual basis to clarify the environmental protection responsibilities; we carried out special inspection on safety and environmental protection on a monthly basis to timely rectify various problems and hidden dangers, and to minimise the impact of operation on the environment. In 2022, a number of stores of Grand Baoxin have passed certifications for the ISO 14001 environmental management system, which can effectively improve the comprehensive utilisation of energy and natural resources.

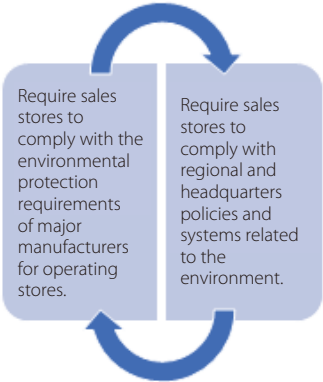


Figure: Double-channel Environmental Management System

To further enhance employees’ awareness of energy conservation and low-carbon environmental protection and promote the concept of low-carbon energy conservation, Grand Baoxin regularly carries out advocacy activities with the theme of environmental protection, green office and low-carbon life, and encourages all employees to actively participate. For employees in environment-related positions, we have set up special training to provide standardised training for employees’ hazardous waste management workflow, which can effectively improve the group’s environmental management capabilities from the source.

4.2 Responding to Climate Change

Grand Baoxin deeply implements the strategic deployment of “carbon peaking and carbon neutrality” with reference to the recommendations of TCFD (Task Force on Climate-related Financial Disclosures) to carry out climate change risk identification and assessment actions from multiple dimensions such as technology, market and reputation, identify opportunities, strengthen management, and complete response measure.

Type of risk		Impact on business	Measures in response	
Physical risks	Acute risks	Risk of supply chain outage caused by extreme weather and climate such as typhoon and high temperature	<ul style="list-style-type: none"> Carry out emergency drills regularly to improve the response ability Be aware of extreme weather warnings and signals to ensure everything prepared at all times 	
	Chronic risks	The operating stores are affected by changes in temperature and rainfall	<ul style="list-style-type: none"> Take the chronic risks faced by the geographical location into consideration to provide special protection measures for operating stores in areas where heavy rainfall may occur 	
Transition risks	Policies and Regulations	The policies related to energy conservation and emission reduction are increasingly strict. If the regulatory requirements are not met, the Group will face compliance risks such as punishment	<ul style="list-style-type: none"> Always pay attention to relevant regulatory laws and regulations, actively identify the risk of violation and take corresponding measures Strengthen the capacity of the Group's environmental governance and improve the internal management system Optimise and improve the detection and management of environmental data to reduce the risk of violation 	
		Stakeholders expect to improve the transparency of corporate information disclosure and impose strict requirements on emissions, etc.		
		With the continuously update of industry regulatory requirements and standards, the requirements for the company's adaptability have been continuously improved		
	Technology	The greater cost input faced by the emission reduction technology under the dual carbon context		<ul style="list-style-type: none"> Optimise pre-investment risk assessment and formulate a corresponding risk classification assessment system to prevent potential investment risks Reduce risk through cost-benefit analysis
		Investment in new technologies, which will increase corporate expense		
	Market	Increased customer demand for low-carbon products and sales demand of low-carbon products		<ul style="list-style-type: none"> Pay close attention to market changes and industry trends in a timely manner, and keenly capture market demand signals for low carbon products Improve the risk response ability of suppliers, encourage suppliers to explore the R&D and production of new energy vehicles and establish a cooperation mechanism
Increased procurement costs				
Reputation	Poor reputation will take a toll on business as customers continue to focus on image of corporate sustainability	<ul style="list-style-type: none"> Actively identify customer preference, have in-depth understanding of consumers' needs, synchronise market information with suppliers, and adjust operation and sales plans according to regulatory requirements Increase the frequency of stakeholder communication, enhance the transparency of information disclosure related to sustainable development and climate change, and enrich corporate communication channels with external parties 		
	Stakeholders pay more attention to negative news, and thus the business will be affected by poor reputation			

Grand Baoxin attaches importance to the risks and opportunities brought by climate change, and to improve risk prevention, we strictly comply with the laws and regulations such as *the Environmental Protection Law of the People's Republic of China* and *the Energy Conservation Law of the People's Republic of China*, and formulate relevant management systems for energy conservation and consumption reduction based on the internal situation of the Group to promote the response to climate change and standardise the use of energy and resources. At the same time, the Group has established an accountability mechanism to seriously investigate the responsibility of relevant personnel for violations of environmental protection laws, regulations and internal systems, and we will take corresponding measures to punish them once verified.

Through the established leading group for energy conservation and emission reduction, we manage energy conservation and emission reduction work at the group level from all aspects and perspectives. In order to ensure the steady progress of energy conservation and consumption reduction, we have established an award and punishment mechanism, and publicly praise and material rewards outstanding employees in environmental protection work. Otherwise, they will be severely criticised and held accountable.

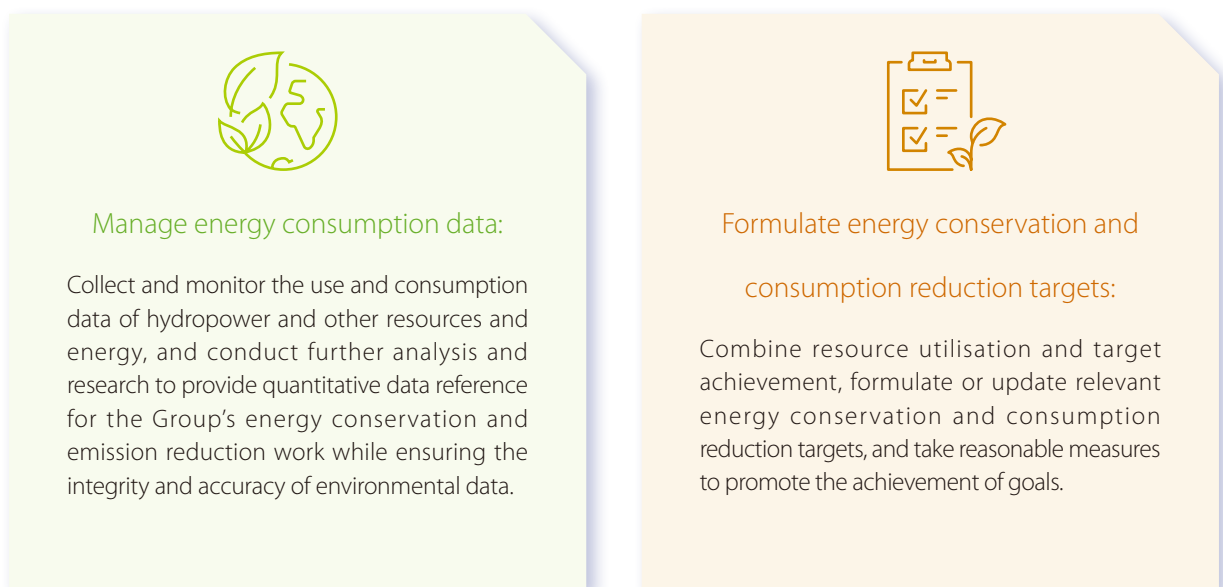


Figure: Functions of the Leading Group for Energy Conservation and Emission Reduction

In 2022, we took a series of energy conservation and consumption reduction measures to implement the green development concept of Grand Baoxin around the three dimensions of environmental awareness promotion, green office and resource conservation.

- Environmental awareness promotion: We vigorously advocate environmental awareness by posting publicity signs and organizing environmental protection related training to enhance the environmental awareness and environmental responsibility of all employees.
- Green office: In terms of the office, we advocate employees to implement electronic office to reduce the amount of paper used; encourage the procurement of green office products and promote the concept of green and low-carbon.
- Energy-saving measures: In the daily operation process, we save electricity by reducing lighting time and controlling the use time of electrical equipment, and we effectively save water resources by reminding employees to take water in time with the idea that drinking water is not used for other purposes.

In 2022, the comprehensive energy consumption of the Group was 6,079.79 tons of standard coal, down 22.14% from 2021; the comprehensive energy consumption per RMB1 million of income is 0.19 tons of standard coal, down 14.29% from 2021. The specific use of resources is as follows:

	Unit	2020	2021	2022
Gasoline consumption	Liter	1,037,750	1,042,949	937,184
Gasoline consumption intensity	Liter/RMB10,000 of income	0.30	0.28	0.30
Electricity consumption	kWh	36,619,565	54,481,747	41,334,742
Electricity consumption intensity	kWh/RMB10,000 of income	10.42	14.50	13.04
Direct energy consumption in total	tonne of standard coal	/	1,112.58	999.75
Indirect energy consumption in total	tonne of standard coal	/	6,695.81	5,080.04
Comprehensive energy consumption in total	tonne of standard coal	5,607.58	7,808.39	6,079.79
Comprehensive energy consumption intensity	tonne of standard coal/RMB1,000,000 of income	0.16	0.21	0.19
Domestic water consumption	tonne	468,751	470,524	423,462
Water consumption intensity	tonne/RMB10,000 of income	0.13	0.13	0.13

In 2022, the GHG emissions of the Group were as follows:

GHG emissions	Unit	2020	2021	2022
GHG emissions scope I	tonne of carbon dioxide equivalence	2,289.10	2,300.60	2,211.75
GHG emissions scope II	tonne of carbon dioxide equivalence	27,136.90	41,383.00	23,573.20
Total GHG emissions	tonne of carbon dioxide equivalence	29,426.00	43,683.60	25,784.96
Density of GHG emissions	tonne of carbon dioxide equivalence/RMB10,000 of income	8.40	11.60	8.13

4.3 Emission Management

Relying on the Law of the People's Republic of China on Environmental Impact Assessment, the Law of the People's Republic of China on Environmental Pollution Prevention and Control of Solid Wastes, the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Integrated Wastewater Discharge Standard and other related laws and regulations, Grand Baoxin strictly abide by the requirements of the municipal government where the operations are located to conduct orderly management of emissions related work.

Waste Management

Grand Baoxin regards the disposal of waste as a crucial link in green operation. Our waste mainly comes from discarded parts, waste engine oil produced in the process of automobile maintenance, and domestic waste water and waste produced in the process of living and working. Moreover, we adopt classified and targeted treatment to minimise environmental impact.

Regarding solid waste, we ensure the compliance of general solid waste in all aspects such as classification, stacking, disposal and recycling through the internal standardised treatment process, and combine the 3R principle (reduce, recycle and reuse) to comprehensively improve the waste management level and promote the standardization and scientization of waste management.

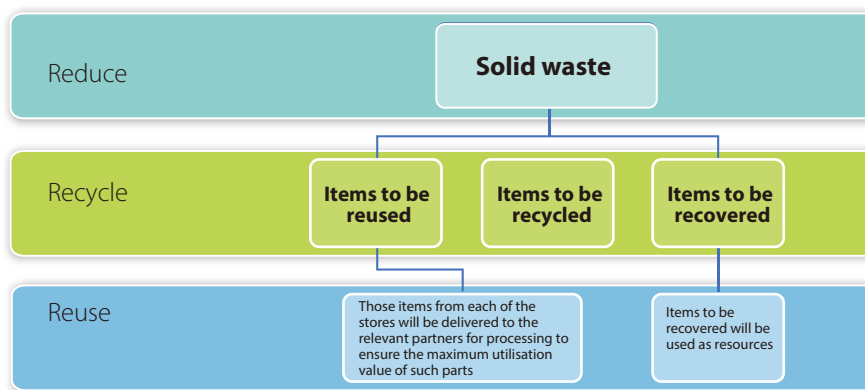


Figure: Classification and Treatment Process of Solid Wastes and 3R Principle Correspondence

For hazardous wastes, in strict compliance with the requirements of the Standard for Pollution Control on Hazardous Waste Storage, the Technical Specifications for Collection, Storage and Transportation of Hazardous Waste and other requirements for hazardous waste, we strictly control the situation of hazardous waste treatment in all stages of collection, storage and external disposal. Some measures are taken, such as posting clear signs of hazardous waste in each process for identification, to strengthen employees' awareness of hazardous waste management and improve the efficiency of hazardous waste treatment.

Collection

Professional waste engine oil recovery equipment has been installed in all operating stores.

- Through the waste oil recovery equipment, the waste oil can be recycled, and the low-end lubricating oil can also be extracted for the second time. On the basis of making full use of resources, the environmental pollution caused by random discharge can be avoided.

Temporary Storage

- Construct special warehouses for temporary storage for later disposal;
- Place hazardous waste in a special storage room to avoid potential safety hazards;
- For the oil stains left on the walls, ground and doors, appoint the specialists to remove them regularly, ensuring the barrels for storing hazardous waste and engine oil pans and others are cleaned up;
- Check the safety equipment in warehouses, such as the sufficiency of fire sand and the efficiency of fire extinguishers on a regular basis;
- Regularly check the quantity and service life of fire hydrants, fire extinguishers and other safety equipment in the storage room;
- Regularly check and wipe the warning signs outside the storage rooms on a regular basis to ensure clear safety tips.

Transport for External Disposal

- Strictly comply with the *Measures for the Set-bill Administration in Transfer of Dangerous Wastes* and ensure that it is recorded;
- Take the transportation certificate and disposal qualification certificate issued by the Environmental Protection Bureau as the necessary conditions for the organization of outward transportation and disposal;
- Through the accountability system for the control of hazardous waste pollution, the disposal and management of hazardous waste by regional departments and subordinate stores can be traced back to the clear person in charge; the hazardous waste ledger management system can be complied and the records can be completed on time and truthfully.

Figure: Treatment Process and Standardization of Hazardous Waste

In 2022, the waste disposal of the Group was as follows:

	Unit	2020	2021	2022
Domestic waste	tonne	2,745	2,016	1,890
Density of domestic waste of income disposal	kg/RMB10,000 of income	0.80	0.50	0.60
Hazardous waste	tonne	2,197	1,791	1,624
Density of hazardous waste of income disposal	kg/RMB10,000 of income	0.60	0.50	0.50

Waste Gas Management

Based on industry characteristics, the waste gases of Grand Baoxin are mainly the particles generated during auto maintenance processes, such as the polishing of vehicle body or parts, and volatile organic waste gases emitted during the paint-spraying process. We adopt targeted treatment methods and use different treatment means for different types of waste gas.

In 2022, we took a number of measures to reduce exhaust emissions:

Volatile organic waste gases

- We have switched to electricity as the source of energy around the painting process, and waste gases in the paint room are diverted to a UV photolysis waste gas treatment device.

Exhaust from motor vehicles

- We have conducted the regular repair and maintenance for motor vehicles to ensure that their exhaust meets the emissions standards.

Fumes from range hoods in canteens

- We have regularly checked and cleaned the range hoods to ensure compliance with the emission.

The above measures effectively contribute to the company's green and sustainable development, and minimise the impact of exhaust emissions on the environment.

Waste Water Management

Grand Baoxin is in strict compliance with the laws and regulations where the Company operates, such as *the Integrated Wastewater Discharge Standard* as well as industry standards to manage the waste water. The waste water of the Group is mainly from domestic waste water and car wash waste water, and we carried out classified disposal through rainwater diversion, classified collection, quality treatment and other ways to improve the ecological environment.

We are committed to promoting the comprehensive management of wastewater, with a focus on improving wastewater utilisation management through:

Domestic waste water

- A discharge management responsibility system is implemented, and the relevant responsible person will continuously monitor the discharge of domestic wastewater, check the excess of wastewater, and take timely remedial measures once abnormal situations are found.

Car wash waste water

- Filters and settling basins of car wash waste water are set to ensure that the waste water in all the operating stores meets the relevant standard through filtration before discharging to municipal sewage networks.

Cesspools

- We pay great attention to the environmental protection and cleaning work of the Group's cesspools, and appoint third-party companies with environmental qualifications to drain, clear and sanitise our cesspools regularly.

5. INCLUSIVE DEVELOPMENT CAN EXTEND TO VALUE SHARING

Grand Baoxin is well aware that win-win cooperation in the society is a continuous driving force to promote the sustainable development of enterprises, so we adhere to the win-win cooperation concept with partners, actively undertake the responsibility of establishing a legal and compliant supply chain, and encourage suppliers to actively assume social responsibility. At the same time, we take the initiative to devote ourselves to public welfare undertakings and walk for good.

5.1 Supplier Cooperation

Grand Baoxin deeply knows that a sound partnership can enhance the capabilities of both parties, create value and promote quality management. We also focus on communication with suppliers and are committed to sharing risks and benefits with suppliers on the basis of mutual trust, so as to achieve mutual benefit.

Grand Baoxin firmly believes that the fairness and transparency of the supply chain is the best way to build trust among suppliers, companies and customers. We continuously optimise supplier management processes, and strive to create a fair, transparent and sustainable supply chain. For this, we have compiled internal procurement management specification such as *the Handbook for Procurement Procedures* and *the Business Management Handbook for Component Procurement*, to continuously supervise procurement process, so as to ensure the centralised, sizeable and systematic management of the procurement process and to realise the rational allocation of resources.

Based on the operation of each store of the Company, we have established various procurement models and set up three procurement methods of centralised procurement, original factory procurement and in-store procurement, to maximise the flexibility and efficiency of the procurement process and achieve the long-term sustainability of the supply chain. During the Reporting Period, Grand Baoxin had a total of 16 suppliers which are mainly OEMs of various automobile brands, all of which were located in China.



Figure: Procurement Models of Grand Baoxin

Supplier Management System

Grand Baoxin, as a passenger car retail service provider that operates 4S dealers and provides after-sales and other comprehensive services, knows the importance of suppliers to us. In order to ensure the stable long-term operation of the Group and guarantee the fairness and stability of supplier cooperation, we have established a well-rounded supplier management system, and formulated clear standards and management procedures for supplier admission and selection, supplier assessment and evaluation and other management issues.

Grand Baoxin has established a clear and strict supplier access system and process, and adheres to the principle of fairness and justice. The supplier submits the relevant qualification certificate, multi-dimensional inspection shall be carried out on the suppliers to be warehoused in terms of the type and scale of commercial enterprises, industrial and commercial credit records, production and technical resources, to ensure that their qualifications and production quality can meet our standards. After we require suppliers to submit relevant qualification certificates, multi-dimensional inspection shall be carried out on the suppliers to be warehoused in terms of its type and size of the company, credit history of the company, resources of production and technology and other aspects to ensure that their qualifications and product quality can meet our standards. In order to furthest reduce supply chain risks, we have set up a trial mechanism in the process of admission of suppliers. Only qualified suppliers approved by the Group's Procurement Management Committee during the trial period can become official suppliers. In addition, we will include the ESG performance of suppliers into our scope of investigation, and give priority to suppliers with good ESG performance, such as ISO certification, energy conservation and emission reduction meeting government standards, to ensure that we can effectively prevent and control the ESG risk at the supply chain end.

In order to determine whether suppliers can complete orders on time and with quality in accordance with the requirements of Grand Baoxin, and to compare, discover, retain and consolidate excellent suppliers, and eliminate suppliers with poor performance, we also have established a well-rounded supplier assessment mechanism to assess the performance of suppliers. We consider the supplier's service quality, product quality, business quality, after-sales service, legal compliance, certification to quality management system and environment management system and other factors to assess and divide suppliers into five grades according to the evaluation results and establish an effective incentive mechanism.



Figure: Supplier Hierarchical Management

Supplier Communication and Training

Grand Baoxin fully recognises the importance of exchange and communication with suppliers, and for this reason, we have established the exchange and communication mechanism with suppliers to ensure that project communication is rigorous and information is synchronised, so as to smoothen the cooperation with them and timely solve problems therein. We are committed to building a normalised communication with suppliers through regular supplier meetings, regular interviews, and release of relevant information on official channels to help them solve challenges and problems during our cooperation. In addition, we also continue to strengthen the training of suppliers. By regularly conducting training for suppliers, we shared ESG related knowledge such as safety and civilization, business ethics, environmental protection with suppliers. During the Reporting Period, we conducted a total of 3 supplier trainings to help them keep abreast of development trends and drive the common progress of the industry and the Company.

5.2 Charity

The Group adheres to service to ensure people's livelihood and has been engaged in public welfare, strives to establish a brand image with quality, temperature and responsibility. We always regard feedback to the society and dedication to the people as our sacred responsibility. In 2022, Grand Baoxin did its best in poverty alleviation, public welfare and agricultural education assistance, precision anti-pandemic, etc., with a total of 2,500 people participated in volunteer services and 180 cumulative service hours.

With gratitude and great love, Grand Baoxin actively participates in public welfare and feeds back to the society, and is committed to showing Grand Baoxin's responsibilities and duties. The Group has carried out a number of public welfare activities, helping brand image construction with a reassuring, caring and warm service concept, and actively fulfilling its social responsibilities.

Deliver Love through Blood Donation without Payment

In May 2022, Qingdao Branch of Grand Baoxin, a subsidiary of Grand Baoxin, responded to the initiative of blood donation without payment issued by the blood donation station in the city centre and actively organised employees to carry out blood donation without payment activities. Employees who participated in the activity of blood donation without payment came to the blood donation truck early and actively cooperated with the work of medical staff in the order scene. The employees interpreted their love with practical actions, showing the good spirit of Qingdao Branch's employees who have the courage to assume social responsibilities.



Condolence Actions at Welfare House

In January 2022, three senior party members from Baohong Party Branch in Wuhu visited the Wuhu Child Welfare Center with supplies purchased with donations from nearly 100 employees in the store, during which they visited dozens of disabled and orphaned children in the park with warmth and love from the society. Wuhu Branch of Grand Baoxin adheres to practical actions to interpret the original intention and mission, and strives to contribute to the society.



Fighting the Pandemic

In the face of the COVID-19 pandemic, Grand Baoxin strictly implements the epidemic prevention and control work and pays close attention to the epidemic situation. During the Reporting Period, the Group contributed to epidemic prevention and control through donations, voluntary services and other methods. More than 900 Party members and more than 1,500 employees participated in the first-line epidemic prevention and control to assist epidemic prevention from multiple aspects and perspectives with practical actions.

Go to the frontline to support epidemic prevention

In order to meet the requirements of epidemic prevention and control work, Yanbao store of Grand Baoxin in Urumqi closed its stores twice from August to November 2022. During the epidemic, employees of Yanbao store rushed to the frontline of community epidemic prevention, signed up as volunteers to become “disinfection guards” and “material distributor” to help community epidemic prevention work. In order to ensure scientific epidemic prevention, the employees carried out the community disinfection and sterilization work floor by floor after learning the knowledge of disinfectant ratio, equipment operation, disinfection specifications, etc.



Care and courtesy, epidemic prevention donation

On 24 March 2022, the employees of Shanghai Kailong Audi Store donated epidemic prevention and daily supplies to Shanghai Huashan Hospital on behalf of the company to provide front-line personnel with epidemic prevention and logistics support and transmit positive energy to fight the epidemic.



APPENDIX 1: LISTS OF LAWS AND REGULATIONS AND INTERNAL POLICIES

Laws and Regulations:
Company Law of the People's Republic of China
Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Securities Law of the People's Republic of China
Code of Corporate Governance for Listed Companies
Audit Law of the People's Republic of China
Basic Norms of Enterprise Internal Controls
Guidelines for Evaluation of Enterprise Internal Controls
Civil Code of the People's Republic of China
Anti-unfair Competition Law of the People's Republic of China
Anti-monopoly Law of the People's Republic of China
Interim Provisions on Banning Commercial Bribery
Advertising Law of the People's Republic of China
Law of the People's Republic of China on the Protection of Consumer Rights and Interests
Cybersecurity Law of the People's Republic of China
Labor Law of the People's Republic of China
Employment Civil Code of the People's Republic of China
Law on Protection of Women's Interests of the People's Republic of China
The Provisions on Prohibiting the Use of Child Labor
Law of the People's Republic of China on Work Safety
Law of the People's Republic of China on Prevention and Control of Occupational Diseases
Provisions on the Supervision and Administration of Occupational Health at Work Sites
Measures for the Administration of Occupational Health Examination
Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on Environmental Impact Assessment
Law of the People's Republic of China on Conserving Energy
Law of the People's Republic of China on Prevention and Control of Water Pollution
The People's Republic of China Integrated Wastewater Discharge Standard (GB8978 – 1996)
Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution
Law of the People's Republic of China on Environmental Pollution Prevention and Control of Solid Wastes
Measures for the Set-bill Administration in Transfer of Dangerous Wastes
Standard for Pollution Control on Hazardous Waste Storage
Environmental Protection Signs – Solid Waste Storage (Disposal) Sites
National Safety Assessment Code and the Guidelines for the Preparation of Emergency Plans for Production Safety Accidents in Production and Business Units

Internal Policies:

Sales Operation Manual

Customer Personal Data Protection Declaration

Customer Management System and Customer Data Security Management Notice

Post Confidentiality Agreement

Customer Complaint Management

Customer Satisfaction Management

Centralized Procurement Process Handbook

Component Parts Procurement Business Management Handbook

Supplier Handbook

Employees' Handbook

Performance Evaluation and Competency Assessment Management System

Safety Management System

Administrative Measures on Preventive Measures of Occupational Diseases

Administrative Measures on Labour Protection Appliances

Customer Information Management Specification

APPENDIX 2: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
Environmental			
A1: Emissions	General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p>	4. Green Operation Contributing to a Low-Carbon Future
	A1.1	The types of emissions and respective emissions data.	4.2 Responding to Climate Change
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Responding to Climate Change
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Emission Management
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Emission Management
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.1 Environmental Management
A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1 Environmental Management 4.3 Emission Management	

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
A2: Use of Resources	General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc</p>	4.2 Responding to Climate Change
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.2 Responding to Climate Change
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Responding to Climate Change
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Environmental Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.2 Responding to Climate Change
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, The Group's operations and business does not involve this related content
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	4. Green Operation Contributing to a Low-Carbon Future
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4. Green Operation Contributing to a Low-Carbon Future
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.2 Responding to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.2 Responding to Climate Change

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
Social			
B1: Employment	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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3. Recruiting Talents and Gather Talents in the World
	B1.1	Total workforce by gender, employment type (for example, full or part time), age group and geographical region.	3.1 Employee Recruitment
	B1.2	Employee turnover rate by gender, age group and geographical region.	3.4 Care for Employees

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
B2: Health and Safety	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 providing a safe working environment and protecting employees from occupational hazards.	3.3 Safety and Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.3 Safety and Health
	B2.2	Lost days due to work injury.	3.3 Safety and Health
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.3 Safety and Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	3.2 Talent Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Talent Development
	B3.2	The average training hours completed per employee by gender and employee category.	3.2 Talent Development

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
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.	3.1 Employee Recruitment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employee Recruitment
	B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employee Recruitment
B5:Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 Supplier cooperation
	B5.1	Number of suppliers by geographical region.	5.1 Supplier cooperation
	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.	5.1 Supplier cooperation
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Supplier cooperation
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Supplier cooperation

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
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 of redress	2. Customer-Oriented and Quality Service
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, The Group's operations and business does not involve this related content
	B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Responsible Aftersales
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not applicable, The Group's operations and business does not involve this related content
	B6.4	Description of quality assurance process and recall procedures.	Not applicable, The Group's operations and business does not involve this related content
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.4 Privacy Protection

Subject Areas, Aspects, General Disclosures and KPIs			Related Chapter
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.	1. Positive-Oriented and Consolidate the Governance Level
	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.	1.2 Corporate Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.2 Corporate Governance
	B7.3	Description of anti-corruption training provided to directors and staff.	1.2 Corporate Governance
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.	5.2 Charity
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.2 Charity
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5.2 Charity



GRAND BAOXIN AUTO GROUP LIMITED
廣匯寶信汽車集團有限公司