

CENTENARY UNITED HOLDINGS LIMITED
世紀聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock code : 1959



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT **2023**



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ABOUT CENTENARY

Centenary United Holdings Limited ("Centenary United" or the "Group") was established in 1999 and has become a prominent provider of integrated automotive services in the Greater Bay Area ("GBA") of Guangdong Province, China. The Group aims to be a comprehensive provider of auto services, focusing on mid-to-high-end sino-foreign and international brands, and to offer an exceptional experience to our customers. The Group aspire to be a reliable car steward, creating added value for our customers.

The Group offers a comprehensive range of motor vehicle services. Beyond new vehicle sales, the Group is dedicated to developing a comprehensive automotive ecosystem by strategically investing in the industry value chain. This includes providing aftersales maintenance and repairs, automotive insurance agency services, as well as other services including vehicle registration and registration of title transfer for used vehicles, in addition to entering the ride-hailing services and establishing a new energy charging network.

The Group has built a strong presence through a network of 33 sales and service centres across Zhongshan, Foshan, and other cities in the GBA. The Group handles sino-joint ventures brans, well-known new energy brands, and premium independent brands. Broad brand portfolio and extensive regional coverage have positioned Centenary United as a leading automotive dealer group in the region.

Looking ahead, Centenary United remains committed to enhancing the customer experience throughout the entire automobile lifecycle. By leveraging our integrated service capabilities and deepening its presence in the high-growth GBA market, the Group aims to further solidify its leadership position and deliver long-term value for shareholders and stakeholders. With innovation and quality service at its core, Centenary United will continue driving sustainable growth while fulfilling mobility needs in the GBA region.



ABOUT THIS REPORT

INTRODUCTION

In accordance with Appendix C2 - Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Centenary United Holdings Limited (hereafter, "Centenary United" or the "Company") and its subsidiaries (collectively known as the "Group" or "we") are pleased to present our Environmental, Social and Governance Report (the "ESG Report"). The ESG Report aims to provide our stakeholders with a comprehensive understanding of our environmental, social and governance ("ESG") performance, initiatives and achievements, and to illustrate our long-term commitment to fulfilling our corporate social responsibility. Moreover, the report aligns with the United Nations Sustainable Development Goals (SDGs) in response to the global call for action.

REPORTING PRINCIPLES

The ESG Report is prepared according to the "Comply or Explain" provisions and the four Reporting Principles as required by the HKEX's ESG Reporting Guide:

1. **Materiality:** ESG topics that may influence the perspectives of the stakeholders are disclosed. For a detailed process to identify the criteria for the selection of material ESG factors, please refer to the section headed "Materiality Assessment";
2. **Quantitative:** ESG key performance indicators ("KPI") are presented numerically, so our ESG performance can be compared against our peers, industry standards and our previous year's performance. For the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption, please refer to the section headed "Environment";
3. **Balance:** All information disclosed in the Report shall be unbiased. There will not be any misleading presentation format, selections and omission that may inappropriately influence the decision of a stakeholder; and
4. **Consistency:** In order to ensure comparability, all ESG KPIs calculations and assumptions are consistent with the previous year. Any changes in our methodologies are disclosed clearly to inform the stakeholders.



REPORTING BOUNDARY

The scope of the ESG Report mainly focuses on the Group's principle activities from 1 January 2023 to 31 December 2023 (the "Reporting Period"), which are the sales of motor vehicles and the provision of other integrated auto services, including, but not limited to, repair services, used vehicles service, the sales of accessories, insurance agency services, electric charging services, ride-hailing service and other value-added services in the People's Republic of China (the "PRC"). The Board of Directors has reviewed financial impacts and discussed which entities or operations are included in the ESG report on an annual basis and selected major operations located in Zhongshan, Guangdong Province, the PRC to disclose the environment and social information in this ESG Report. With exception to the data section, the disclosure of systems, policies, and compliance with laws and regulations is made on a Group-wide basis. The Group has compiled KPI, as shown in this ESG Report and supplemented by notes for benchmarking purposes. The Group will continue to assess the key ESG aspects of the different businesses to determine whether they are required to be included in the ESG Report.

For information regarding the Group's corporate governance practices, please refer to the section headed "Corporate Governance Report" in the latest annual report.

INFORMATION AND FEEDBACK

The latest information on our financial performance and corporate governance of the Group during the Reporting Period are available on our official website (www.car2000.com.cn) and our annual report. The Group welcomes all feedback from investors and stakeholders particularly the important areas identified in the materiality assessment. Your opinion is highly valued, should you have any suggestions or comments, please contact us through the channels below:

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MESSAGE FROM THE BOARD

In the regulatory changes and complex operating environment, we were steadfast in our commitment to achieve sustainability and stayed true to our purpose: to deliver innovative and green solutions for the 21st Century.

The Board (the "Board") of Directors (the "Directors") of Centenary United Holdings Limited is pleased to announce the Environmental, Social and Government (the "ESG") performance of the Group for the year ended 31 December 2023 together with comparative figures for the corresponding period in 2022 (the "Previous Period").

In the first half of 2023, pandemic control measures in China were significantly relaxed. Alongside this, preferential tax policies for the purchase of traditional fuel-powered vehicles were abolished, leading major auto brands to initiate a wave of price reductions. Additionally, numerous new-energy vehicle ("NEV") models were launched. The macroeconomic conditions and consumer purchasing power showed a slower recovery than expected, and the Chinese automotive market still faces certain challenges. However, in long term, there is still enormous potential and room for growth in the Chinese automotive market.

As the 4S dealership group with a long-standing legacy of sustainability and responsibility in GBA, Centenary United is positioned for the 21st century to grasp the opportunities arising from the "new four modernisations" in the automobile industry to further develop the integrated after-sales service and expand the business in used vehicles and new energy vehicles. Our core development strategy revolves around the elements of innovation, and green economy. As of 31 December 2023, the Group has successfully acquired 10 NEV brands and 9 mid-to-high-end sino-foreign brands. 4 new energy sales outlet was established in Zhongshan during the Reporting Period, and we will further expand into other regions.

Sustainability is deeply anchored in our business strategy. Our commitment to applying industry-leading approaches to manage risks and opportunities of ESG topics, ranging from environmental protection to diversity and inclusion, is one of the main drivers for long-term success in this rapidly changing world. Through the integration of ESG into our internal control system, risk management system, and policies and procedures, we are generating new momentum in our sustainable operations as we respond to the current pressing ESG topics, namely, climate change, as well as inclusivity and diversity.

Sustainability is firmly embedded into the heart of our business and is alive in our purpose. As we embark on a journey to expand the business blueprint of the Greater Bay Area, we continue to position ourselves as a "transparent, digital, innovative, diversified, cross-regional, and open" enterprise to create a green and healthy mobility experience for customers. More importantly, we will maintain our momentum in the execution and development of our ESG initiatives to create a resilient and sustainable future for our shareholders.



OUR JOURNEY IN SUSTAINABILITY

In 2020, China committed to achieving peak carbon dioxide emissions by 2030 and carbon neutrality by 2060. On November 30, 2023, the 28th United Nations Climate Change Conference of the Parties (COP28) took place in Dubai. COP28 marked the beginning of the Global Stocktake (GST), as outlined in the Paris Agreement, which aims to review the performance of parties in meeting the agreement's targets. On November 20, the UNEP released the "Emissions Gap Report 2023: Broken Record – Temperatures hit new highs, yet world fails to cut emissions (again)," providing an assessment of countries' current performance. The report highlighted that parties are still falling short of the emissions reduction targets and urged them to intensify their efforts to meet the targets. This report serves as a valuable reference for the GST process during COP28.

Recognizing the global nature of climate-related issues, our Group acknowledges its role as a member of the global community and is committed to making significant efforts towards reducing emissions. We take pride in actively contributing to our nation's emission reduction targets and offering products and services that align with the broader global solution. In our pursuit of a zero-emission future, we have developed a comprehensive green roadmap and established ambitious targets. We have outlined key initiatives that will serve as the foundation for the advancement of the next-generation green automobile industry, encompassing the following building blocks.



1991	Establishment of Centenary United Holdings Limited, providing car related services
2002	Commenced 4S dealership for FAW Volkswagen
2004	Commenced 4S dealership for Beijing Hyundai
2005	Commenced 4S dealership for FAW Toyota
2006	Received the award "Leading Circulation Enterprise in Zhongshan"
2015	Opened the first quick fix auto centre Awarded as one of the Top 100 Guangdong Automobile Dealers
2016	Established the first insurance agency
2017	Commenced the used vehicle warranty business Granted the 2017 PRC Automobile Service Golden Spanner Award
2018	Opened the first used vehicle trading centre
2019	Listed on the Hong Kong Stock Exchange Commenced 4S dealership for Jaguar and Land Rover
2020	Commenced 4S dealership for Jetta and Cadillac
2021	First Supercharger of Tesla put into operation Started the network of charging stations for new energy vehicles in GBA Started the ride-hailing service in GBA
2022	Opened the first Leapmotor NEV shopping mall store in Zhongshan, Oraev NEV store and shopping mall store of GWM in Zhongshan and Foshan, FAW VOLKSWAGEN-NEV shopping mall store for ID Series in Zhongshan, DONG FENG EV-NEV shopping mall store in Jiangmeng, SOL NEV store in Zhongshan, RISINGAUTO-NEV store in Zhongshan, ARCFOX NEV store and shopping mall store in Zhongshan and Foshan, AION-NEV shopping mall store in Zhongshan
2023	Opened the first RISINGAUTO-NEV store in Foshan, HYPER-NEV store in Zhongshan, Leapmotor service centre in Zhongshan, iM-NEV store
2024	Aim to become the top three players of charging network in the GBA market by 31 December
2030	Peak emissions of carbon dioxide in China assumed by PRC
2050	Aim to become the leading auto dealer group of new energy vehicles in GBA
2060	Carbon neutrality target of the PRC Government



CENTENARY UNITED AT A GLANCE

In collaboration with our stakeholders, we are consistently advancing towards our goal of providing alternative cleaner options. In the following section, we outline notable accomplishments in each of our three key areas: Environment, Social, and Governance.

Environmental	<ul style="list-style-type: none">• During the Reporting Period, our products of new energy vehicle helped our clients to avoid emitting 13,149.88 tonnes of CO₂e*;• Reduced our non-hazardous waste by 20%;• Reduced the direct energy consumption by 24%;• Reduced our water usage by 4%; and• Built 80 charging stations, 439 charging piles and 818 charging points accumulatively.
Social	<ul style="list-style-type: none">• Diversified our suppliers' network of over 174 suppliers;• 82% of the suppliers located in local community which reduce the carbon footprint;• Contributed more than 110 volunteering hours to support the society; and• Established volunteer service team.
Governance	<ul style="list-style-type: none">• No legal cases involved

* The amount is calculated based on the net vehicle CO₂e savings of the sale of new energy vehicle in comparison with ICE (Internal Combustion Engine) vehicle. For details, please refer to the section headed "lifecycle carbon management".

MAJOR AWARD AND HONOUR

Awardee	Award or Recognition
2023	
Centenary United Holdings Limited	<ul style="list-style-type: none"> Guangdong Provincial Automobile Distribution Association's Excellent automobile dealer group for the year 2023
Zhongshan Dongri automobile sales and service Co. Ltd.	<ul style="list-style-type: none"> Platinum franchise Five-star After-sales Service
Zhongshan Chuangtong automobile Co. Ltd.	<ul style="list-style-type: none"> Buick three-star authorised sales and service centre
Zhongshan Centenary Automotive Sales and Service Co. Ltd.	<ul style="list-style-type: none"> Faw Volkswagen's Outstanding dealer in the South China region in 2023. Faw Volkswagen ID HUB 2023 Sales Contribution Award
Zhongshan Centenary Jaguar and Land Rover automobile Co. Ltd.	<ul style="list-style-type: none"> Annual Best Technology dealer in South District Excellent After-sales core item
Zhongshan Centenary Excellent Automobile Co. Ltd.	<ul style="list-style-type: none"> Rising Auto Five-star After-sales Service
Zhongshan Chuangling new energy automobile Co. Ltd.	<ul style="list-style-type: none"> Five-star premium store National Top 20 Store of Leapmotor South China District Leading Market Share of Leapmotor South China District Delivery Contribution Award of Leapmotor National Excellent New Media Benchmark Store of Leapmotor
Zhongshan Shicheng used vehicles operation Co. Ltd.	<ul style="list-style-type: none"> Guangdong Provincial Automobile Distribution Association's Excellent used vehicles dealer
Zhongshan Dongri automobile sales and service Co. Ltd.	<ul style="list-style-type: none"> Guangdong Provincial Automobile Distribution Association's Excellent automobile dealers
Zhongshan Centenary Toyota Automotive Sales and Service Co. Ltd.	
Zhongshan East District Aion Automotive Sales and Service Co. Ltd.	
Zhongshan Centenary Automotive Sales and Service Co. Ltd.	



LIFECYCLE CARBON MANAGEMENT

The automotive industry faces growing pressure to reduce the carbon footprint of vehicles throughout their lifecycle - from materials sourcing through end of life. In between those two points in time, there may be multiple owners, and hundreds of thousands of miles driven. Lifecycle carbon management provides a framework to lower emissions across the entire value chain. Lifecycle thinking will be critical for the automotive industry to maximize emissions reductions across the value chain.

Lifecycle GHG emissions include the use, manufacturing, and recycling phase of the car. The data below were obtained from the research article "The Role of Electric Vehicles in Decarbonizing China's Transportation Sector" by the Statistical Research Department of Belfer Centre for Science and International Affairs, Harvard Kennedy School in March 2019. According to the research, there is a notable trend that the proportion of non-fossil sources of electrical energy will increase relative to other non-renewable energy sources such as thermal energy for the upcoming few years. This will further reduce the amount of CO2 emitted during the use phase of electrical vehicles.

Areas	New energy vehicle	ICE vehicles
Life cycle GHG emissions in tones of CO ₂ equivalent*	29.22	34.69
Source of energy	Electricity	Gasoline/Diesel/LPG

*From the research of the article, the lifecycle greenhouse gases of new energy vehicles are lower than the internal combustion engine (ICE) vehicles. The lifecycle greenhouse gases emission of ICE vehicles is 34.69 tonnes of CO₂, the new energy vehicle is 17.12% less than the ICE vehicle which the emission is 29.22 tonnes of CO₂.

The consideration of the lifecycle carbon management in our group mainly consists of three parts, including the electric vehicles, ride-hailing, and green charging stations, which are connected to the services provided by the Group.

ELECTRIC VEHICLES

In the past decade, there has been a steady increase in the sale of new energy vehicles across the PRC, Europe, and US markets every year. According to the report by China Automobile Dealers Association, the PRC market is expected to have the highest growth in the sale of new energy vehicles. In 2023, China emerged as the largest energy vehicle market, accounting for 55% of global energy vehicle sales. Studies state that the market distribution in China was relatively even, with no single model holding more than a 10% market share. This signifies a wide array of energy vehicle options available in China. However, the discontinuation of China's energy vehicle support scheme led to disruption, uncertainty, and a price war within the market. To capitalize on this situation, the Group took proactive measures by opening 4 new 4S store in Zhongshan, the Greater Bay Area (GBA), and we will further expand into other regions. Our integrated auto services such as repair maintenance, insurance agency and sale of second-hand vehicles, are also available in our new stores.

Through the strategic cooperation of electric vehicle manufacturers, we have been able to solidify our leading position in the GBA, such as GAC AION-NEV, FAW VOLKSWAGEN, LEAPMOTOR-NEV, DONG FENG Nami EV-NEV, ARCFOX, RISINGAUTO-NEV and iM-NEV, which enables us to provide a vast range of new energy vehicles for our clients. As part of our green roadmap, we aim to be the leading auto dealer group of new energy vehicles by 2050 in GBA and expand our green services and products, especially through working with luxury brands and new energy brands of vehicles to sustain long-term business growth.

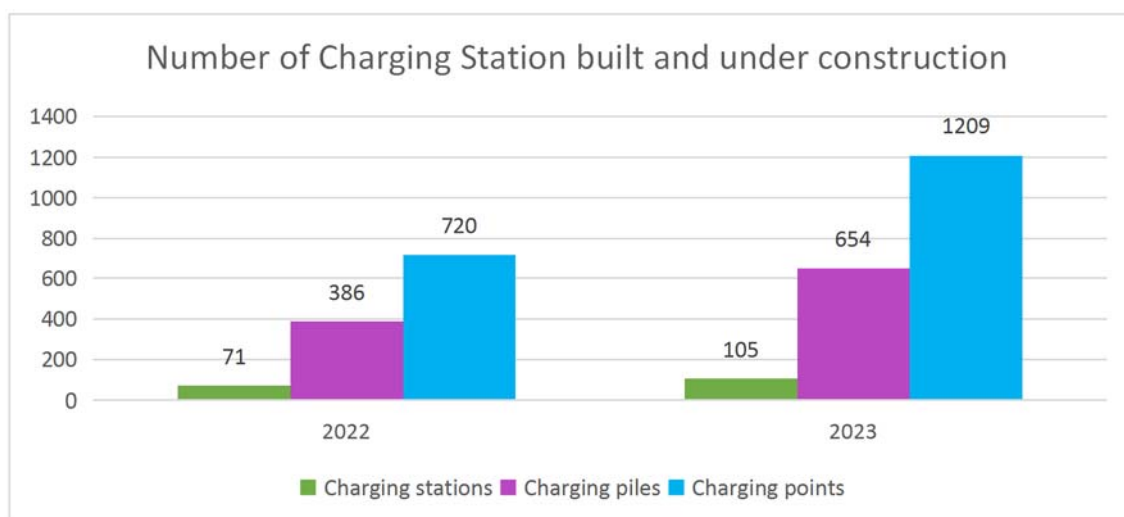
During the Reporting Period, we are proud to share that our new energy vehicle products in the new energy vehicle sector helped our clients avoid emitting 13,149.88 tonnes of CO₂e. Aligned with our Group's vision and mission, we will continue to put more effort into the sales of energy vehicles, aiming to build a better world and achieve a cleaner future with the help of these environmentally friendly vehicles.

RIDE-HAILING

In parallel with the high growth of the new energy vehicle market, the ride-hailing service demand is also expected to double in three years. As part of our multifaceted green strategy, our business model for ride-hailing service is to directly purchase new energy vehicles and rent new energy vehicles from suppliers. We then lease out these new energy vehicles to drivers on various ride-hailing platforms, such as Didi (滴滴), ON TIME (如祺出行) and other major platforms. We believe our ride-hailing business model is one of the cornerstones of our business success and a key driver for long-term sustainability.

GREEN CHARGING STATIONS

In addition, it is expected that the demand of the charging stations will rise along with the demand of the new energy vehicle. We strive to grasp this opportunity in the GBA, such as Guangzhou, Foshan, Jiangmen, Zhongshan, Dongguan, Zhuhai and other provinces, with our charging brand Octopus (章魚充). At the end of 2023, we have built 80 charging stations, 439 charging piles and 818 charging points. Additionally, 25 charging stations, 215 charging piles and 391 charging points are under construction. The success of our charging station business stems from our talented team of staff and the diverse network of suppliers.



The Group aims to become the top three player in the GBA market by 31 December 2024, promoting the all-round development of the sales of new energy vehicles and the green online ride-hailing business. The Group aims to build 1000 charging piles by 2024 to build the charging station more effectively. These are just some of our key initiatives for this year, we plan to develop even more ambitious plans to fulfil our sustainability mission. Going forward, we will continue to work closely with new energy vehicle companies to support our clients in the transition to a carbon-neutral economy.



ESG GOVERNANCE

OUR SUSTAINABILITY MISSION

With a view to creating long-term value for our stakeholder and managing the scarce natural resource, the Group strives to pursue a sustainable business development through the incorporation of an ESG theme within our business activities. We define "sustainability" as the integration of ESG considerations into our business operations that is a vital part of our corporate vision.

OUR APPROACH TO SUSTAINABILITY

The cornerstone of our sustainable business is built upon two main supporting pillars which are sound risk management and effective corporate governance.

Through adopting a top-down approach, the Board is responsible for developing the Group's sustainable business strategy as well as spearheading our Green Strategy to contribute to our nation's carbon neutrality goal. In compliance with the Listing Rules, targets are established by the Board at the beginning of every financial year for each material KPI within the environmental and social dimension. The Board is also responsible for ensuring the effectiveness of the Group's ESG policies as well as overseeing a team of ESG professionals (the "Team"). The Team periodically reports to the Board to assist in identifying the ESG-related risk, assessing the internal control system, and the development of the ESG strategy. In daily operation, the Team is responsible for identifying material ESG topics and monitoring the Group's performance against ESG initiatives and key metrics across each business line.

An Enterprise Risk Assessment is conducted at least once a year to identify the current and potential risks in our complex operating environment including but not limited to the risks arising from the ESG aspects. Based on the Enterprise Risk Assessment Report, the Board will assess and evaluate the identified risks and review the Group's existing strategy, target, and internal control to address the risks in a timely manner. In order to counteract environmental-related risks and social sustainability risks, the Board adopts a series of measures against the risks identified during the Enterprise Risk Assessment to reduce the impact of the potential risks on stakeholders and the environment.



STAKEHOLDER ENGAGEMENT

Our sustainability framework revolves around identifying the key material ESG topics within our business operations which is conducted through our stakeholder engagement activities. We define stakeholders based on their relationship with the Group, the extent to which they are impacted by our business operations, and the degree affected our ability to reach our business targets. Engaging with our stakeholders helps to deepen our mutual understanding of aspirations and interests, also enhances stakeholder relationships. Through a wide range of communication platforms, our stakeholder engagement approach encompasses both internal and external stakeholders which enables us to obtain a holistic and balanced view on ESG topics. During the Reporting Period, the major stakeholders engaged were investors, employees, suppliers, media, community, customers and Hong Kong Stock Exchange.

Apart from directly engaging with our stakeholders on an ongoing basis, the Group is also involved in indirect stakeholder engagement. The Group participates in various events related to ESG and considers feedback from consultation papers conducted by regulatory organisations and academic institutions. This ensures the Group stays abreast of ESG developments in our industry and the ever-changing operating environment.

The following table illustrates an overview of the Group's major stakeholder groups, communication and response channels, and sustainability topics of interest to the stakeholders.



Major Stakeholders Groups		Communication and Response Channels	Sustainability Topics of Interest
Internal	Employees	<ul style="list-style-type: none"> • Staff training and team building activities • Conferences and briefings • Performance appraisals and evaluation 	<ul style="list-style-type: none"> • Career development and training opportunities • Personal data protection and security • Health and safety work environment • Compensation and benefits
	Shareholders and investors	<ul style="list-style-type: none"> • Annual and interim reports • Annual general meetings • Corporate announcements and circulars • Press release 	<ul style="list-style-type: none"> • Risk management and corporate governance • Diversity and inclusion • Financial and business stability • Information disclosure and transparency • Business development plan
External	Suppliers	<ul style="list-style-type: none"> • Tender meetings • Site visits • Supplier performance appraisals • Industry discussions 	<ul style="list-style-type: none"> • Cooperation on fair terms • Win-win collaboration • Quality and stability
	Governments	<ul style="list-style-type: none"> • Institutional visits and meetings • Information disclosures • Policy and reporting consultation 	<ul style="list-style-type: none"> • Regulations and laws implementation • Community engagement • Corporate governance • Environmental protection
	Stock Exchange	<ul style="list-style-type: none"> • Internet conference and reports on regulatory affairs • Training programs • Online announcement and updates 	<ul style="list-style-type: none"> • ESG topics disclosure • Compliance with the Listing Standards • Corporate governance • Regular announcement and issue of external reports
	Media	<ul style="list-style-type: none"> • Public relation activities • Newsletters release 	<ul style="list-style-type: none"> • Financial performance • Corporate governance • Community engagement • Environmental protection
	Community	<ul style="list-style-type: none"> • Community interactions • Charitable and volunteering activities • ESG reporting • Social media channels 	<ul style="list-style-type: none"> • Community engagement and development • Corporate social responsibility
	Customers	<ul style="list-style-type: none"> • Customer service and complaint hotlines • Meetings and consultations 	<ul style="list-style-type: none"> • Quality of product and services • Privacy protection



MATERIALITY ASSESSMENT

In order to enhance our understanding of stakeholders' perspectives on the Group's ESG performance and sustainability strategy, the Group annually invites the major stakeholders to take part in a materiality survey, in which the participants rank the ESG topics according to their importance for them. Their comments affirm that the Group is on the right path toward long-term sustainability, and their feedback is a vital source to develop new solutions to address the stakeholder's concerns.

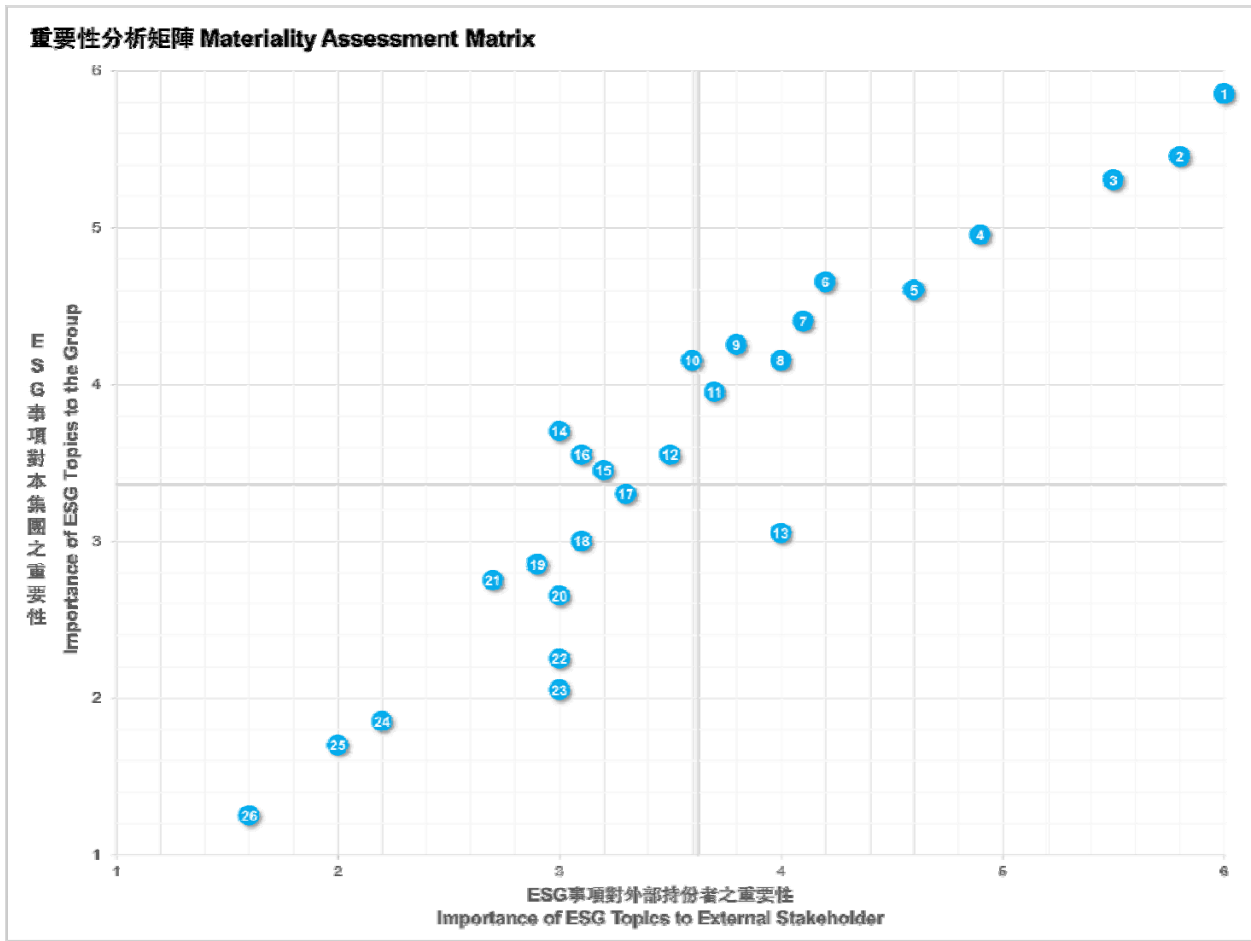
The following matrix is designed to illustrate the importance of the ESG topics in comparison between internal stakeholders and external stakeholders. ESG topics located on the second quadrant (top-right corner) are the most important areas to focus and will be prioritized for the investment of resources.

A detailed approach of our Materiality Assessment methodology is presented below:

1. Design of the methodology: Our materiality analysis is designed to support the implementation of ESG initiatives and to be in line with the materiality principle that is outlined in the above Reporting Principles section. This methodology is consistent with the Listing Rules.
2. Determination of material ESG topics: The Group reviewed the previous year's material ESG issues and feedback from stakeholders. Also, the Group reviewed the policies and procedures, industrial and international trend reports, regulatory updates, and external standards.
3. Consideration of the peer perspective: The Group considered the material ESG topics identified by peers and within the industry to ensure that the topics defined by the Group are comprehensive.
4. Validation and engagement with stakeholders: During consultations with internal and external stakeholders, stakeholders were asked to rank ESG topics on a scale from "No significance" to "High significant". They were also given an opportunity to share additional ESG topics that were not covered in the materiality assessment and were encouraged to provide feedback on our stakeholder engagement approach.
5. Prioritization of material ESG topics: Through statistical analysis, ESG topics are prioritized based on their importance and presented through a chart.



The following table provides an overview of the ranking of materiality of the ESG topics of the Group:





Item	ESG Topic	Item	ESG Topic
1	Customer satisfaction	15	Diversity and equal opportunity of employees
2	Occupational health and safety	16	Selection and monitoring of suppliers
3	Employee development and training	17	Preventing child and forced labour
4	Customer information and privacy	18	Environmentally preferable products and services
5	Product and service labelling	19	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
6	Anti-corruption policies and whistle-blowing procedure	20	Energy use (e.g. electricity, gas, fuel)
7	Number of concluded legal cases regarding corrupt practices	21	Community support (e.g. donation, volunteering)
8	Observing and protecting intellectual property rights	22	Mitigation measures to protect environment and natural resources
9	Anti-corruption training provided to directors and staff	23	Water use
10	Product health and safety	24	Use of materials (e.g. paper, packaging, raw materials)
11	Marketing communications (e.g. advertisement)	25	Non-hazardous waste production
12	Cultivation of local employment	26	Hazardous waste production
13	Air emissions	27	Climate change
14	Employee remuneration, benefits and rights	28	Greenhouse gas emissions

According to insights gathered from the materiality assessment, the social aspects of ESG are determined to be relatively more important to our stakeholders. With "customer satisfaction", "occupational health and safety" and "employee development and training" as the three areas to focus in this year, the Group has taken steps to address issues in these key parts, which will be further elaborated in the sections below.



ENVIRONMENTAL PROTECTION

Our climate is changing rapidly. In the past decade, there has been a surge in natural disasters and extreme weather events that were caused by climate change. This has caused an ecological cascading effect that may threaten biodiversity and potentially result in the extinction of certain species. Along with the novel coronavirus pneumonia pandemic ("COVID-19") that has exacerbated the current climate-related stresses and shocks in both our social and economic system, this translates to higher-than-expected economic losses.

Our commitment to sustainability and environmental stewardship encompasses all of our business activities. One of the key objectives of the Group's strategy is to reduce the carbon footprint of our business activities in order to maintain a healthy environment for the well-being of business, people and society. The Group has integrated data collection of environmental KPIs as part of normal business operations and devised measures to reduce our impact on the environment. The relevant measures are presented in the sections headed "Energy Management" and "Water Stewardship" under "Use of Resources". In our day-to-day operation, our consumption of natural resources for the sales of motor vehicles, and other integrated automotive services have minimal impact on the environment. We strive to position ourselves as a change agent to influence stakeholders to become more environmentally friendly through our electric vehicle business line.

The Group strictly adheres to all environmental laws and regulations, including but not limited to the *Water Pollution Prevention and Control Law of the People's Republic of China*, (《中華人民共和國水污染防治法》), *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》), *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境污染防治法實施條例》) and *Environmental Protection Tax Law of the People's Republic of China* (《中華人民共和國環境保護稅法實施條例》). Throughout the Reporting Period, we have maintained strict compliance with these regulations, ensuring that our operations align with the prescribed standards. There was no incurrence of any violations of laws or regulations during the Reporting Period, and no penalties were imposed on the Group.

EMISSIONS

Human emissions of greenhouse gases are the primary driver of climate change nowadays. Carbon dioxide and other greenhouse gases such as methane and nitrous oxide are emitted during the burning of fossil fuel or other production processes. Considering the business nature of the Group, we produced limited emissions in the air emissions including the Nitrogen Oxides, Sulphur Oxides, or Particulate Matter (PM), but with larger emission of Scope 2 energy indirect emission.

The Group is in strict compliance with all relevant laws and regulations on air and GHG emissions, including but not limited to the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* (《中華人民共和國大氣污染防治法》), *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》).

Air Emissions

During the Reporting Period, the usage of motor vehicles and the provision of canteen catering are the primary activities that generate air pollutants.

The majority of pollutants from vehicles are caused by the test drives of our customers. These test drives serve as an integral part of the selection process for customers prior to the sale of fossil fuel-based vehicles. As our business activities increase, it is inevitable that the number of test drives will likely increase, which translates to more pollutants emitted into the atmosphere. The Group has adopted the following emission reduction measures to reduce the adverse impact of emissions on the environment:

- To formulate the "Maintenance Guidelines" that provide guidance on the extension of service life and reduction of fuel consumption for vehicles; and
- To enhance vehicle efficiency by conducting periodic inspections and maintenance of vehicles.

The Group will continue to explore and research other ways to reduce the level of pollutants from test drives while delivering outstanding customer service.

Our vehicles are also used for business travels by employees. The Group strives to utilise other channels of communication to replace the frequency of business trips, such as arranging online conferences and video calls. Leveraging technology also enhances operational efficiency. If meeting in person is required for business purposes, the Group encourages the use of public transportation for long distances, and the use of bicycles or walking for short distances.

Within the canteen catering service, our cooking stove uses liquefied petroleum gas. The Group will strive to use other types of renewable energy as an alternate source for our cooking stoves.

During the Reporting Period, the Group adheres to the relevant air emissions laws and regulations. The air emissions data of motor vehicles and cooking stove emission of the Group is as follows:

Air Emissions ¹	Unit	2023	2022 ²	Percentage Change
Nitrogen Oxides	kg	588.03	964.87	-39%
Sulphur Oxides	kg	0.46	0.61	-25%
Particulate Matter	kg	57.87	95.35	-39%
Total Emissions	kg	646.36	1060.83	-39%

Note:

1. The above air emission data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. The emissions data for 2022 have been restated for enhancement.

The air emissions decreased in this Reporting Period due to the decrease in vehicle usage, total emissions decreased 39%. The Group will monitor the usage of vehicle continuously and encourage our employees to avoid any unnecessary usage.

Greenhouse Gas (GHG) Emissions

One of the critical aspects of climate change is global warming. It disrupts the balance of nature and ultimately affects the livelihoods of our employees, clients, and communities. In the past decade, global warming has been accelerated by human activities such as the burning of fossil fuels and deforestation. The Group has been closely monitoring the level of GHG emissions and exploring different ways to reduce our carbon footprint. Our energy saving measures are presented under sections headed "Energy Management" and "Water Stewardship".

The Group's GHG emissions are grouped by direct and indirect GHG emission, which includes fuel consumption of our vehicles (Scope 1) and purchased electricity (Scope 2). In anticipation of potential changes in the disclosure requirements related to indirect emissions (Scope 3), the Group is committed to providing a comprehensive report on its environmental performance. As part of this effort, we have taken the proactive step of including air travel emissions, paper waste, and electricity used for processing water within Scope 3 in our disclosure starting from this year. By including this important aspect of our operations, we aim to enhance the transparency and completeness of our environmental reporting, ensuring a more comprehensive overview of our overall environmental impact.

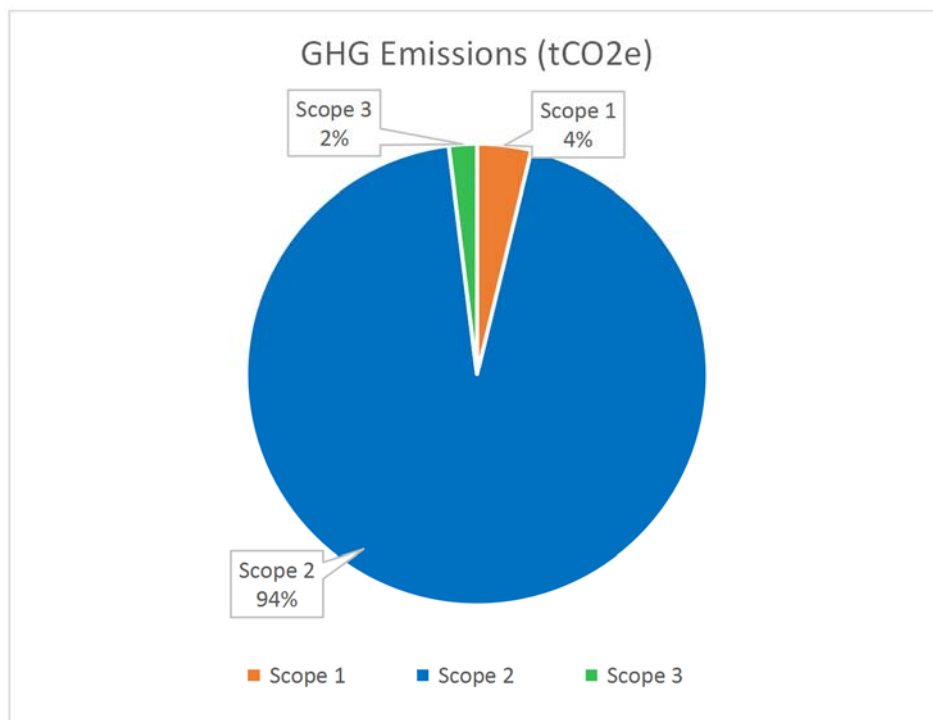
During the Reporting Period, the GHG emissions were as follows:

GHG Emissions ¹	Unit ²	2023	2022	Percentage Change
Total direct emission (Scope 1)	tCO₂e	178.22	250.03	-29%
- Stationary combustion	tCO ₂ e	17.59	21.08	-17%
- Mobile sources combustion	tCO ₂ e	78.14	99.75 ³	-22%
- HFC and PFC emissions	tCO ₂ e	82.49	129.20	-36%
Total energy indirect emission (Scope 2)	tCO₂e	4,902.30	4,006.70	+22%
- Purchased Electricity	tCO ₂ e	4,433.46	3,678.49	+21%
- Charging services	tCO ₂ e	468.84	328.21	+43%
Total other indirect emission (Scope 3)⁴	tCO₂e	91.99	N/A	N/A
- Paper waste disposed at landfills	tCO ₂ e	27.38	N/A	N/A
- Electricity used for processing fresh water and sewage	tCO ₂ e	46.31	N/A	N/A
- Air Travel	tCO ₂ e	18.30	N/A	N/A
Total GHG emissions (Scope 1, 2 & 3)	tCO₂e	5,172.51	4,256.73	+22%
GHG emission intensity⁵	tCO₂e/number of employees	6.34	5.04	+26%

Notes:

1. The above GHG emissions data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. tCO₂e refers to tonnes of carbon dioxide equivalent.
3. The data for 2022 has been restated for enhancement.
4. Based on the nature of our business the Group determines that the GHG emissions from Scope 3 is immaterial and did not disclose in 2022. To hence the completeness of the performance of the Group, the Scope 3 emissions is included in the Reporting Period.
5. The intensity is calculated by dividing the total emissions by the Group's total number of employees at the end of the Reporting Period.

The largest proportion of GHG emissions during the Reporting Period is attributed to Scope 2, which encompasses indirect emissions resulting from electricity consumption. The use of electricity was comprised of various activities, including the purchased electricity (daily operation of offices, the maintenance and repair service of vehicles), and the provision of charging services through our charging stations. The electricity used for charging services is customer usage that is beyond the Group's control. During the Reporting Period, Scope 2 emissions increased 22%. The increase was attributed to the construction and operation of new charging stations, which resulted in higher emissions. It is worth noting that the charging services provided to our customers account for 10% (2022: 8%) of the total electricity consumption during the year. This growth reflects our commitment to expanding our charging infrastructure in line with the rising demand for electric vehicles, while also acknowledging the associated increase in electricity consumption and its corresponding impact on GHG emissions. In order to meet the potential enhancement of the ESG requirements, the Group disclosed the emissions in Scope 3 during this Reporting Period, aiming to comprehensively disclose the Group's ESG performance.



The Group endeavours to reduce the GHG emissions by reducing the energy consumption level. Our approach to conserving energy will be elaborated in the "Use of Resources" section.



Waste Management

As part of our environmental protection strategy, the Group manages all types of waste in our dealership outlets and office to safeguard our employees, environment, and the local community.

During the Reporting Period, the Group adhered to all relevant laws and regulations on the generation of hazardous waste and non-hazardous waste including but not limited to the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid (《中華人民共和國固體廢物污染環境防治法》), the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》). The Group adopts a range of environmental measures to reduce hazardous and non-hazardous waste. On a day-to-day basis, employees receive a job arrangement briefing prior to starting their work. This ensures the employee can work efficiently while minimizing any unnecessary wastage of raw materials as well as hazardous materials. The Group also works with industry peers and other business associates to explore and identify other shared waste management opportunities.

Hazardous Waste

As improper treatment of hazardous wastes may cause adverse effects on the environment, the Group has devised a Hazardous Wastes Management Plan (危險廢物管理計劃) and a Hazardous Wastes Management Policy (危險廢物管理制度) in accordance with *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》).

The hazardous waste is mainly generated from the sales of auto related products and the provision of integrated automotive services. This includes waste organic solvent (HW06), waste mineral oils (HW08), waste engine oil (HW08), coolant (HW09), waste dyes and paints (HW12), dry batteries (HW23), wasted towels (HW49), grease filters (HW49), spent activated carbon (HW49), and waste barrels (HW49). These wastes are separately collected and sorted according to the National Catalogue of Hazardous Wastes (Version 2021) (《國家危險廢物名錄(2021年版)》). Then, the wastes are stored in special containers with clear labels for identification which are designed for storage of hazardous materials. These containers are placed in a separate waste storage warehouse with a hazardous warning sign outside the facility. Every day, a warehouse clerk patrols around the facility to keep a record of all wastes collected and recycled.

Every period, hazardous wastes are transferred and disposed by a contracted company under the *Construction Program for Hazardous Waste and Medical Waste Treatment Facilities in China* (《全國危險和醫療廢物處置設施建設規則》). This company specifically handles the disposal of hazardous waste. The direct disposal of hazardous wastes into the environment is strictly prohibited. By working with contractors, it improves our waste management practices in our dealership outlets.

The Group has established a hazardous waste management team that is responsible for identifying the source of waste, monitoring the level of waste, and liaising with a third-party waste collection company.

In order to counteract any sudden environmental hazards caused by accidents or natural disasters, the Group has devised a Contingency Plan (突發事件應急預案), which outlines a set of procedures for staff to adopt during different scenarios. This ensures that all environmental hazards are resolved in a timely manner with minimal impact on the business operations. The table below illustrates the details of hazardous waste generated by dealership outlets of the Group during the Reporting Period:



Hazardous Waste ¹	Unit	2023	2022	Percentage Change
Total hazardous waste	Tonnes	183.58	163.07	+13%
Intensity of hazardous waste ²	Tonnes/number of employees	0.22	0.19	+16%

Notes:

1. The above hazardous waste data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. The intensity is calculated by dividing the total emissions by the Group's total number of employees at the end of the Reporting Period.

Other non-hazardous waste

Apart from complying with all laws and regulations on the collection, storage and disposal requirements of waste, the Group adopts a four-pillar approach to further our initiative in environmental protection. The four pillars are "reduce", "reuse", "recycle" and "replace". This approach is specifically designed to manage non-hazardous waste, such as domestic waste, general office waste, paper boxes and scrap iron.

Reduce

We define "reduce" as waste prevention and to reduce the waste at source. These measures include:

- Reduce the number of printed copies of working papers in the sales and administrative department;
- Encourage employees to reduce food waste by ordering only what they can eat;
- Provide periodic training to employees to ensure efficient usage of materials, and reduce mistakes that would lead to more waste; and
- Encourage staff to use electronic means to send documents. For example, WeChat, e-mail or encrypted Universal Serial Bus (USB) to save paper.

Reuse

We define "reuse" by finding ways to use a material multiple times before disposal. These measures include:

- To promote the use of recycled paper for printing of internal documents until both sides of the paper are used.

Recycle

We define "recycle" as the collection of materials for the usage of new products. These measures include:

- Encourage employees to collect recyclable materials; and
- Designated multiple waste bins around our dealership outlets that are for different types of waste, such as paper and plastic.



Replace

We define "replace" as the process of replacing non-durable or single use items with multi-use items. These initiatives include:

- Replace our outdated and broken equipment in our daily operations with more durable and long-lasting equipment; and
- Encourage employees not to use one time use food containers or plastic for their meals and beverages.

The adoption of the aforementioned waste reduction measures has continuously raised our staff's environmental awareness. The Group views the four-pillar approach as an opportunity to generate environmental and socioeconomic benefits.

The table below presents the details of the non-hazardous waste generated by the dealership outlets of the Group:

Non-hazardous Waste ¹	Unit	2023	2022	Percentage Change
Domestic waste	Tonnes	35.21	36.59	-4%
General office waste	Tonnes	4.92	5.56	-12%
Paper packaging	Tonnes	28.22	37.63	-25%
Scrap iron	Tonnes	7.50	14.46	-48% ²
Total non-hazardous waste	Tonnes	75.85	94.24	-20%
Intensity of non-hazardous waste ³	Tonnes/number of employees	0.09	0.11	-18%

Notes:

1. The above non-hazardous waste data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. New stores were remodelled and rebuilt in 2022, less construction in this Reporting Period, resulting a drop of 48%.
3. The intensity is calculated by dividing the total emissions by the Group's total number of employees at the end of the Reporting Period.

USE OF RESOURCES

The Group is not involved in the manufacturing business, hence, the usage of resources in our business activities is considered minimal and insignificant compared to upstream enterprises of the automobile industry. The Group still upholds the highest environmental standards in our business operations as the Group believes that environmental protection serves as a key element for the sustainable development of our business.

In order to fulfil regulatory requirements, the Group has devised and implemented an array of measures as set out in the Electricity, Water and Oil Saving Announcement (關於節約水、電、汽油等資源的通告) and Water-based Paint Dilution Announcement (關於水性漆轉換的通知), which aims to promote the efficient usage of water, energy, gasoline and other raw materials. The sections headed "Energy Management" and "Water Stewardship" of this ESG Report further elaborate on our strategy for efficient usage of water and energy.



Energy Management

As our GHG emissions are heavily based on our energy consumption levels, the Group is strongly committed to integrating the principle of resource conservation and environmental protection as part of our long-term business strategy.

The Group has devised and implemented the relevant energy-saving policies and adopted the best practices for energy conservation. Going forward, this will further reduce our energy consumption and ultimately, emit less GHG in order to support the transition to a net-zero economy. The Group abides to the relevant laws and regulations including but not limited to the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》).

The primary types of energy consumed, and the purpose of consumption are as follows:

- Gasoline: Business travel and test drives by client;
- Liquefied petroleum gas: Used for cooking in our canteens; and
- Electricity: Used as overheads in our dealership outlets and the source of energy for most equipment.

In order to conserve energy, the Group implemented internal monitoring, such as temperature control, standardising the workers' efficient use of raw materials, and periodic maintenance equipment that uses a large amount of energy. This approach enables the Group to optimise the use of energy by specifically designing energy conservation measures for different sources of energy consumption. The Group has actively promoted the following measures:

- Encourage employees to switch off equipment and electrical appliances when not in use to save electricity in the workplace;
- Require employees to switch off the lights during lunch and non-office hours as stated in the Staff Manual;
- Remind employees to save energy by posting notices on energy conservation methods within the workplace;
- Conduct periodic maintenance of electrical appliances to ensure efficient usage of electricity;
- Set the air conditioner to 25 degrees Celsius to reduce unnecessary usage of energy; and
- Encourage employees to open all windows instead of using air conditioners.

Adopting various energy-saving measures and instilling the principle of energy conservation in our employees, would overall reduce the energy consumption in the long term. The Group will periodically review these measures and adopt new ways to further reduce the Group's use of energy in the future.

The following table presents the Group's performance in the use of energy:

Use of Energy ¹	Unit	2023	2022	Percentage Change
Direct energy consumption	MWh	339.45	448.77	-24%
- Petrol	MWh	281.47	398.01	-29%
- Diesel	MWh	15.63 ²	N/A	N/A
- Liquefied petroleum gas	MWh	42.35	50.76	-17%
Indirect energy consumption	MWh	8,596.01	6,567.29	+31%
- Purchased Electricity ³	MWh	7,773.91	6,029.32	+29%
- Charging services	MWh	822.10	537.97	+53%
Total energy consumption	MWh	8,935.46	7,016.06	+27%
Energy consumption intensity	MWh/number of employees	10.69	8.29	+29%

Notes:

1. The above use of energy data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. The use of fuel changed due to the change of vehicle type in this Reporting Period.
3. Electricity consumption has been the major source of energy for the Group in the past two years. The increase in electricity usage is proportional to our increase in business activities.
4. The intensity is calculated by dividing the total emissions by the Group's total number of employees at the end of the Reporting Period.

For our electricity charging stations, we purchase our electricity directly from the grid, which electricity provided to customers in the charging service comprises 10% of our total electricity usage. The increase in the electricity purchase is mainly attributable to the new store operated during the Reporting Period.

Water Stewardship

According to the 2023 Global Risks Report published by the World Economic Forum, natural resources crises, including water, are considered to the 6th of the top ten global risks by impact in ten years.

Water plays a vital role in multiple sustainability macro-trends, such as income equality, loss of biodiversity and climate change. Not only is water an essential resource for our society, but it is also critical for the natural environment. As water scarcity has been impacting an increasing number of communities around the world, governments and organizations have been working together to manage and restore our freshwater ecosystem. The Group views water stewardship as an important area in responding to these sustainability trends, as well as one of the key mechanisms by which the Group can contribute to a sustainable future.

As water stewardship is a core value shared amongst our stakeholders, data collection on water consumption in dealership outlets have been part of our normal business operation. This enables the Group to manage the water performance in each outlet, by identifying and managing potential water-related risk. The nature of our business operation does not rely heavily on water. In 2023, water was primarily used for sanitation of the dealership outlets and offices, maintenance of hygiene in bathrooms, and rehydration for employees.

Recognizing our role in managing water responsibly, the Group is fully committed to conserving water through the underlying principles of "saving, purifying and recycling" as outlined in the Electricity, Water and Oil Saving Announcement (關於節約水、電、汽油等資源的通告). In addition, the Group implemented various measures and initiatives to reduce water consumption. Such measures and initiatives include but are not limited to:

- The Group strictly prohibits any water wastage behaviours or actions;
- Water used to wash hands or fruits is recycled to flush the toilet;
- The management regularly organizes inspection of water pipes to prevent water leakage;
- The water meter is periodically checked and recorded to identify any signs of potential leakage in pipes; and
- Our management frequently shares water conservation measures and encourages employees to adopt these measures not only in the offices and outlets, but also at their homes as well.

The details of the water consumption of the Group are as follows:

Water consumption ¹	Unit	2023	2022	Percentage Change
Water consumption	Cubic metre	74,667.00	77,897.80	-4%
Water consumption intensity²	Cubic metre/number of employees	89.31	92.08	-3%

Notes:

1. The above water consumption data have been compiled with reference to "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. The intensity is calculated by dividing the total emissions by the Group's total number of employees at the end of the Reporting Period.

Based on our operating region, the Group adheres to the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》), that aims to control and prevent water pollution, protect, and improve the environment to ensure the safety of drinking water.

In the Reporting Period, there were no notable water-related risks, and the Group did not encounter any issues in obtaining suitable water sources as our water is directly supplied by the government rather than from natural water sources.

Use of Packaging Materials

The Group does not use packaging materials in our business activities.

THE ENVIRONMENT AND NATURAL RESOURCE

As the Group is not engaged in any manufacturing activity and its main business activities have no significant impact on the environment and natural resources, we still strive to enhance environmental pollution prevention, a control system, and a waste treatment system to minimize carbon footprint as well as reduce environmental impact and emphasise the responsibility of management. We continuously review our environmental policies and green practices from time to time to an international standard.

For the sake of enhancing environmental sustainability, the Group also assesses the environmental risks ranging from business activities to operations, reviews environmental-related measures and adopts effective preventive actions. The main environmental impact of the business is the indirect carbon dioxide generated by electricity in daily activities, corresponding measures (please refer to the "Emissions" and "Use of Resources" sections) are established to mitigate the risk to an acceptable level.



During the Reporting Period, the Group has strictly complied with all laws and regulations related to emissions and resource utilization.

CLIMATE CHANGE

During the 2023 United Nations Climate Change Conference of the Parties (COP 28), an unprecedented number of participants connected to the coal, oil, and gas industries, totalling around 2,400 individuals, registered for the climate talks. Remarkably, this figure surpasses the combined attendance of participants from the 10 countries most vulnerable to climate change. The magnitude of this conference is unparalleled, with approximately 97,000 politicians, diplomats, journalists, and campaigners registered for the event, making it the largest climate conference to date.

In response to the global call for action on climate change, the Group actively participates in efforts to mitigate its impact. During the Reporting Period, we have implemented the following approaches:

1. To conduct a climate risk assessment;
2. To develop risk mitigating measures;
3. To allocate resources and implement the measures; and
4. To monitor and conduct a post-implementation review.

Climate Risk Assessment

In order to integrate climate as part of our business strategy, it is essential to identify the impacts of climate change and the new policies introduced in our operating environment. This will assist our transition towards a low-carbon economy. Our Group tackles climate risk in two dimensions, namely, physical risk and transition risk.

Physical Risk

Physical acute risk is caused by weather-related events, such as thunderstorms, typhoons, and hurricanes. This type of risk is relatively low, as the impact of this risk is limited to affecting on our outlets' daily business operation. For example, if our outlets are flooded due to a typhoon, the Group may not be able to provide service to our clients. It may temporarily disrupt our business operations which gives rise to resilient risk. The Group has devised a set of contingency measures for multiple severe weather-related events and will further consider implementing other measures in the future.

Physical chronic risk is caused by changes in weather patterns, such as the decrease in the annual precipitation, increase in average temperature, and rise in sea level. Due to the service nature of our core business activity, the impact of weather pattern fluctuations is fairly low. However, we remain attentive to potential implications and will adapt our strategies and operations accordingly if necessary.

While the immediate impact of physical acute risks is more evident in our daily operations, we recognize the importance of considering both acute and chronic risks in our overall risk management approach. By doing so, we can enhance our resilience and ensure the long-term sustainability of our business.



Transition Risk

Legal and policy risk: With China's commitment to carbon neutrality by 2060 and peak emissions target by 2030, it is inevitable that there will be new low-carbon policies introduced to upstream and downstream enterprises of the automobile industry. Although our business activities directly generate a minimal level of GHG emissions and waste, we may still be subject to a relatively higher policy risk over the next few decades. The Group will keep abreast of these new policies and work closely with business associates to respond to any regulatory changes.

Technology risk: As our operations are primarily service-oriented, technology risk is considered low. The Group will continue to leverage on technology to achieve the core long-term strategy, which is to integrate a comprehensive array of integrated auto services for the creation of "a one-stop integrated auto service ecosystem".

Market risk: As there has been an increasing proportion of customers going green and regulatory incentives, the Group has been focusing on expanding the business in the new energy vehicle sector as part of our long-term strategy, which includes the sale of electric vehicles, ride-hailing of green vehicles and the provision of green charging stations. The Group is currently striving to seize the opportunities arising from the "new four modernisations" of automobiles, namely intellectualization, networking, electrification and sharing in order to dig deep into the integrated business of new energy vehicles.

Reputational risk: With the shift in the business landscape towards electric vehicles and the potential new introduction of policies into our operating environment, it is essential that the Group responds to these changes in an effective and timely manner. The Group had laid out the building blocks towards a low carbon economy which aims to lower the reputational risk.

The Group has reviewed the risk appetite across the business lines and has prepared countermeasures to manage these risks. As of 31 December 2023, the climate risk assessment has not identified any significant climate-related risks, and the Group has not experienced significant impacts from climate change.



CONSUMER RIGHTS

The Group believes that high product quality directly correlates to a positive reputation and sustainable business development. The Group has established a Quality Management Assessment System of Centenary United Holdings Company Limited (世紀聯合控股有限公司質量管理) to reduce the risk of product responsibility. The policy sets out the maintenance quality inspection standards, which aims to ensure our operation complies with the regulations in our operating region, and also to align the quality of our services to an international level.

The Group strictly complies with the laws and regulations relevant to product responsibility, including but not limited to the *Law of the People's Republic of China on the Protection of Customer Rights and Interests* (《中華人民共和國消費者權益保護法》), the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》) and the *Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》). During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations on product and service safety, labelling, advertising, and privacy matters.

Quality Assurance

As an important lever for sustainability, it is critical to maintain a high level of product and service quality across all of our outlets. In order to enhance the monitoring and management of product quality, the Group has formulated the Quality Assurance Policy (質量管理考核制度) that outlines the product's quality standards. If the product is discovered to be substandard, the Group shall initiate the recall procedure and refund the customer. The recall procedure will be further elaborated in the "Product Recall" section.


Apart from our products, the Group offers a spectrum of value-added services, ranging from after-sales service to product warranty. If these services such as the repair of automobiles fall below our standard, the Quality assurance department will initiate corrective procedures to first remediate the issue, such as conducting a qualified goods selection, full inspection, reproduction, or scrap. Then, an investigation will be conducted for the reason for the substandard service. A corrective and preventive report will be prepared throughout the investigation process which allows the relevant technicians to review their areas of suboptimal performance and use it as a reference to prevent similar incidences from reoccurring.

Complaints Handling Procedures

Providing a memorable positive customer experience is a collective effort by our employees. We adopt a customer-first mindset by listening to them, which enables us to elevate their experience with our products and services. Therefore, the Group attaches great importance to complaint resolution and is committed to responding to any complaint accurately, timely, and with courtesy.

The Group established several communication platforms such as customer service hotlines and e-mails for our clients to lodge complaints. Our customer service team will be responsible for investigating the matter and will promptly respond with appropriate action. Complaints that involve any unethical or illegal issues may be escalated to the management to take further appropriate actions.

All complaints will be remediated in accordance with the Complaint Handling Policy (客戶投訴處理規程) to ensure that all customer complaints are properly handled. Complaints will also be kept confidential, and the Group guarantees that there will be no retribution of any kind against any complaints.



During the Reporting Period, the Group received 35 cases of complaints related to product safety and service quality. These were minor complaints that were resolved in a timely manner. Going forward, our rigorous and consistent approach to handling customer feedback will help us to further understand our clients and the market trends. Ultimately, this will help the Group unlock new opportunities and develop innovative solutions to better serve our customers.

Intellectual Property Rights

Although the use of intellectual property rights is not considered to have a significant impact on our business, the Group still abides by the Patent Law of the People's Republic of China (《中華人民共和國專利法》), and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Patents Ordinance (Cap. 514 of the Laws of Hong Kong) and the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong). The Group will continue to evaluate the materiality and impact of intellectual property rights on business operations and will make more detailed disclosures where necessary.

Product Recall

The safety of our customers remains our utmost priority. If the Group identifies that the maintenance materials and products may have safety hazards or quality problems, the Group will trace back all affected products as soon as possible in accordance with regulations. The Group will further conduct investigation to gain a better understanding of the situation to determine whether a recall is necessary. Once the recall is confirmed, the customer service department will be responsible for initiating the recall procedure, supervising the entire recall process, and providing compensation to the affected customers with value-added services and feedback on the extent of the impact. During the Reporting Period, there were no recalls of sold or shipped products due to safety and health reasons.

Protection of Customers' Data

The Group is committed to protecting the customers', employees' and partners' personal information and their rights to privacy. The Confidential Policy of Centenary United Group (世紀聯合集團保密制度), outlines our confidentiality system and privacy measures, including but not limited to the collection, process, use and disclose of personal data.

The Group's data are classified into three levels: internal, confidential, and secret. The Group requires the staff to record their access to confidential data in a registration record. Employees who may encounter confidential information in their daily job responsibilities are required to sign an Employee Confidentiality Agreement (員工保密協議).

With an evolving cyber security threat landscape, the Group will also continue to enhance the privacy action plan and improve the cyber security resilience to prevent any leakage of confidential data. We have further developed our informational technology internal control system and continued to invest in our cyber security initiatives.

Protection of the integrity, confidentiality and security of data is a collective effort of our employees. Periodically, the Group will remind employees of cybersecurity and privacy measures. This ensures that employees are able to handle and prevent security threats related to data regardless of whether the employee is at work or home.

During the Reporting Period, the Group complied with relevant laws and regulations related to the protection of customer data, including but not limited to, the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).



Product Promotion

The Group conducts direct advertising through various platforms, such as display boards, advertising posters, in-store product displays, discount activities, delivery, and email promotion. The aforementioned activities are conducted in accordance with the relevant laws and regulations of the operating region, including but not limited to the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》). The use of misleading information and icons in advertising and promotion are strictly prohibited. The Group is committed to protecting the rights and interests of customers by ensuring that all advertising content is clear and truthful.



EMPLOYEE RIGHTS

Employees are an invaluable asset that forms the foundation of our business success. Our corporate culture upholds the core values of respect, professionalism, and equality. We strive to empower our employees, treat our staff with dignity, and promote equal opportunities and multiculturalism. In line with our people-oriented philosophy, the Group is committed to creating a safe and healthy working environment, that values teamwork, diversity and inclusion.

This was achieved through establishing a transparent platform to receive feedback from employees and gauge employee satisfaction. In response to employee feedback, the Group has strongly focused on employee's personal growth, and the protection and respect of their legitimate rights and interests.

To further our commitment, the Group has further developed workplace facilities and updated the human resources policies, such as the "Company Personnel System" chapter ("Company Personnel System") of the Rules and Regulations of Centenary United Group (世紀聯合集團規章制度). The policy outlines the relevant regulations and standards in several aspects including but not limited to recruitment, transfer and promotion, dismissal, salary, capital calculation and compensation, other benefits, diversity and anti-discrimination, and equal opportunities.

During the Reporting Period, the Group adhered to the relevant laws and regulations regarding labour, including but not limited to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulation on Labour Security Supervision (《勞動保障監察條例》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). The Group was not aware of any non-compliance with the relevant rules and regulations that had a significant impact on us.

Employment and Turnover Rate

At the end of the Reporting Period, the Group decreased the size of workforce by 4% compared with the previous year to 816 employees. The workforce consists of all full-time employees. The distribution of our workforce by gender, age group and geographical region are as follows:



Category	Number of Employees (Percentage)		Percentage Change
	2023	2022	
Gender			
- Male	514 (63%)	519 (61%)	-1%
- Female	302 (37%)	327 (39%)	-8%
Age Group			
- 30 or below	318 (39%)	348 (41%)	-9%
- Between 31 - 40	369 (45%)	392 (46%)	-6%
- Between 41 - 50	108 (13%)	89 (11%)	+21%
- 51 or above	21 (3%)	17 (2%)	+24%
Geographical Region ¹			
- PRC	814 (99%)	844 (99%)	-4%
- Hong Kong	2 (1%)	2 (1%)	-

During the Reporting Period, the Group's overall employee turnover rate was approximately 48%. (2022: 40%) The employee turnover rate by (i) gender, (ii) age group, (iii) geographical region are presented in the table below:

Category	2023	2022	Percentage Change
Gender			
- Male	51%	49%	+4%
- Female	42%	30%	+40%
Age Group			
- Below 30	76%	55%	+38%
- Between 31 - 40	35%	32%	+9%
- Between 41 - 50	13%	33%	-61%
- Above 51	19%	41%	-54%
Geographical Region			
- PRC	48%	42%	+14%
- Hong Kong	-	50%	-



EMPLOYEES' RIGHT AND BENEFITS

Our Group aims to create a fair working environment for the employees, we are committed to respecting human rights and providing benefits to them.

Compensation Package

A fair and reasonable remuneration package has been arranged for all employees, which is determined by multiple factors. For instance, job responsibilities, annual performance, academic qualifications, professional designation, and market salary. The compensation package also includes competitive remuneration benefits, discretionary bonuses, share options, which are adjusted based on their performance against the remuneration targets. These targets are designed to align employee's performance with the Group's strategic goal. Employees in the PRC are entitled to social insurance benefits as stipulated in their labour contracts, such as endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing provident fund, which is in accordance with the Labour Contract Law of People's Republic of China (《中華人民共和國勞動合同法》). Employees in Hong Kong are also entitled to the benefits as outlined in the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and Employment Ordinance (Cap. 57 of the Laws of Hong Kong).

In accordance with the laws and regulations, employees are also entitled to all statutory holidays, leave and welfare including but not limited to annual leave, bereavement leave, public holidays, sick leave, marriage vacations injury leave, maternity leave, and contraception leave.

The Group also funds the labour union's activities, medical examination and study subsidies, work clothes, dormitories, training subsidies, meals and other benefits.

Recruitment, Promotion and Dismissal

The Group is committed to developing a strong talent pipeline to meet our strategic needs. An integrated workforce planning process is adopted to identify the necessary skillset and experience across our business operations, and recruit locally, if possible, to support our community. This process enables us to hire the right balance of talent between different divisions, which will further support our business expansion.

Our recruitment and promotion system encompass the principles of "impartiality, fairness and openness" and "employing people on their merits, equal emphasis on morality and competence". By adopting a holistic approach, the Group ensures that all applicant receives equal treatment, regardless of their background, religion, race, age, gender, and other factors. Applicants undergo a background check and a vigorous assessment to ensure they have the relevant skills set, behaviour and sufficient experience prior to employment. This ensures new employees will be able to integrate into our Group's culture and thrive within the working environment.

Every period, employees complete a self-assessment and an evaluation with their supervisors to identify areas that they have performed well and areas for improvements. It also serves as an opportunity to determine whether they have sufficient knowledge and expertise in the field for a promotion. By providing a healthy competitive environment, it encourages employees to go above and beyond.

When employees resign, they will be provided a reasonable resignation compensation according to their reasons and the policies of the Group. The human resource department also conducts an exit meeting to understand the employee's thoughts and feelings during their time with the Group. The employees' feedback will be used to further develop the Group's working conditions which will increase employee satisfaction.



During the Reporting Period, the Group has adhered to the employment-related laws and regulations in PRC and Hong Kong.

LABOUR STANDARDS

The Group has strictly adhered to all laws and regulations relevant to the prohibition of child labour or forced labour, including but not limited to the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》), and the Employment Ordinance (Cap. 57 of the Laws of Hong Kong). During the Reporting Period, the Group was not aware of any incompliance of laws and regulations related to the prohibition of forced labour or child labour that had a significant impact on us, nor were there any cases of forced labour or child labour.

The Group acknowledges that child and forced labour is a violation of fundamental human rights; hence, all forms of a child or forced labour are prohibited. The Group has adopted a series of measures to prevent such occurrences, which are stated in the Anti-Child Labour Policy of Centenary United Holdings Company Limited (世紀聯合控股有限公司反童工政策).

As part of the recruitment process, the screening procedures consist of collecting the candidate's original driver's license, original identity proof and graduation certificate. The Human Resources Department will first verify the legitimacy of the respective documents. Then, it'll be further investigated to ensure authenticity of the holders and their age is 16 or above. On a case-by-case basis, the Group will perform background checks on the candidate's previous working experience by contacting the candidate's previous employer and related personnel. The Group will also perform periodic inspections and reviews to prevent any child labour and forced labour in our operations.


If there is a violation of the law, the regulatory authorities will be notified promptly, and the Group will also conduct investigation to prevent the reoccurrence of similar issues.

As stipulated in the Company Personnel System (公司人事制度), all overtime work is at the discretion of the employee and will be compensated accordingly. The Group has been transparent with the working hours and resting periods arrangement with the employees, and will strive to arrange the employee's working schedule, such that there is an optimal balance of private life and professional life. Any negative behaviour, such as physical punishment, verbal abuse, sexual harassment, physical abuse, and oppression, against any employees is strictly prohibited.

DIVERSITY AND INCLUSION

Diversity and inclusion are firmly anchored within our corporate culture. The Group strives to create a diverse and inclusive workplace, such that all employees feel safe, supported and respected. This aligns with our 'people-oriented' philosophy and is also foundational to our commitments and initiatives.

The Group places particular emphasis on enhancing inclusive leadership. Our leadership teams are committed to upholding the diversity and inclusion principles. They work closely with different divisions to devise action plans that address barriers for creating an inclusive and respectful working environment. With diverse teams, the Group believes that it will stimulate creativity and bring new ideas into our business. More importantly, this will enable us to meet the needs of our stakeholders and the ever-changing markets with our innovative solutions, products and services.



In addition, the key elements of our values and culture are our continued focus on providing equal opportunities in all aspects of employment, preventing harassment and discrimination based on colour, religion, place or origin, age, sexual orientation and marital status, and our strong commitment to creating a professional and positive workplace.

HEALTH AND SAFETY

Building a positive culture of health and safety has been one of the top priorities for the Group. A healthier workforce will lead to better productivity and higher morale, which ultimately creates a high-performance and agile organisation. This has been achieved by supporting our employees in two dimensions – "Physical Well-being" and their "Mental Well-being".

Physical Well-being

In order to protect the physical well-being of our employees, the Group's operation revolves around the principal of "safety foremost, prevention-dominated" and is governed by a set of policies and procedures, including but not limited to Employee Protection Policy (員工保障政策), Emergency Procedures (應急救援), Hazard Identification and Risk Control (危險源辨識與風險控制) and Safety Standardised Policy (安全標準化制度).

As defined in the Safety Standardised Policy (安全標準化制度), the safety management department is responsible for the implementation of all types of safety inspection, safety education, safety risk, safety review, legislation compliance and emergency procedures. On a day-to-day basis, the safety production leading team closely monitors the operations in the production sites to ensure the staff and processes are in compliance with the safety measures, which include warehouse safety, fire safety, electricity safety, emergency and evacuation procedures, and work-related injuries prevention procedures. Production equipment and fire safety equipment are regularly inspected to ensure it is functional and safe to use.

In order to promote employees' occupational health and safety awareness, the Group regularly provides safety training to employees. Staff who are involved in potential occupational hazards have been provided with additional training to further mitigate the risk of occupational hazards and to prevent work accidents. Regular physical inspections are also conducted for these staff.

Furthermore, the Group also conducts fire drills and other rehearsals of emergency procedures. Hence, employees will be more familiar with their roles and responsibilities during emergencies. It also assists the safety management department to determine whether the existing emergency procedures are effective and relevant to our developing business.

When accidents or injuries occur within our premises, our management team will be immediately notified, and an investigation will be launched to analyse the reason for the accident. Relevant measures will be formulated and implemented to minimise the recurrence of similar incidents.

The Group adhered to the relevant laws and regulations including but not limited to the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases* (《中華人民共和國職業病防治法》), *Occupational Safety and Health Act* (《職業安全衛生法》), the *Provisions on the Administration of Motor Vehicle Maintenance* (《機動車維修管理規定》), and the *Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)*. Furthermore, the Group was not aware of any incompliance of laws and regulations related to employees' health and safety. In 2023, 55.5 working days (2022: 188) were lost due to minor work-related injuries. There were no fatalities or serious accidents in this Reporting Period and the past three years.



Mental Well-being

In parallel with supporting our staff's physical well-being, it is also crucial to boost the mental health of our workforce. Our management pays close attention to the employee's mental health and has devised a series of initiatives to maintain the employee's mental resilience.

One of the key initiatives is to promote the concept of work-life balance. The Group strives to develop a working environment and a corporate culture that provides an optimal balance between the employee's private lives and professional lives. Within our business operation, the employee's working hours, resting time and holidays are clearly stated through the Company Personnel System (公司人事制度), which protects the legitimate rights and interests of employees, and their rights to rest and vacation.

In addition, staff that are in managerial positions have been provided with basic training to identify signs of mental health issues in employees. Managerial-level staff are encouraged to proactively reach out to team members from time to time to create a more inclusive, open, and friendly working environment. If employees require support with mental health, they can attend counselling sessions that cover different aspects, such as conflict management and stress relief.

Hosting employee engagement activities is also one of the ways to raise morale and team spirit. This will enhance manager-employee relationship and communication between employees of different seniority. Staff are able to forge bonds with team members from other departments, which promotes inclusivity and may spark creativity.

DEVELOPMENT AND TRAINING

The Group's culture is shaped by the diversity and quality of our workforce. Employees that fully embrace our values exemplify our brand are best able to deliver excellent results and contribute to our growing business. To achieve this, the Group heavily invests in our employees by providing an array of learning, training and development opportunities.

The Group encourages employees to work with their supervisors and other senior staff to design their career development plan and set annual objectives. Based on the employee's unique career pathway, the Group will strive to arrange the relevant training opportunities. Since 2021, the Group has developed a set of training principles and programs, such as orientation training, on-the-job training, in-house programs, and other training opportunities catered for employees' personal growth and job requirements, which are outlined in the Training Policy of Centenary United Holdings Limited (世紀聯合控股有限公司培訓政策).

Orientation Training

Orientation training aims to help employees to smoothly integrate into the new corporate environment and to enhance their sense of belonging. Training contents consist of an introduction to the Group's business background, corporate culture, rules and regulations, job responsibility, workplace etiquette, and training opportunities.

On-the-job Training

The goal of on-the-job training is to equip employees for the future workspace. This includes upskilling as well as reskilling our employees and technicians to operate with our advanced machinery. This is essential as the Group uses the latest technology in the business operation to deliver the best service, which requires employees to adapt to using new machinery and new processes.

Internal Training

Internal training is designed to cultivate sales staff with advanced customer service skills, keep them abreast of the latest automobile industry trends and developments, and inform them of the Group's new products. This is vital to the business success of our 4S stores.

The Group also arranges external training, such as seminars by manufacturers on new management, service and sales standards. By partnering with local educational institutions, the Group aims to develop a talent pool of auto technicians and leaders, that will bring in new ideas and innovative solutions into our business. In parallel, this training can also effectively prevent the occurrence of operational accidents and help maintain a high-quality service to reinforce our position as a leading enterprise in our operating region.

Whether it is providing on-the-job training or arranging elite training seminars, the Group believes that continuous career development is vital for our workforce and a sustainable business. Going forward, the Group will continue to review the training programs to ensure that it can fully support the professional and personal growth of each and every employee.

During the Reporting Period, 816 full-time employees representing 100% of the total workforce were provided with training. The distribution of the 100% trained employees by gender and employee category are as follows:

Category	Number of Employees Trained (%)		Percentage Change
	2023	2022	
Gender			
- Male	63%	61%	+3%
- Female	37%	39%	-5%
Employee category			
- Senior management	3%	3%	-
- Middle management	12%	13%	-8%
- General employees	85%	84%	+1%



Employees received on average of 35.24 training hours and the average training hours for the gender and employee category are as follows:

Category	Average Training Hour		Percentage change
	2023	2022	
Gender			
- Male	35.66	34.81	+2%
- Female	34.52	35.30	-2%
Employee category			
- Senior management	35.36	61.74	-43%
- Middle management	36.26	46.11	-24%
- General employees	35.23	32.34	+9%



SUSTAINABLE VALUE CHAIN

As a leading enterprise in environmental and social governance, the Group continues to integrate the principal of sustainability into the supply chain management. We work with suppliers that align with our strategic goal, and share our values and visions, to support the community and to reduce environmental impact. By doing so, we aim to foster a mutually beneficial business relationship with our suppliers, which can further maximise our customer value and achieve sustainable competitive advantages.

PROCUREMENT PROCEDURES

The Group has established a series of rigorous and standardised processes for the selection of suppliers, such as the Purchase Management Policy (採購管理制度) and the Purchase Supplier Assessment Procedures (採購供應商開發及評估流程).

Qualifying Process

All suppliers must become qualified prior to providing materials and services for the Group. They undergo a supplier evaluation assessment and audit in accordance with the Purchase Supplier Assessment Procedures (採購供應商開發及評估流程), which ensures that their services and materials are safe and at a high quality. The Purchasing Department of the Group oversees the evaluation process and the data collection aspect as well, which includes obtaining factory inspection reports, business licenses, operating permits and third-party inspection reports. On-site review and conference discussions may also be conducted to gain a deeper understanding of the supplier's ESG performance, business operations and their risk management approach. This would effectively mitigate environmental and social risks, and provide insight into their ability to properly fulfil their supplier obligations and meet our high standards. This will further reinforce our culture of sustainability of our supplier chain management.

Delivery of Materials

Upon purchase of materials, the Spare Parts Department is responsible for on-site inspection of the goods and collection of goods. If there are any issues regarding the quality, the Spare Part Department will timely notify the clients and take remedial actions, so our business operations will not be affected. Periodically, the Finance Department will also conduct a supplier's cost evaluation assessment.

Annual Review

Towards the end of the year, the Purchasing Department is responsible for reviewing all qualified suppliers during the year, by obtaining feedback from departments that have used the supplier's materials and services. The Purchasing Department may also request additional documents and information from the supplier to assist with the annual supplier evaluation process. The Group strives to initiate positive change throughout the supply chain by proactively reaching out to suppliers that have fallen below our standard. If the supplier continues to perform below our expectations, they will be eliminated from our list of Qualified Supplier List (合格供應商名冊). This process helps to mitigate any procurement risk.

During the Reporting Period, the Group partnered with 174 suppliers (2022: 173), in which 142 suppliers were from our local community of the Guangdong Province PRC; the other suppliers were located in other provinces across the PRC. Due to our diverse network of suppliers, the Group encountered no difficulties in sourcing products and services. There were also no companies identified as critical suppliers. The Group aims to maintain long-term strategic partnerships with suppliers with high-quality services, high-profile, and a strong sense of social responsibility.



ANTI-CORRUPTION

The Group is committed to fostering an ethical culture through training, effective communication, positive ethical atmosphere and accountability, which is essential for maintaining our reputation and business partner confidence. An ethical culture, including zero tolerance for corruption and bribery, is also a vital element for the healthy and sustainable development of our business.

All employees uphold the highest standard of ethical business. The Group periodically organizes the Employee Behaviour, Morality and Integrity Training Course (員工行為、道德、廉潔素養) to employees and Directors, which is designed to assist them in evaluating their ethical beliefs, promote ways to make their working environment more ethical, and to enhance the employee's ability to prevent and identify different cases of anti-corruption and anti-bribery. This course is conducted through in-person seminars and online meetings, and all participants receive training materials and case studies.

The Group's Anti-Corruption Management Procedure of Centenary United Group (世紀聯合反貪管理程序) sets out the minimal standards to assist our employees in identifying circumstances that may lead to unethical behaviour, and the procedures to prevent, detect and resolve any incidence of anti-corruption. Any money laundering activities using public or private bank accounts are also strictly prohibited, and the Group will take relevant actions against these misconducts.


The Group strictly complies with the laws and regulations relevant to anti-corruption, including but not limited to the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), and the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》).

During the Reporting Period, the Group provided 657 employees (2022: 687 employees) with relevant training on anti-corruption, and the average training hour for each employee was about 0.84 hour. The Group generally arranges in-person conferences for employees at the management level, while the rest of the employees received training through other platforms and received training materials such as case studies related to anti-corruption.

The Group adopts a principle-based approach to sustain an ethical culture. Employees are encouraged to do what is right, speak up and confront unethical behaviours.

Our principles:

1. Employees are encouraged to speak up on unethical behaviours, criminal activities, fraud, misconduct, management override, regulatory non-compliance. They may speak to their supervisors or report the issue through our whistleblowing platform;
2. Employees can report unethical behaviour without fear of retaliation; and
3. Employees shall remain alert at all times for any signs of unethical behaviours.



As stated in the Whistleblowing Procedure (檢舉告密制), the Group has multiple whistleblowing channels, such as e-mail, telephone or letter, that allows employees to report unethical behaviours to the reporting department. A set of procedures have been outlined for each whistleblowing channel to ensure the report on unethical behaviour is confidential and anonymous.

The Group has formulated a standardised work process to handle unethical behaviours. In particular, for anti-corruption, the relevant procedures are recorded in the Anti-Corruption Management Procedure of Centenary United Group (世紀聯合反貪管理程序). The Group may also further consult with external independent third parties to provide support on the investigation.

If employees are involved directly or indirectly in any confirmed cases of unethical behaviours, they will be subject to punishment by the relevant departments in accordance with management authority and in accordance with relevant national laws and regulations depending on the severity of the case. On an ongoing basis, the Group will continue to review the effectiveness of the whistleblowing mechanism and make relevant changes according to our business development.

During the Reporting Period, there was no legal cases regarding corrupt practices brought against the Group.



OUR COMMUNITY

We are passionate about giving back and going above and beyond our business activities to contribute to our communities. The Group's community investment strategy revolves around two pillars, namely, collaboration with charitable organizations and employee engagement in community events. These two elements provide guidance on how we select our community partners and the type of volunteer work that we do. The Group also seeks to partner with other organizations of different industries that share the same passion as us - to create meaningful and transformational changes for the society by delivering new and sustainable solutions.

In 2023, the society is slowly recovering from COVID-19. As one of the parts of the society, the Group has high responsibility to contribute and secure a sustainable future for our communities. The Group identified that climate change and the support for teenagers were the most pressing issues in our community. With the unparalleled efforts of our employees, the Group contributed 115 volunteering hours (2022:245) to support those who needed our help the most in the Reporting Period. The Group engaged in the following events:

1. 2023 Zhongshan City Charity Walk (豐田店攜女企業家協會參與慈善萬人行);
2. Community Activity Day on Children's Day (創志店 (雪佛蘭) 社區兒童節活動日).



2023 Zhongshan City Charity Walk



Community Activity Day on Children's Day

Employees are also encouraged to actively participate in charity activities. The Group believes that by actively participating in public welfare activities, employees can cultivate a sense of social responsibility and further enhance our reputation as proactive community builders. Hence, we continue to encourage employees to participate in community services to build a more sustainable future, a thriving economy, and a harmonious society.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection
KPI A1.1	The types of emissions and respective emissions data.	Emissions
KPI 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)	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use Of Resources
KPI A2.1	Direct and/or indirect energy consumption by type gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Use Of Resources
KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Use Of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection Use Of Resources
KPI 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.	Use Of Resources



Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect 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.	Climate Change
KPI 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.	Climate Change
B. Social		
Aspect 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.	Employee Rights
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Rights
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Rights
Aspect 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.	Health And Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health And Safety
KPI B2.2	Lost days due to work injury.	Health And Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health And Safety



Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Development And Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Development And Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development And Training
Aspect B4: Labour Standard		
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.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Value Chain
KPI B5.1	Number of suppliers by geographical region.	Sustainable Value Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Sustainable Value Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Value Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Value Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Consumer Rights
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Consumer Rights
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Consumer Rights







Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Consumer Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Consumer Rights
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Consumer Rights
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-Corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focused area.	Our Community




UN SDGS

The 2030 Agenda for Sustainable Development was adopted by all United Nations Member States in 2015, and provides a shared blueprint for achieving peace, prosperity, and environmental sustainability now and for generations to come. At the heart of this agenda are 17 global goals, known as the United Nations Sustainable Development Goals (UN SDGs).


While these goals are an urgent call for action by all countries working together in global partnership, we believe all global companies like ours also have a role to play in achieving this important agenda. In the table below, we have mapped our five sustainability focus areas to the most relevant targets within these 17 goals and provided examples of the type(s) of impacts we are making to contribute to their achievement.

UN SDG	Goal	Most Relevant SDG Targets	Examples of Our Contributions
	Goal 1 No Poverty	1.2 By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	Our Community
	Goal 5 Gender Equality	5.1 End all forms of discrimination against all women and girls everywhere	Employee Rights
		5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Employee Rights
	Goal 6 Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	Environmental Protection
		6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate	Environmental Protection
	Goal 7 Affordable and Clean Energy	7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services	Lifecycle Carbon Management
		7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	Lifecycle Carbon Management



UN SDG	Goal	Most Relevant SDG Targets	Examples of Our Contributions
	Goal 8 Decent Work and Economic Growth	8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	Employee Rights
		8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Employee Rights
	Goal 12 Responsible Consumption and Production	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Environmental Protection
		12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Environmental Protection; Sustainable Value Chain
		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Environmental Protection
		12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Sustainable Value Chain
	Goal 13 Climate Action	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	ESG Governance; Environmental Protection



UN SDG	Goal	Most Relevant SDG Targets	Examples of Our Contributions
	Goal 16 Peace, Justice and Strong Institutions	16.1 Significantly reduce all forms of violence and related death rates everywhere	Employee Rights
		16.5 Substantially reduce corruption and bribery in all their forms	Employee Rights
		16.6 Develop effective, accountable and transparent institutions at all levels	Anti-Corruption
		16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	ESG Governance
		16.b Promote and enforce non-discriminatory laws and policies for sustainable development	ESG Governance