



WULING MOTORS HOLDINGS LIMITED

五菱汽車集團控股有限公司

(Incorporated in Bermuda with limited liability)

Entering the Era of
HIGH PERFORMANCE with
CLEAN ENERGY



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2018

HKEx Stock Code : 305

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ABOUT THE REPORT

INTRODUCTION OF THE REPORT

Wuling Motors Holdings Limited (the "Company") and its subsidiaries (collectively the "Wuling Group", the "Group" or "We") are pleased to publish the Environmental, Social and Governance ("ESG") Report for the period from 1 January 2018 to 31 December 2018 (the "Year"). The ESG Report summarizes the efforts and achievement made by the Group in corporate social responsibility and sustainable development over the past year. As for the information of corporate governance, please refer to the Corporate Governance Report of the 2018 Annual Report of the Company.

SCOPE OF THE REPORT

The ESG Report focuses on the environmental and social performance of the Group's automotive businesses. The disclosure of the key performance indicators ("KPIs") of the Year keeps on focusing on the performance of member companies of the Group in the People's Republic of China (the "PRC"), including Liuzhou Wuling Motors Industrial Company Limited ("Wuling Industrial"), Liuzhou Wuling Liuji Motors Company Limited ("Wuling Liuji"), Liuzhou Zhuotong Automotive Components Company Limited ("Liuzhou

Zhuotong"), Chongqing Zhuotong Motors Industrial Company Limited ("Chongqing Zhuotong") and Shandong Branch of Liuzhou Wuling Motors Industrial Company Limited ("Shandong Branch"). The Group will also include the disclosure of KPIs of PT.LZWL Motors Limited ("Indonesian Company"), which is located at Bekasi, Indonesia and the office in Hong Kong. The ESG Report presents our sustainability approach and performance in the environmental and social aspects of our business of the Year.

REPORTING FRAMEWORK

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Stock Exchange").

INFORMATION AND FEEDBACK

For detailed information about the Group's environmental, social and corporate governance, please refer to the official website (<http://www.wuling.com.hk>) of Wuling Motors Holdings Limited. Should you have any questions or suggestions, please contact us via email: info@wuling.com.hk.



CHAIRMAN'S STATEMENT

SELF-STRENGTHENING FOR 60 YEARS AND TOGETHER WE UNFOLD A NEW CHAPTER

2018 is the 60th anniversary of establishment of the Group's major shareholder — Guangxi Automobile Holdings Limited ("Guangxi Automobile Group"). Looking back to a path of reform with different phases of achievements taken by Guangxi Automobile Group in the past 60 years, which included the transformation from a small regional manufacturer of tractors to become one of the top 8 manufacturers of tractor in the country, the kick starting of the development and manufacturing business of mini-vehicles to being the first in sales volume in the national mini-vehicle industry, and from undertaking the formation of the tripartite joint venture (jointly established SAIC-GM-Wuling Automobile Co., Limited with SAIC Motor and General Motors) for furthering and promoting of the car assembly business as well as the gradual reorganisation of the business of engines, automotive components and specialized vehicles to successfully achieving an overseas listing status.

The Group has always focused on the development of three major businesses, including engines, automotive components and specialized vehicles. Adhering to our corporate spirit of "Hard Working and Self-Reliance", the Group has continuously been enhancing its core business competitiveness through transformation and upgrades. First, we transformed automotive components from "commercial-oriented" to "passenger-oriented", so as to gradually achieve the realisation of middle-end to high-end products; second, we are devoted to transforming from traditional production model to intelligent manufacturing, which enhances product quality and management standard; third, we opened up for cooperation and broadened our development pattern to introduce advanced technology and gather superior resources through cooperation with world-class enterprises; fourth, we promoted the transformation from specialized manufacturing to diversified industry to promote an optimal allocation of resources. The Group has established a north-south production linkage network in 5 provinces and cities in the country, actively responded to the national Belt and Road Initiative, and established the first overseas production base of automotive component in Indonesia, so as to expand into the international market.

CHAIRMAN'S STATEMENT

The Group truly understands the importance of facilitating stable and steady industrial growth while fulfilling corporate social responsibility. Hence, the Group has been continuously deepening the degree of reform, undergoing transformation and upgrading, incorporating environmentally friendly and social responsibilities in the strategy of the industrial development, striving to be a sustainable and outstanding enterprise. The Group has been optimising the management system of environmental protection, which includes the implementation of energy saving and emission reduction measures in the production process, setting of benchmark for "green factory" from green production to manufacture green products, the introduction of innovative technologies for the launch of new energy vehicles and the construction of green transportation. The Group has been operating with the objective of "Safety First, People-oriented". We prioritise our employees' rights, and attach great importance to employee training, career development and work safety, so as to create a positive atmosphere within the

enterprise. In terms of caring for the community, the Group actively shoulders corporate responsibilities and is never absent from any major charity events of the country and Guangxi, while keeps on organising and participating in charity events, so as to show its care for the community.

The Group is positioned at the starting line of this new era. We shall grasp our current opportunities, focus on long term development, deepen the degree of our reform and innovation, cultivate and develop new driving forces, realize sustainable quality development and carry our responsibilities and hopes, so as to shine brighter in the automotive industry.

YUAN Zhijun

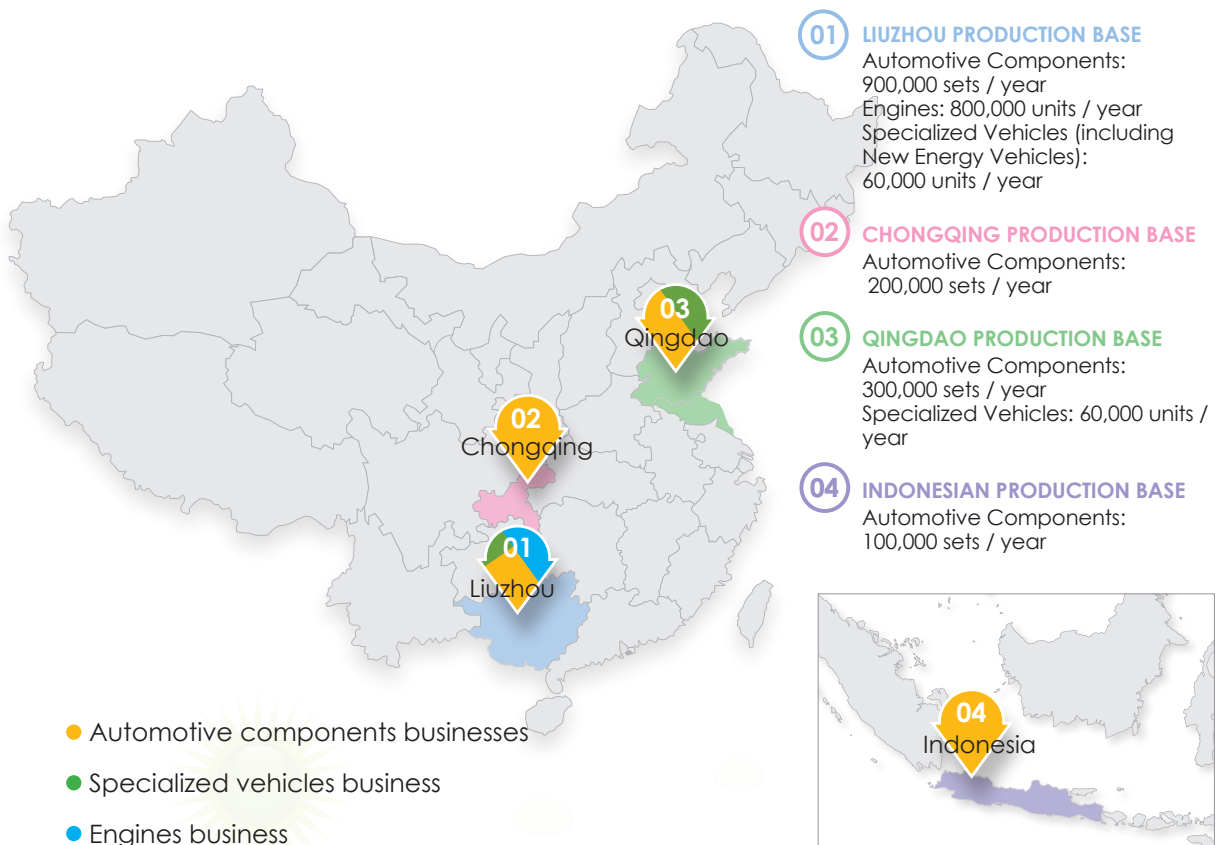
Chairman

22 July 2019

ABOUT WULING MOTORS

CORPORATE PROFILE

Wuling Group is principally engaged in the businesses of trading and manufacturing of automotive components, engines and specialized vehicles. The Group's corporate goal is to grasp the tremendous business opportunities arising from the rapidly growth of the automobile industry in the PRC and Asia. We supply engines and automotive components for commercial-type mini-vehicles and passenger vehicles. We are also a qualified enterprise for manufacturing electric logistic vehicles, with the main production facilities located in Liuzhou, Qingdao, Chongqing and Indonesia. Since 2011, we have been ranked as one of the Fortune China 500 Enterprises.



CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

BUSINESS PHILOSOPHY

The Group regards corporate social responsibility as an integral part of its business. Our core principle is "Safety First", which emphasize that safety comes before profits. We have adhered to this principle by following high safety standard in our daily operation and complying with the laws and regulations as required by the country and the industry. It is the foundation of our corporate philosophy to be a responsible and caring corporate citizen. Therefore, we strive to protect and lessen our impacts on the environment, give back to society in meaningful ways, take good care of our employees, and safeguard the interests of our stakeholders.

Meanwhile, our introduction of new energy vehicles is a key example of how we are building diversified and clean products for customers. As for our employees, our greatest asset and our engine for growth, we have

put in place employee programmes for their development and training, healthy living, work safety and well-being. In supporting our communities, our efforts are primarily focused on helping the underprivileged in the communities where we operate.

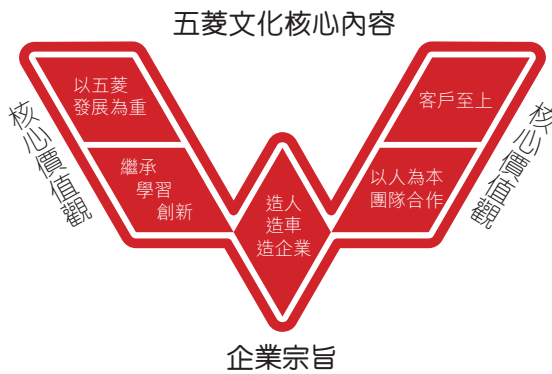
During the Year, the Group has implemented a variety of ESG initiatives. Looking ahead, we aim to create value for society, the environment, our employees, shareholders and other stakeholders through the implementation of our ESG efforts.

CULTURE OF WULING

With our established corporate culture of perseverance for Wuling Group, from top to bottom, we adhere to our corporate spirit of Hard Working and Self-Reliance and strive to provide quality goods to every customer through our united, efficient and harmonious team effort.



CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS



- ◆ **Corporate Spirit**
Hard Working and Self-Reliance
- ◆ **Corporate Mission**
Cultivating excellent staff
Manufacturing customers' favourite vehicle
Building responsible and sustainable enterprise
- ◆ **Core Values**
Wuling development foremost;
Pursue learning and innovation;
Customer First;
People oriented, Teamwork.
- ◆ **Behavioural Guidance**
Core: Teamwork, High Efficiency, Harmony
Responsible, pursue team success
Quick reaction and continuous improvement for creating value for customers

ESG GOVERNANCE

In order to effectively follow our strategies in sustainable development and to generate long term returns for our stakeholders, the Group's Board of Directors (the "Board") shall shoulder the responsibilities of ESG governance. The Board is responsible for monitoring the formulation and reporting work of the Group's ESG strategies, as well as to assess and define the Group's risks in the aspects of ESG, so as to ensure the establishment of appropriate and effective ESG risk management measures and an internal control system. Through the internal reviewing procedures, the Board regularly arranges independent assessments and analyses the effectiveness and comprehensiveness of the aforementioned system, so as to enhance the Group's ESG governance.

STAKEHOLDER ENGAGEMENT

The Group deeply understands that stakeholders' opinions can help improve the business operation and raise the performance of future business development, hence it strives to communicate with key stakeholders. Through mutual communication with key stakeholders via various effective communication channels, the Group can understand their requirements and expectations on sustainable development, and hence can formulate and implement practical sustainable development policies and improvement work.

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

The following table includes a list of our key stakeholders, their requirements and expectations to the Group, and the corresponding means of communication and response.

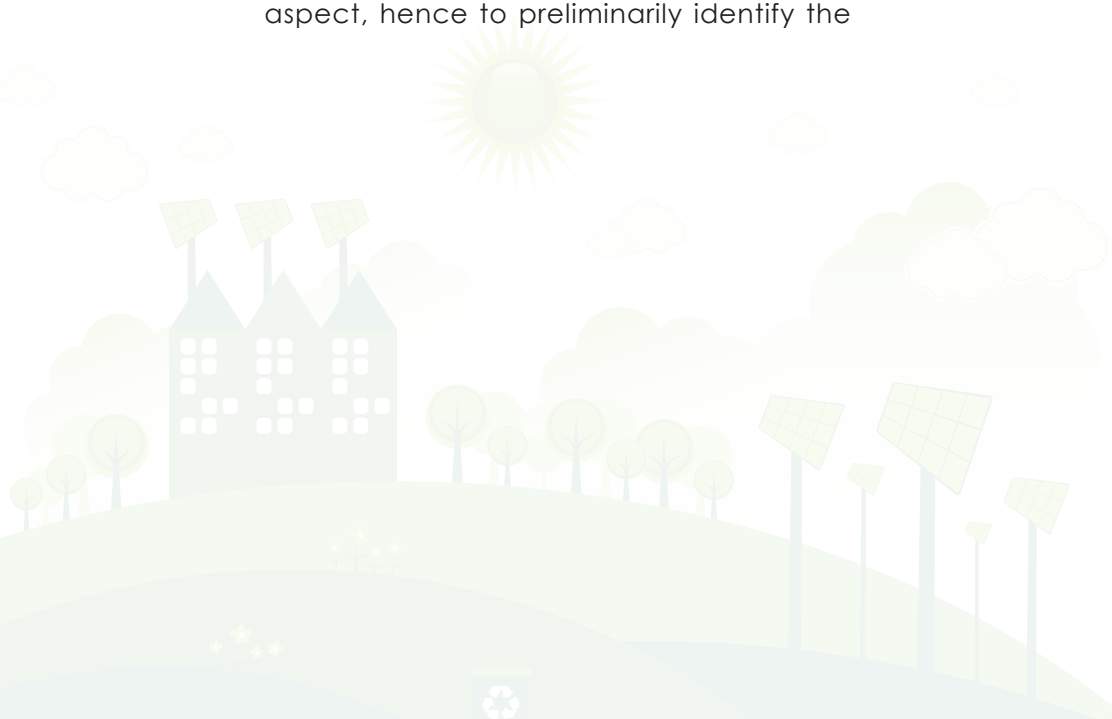
Stakeholders	Requirements and Expectations	Means of Communication and Response
Government and Regulatory Authorities	<ul style="list-style-type: none"> ◆ Compliance with the national policies, laws and regulations ◆ Cultivation of local economic development ◆ Promotion of local employment ◆ Regular fulfilment of tax obligations ◆ Production safety 	<ul style="list-style-type: none"> ◆ Regular submission of information ◆ Regular conversation with regulatory authorities ◆ Dedicated reports ◆ Inspection and supervision
Shareholders	<ul style="list-style-type: none"> ◆ Returns ◆ Operation in compliance ◆ Rise in company value ◆ Information transparency and effective communication 	<ul style="list-style-type: none"> ◆ General meeting ◆ Company announcements ◆ Email, telephone and company's website ◆ Dedicated reports ◆ On-site inspection
Business Partners	<ul style="list-style-type: none"> ◆ Operation with integrity ◆ Fair competition ◆ Compliance with laws and fulfilment of agreements ◆ Mutual benefits and achievements 	<ul style="list-style-type: none"> ◆ Review and assessment meetings ◆ Business communication ◆ Discussion and exchange of opinions ◆ Negotiation and cooperation
Customers	<ul style="list-style-type: none"> ◆ Quality products and services ◆ Health and safety ◆ Compliance with laws and fulfilment of agreements ◆ Operation with integrity 	<ul style="list-style-type: none"> ◆ Customer service centre and hotline ◆ Customer opinion survey ◆ Customer meetings ◆ Social media platforms ◆ Calling for feedbacks
Environment	<ul style="list-style-type: none"> ◆ Fulfilment of emission standards ◆ Energy saving and emission reduction ◆ Protection of ecosystem 	<ul style="list-style-type: none"> ◆ Communication with local environmental departments ◆ Communication with local residents ◆ Submission of reports

CORPORATE SOCIAL RESPONSIBILITY OF WULING MOTORS

Stakeholders	Requirements and Expectations	Means of Communication and Response
Industry	<ul style="list-style-type: none"> ◆ Formulation of industrial standards ◆ Promotion of industrial development 	<ul style="list-style-type: none"> ◆ Participation in industrial forums ◆ Mutual visit and inspection
Employees	<ul style="list-style-type: none"> ◆ Protection of rights ◆ Occupational health ◆ Remunerations and benefits ◆ Career development ◆ Humanity cares 	<ul style="list-style-type: none"> ◆ Employee meetings ◆ Company's internal publications and intranet ◆ Mailbox for employees ◆ Training and workshops ◆ Activities for employees
Community and the Public	<ul style="list-style-type: none"> ◆ Improvement of community environment ◆ Participation in charity affairs ◆ Information transparency 	<ul style="list-style-type: none"> ◆ Company's website ◆ Company announcements ◆ Interviews by media ◆ Social media platforms ◆ Volunteering activities ◆ Targeted poverty alleviation

Meanwhile, the Group has commissioned an independent third-party consultancy during the Year to assist in performing an internal trial materiality assessment on the Group's operation situation and nature. Through inviting our internal stakeholders to complete a set of questionnaires, we understand their degree of concerns towards each material aspect, hence to preliminarily identify the

corresponding material aspects for internal stakeholders. This internal investigation process will help the Group to conduct more effective materiality assessments for internal and external stakeholders in the future. The results of this materiality assessment for internal stakeholders also act as a reference for the Group's internal management.



ENVIRONMENTAL PROTECTION

Environmental protection is a priority to the Group. We are conscientious about the potential impacts that our business actions might have on the environment and hence we strive to reduce the corresponding impacts by adopting a number of measures. The Group ensures that the member companies and their respective departments will observe and comply with the applicable national laws and regulations regarding environmental protection, including but not limited to the Environmental Protection Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC, Water Pollution Prevention and Control Law of the PRC and Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and has implemented environmental management work in accordance with ISO14001:2015 Environmental Management System. During the Year, Wuling Industrial, Wuling Liuji, Liuzhou Zhuotong, Chongqing Zhuotong and Shandong Branch have devoted approximately RMB8.27 million in environmental protection. Looking ahead, we plan to further strengthen our environmental protection efforts as well as develop up-to-date programmes to care for the environment.

NEW ENERGY VEHICLES

In response to the global call for environmental protection, the Group proactively expands the market of green products, providing our customers quality and environmentally friendly options and hence building a green city. As the traditional automotive industry undergoes the transformation to new energy vehicles, the Group grasps the opportunity to accelerate the development of new driving forces, launching electric buses, new energy logistics vehicles, electric cruisers and electric sightseeing vehicles in succession. As a nationally renowned automotive manufacturer, the Group strives to construct a new energy logistic chain in the city, and meanwhile demonstrates the determination to arrange a new energy market, hence to fulfill the promise of green transportation and the aim of providing appropriate new energy products to society. During the Year, we have successfully obtained the order of Qingtian M100 electric minibus and new model in lithium battery of the Tiantan Park VIP guest vehicle, and have delivered approximately 340 Wuling electric logistics vehicles at the end of the Year, heading to Chengdu, Shaanxi, Hainan and Shenzhen.



ENVIRONMENTAL PROTECTION

Pure Electric Logistics Vehicles

THE 3RD CHINESE NEW ENERGY VEHICLE "GOLDEN PANDA AWARD" — "MOST TRUSTWORTHY AUTOMOTIVE BRAND"



With precise positioning and outstanding performance in the market, the Group has been awarded the "Most Trustworthy Automotive Brand" in the 3rd Chinese New Energy Vehicle "Golden Panda Award" Ceremony held by EV Partner, which is an honorable prize in the new energy automotive industry. The Group's new energy vehicles have become the most trustworthy automotive brand for the public, users and the professionals.

NEW ENERGY LOGISTICS VEHICLES

Under the guidance of the logistics application concept of small and medium-sized electric vehicles in the field of urban public services, the Group has manufactured pure electric urban logistics vehicles for short-distance logistics, regional logistics and short-distance business travel in two years. The vehicles are officially launched during the Year and have helped corporates realized green logistics. With strong power and stable driving, the new energy logistics vehicles also possess stable quality and a product quality of convenient maintenance. Meanwhile, one of the Group's new energy logistics vehicles has been examined and qualified by the China Quality Certification Centre and obtained the certificate of the Chinese Energy-Saving Product Certification, from which enters the national government procurement management list.



ENVIRONMENTAL PROTECTION

Pure Electric Sightseeing Vehicle Sharing

VV SERIES ELECTRIC SIGHTSEEING VEHICLES

At the Beijing Yanqi Lake International Convention & Exhibition Centre, where the Summit of the Belt and Road Initiative has taken place, Wuling electric sightseeing vehicles were responsible for providing meet and greet service for the internal transportation in the convention and exhibition centre for the foreign leaders. With the classic model, stable performance and outstanding service, Wuling electric sightseeing vehicles shine on the international stage and welcome our foreign friends to inspect our quality and technology.

This was the second time of Wuling sightseeing vehicles serving for the Summit of the Belt and Road Initiative. In the first Summit of the Belt and Road Initiative two years ago, spouses of leaders of the foreign party visited the World Cultural Heritage — the Palace Museum, on a Wuling sightseeing vehicle. In the second summit, the Wuling sightseeing vehicle used was a self-designed, self-developed and innovatively manufactured model tailor-made for the Initiative. It adopts lithium battery power group, in which battery life can last for at least 8 years, achieving the goal of environmental protection. The body of the vehicle employs a unique craftsmanship, including the streamlined front face design of modern avant-garde vehicles, and the unique Chinese antique fan shape on both sides, which are a combination of Chinese and Western features and an integration of the ancient and modern elements.



The Wuling electric sightseeing vehicles used in the Summit of the Belt and Road Initiative



A Wuling electric sightseeing vehicle in use in a tourist spot in Vietnam

Apart from appearing on the Summit of the Belt and Road Initiative, Wuling electric sightseeing vehicles are also a participant in the Belt and Road Initiative as they have already landed on the countries along the Belt and Road.

ENVIRONMENTAL PROTECTION

EMISSIONS AND WASTES MANAGEMENT

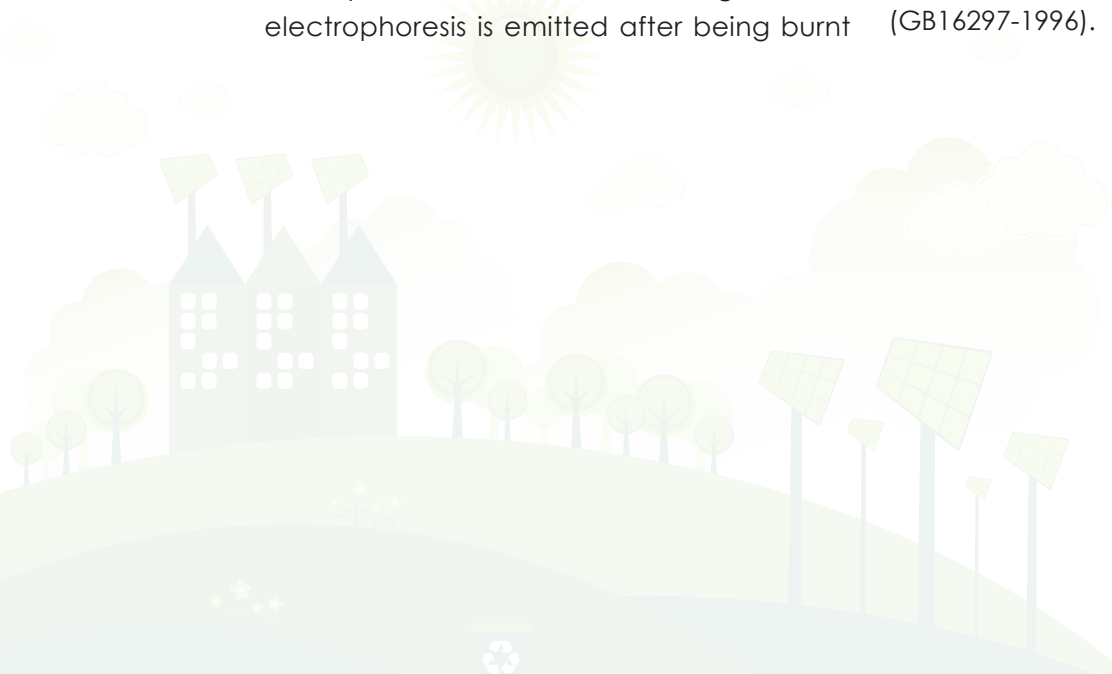
In order to reduce the amount of emissions and wastes generated from business operation, the Group endeavours to strictly comply with the relevant national laws and regulations on emissions prevention and control. In addition, the Group has installed and adopted effective systems in collecting and handling emissions and wastes, which include exhaust gas, wastewater and other hazardous and non-hazardous industrial wastes generated from the manufacturing process.

Emission of Exhaust Gas

The types of industrial exhaust gas generated by the Group mainly include welding smoke, casting smoke, and exhaust gas from machine testing, coating and electrophoresis processes. Welding smoke is emitted after being treated by the fume treatment system. Casting sand smoke is emitted after being treated by bag filter. Casting core smoke is emitted after being absorbed by alkaline scrubber. Exhaust gas from machine testing is emitted after being treated by the three-way catalytic converter. Exhaust gas from electrophoresis is emitted after being burnt

under high temperature by the regenerative thermal oxidizer. In addition, hermetic robots are for automatic paint spraying in the coating production line. After the paint spraying exhaust gas is treated by purifying device, most of the air is circulated back in the system, and the remaining exhaust gas is discharged into the regenerative thermal oxidizer for incineration together with the oven exhaust gas, so as to achieve zero emission of the paint spraying exhaust gas. Emission of the treated exhaust gas was in compliance with the national and local standards. Furthermore, Liuzhou Industrial has installed a smoke and particulates removal system for welding smoke during the Year, so as to reduce the emission of welding smoke.

Member companies of the Group, including Wuling Industrial, Wuling Liuji, Liuzhou Zhuotong, Chongqing Zhuotong and Shandong Branch have conducted testing of exhaust gas during the Year. The major testing indicators of the exhaust gas of the Group covered particulates, sulphur dioxide, nitrogen oxides, toluene and xylene, in which we have primarily complied with the secondary emission limit for new pollution source of air pollutant under the Integrated Emission Standard of Air Pollutants (GB16297-1996).



ENVIRONMENTAL PROTECTION

The testing results of the Group's major exhaust gas in the PRC of the Year are as follows:

Air Pollutants	Emission Concentration (mg/m ³)
Particulates	Less than 120
Sulphur dioxide	Less than 550
Nitrogen oxides	Less than 240
Toluene	Less than 40
Xylene	Less than 70

Apart from the above industrial exhaust gas, the use of vehicles by the Group also generates exhaust gas. The Group has adopted measures to maintain the performance of the vehicles, including regular examinations and maintenance, and

avoiding the situation of engine idling, hence to maintain the proper functioning of vehicles and to control their emission of exhaust gas. The data relating exhaust gas emitted by vehicles of the Group during the Year are as follows:

Exhaust Gas from Vehicles	2018
Nitrogen oxide (kg)	393
Sulphur dioxide (kg)	1
Particulates (kg)	28

Emission of Wastewater

The industrial wastewater generated by the Group was firstly treated by the sewage treatment plant in the factories. For example, the sewage treatment plant in the automotive components production base of Wuling Industrial mainly handle the paint spraying wastewater in the coating section and the electrophoresis wastewater in the electrophoresis section. After various types of wastewater are separated and entered into the balancing reservoir for treatment, they will undergo the processes of "physicochemical" and "biochemical" treatment, which make use of physical chemistry and microorganisms. After

undergoing treatments in filtration device, the industrial wastewater will enter external sewage treatment plants through the municipal sewage drainage system for further treatment, and will be discharged after meeting the relevant emission standards. Through optimising the production process, the Group has reduced the production of industrial wastewater. For example, we have improved the washing process of products in some working units, carried out the wiping and drying procedures manually instead of running the washing machines during the production process, so as to reduce the amount of industrial wastewater and the use of water.

ENVIRONMENTAL PROTECTION

During the Year, member companies of the Group, including Wuling Industrial, Wuling Liuji, Liuzhou Zhuotong, Chongqing Zhuotong and Shandong Branch have conducted wastewater testing. The major testing indicators of the wastewater of the Group covered pH value, suspended solids, chemical oxygen demand and five-day biochemical oxygen demand, in which we have primarily complied with the maximum

discharge concentration applicable for type I pollutants and tertiary standard of maximum discharge concentration applicable for type II pollutants under the Integrated Wastewater Discharge Standard (GB8978-1996).

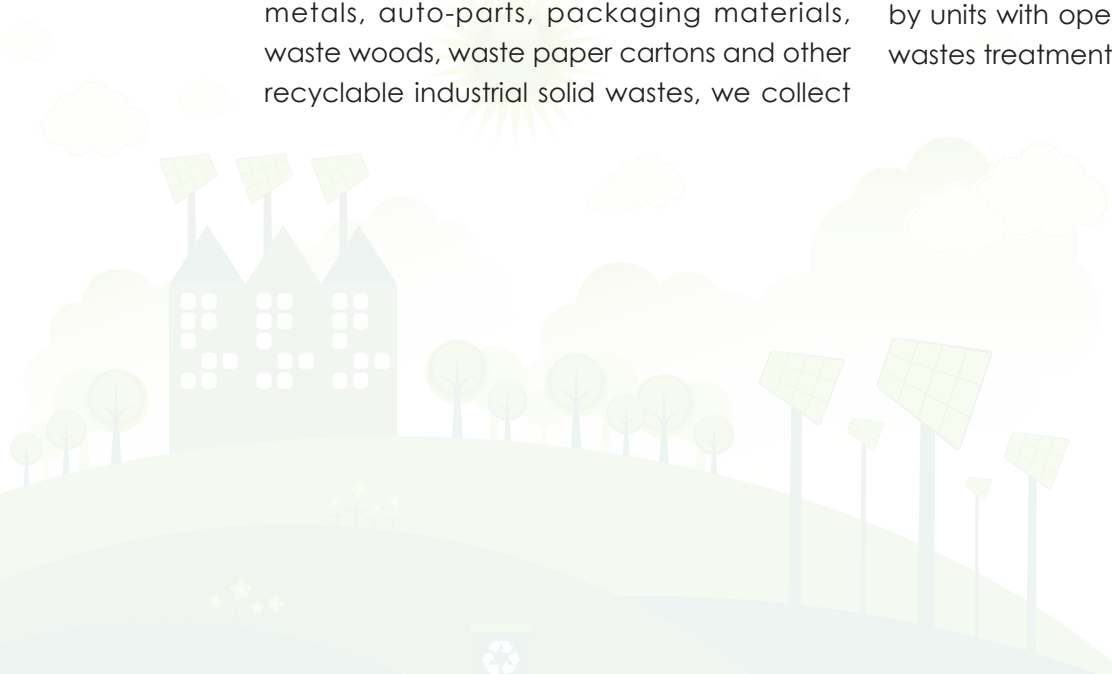
The testing results of the Group on its major wastewater in the PRC of the Year are as follows:

Water Pollutants	Discharge Concentration
pH value	Between 6 to 9
Suspended solids	Less than 400 mg/L
Chemical oxygen demand	Less than 500 mg/L
Five-day biochemical oxygen demand	Less than 300 mg/L

Management of Wastes

The Group's waste production includes non-hazardous wastes and hazardous wastes. The non-hazardous wastes include general garbage and industrial wastes. We centralize the collection of general garbage before handing to local environmental hygiene department for further treatment. With respect to the reusable industrial wastes generated from our production, such as offcut materials, shaved metal, non-ferrous metals, auto-parts, packaging materials, waste woods, waste paper cartons and other recyclable industrial solid wastes, we collect

and recycle such industrial wastes and reuse them. The types of hazardous wastes generated by the production of the Group include paint residue, sludge, activated carbon, phosphorous slag, waste solvent, waste mineral oil, waste emulsion and paint buckets, among others. All hazardous wastes were regularly collected in accordance with the Regulation on the Safety Management of Hazardous Chemicals and Standard for Pollution Control on Hazardous Waste Storage (GB18597-2001), and were treated by units with operation permits for hazardous wastes treatment.



ENVIRONMENTAL PROTECTION

The data relating to the wastes generated by the Group during the Year are as follows:

Wastes	2018
Total non-hazardous wastes produced (tonnes) ¹	65,667
Intensity of non-hazardous wastes (tonnes/RMB million)	4.34
Total hazardous wastes produced (tonnes)	1,141
Intensity of hazardous wastes (tonnes/RMB million)	0.08

Greenhouse Gas Emissions

The Group's emissions of greenhouse gas during operation process mainly cover three scopes of emissions, including direct emissions from fossil fuel combustion, energy indirect emissions from purchased electricity, and

other indirect emissions from business travels, fresh water and sewage treatment, and waste paper disposal at landfills.

The data relating to the greenhouse gas emissions of the Group during the Year are as follows:

Greenhouse Gas	2018
Total greenhouse gas emissions (tonnes CO ₂ e)	128,544
Intensity of greenhouse gas emissions (tonnes CO ₂ e/RMB million)	8.50

Being a responsible corporate citizen, the Group spares no effort in reducing greenhouse gas emissions. We have installed natural gas burners in some working units to indirectly reduce the amount of purchased electricity through the application of cleaner energy. This is the fourteenth year of our trees planting work for environmental greening. We continue planting trees and resurface turf

around our community, so as to create a better living environment for the community. During the Year, we planted a number of osmanthus, bauhinia and other trees in the regions where the Group operates and replanted the areas where the plants had withered. The trees planted have helped reduce the Group's greenhouse gas emissions by 13.69 tonnes of carbon dioxide equivalent.

¹ Data related to the Group's non-hazardous wastes include the amount of recyclable wastes, such as scrap metal and waste paper cartons, while other non-hazardous wastes, such as general waste, are collected and disposed by the local environmental hygiene department, so no disclosure can be made at this stage.

ENVIRONMENTAL PROTECTION

USE OF RESOURCES

In regard to the use of resources, the Group always acts in accordance with the principles of rational use and efficiency enhancement. Through the creation of standard documents, the formulation of training courseware of standards and tools, the construction of 3 levels in Built-in Quality (BIQ) will be fully promoted. Guided by the flow of value, the Group also deeply promotes the application of Industrial Engineering ("IE") tools based on our manufacturing systems. Various types of IE tools are applied in the flow of information, technology and logistics to carry out comprehensive consideration and improvement, so as to reduce various types of wastage during the production process, as well as to greatly enhance the accuracy of delivery period and the pace of production. During the Year, the actual benefits generated by the application of IE tools have reached RMB18.53 million. In the meantime, we have created a platform for the exchange of experience, where improvement measures on the same technology, cost reduction, quality improvement, maintenance and others with promotion values are included. This enables regional, bases and member companies to draw on successful experience, which can be promptly applied in their production and operation to facilitate the Group's work in cost reduction and efficiency enhancement.

Energy Management

Based on the Group's principles of adequate, reasonable and efficient use of energy resources, it strives to raise efficiency, use energy-saving equipment and apply innovative energy-saving technologies.

We have established energy-saving management programmes aiming at energy saving, consumption reduction, environmental pollution reduction and economic efficiency enhancement, and have implemented numerous procedures for optimising energy consumption and reducing electricity consumption. Under such programmes, each department is responsible for the management of their energy consumption. This encompasses the execution of the energy quota as well as target setting for electricity and water saving. Each department is also responsible for analyzing its own energy consumption, so as to develop and implement control measures, and take corrective measures when necessary. Apart from energy-saving management programmes, we have also established an energy management system that manages the energy consumption of power system, fire control system, compressed air system and steam system.

ENVIRONMENTAL PROTECTION

The data relating to energy consumption of the Group during the Year are as follows:

Energy Consumption	2018
Total energy consumption (MWh)	229,254
Intensity of energy consumption (MWh/RMB million)	15.16
Energy consumption from the use of natural gas (MWh)	34,280
Energy consumption from the use of gasoline (MWh)	916
Energy consumption from the use of diesel oil (MWh)	105
Energy consumption from the purchased electricity (MWh)	193,953

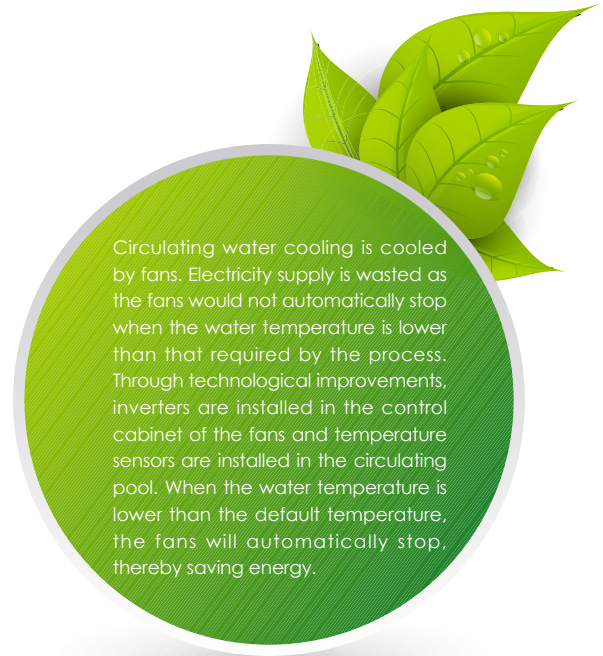
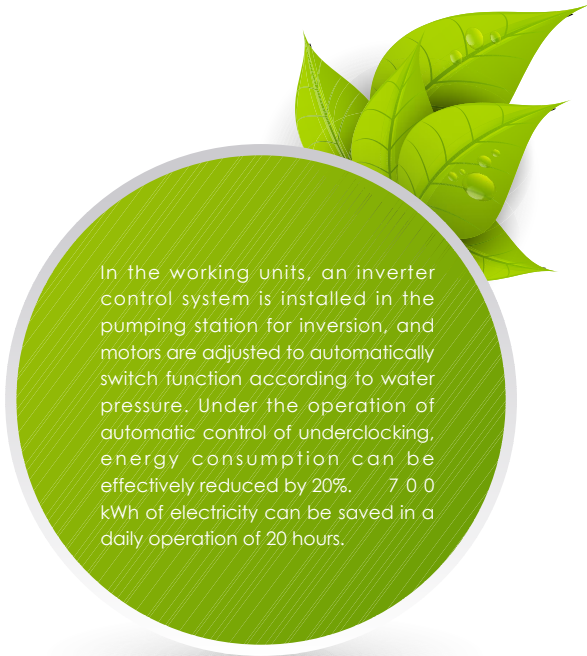
To conserve energy, we have implemented green lighting in workplace. This involves the use of energy-saving light bulbs in our office and manufacturing facilities and utilizing natural light whenever possible. Furthermore, we encourage our employees to switch off the lighting and air-conditioning systems in the areas of the workplace that are not being used and to switch off computers, printers and other office equipment before getting off work, so as to develop energy saving habits among our employees. We carry out regular inspections of our equipment to ensure its proper functioning and safety. Furthermore, through monitoring

our monthly electricity consumption and overseeing the operation of lighting by the designated employees of each department, it is ensured that our electricity consumption is in line with our electricity management goals.

During the Year, the Group has made improvements in the equipment and technologies adopted in some working units according to the annual energy saving and consumption reduction work plan. This aims at optimising their energy efficiency and reducing electricity consumption.



ENVIRONMENTAL PROTECTION



Water Resources Management

The Group aims to conserve and recycle water whenever possible during its business operation process. The Group encourages its employees to be cognizant of the water consumption of the workplace. We adopt various measures for water conservation. For instance, our water piping systems are checked regularly to ensure they are operating properly and to prevent leakage

of water in all areas of the workplace. Furthermore, we continue implementing water recycling plan, which encourages employees to recycle and reuse water as much as possible. We also monitor our monthly water consumption to control our water consumption and to ensure it is in line with our water management goals. The data relating to water consumption of the Group during the Year are as follows:

Water Consumption	2018
Total water consumption (m ³)	1,486,787
Intensity of water consumption (m ³ /RMB million)	98.33

ENVIRONMENTAL PROTECTION

During the Year, the Group was awarded the honour of "Water-Saving Enterprise in Guangxi" by the Department of Housing and Urban-Rural Development of Guangxi Zhuang Autonomous Region. The Group has fulfilled the requirements of a water-saving enterprise as examined by the quantity assessment indicators, which include the reuse rate of industrial water, the recycling rate of indirect cooling water, as well as the basic management assessment criteria, such as periodic test on water balance as required, plan on water use and detailed management system on water conservation. The Group is highly recognized in the efforts of water conservation.

Materials Usage

The Group pays serious attention to the effective use of raw materials and packaging materials. We would assess the materials usage prior to procurement to make full utilization of the materials and to prevent wastage of resources caused by excessive stock. Meanwhile, we commit to making good use of materials through recycling the materials generated from our production, activities or services which can be reused. The data relating to the packaging materials used by the Group during the Year are as follows:

Use of Packaging Materials	2018
Total plastic used (Unit)	159,698
Intensity of plastic used (Unit/RMB million)	10.56
Total plastic used (Roll)	52,600
Intensity of plastic used (Roll/RMB million)	3.48
Total plastic used (kg)	353,924
Intensity of plastic used (kg/RMB million)	23.41
Total wood used (Unit)	100,481
Intensity of wood used (Unit/RMB million)	6.65
Total paper cartons used (m ²)	912,557
Intensity of paper cartons used (m ² /RMB million)	60.35



HARMONIOUS WORKING ENVIRONMENT

EMPLOYEES' RIGHTS AND INTERESTS

Employees are valuable assets of the Group, hence the Group attaches great importance to the rights, interests and welfare of our employees. The Group strives to hire and retain the talents by offering our employees rewarding career opportunities, ideal promotion plans, competitive remuneration and a harmonious working environment.

Hiring New Employees

The Group strictly complies with the laws and regulations relevant to labour policy, such as Labour Law of the PRC, Labour Contract Law of the PRC and Provisions on the Prohibition of Using Child Labour, in the formulation and implementation of internal system for recruitment and resignation, as well as in the employment and management of employees. We formulate an annual recruitment plan according to the demand

for manpower. We also consider both internal and external candidates' vocational qualifications, which are assessed based on the criteria such as their product knowledge, technical skills and academic qualifications, to ensure that they enjoy equal employment opportunities irrespective of their gender, race and religion, among others. When candidates are employed, a labour contract will be signed by both parties after consultation. We also conduct identity verification and prohibit any employment of child labour or forced labour. Upon the receipt of employees' resignation notice, the human resources department will conduct an exit interview with the employees to understand their reasons of resignation and suggestions towards the Group, which act as a reference for the continual improvements for the Group. The data relating to the Group's labour force during the Year are as follows:

Indicators	2018
Total number of employees	11,005
Ratio of female employees (%)	19
Ratio of female employees at or above managerial level (%)	20
Number of employees stationed in Liuzhou	7,132
Number of employees stationed in other provinces or cities (including Qingdao, Chongqing, Hong Kong and Indonesia)	3,873
Employee turnover rate (%)	10

HARMONIOUS WORKING ENVIRONMENT

Employee Benefits

In order to retain top talents and to motivate employees' work performance, the Group has implemented a series of internal systems for the allocation and grading on remuneration, as well as employees' performance management, so as to provide them with competitive remuneration. Employees' remuneration is composed of two parts, job salary and performance-based salary. Job salary refers to the stable return for their labour work, while performance-based salary is distributed according to factors such as the performance of business operation, the performance of respective departments, and individual completion of production. In addition, we conduct an annual performance appraisal for employees in an open, fair and just manner. The results of the appraisal will be linked to remuneration rewards, training and promotion, so as to enhance our employees'

work initiative. The Group also provides a year-end bonus to reward employees for their contribution.

The Group deeply understands the benefits of work-life balance to employees. Hence, the Group arranges work for our employees in compliance with the laws, implements standard working hours, non-standard working hours and integrated working hours according to the nature of different work positions, as well as provides them with leaves to ensure that they have sufficient rest. When overtime work is needed based on operational needs, the Group will make compensation on leaves or provide overtime salary according to the standards stipulated in the national regulations. In compliance with the relevant national laws and regulations on social insurance, we also make contributions to various social insurance charges, housing provident fund and enterprise annuity for employees.



HARMONIOUS WORKING ENVIRONMENT

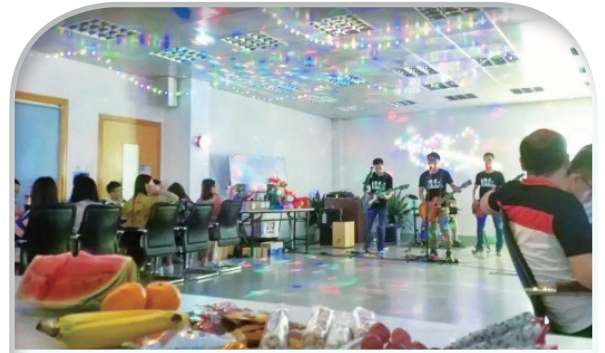
CARING FOR OUR EMPLOYEES

The Group cares for our employees' welfare. As such, we have created a spectrum of caring programmes for our employees for their personal and career development, so as to maintain a strong and healthy workforce.

To cope with the needs of business expansion and in caring for its employees, the Group has persistently improved its logistic facilities. For instance, public rental housing and dormitories in the industrial area far away from downtown Liuzhou have been rented and furnished with domestic appliances for employees to cater for their needs. Such facilities currently accommodate a total

number of 700 employees. We also provide transportation for the employees who work in the new industrial districts in Chongqing and Liuzhou which are far away from the downtown, so as to provide them with a convenient and safe commuting journey.

The Group encourages employees to pursue a work-life balanced lifestyle. Hence, we build up communication platforms for our employees and organise social events, such as music concert on Chinese Valentine's Day, social events for the youth and fitness walking, among others, to foster harmony in the workplace. During the Year, we have also organised parent-child sports day to provide opportunities for employees to enjoy a wonderful family day while exercising.



Apart from organising festive activities and distributing festival gifts, we have also established Wuling Caring Fund through our labour union to provide financial aid to employees in dire needs or facing difficulties. In addition, in order to care for our employees' children, on Children's Day of

each year, we distribute red packets to employees' only child. The red packets are meant for providing the children some pocket money for purchasing useful items such as educational materials and medical supplies.

HARMONIOUS WORKING ENVIRONMENT

EMPLOYEE DEVELOPMENT AND TRAINING

To stimulate the potential of employees, the Group carries out appraisals on employees on a monthly, semi-annual and annual basis. Performance-based remuneration is aligned with the results of appraisals to ensure rewards to employees with outstanding performance are commensurate. The results of appraisals will also be used as important

references for training, transfer of working positions, promotion, recruitment, ranking adjustment and evaluation of the employees. Besides, for further enhancing the technical standard and relevant knowledge of the job positions of employees, the Group has also specifically designed training programmes suitable to different grades of employees. The training programmes designed for the 3 different levels of employees are as follows:

Training Programme for Managers

Training of the requisite basic management skills and the provision of related structured courses are provided to the managerial level employees such as directors, supervisors and senior management personnel. For example, Tsinghua University offers advanced automotive industry seminar, middle to high level personalized training, group talents training programme, and other courses covering the topics such as corporate governance and financial management.

Training Programme for Professional Level Employees

Training for professional level employees encompasses investment analysis and decision making, recruitment and interviewing skills, enhancement of sales skills, auditing, management accounting, qualification requirements of engineer and management for production planning training. As for the professional employees served under the technical areas, specific trainings are provided, focusing on the enhancement of techniques and skills in industrial robotic application and automation aspects.

Training Programme for Assembly Line Workers and Production Workers

Training for technicians involves the aspects of production knowledge enhancement, safety and quality basics and technical standards of job positions, among others, to broaden and improve their skills.

HARMONIOUS WORKING ENVIRONMENT



Managerial level employees attending "Flexible Manufacturing Technology" training in the United States



Technicians attending training on new product trial production

The Group values the development potential of its employees and continues to explore opportunities for employees to learn and train. Hence, in accordance with the internal policies for employee training, new employee and pre-job training for transferred employee, vocational skills training and qualification identification, we have developed a diversified employee training plan to help them improve their individual values. The structure of our training consists of company and departmental level. The company level provides employees in managerial level or with high potentials with training on corporate management skills, and provides new recruits and trainees with training relating to the Group's operational

flow, development strategies, and new knowledge and development of the applications of new products and technologies. The departmental level provides training specifically targeting at the corresponding professional knowledge and work skills of respective department. In addition, the Group also encourages its employees to participate in external training. The Group subsidizes the tuition fee of external education institutions (such as universities, colleges and trade schools) for employees who meet the criteria standard of the Group. The data relating to the employee training of the Group during the Year are as follows:

Indicators	2018
Percentage of trained employees (%)	95
Percentage of trained female employees (%)	95
Percentage of trained male employees (%)	97
Average training hour of each employee (hour)	53

HARMONIOUS WORKING ENVIRONMENT

Upon the completion of training, the Group will evaluate the results of the training from different perspectives with indicators such as employees' level of proficiency in course knowledge and skills, employees' changes in behaviours before and after training, the training's degree of influence on the company's performance and employee turnover rate, and so on. This helps optimise the course content of the training, and hence improving employees' performance.

HEALTH AND SAFETY

Health and safety are of paramount importance to the operation of the Group. The Group strictly complies with the laws and regulations, as well as industrial standards related to occupational health and safety. These include Production Safety Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases and Guideline of China Occupational Safety and Health Management System (GB/T33000-2016). The Group also improves the

management system of occupational health and safety by following the international standard of OHSAS18001 Occupational Health and Safety Management and the Occupational Health and Safety Management Systems Requirements (GB/T28001-2011), realizing the highest standard of occupational health and safety in the workplace.

The Group has established a safety committee based on the safety approach of "Safety First, People-oriented, Total Involvement, Continual Improvement". The committee conducts safety assessments in a timely manner to comprehensively monitor health and safety issues. We actively carry out inspection on safety as well as rectification and reform on projects with potential dangers, promote the inspection of equipment in terms of its safety and appropriateness, and hence significantly reduce the chances of accidents related to the operations of equipment.

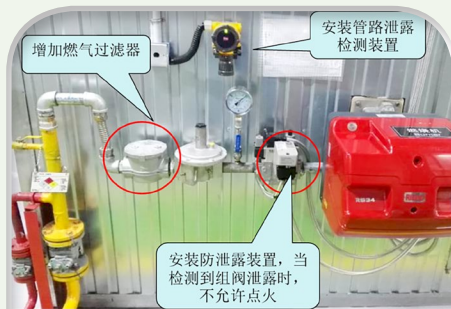
Modification in Safety Isolation Protection of Injection Molding Machine's Robotic Arm in Plastic Part Plant



Installed protective net in the area of activity for injection molding machine's robotic arm, so as to separate its area of activity from staff operation area, hence reduced staff's risk of mechanical injuries.

HARMONIOUS WORKING ENVIRONMENT

Modification of Burner to Prevent Natural Gas Leakage



Installed filter and alarm for double leakage in front of burner to eliminate the risk of natural gas leakage.

Modification of Oil Depot in Dedicated Vehicle Depot



Adopted modification in fireproofing, anti-explosion and separation, as well as regulated the storage and management of chemicals in accordance to safety production standardisation, so as to eliminate safety risks.

We also continue promoting the three simultaneities work of the safety technologies, and raising our employees' awareness and management of production safety by organising safety education and training for all staff. In terms of prevention of occupational disease, we regularly carry out body check

for employees in positions with occupational hazards and provide them with personal protection equipment, so as to monitor and reduce the risks of suffering from occupational disease. The data relating to the health and safety of the Group during the Year are as follows:

Indicators	2018
Cases of death (case)	Nil
Cases of work injuries (case)	9
Loss of working days due to work injuries	11

HARMONIOUS WORKING ENVIRONMENT

The Group has invested in automation equipment in the production process, including 915 robots and robotic arms, in order to enhance product quality. We use robots to transport components in the automatic press line, to automatically weld on the welding line, to automatically spray paint during the painting process, which help reduce employees' risks of injury and exposure to toxic and hazardous substances during handling, welding and paint spraying. The investment of automation equipment effectively reduces the quality issues caused by mistakes or negligence of employees, and hence ensures the quality of products and improves the stability, consistency and efficiency of production.



During the Year, Wuling Industrial has been recognized by the State Administration of Work Safety as a first-class enterprise in production safety standardisation. The standard in the management work of production safety of Wuling Industrial has been assessed in different areas, such as the preparation of safety operation procedures, potential emergency measures and drills, monitoring of occupational hazards factors and the establishment of a potential safety hazard investigation and management system, among others. After reviewing relevant documents, records, personnel inquiries and on-site assessment and verification of Wuling Industrial by the assessment team, Wuling Industrial has successfully met the requirements of the national first-class enterprise in production safety standardisation. This shows the outstanding achievements of the Group in occupational health and production safety.



OPERATING PRACTICES

The Group adheres to the principle of providing quality products and services throughout the entire flow, from the production of components and generators, the assembly of vehicles to the sales of vehicles. Through the continual improvements in the flow of production and after-sale services, the Group strives to meet the expectations of its customers.

SUPPLY CHAIN MANAGEMENT

The Group has established a stringent process for choosing suppliers to ensure that the purchased materials are up to the Group's standards to secure a smooth production process. The Group applies a systematic method to select its suppliers based on the following capabilities of the suppliers:



In order to strictly regulate the performance of suppliers, we have also developed a set of standards for our suppliers. We also continuously assess the stability and consistency of the supply process and monitor the quality of our products. If a certain supplier fails to meet our standards, we will actively negotiate with the supplier on the quality issues and ways of improving the quality, and we will terminate the business cooperation if the problems cannot be

effectively resolved. For example, if a supplier loses its safety license, we will stop cooperating with that supplier. During the period of business cooperation with the supplier, the Group will conduct a monthly or seasonal evaluation of the supplier, and an integrated evaluation of performance will be carried out annually to ensure the products will not be affected by the quality issues of the suppliers' products.

OPERATING PRACTICES

During the Year, the Group has launched specific enhancement and training programmes for suppliers, in which more than 20 suppliers have participated in. The details of the training are as follows:

GENERAL MANAGER LEVEL

- Smart manufacturing and digital factory
- Leadership of IATF16949 standard
- Corporate KPI Management
- Analysis and control of factory cost
- Foundation of QSB+ quality system

OPERATION LEVEL

- Introduction to lean production
- Efficient promotion of 5S
- Comprehensive and efficient maintainence of TPM
- Production plan and material management
- Warehouse mangement and inventory control
- Analysis of value stream mapping (VSM)
- Application of error-proofing technology
- Onsite problem-solving skill



OPERATING PRACTICES

PRODUCT RESPONSIBILITY

Product Quality

The Group's operational objective is to provide customers with quality products and services. Hence, we strictly comply with the quality related laws and regulations, such as Product Quality Law of the PRC, and adopts the two major standards, namely ISO9001 Quality Management System and IATF16949 Automotive Quality Management System, as the foundation for the formulation of quality management system for a comprehensive evaluation of product quality. All plants in the PRC have complied with the standards and passed the certification review of IATF16949 Automotive Quality Management System. The Group's philosophy of quality management is based on prevention and an emphasis on continual improvements. Hence, we have established a committee of product quality and safety to monitor the quality and safety issues of the Group's products, to take actions in handling and solving problems about product quality, as well as to conduct an annual test on key components, such as rear drive shaft, rear twist beam, brake caliper, bumper, dashboard and exhaust gas system. The key components are qualified in the test results every year.

The Group's quality management adheres to the principles of zero defects and "Three NOs"² to check the quality of the products and ensure that there will not be any product defects. Product inspections are carried out during the processes of purchase, production and completion to ensure that the products that have not been inspected or fail to pass the inspection are not in the production site, not reordered or not delivered. This provides a basis for preventing quality defects. The Group has established a product traceability system, which helps in the investigation, analysis and confirmation of defective products. If any recall of defective products is needed, we will stop the sales of the defective automotive products and recall the products according to the product recall procedures, so as to secure the safety of our consumers. During the Year, the Group's products have reached 99.7% of passing rate at the first attempt, and no cases of product recall due to safety issue are found.

² "Three NOs" refers to no acceptance, no delivery and no production of defecting products.

OPERATING PRACTICES

Attention to Customer Feedback

The Group strives to maintain a high level of customer satisfaction. Collecting feedback from our customers is crucial for monitoring customer satisfaction. To this end, we employ our frontline service stations to collect feedback in terms of product design, product quality and customer service from the ultimate consumers. We also collect feedback from our customers through automotive dealers, which help us distribute our products to our end users. We welcome our customers to provide opinions and suggestions through phone calls, letters, and e-mails. Upon the receipt of the customer feedback, sales department will analyse the feedback and promptly respond to the customers, and will also report the valuable suggestions and information to relevant departments for finding out the reasons and formulating corrective measures. In order to enable our customers to enjoy quality customer service, the Group has established a 24-hour customer service hotline and a wide service network for customer service such as pre-sales, after-sales, complaints and enquiries in the PRC. These act as a bridge of communication between the Group and the customers, and hence to realise the normative, professional and standardised management of external information communication. Our business in dedicated

vehicle segment has 415 service stations in more than 19 geographic service areas, overseen by 24 regional service managers, and have also achieved a high level of customer satisfaction. In addition, we provide our employees working in customer service with regular after-sales training, such as knowledge related to vehicle maintenance skills, so as to enhance the quality of customer service. During the Year, no major complaints regarding the Group's products or services have been received.

Clients' Rights and Interests

The Group has a high regard for safeguarding the data and privacy of different parties. As such, we strictly require our employees to comply with the policy of confidentiality. Without written permission from the Group, employees are not allowed to disclose any commercial secrets or confidential information in any forms, such as customer information, blueprints, products or pictures. To ensure an effective protection of the Group's confidential information and customer privacy, staff working in the positions which have contact with the Group's sensitive information are required to sign a confidentiality agreement, so as to undertake that they will not disclose any of the Group's confidential information to third parties.



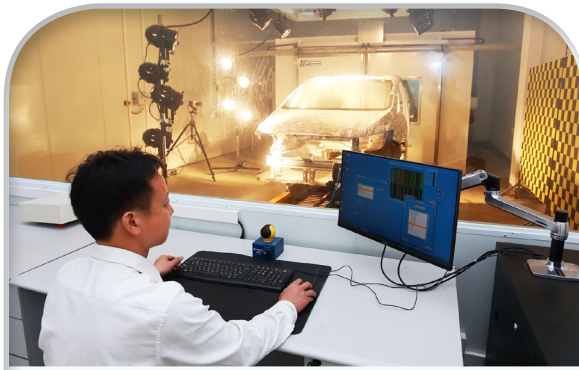
OPERATING PRACTICES

We regulate the content of advertisements and comply with the relevant laws and regulations such as Advertising Law of the PRC. Through conducting strict reviews on the content of advertisements, we ensure there is no misrepresentation, false statement or infringement in the content.

Protection of Intellectual Property

Motivated by technological innovation and aiming at the mastery of core technologies, the Group actively engages in product research and development work. We strictly comply with the laws and regulations related to intellectual property, such as Patent Law

of the PRC and Trademark Law of the PRC, so as to establish an internal management system on intellectual property to ensure that the rights on patents and trademarks are not violated, and hence to secure the competitive edges and reputation of the Group. During the Year, the Group successfully obtained 5 invention patents, 16 design patents and 75 utility model patents authorized by the country. At the same time, Wuling Industrial has been entitled as a high-technology enterprise as it has been approved by the National High-tech Enterprise. The Group also limits the use of labels, and no one can use the Group's label without prior permission from the Group.



OPERATING PRACTICES

During the Year, the Group has completed the research project of the vehicle model Q490 upgraded to national 6 emission standard. Through the development work of reconstruction of sample vehicle, vehicle basic calibration and vehicle drivability calibration, the Group has completed the

route analysis and demonstration plan for the vehicle technology required by the national 6 emission standard. Vehicle model Q490 has realised the national 6 emission standard through the following technological measures:

Optimisation in the Design of Starting System

Optimising the combustion in engine, reducing the friction, optimising the design of crankcase ventilation system, among others.



Optimisation in the Design of Electronic Fuel Injection System

Optimising the fuel injector, upgrading the oxygen sensor, upgrading the ECU hardware and software, increasing the number of monitoring sensors for vehicle's condition as well as optimising the performance of certain sensors



Optimisation in Fuel System

Improving and upgrading the fuel tank, optimising and upgrading the carbon canister and oil pump, improving and upgrading the fuel refill system, increasing the number of monitoring sensors for fuel system



Upgrade in Exhaust Aftertreatment System

Optimising the structure of catalyst support, optimising the formula of precious metal, introducing GPF catalytic converter, among others.

OPERATING PRACTICES

ANTI-CORRUPTION

The Group regards the high standards of ethical and honest behaviours as the foundation of healthy development. We strictly comply with the laws and regulations such as Criminal Law of the PRC, Anti-Money Laundering Law of the PRC and Anti-Unfair Competition Law of the PRC. The Group has also established an internal management system to monitor the integrity work and to construct a corporate culture of integrity, so as to regulate the behaviours of employees. Employees are required to sign an undertaking for integrity, anti-corruption, anti-fraud and discipline, so that they are alerted to comply with the national and the Group's regulations related to integrity work. We have also set up a reporting system to enable the Group's commission for discipline inspection to monitor the reporting through e-mails and telephone calls, as well as to set up a report box in the canteen to encourage employees to report corruption to us through different channels. The identity of the reporting persons will be kept confidential. If any violations of the anti-corruption rules are found, we will act according to the anti-corruption rules and discipline measures of

the Regulation of the Communist Party of China on Disciplinary Actions, and take actions or necessary disciplinary actions based on the severity of the violations. In the meantime, we strive to maintain integrity in cooperation relationship with our business partners, and hence we have signed agreements of integrity with our business partners. Both parties need to agree to maintain a style of integrity and self-discipline in business activities, as well as adhere to the principles of obeying the law, maintaining fairness and integrity, so as to prevent any behaviours against the law and to assure the legal rights of both parties. A monitoring department is also established to conduct integrity reviews and to visit the business partners to investigate and understand the implementation of the integrity work.

The Group continues organising training on employee's integrity, such as job training in preventing integrity risks and specific training in preventing work-related crimes, so as to strengthen employees' ideological education on integrity and their awareness of self discipline. During the Year, no major corruption lawsuit cases of the Group were observed.



COMMUNITY INVOLVEMENT

The Group understands the importance of giving back to the society. We invest our time, energy and resources on making improvements in our communities. Our efforts are focused on helping those who are underprivileged or disadvantaged, as well as making improvements to the living conditions within our communities. Supporting and nurturing young people is also one of our core initiatives due to their key role in shaping the future of our country.

During the Year, we continued to cooperate with employees, business partners, community members and other volunteers to carry out a number of community care activities. In the coming years, we wish to continue to work hand-in-hand with our volunteers to develop and implement community care programmes that make a difference.

COMMUNITY INVESTMENT

Targeted Poverty Alleviation

The Group has been committed to supporting the targeted poverty alleviation work in villages. Since 2015, we have been continually supporting the 5 targeted poverty stricken villages, which are Bangyang Village, Baizhao Village and Longjing Village in Baiyun Town, Jiangmen Village in Anzhen Town and Bendong Village in Sanfong Town, and promoting new rural construct of "rule of law, ecology, harmony and happiness". We have been helping the villages in targeted poverty alleviation for 3 years. The Year, the tough year in targeted poverty alleviation, is the critical year where the objective of poverty alleviation should be comprehensively achieved. We continue to implement targeted measures in poverty alleviation, so as to achieve new progress in party building, promoting poverty alleviation and overcoming hardship. At present, Bendong Village, Jiangmen Village and Baizhao Village have already been alleviated from poverty and are entering a stage of reinforcement, the chance of poverty rate in Bangyang Village and Longjing Village is also reduced gradually. In the coming year, the Group will put in more efforts to help Bangyang Village and Longjing Village alleviate from poverty.



COMMUNITY INVOLVEMENT

During the Year, the Group's assistance has shifted from focusing on the enhancement of infrastructure construction to constructing poverty alleviation industry. The stationing secretary put in great efforts in the promotion of policy, which aims the party's at poverty alleviation and development of a strong farming industry. Through cultivating the implementation of the policy, the Group made use of the local advantages in resources and industrial foundation to help villagers open up their development path, and to achieve a diversified industry by proactively expanding the scales of fisheries and agriculture and exploring the development of tourism. The villages have been learning and acquiring new technologies in planting profit crops. Among all, the red-heart kiwifruit business in

Bangyang Village has reached a considerable planting scale, which acts as a demonstration farmland for the villages. Baizhao Village has been constructing an edible mushroom farmland and a demonstration farmland for blueberry production as a consolidation of the industrial path. Longjing Village has established a reishi mushroom demonstration farmland for the villages and has cultivated the villagers to plant reishi mushrooms and peppers, which are the businesses that would help in poverty alleviation. In the recent two years, the Group has procured featured agricultural products that worth more than RMB2 million from the targeted poverty alleviation villages as welfare for our employees at Chinese New Year, so as to share the achievements of poverty alleviation with them.



COMMUNITY INVOLVEMENT

Caring for the Underprivileged Children

During the Year, the Group's labour union has organised charity activities and bazaars under the theme "Walking with the Children", where over RMB30,000 has been raised. The committee continued to lead the youngsters to organise activities, such as "Fulfilling the Tiny Wishes" and young teachers' voluntary teaching, which focus on the spiritual world of the left-behind children in the rural areas. In the recent three years, we have accumulated 1507 "tiny wishes" from the children, and have sent more than 60 young teachers to rural areas to hold charity classes of arts, music and handcrafts for the children for more than 30 times.

On 1 June, the Group's committee and labour union organised a 1 June visiting activity under the theme "Fulfilling the Tiny Wishes and Realizing the Tiny Dreams" in Baizhao, Longjing and Bangyan of Rongshui County. To express the care for the underprivileged children, the committee and labour union have also organised non-regular young teachers' voluntary teaching in villages in poverty to hold classes of handcrafts, music and arts for the children, and have organised the "1 June" visiting activity in three villages in Baiyun Town.

"FULFILLING THE TINY WISHES AND REALIZING THE TINY DREAMS"

On 1 June, the Group's committee and labour union organised a 1 June visiting activity under the theme "Fulfilling the Tiny Wishes and Realizing the Tiny Dreams" in Baizhao, Longjing and Bangyan of Rongshui County. Divided into small groups, the youngsters have fulfilled the tiny wishes of the children by distributing gifts such as basketball, desk, schoolbag and table lamp. In the meantime, the young teachers have held seven great and meaningful charity classes of music, drawing and handcrafts to more than 280 children from five primary schools located in the three villages, who were delighted to sing with the teachers and to explore their talents in drawing and creative handcrafts.



COMMUNITY INVOLVEMENT

NURTURING THE NEXT GENERATION

Connections with the Youth Community

Working with young people is one of our core community care initiatives. Through our efforts in reaching out to the youth, we aim to inspire them to reach their full potential.

In engaging with young people, the Group has gathered young volunteers in cooperation with various youth organisations in the PRC to carry out various charitable activities in the community, hospitals and schools. We have co-organised a Wuling young volunteer united action day with the Wuling community under the theme “Learn

from the Spirit of Lei Fung and Show a Warm Heart for Charity” for five consecutive years. The Wuling young volunteers, the youngsters in the community and the volunteers from Wuling Hospital jointly carry out charity work, such as providing convenience services, promoting the idea of environmentally friendliness and voluntary medical treatments for the residents in the community. In addition, we have gathered young employees to participate in the community sports day and to take part in badminton matches. The Group's committee has also led a number of young volunteers to join the “City Building” activity in Liuzhou, and 20 of which have accumulated more than 100 service hours in traffic persuasion.



COMMUNITY INVOLVEMENT

Student Internships

The Group strongly believes in the importance of nurturing the younger generation. As such, we have developed an internship programme that is targeted at equipping young adults with the skills and knowledge that are required in the workplace. Another goal of the student internship is to locate outstanding, talented students to join our fulltime team. Each year, we recruit high calibre students from colleges, technical schools and universities in the PRC to participate in our internship programme.

We have developed a systemic procedure to select candidates as interns, and suitable candidates are selected according to the Group's management policy for interns. The chosen interns are placed in various departments within the Group according to their strengths as well as their area of interests.

During the Year, we have signed a cooperation arrangement with 11 post-secondary institutions to offer a total of 25 training courses, covering the professions in equipment maintenance, welding, digital control, molding and electric. Through establishing the school-enterprise cooperation mode of "utilising quality resources, creating a platform of nurture, building featured brands", we proactively explore in the work of modern apprenticeship, new apprenticeship, construction of training base, as well as mutual recruitment of teachers. Our cooperation allows us to offer a total of 16 business courses to complete the construction of training base for welding, robots, vehicles, after-sales, precise production and business culture, and these courses help cultivate the skills of the professionals and production staff that are needed for business development. We also have an in-depth cooperation with institutions in arranging students for internships in the enterprises, and students graduated with satisfactory results will be provided job opportunities and be invited to work for the Group on a full-time basis.



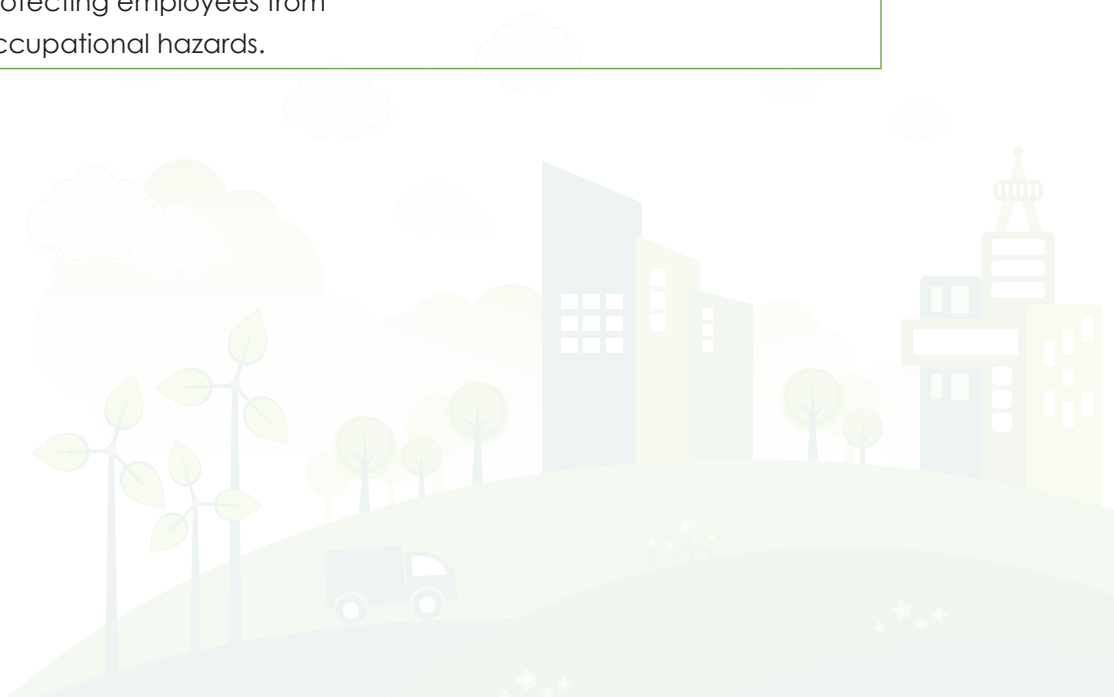
CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Descriptions	Sections
Environmental		
Aspect A1: Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Emissions and Wastes Management <ul style="list-style-type: none"> ➤ Emission of Exhaust Gas ➤ Emission of Wastewater ➤ Management of Wastes ➤ Greenhouse Gas Emissions
Aspect A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Use of Resources <ul style="list-style-type: none"> ➤ Energy Management ➤ Water Resources Management ➤ Materials Usage
Aspect A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>	<p>Environmental Protection</p> <ul style="list-style-type: none"> ➤ Emissions and Wastes Management <ul style="list-style-type: none"> ➤ Greenhouse Gas Emissions



CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Descriptions	Sections
Social		
Employment and Labour Practices		
Aspect B1: Employment	<p>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.</p>	<p>Harmonious Working Environment</p> <ul style="list-style-type: none"> ➤ Employees' Rights and Interests ➤ Hiring New Employees ➤ Employee Benefits ➤ Caring for our Employees
Aspect B2: Health and Safety	<p>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.</p>	<p>Harmonious Working Environment</p> <ul style="list-style-type: none"> ➤ Health and Safety



CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Descriptions	Sections
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Harmonious Working Environment ➤ Employee Development and Training
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Harmonious Working Environment ➤ Employees' Rights and Interests ➤ Hiring New Employees
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Operating Practices ➤ Supply Chain Management
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.	Operating Practices ➤ Product Responsibility ➤ Product Quality ➤ Serious Attention to Customer Feedback ➤ Clients' Rights and Interests ➤ Protection of Intellectual Property

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ESG Indicators	Descriptions	Sections
Aspect B7: Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to prevention of bribery, extortion, fraud and money laundering.</p>	<p>Operating Practices</p> <ul style="list-style-type: none"> ➤ Anti-Corruption
Community		
Aspect B8: Community Investment	<p>General Disclosure</p> <p>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.</p>	<p>Community Involvement</p> <ul style="list-style-type: none"> ➤ Community Investment ➤ Targeted Poverty Alleviation ➤ Caring for the Underprivileged Children ➤ Nurturing the Next Generation ➤ Connections with the Youth Community ➤ Student Internships



WULING MOTORS HOLDINGS LIMITED

Unit 1901, 19/F, Beautiful Group Tower,
77 Connaught Road Central, Hong Kong

www.wuling.com.hk