

EvDynamics



## Ev Dynamics (Holdings) Limited



(Formerly known as China Dynamics (Holdings) Limited )  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 476)

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## Environmental, Social and Governance Report 2021

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## SCOPE AND REPORTING PERIOD

This ESG report was prepared by Ev Dynamics (Holdings) Limited (formerly known as China Dynamics (Holdings) Limited) (hereinafter referred as the “Company”, and together with its subsidiaries referred as the “Group”), highlighting its Environmental, Social and Governance (the “ESG”) performance, with disclosure reference made to the ESG Reporting Guide as set out in Appendix 27 to the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules” and “Stock Exchange” respectively).

This ESG report covers the Group’s principal operations in two subject areas, namely, Environmental and Social of the business operations in Hong Kong including the general administrative and operational office in Hong Kong (the “Hong Kong Office”) and its principal business, automotive manufacturing plants, in Chongqing Province, the People’s Republic of China (the “PRC Manufacturing Plants”) from 1 April 2020 to 31 March 2021 (the “Reporting Period”), unless otherwise stated. These two business operations represent the core operations of the Group during the Reporting Period.

For the Group’s information of corporate governance practice, please refer to the “CORPORATE GOVERNANCE REPORT” on pages 36 to 54 of the Company’s 2021 Annual Report.

## THE GROUP’S MISSION AND VISION

The Group aims to achieve positive and sustainable outcomes for its businesses, the environment and the community. The Group strives to increase cost efficiency by minimising the production costs and obtaining the optimum economies of scale. In addition, the Group aims to be an environmentally friendly corporate through the development of pure electric vehicles, providing healthier and cleaner options for customers.

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

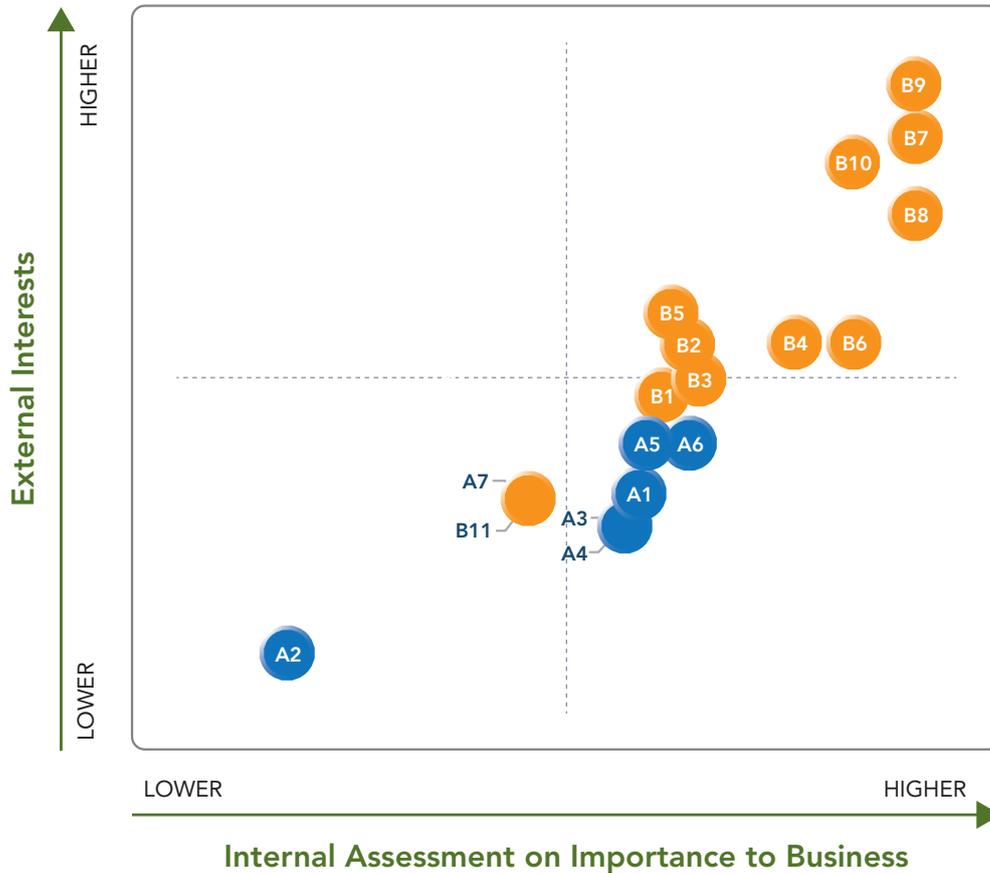
The Group communicates regularly with and gathers feedback from stakeholders through various channels to understand their expectations, build and maintain a good relationship, and identify the most significant environmental and social aspects of the Group's operations to its stakeholders. The table below outlines the Group's various dialogue channels for different types of stakeholders:

<b>Stakeholders</b>	<b>Means of communications</b>
Shareholders/investors	<ul style="list-style-type: none"><li>• Shareholders' general meeting</li><li>• Announcement</li><li>• Press release</li><li>• Investor meeting</li><li>• Company's website</li><li>• Email or postal correspondences, telephone enquiries or fax</li></ul>
Employees	<ul style="list-style-type: none"><li>• Training programmes</li><li>• Employees' performance review</li><li>• Work review meeting</li><li>• Email or telephone</li><li>• Inspection of complaints mailbox</li></ul>
Customers	<ul style="list-style-type: none"><li>• Exhibition</li><li>• Customer meeting</li><li>• Product training</li><li>• Product maintenance</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Exhibition</li><li>• Supplier meeting</li><li>• Factory site-visit</li><li>• Pre-testing orders</li><li>• After order service</li></ul>
Government and regulators	<ul style="list-style-type: none"><li>• Government meeting</li><li>• Inviting visit</li></ul>

# STAKEHOLDER ENGAGEMENT AND MATERIALITY

During the Reporting Period, the Group has specifically engaged board members, senior management, frontline employees, and business partners to gain further insights on ESG aspects they find material. The Materiality Matrix below shows the result of the Group’s materiality assessment process:

**Materiality of Different Topics from Stakeholder Engagement**



## Environmental

- A1 Energy
- A2 Water
- A3 Air Emission
- A4 Waste and Effluent
- A5 Other Raw Materials Consumption
- A6 Environmental Protection Measures
- A7 Climate Change

## Social

- B1 Employment
- B2 Health and Safety
- B3 Development and Training
- B4 Labour Standards
- B5 Supplier Management
- B6 Intellectual Property
- B7 Data Protection
- B8 Customer Service
- B9 Product/Service Quality
- B10 Anti-corruption
- B11 Community Investment



## STAKEHOLDER ENGAGEMENT AND MATERIALITY

Following topics have been deemed as the most important by stakeholders:

- Product/Service Quality;
- Data Protection;
- Anti-corruption;
- Customer Service; and
- Intellectual Property.

The Group reviews and manages the material aspects with policies and best practice and will continue to work towards building positive relations with its stakeholders, improving the overall ESG performance and developing better control on ESG-related risks. Through the development of pure electric vehicles, the Group strives to reduce its impact on the environment and society, and to achieve sustainable and optimum economic growth with company strategy on new products and energy business.

## A. ENVIRONMENTAL

### A1. EMISSIONS

The Group incorporates environmental management policies and practices to improve operation efficiency, conveying mutual benefits to the society and the Group.

The PRC Manufacturing Plants in Chongqing strictly complies with national and local laws and regulations concerning environmental protection and pollution control, including but not limited to:

- Environmental Protection Law of the PRC;
- Law of the PRC on the Prevention and Control of Atmospheric Pollution;
- Law of the PRC on the Prevention and Control of Environmental Noise Pollution;
- Law of the PRC on the Prevention and Control of Water Pollution; and
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and the generation and disposal of hazardous and non-hazardous waste.

#### A1.1 Air Emissions

During the Reporting Period, air emissions were mainly generated from fuel consumption by the Group's owned vehicles. The Group's production did not involve any stationary combustion of gaseous fuel.

Petrol and diesel were mainly used for passenger cars for the Group's local business commuting. During the Reporting Period, 0.50 kg (2020: 0.37 kg) of sulphur oxides (SO<sub>x</sub>) was emitted from the gaseous fuel consumption of the Group, while 4.55 kg (2020: 6.00 kg) of nitrogen oxides (NO<sub>x</sub>) and 0.59 kg (2020: 0.58 kg) of particular matter (PM) were emitted from the PRC Manufacturing Plant's fuel consumption.

## A. ENVIRONMENTAL

### A1.2 Greenhouse Gas ("GHG") Emissions

During the Reporting Period, the Group generated 383.45 tCO<sub>2</sub>eq (2020: 251.61 tCO<sub>2</sub>eq), resulting in a carbon intensity of 7.83 tCO<sub>2</sub>eq (2020: 4.85 tCO<sub>2</sub>eq) per employee. The increase could be attributed to the increase in energy consumption, which is discussed in Section A2.1.

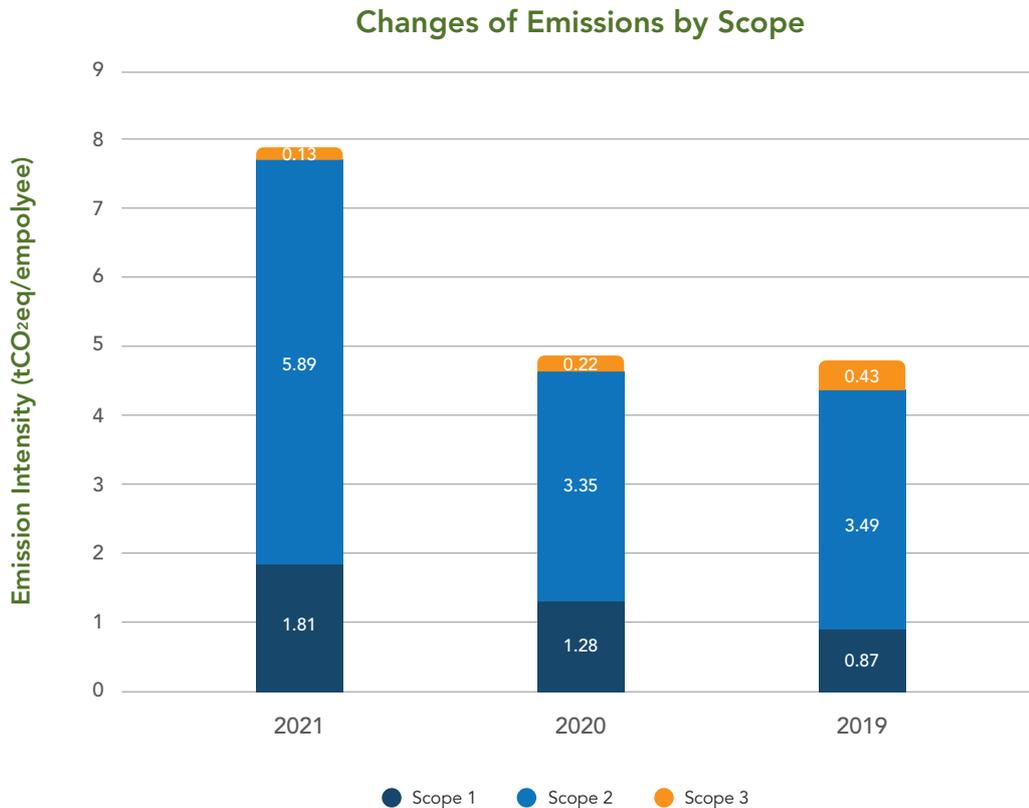
Scope of GHG Emissions	Emission Sources	Emission (in tonnes of carbon dioxide equivalent "tCO <sub>2</sub> eq")		Percentage of Total Emission	
		2021	2020	2021	2020
<b>Scope 1</b>					
Direct Emission	Combustion of Fuel for Mobile Combustion Source – Petrol and Diesel	<b>90.33</b>	67.92	<b>23%</b>	26%
	Tree Planting	<b>(1.59)</b>	(1.59)		
<b>Scope 2</b>					
Energy Indirect Emission	Purchased Electricity	<b>288.57</b>	174.07	<b>75%</b>	69%
<b>Scope 3</b>					
Other Indirect Emission	Paper Waste Disposal	<b>N/A</b>	1.87	<b>2%</b>	5%
	Electricity used for Processing Fresh Water	<b>4.29</b>	1.13		
	Electricity used for Processing Sewage	<b>0.85</b>	0.33		
	Business Air Travel	<b>1.00</b>	7.88		
<b>Total</b>		<b>383.45</b>	251.61	<b>100%</b>	100%

Notes:

- tCO<sub>2</sub>eq represents tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide).
- Emission factors were referred to Appendix 27 to the Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.
- Combined margin emission factor of 0.86 and 0.81 tCO<sub>2</sub>/MWh was used for purchased electricity in the PRC and Hong Kong respectively.
- Tree planting: 69 trees of 3 different species had been planted at the PRC Manufacturing Plants zone since 2018.

## A. ENVIRONMENTAL

The figure below illustrates the comparison of GHG emission intensity by year.



### A1.3 Hazardous Waste

Hazardous waste generated from the Group's operation during the Reporting Period included 0.35 tonnes (2020: nil) of waste ink and paint, oil-contaminated cotton, and waste solvent containers, three toner cartridges and five fluorescent tubes. All hazardous waste were collected by the supplier for recycling.

### A1.4 Non-hazardous Waste

Non-hazardous waste mainly consisted of wastepaper and commercial waste from offices and manufacturing plants. During the Reporting Period, the Group recycled 4.71 tonnes of wastepaper, mainly stored documents. As the amount of paper recycled was more than the amount the Group purchased, it is assumed that no wastepaper (2020: 0.39 tonnes) was sent to the landfill. Apart from office paper, approximately 1.70 tonnes (2020: 1.50 tonnes) of domestic and commercial waste were generated from the PRC Manufacturing Plants.

## A. ENVIRONMENTAL

### **A1.5 Measures to Mitigate Emissions**

As part of the Group's environmental policy, employees are encouraged to reduce business air travel. The Group keeps tracks of employees' business travelling and their corresponding carbon emission throughout the year. The Group has installed telephone conference facilities in the office setting. Employees are encouraged to make use of teleconferencing to reduce flight frequency and hence carbon footprint.

When purchasing new office electronic equipment, the Group opts for products with high energy efficiency and low emissions. Local products and office accommodations are given priority to reduce transportation and hence indirect emissions.

### **A1.6 Wastes Handling and Reduction Initiatives**

The Hong Kong Office supports waste reduction programme of its supplier by returning used toner cartridges for recycling. The Hong Kong Office has installed recycling bins with proper signages. During the Reporting Period, the Group recycled 4.71 tonnes of wastepaper, preventing wastepaper from being sent to the landfill. Licensed recycling companies were engaged to collect wastepaper, waste metals, waste aluminium, cardboard and wooden boxes. Other types of non-hazardous waste were sent to qualified treatment facilities for further handling and landfilling, complying with applicable laws and regulations. The Group also displays promotional messages of food waste reduction at the canteen areas.

For the Hong Kong Office, the following waste reduction practices have been adopted and encouraged:

- Reduce unnecessary printing;
- Collect and reuse single-sided paper;
- Reuse office stationeries when appropriate;
- Use e-mail instead of fax;
- Buy only when necessary;
- Reduce plastic rubbish bags consumption;
- Reuse and recycle containers and utensils; and
- Reuse or donate unwanted items.

## A. ENVIRONMENTAL

### A2. USE OF RESOURCES

#### A2.1 Energy Consumption

The Group's business operations resulted in a total energy consumption of 642.27 MWh (2020: 478.85 MWh), with an intensity of 13.11 MWh (2020: 9.20 MWh) per employee, from the use of electricity, diesel and petrol. The increase in energy consumption was mainly due to the increase in production rate. The tables below present the details of energy consumption and consumption intensity respectively.

Energy Consumption Sources	Direct Consumption		Consumption in MWh	
	2021	2020	2021	2020
Electricity	<b>339.58 MWh</b>	254.41 MWh	<b>339.58</b>	254.41
Petrol	<b>32,481.82 L</b>	24,309.02 L	<b>287.84</b>	215.42
Diesel	<b>1,485.28 L</b>	901.96 L	<b>14.85</b>	9.02
Total			<b>642.27</b>	478.85

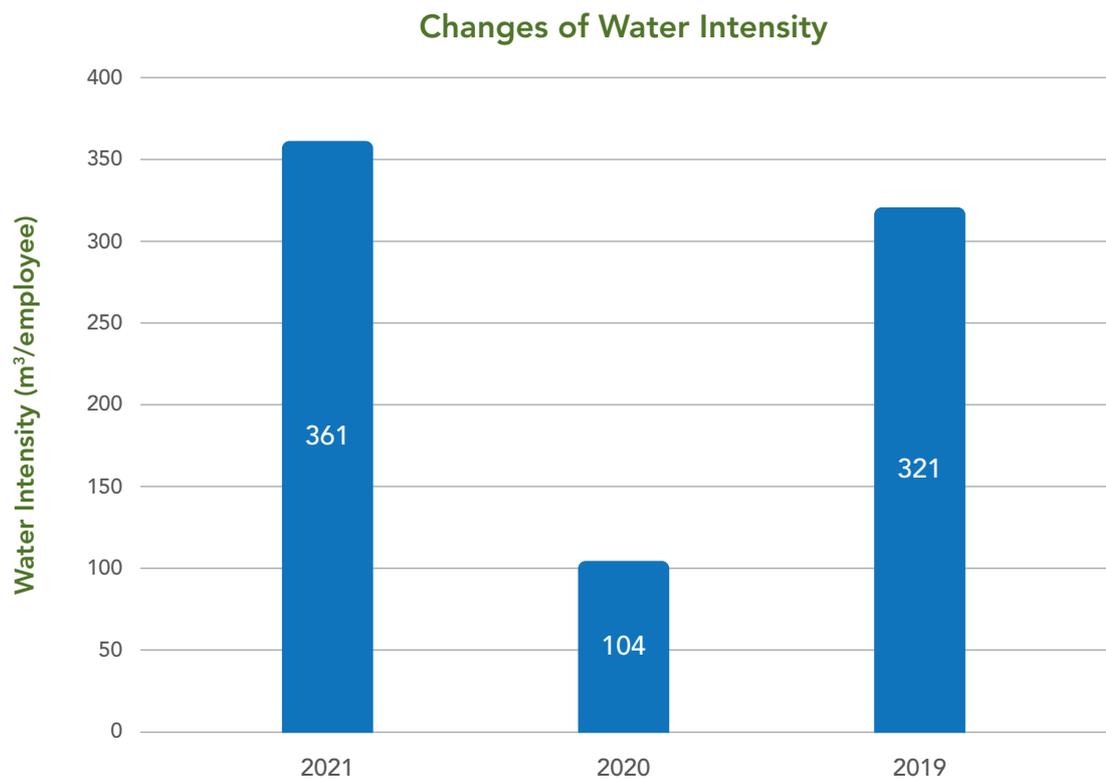
Energy Consumption Sources	Consumption (MWh/employee)		
	2021	2020	2019
Electricity	<b>6.94</b>	4.89	5.03
Petrol	<b>5.87</b>	4.14	2.85
Diesel	<b>0.30</b>	0.17	0.13
Total	<b>13.11</b>	9.20	8.01

## A. ENVIRONMENTAL

### A2.2 Water Consumption

During the Reporting Period, 10,117 m<sup>3</sup> (2020: 2,802 m<sup>3</sup>) fresh water was consumed by the PRC Manufacturing Plants, resulting in an intensity of 361 m<sup>3</sup> (2020: 104 m<sup>3</sup>) per employee. Increase in water consumption can be attributed to production growth.

The Hong Kong Office's water supply and discharge was managed by the building's management office and such a breakdown was, therefore, not readily available. It is noteworthy that the Hong Kong Office's water consumption was insignificant.



## A. ENVIRONMENTAL

### **A2.3 Energy Use Efficiency Initiatives**

The Group has been replacing traditional lightings with LEDs in the Hong Kong Office. Thermometer has also been installed to encourage employees to be more aware of the suitable and comfortable temperature for necessary air conditioning adjustment. Moreover, energy efficient model is preferred when purchasing new office equipment, such as printers, for greater energy conservation. Employees are also encouraged to take public transport for business commute to work and meetings.

Reminders are posted in the Hong Kong Office to remind employees of energy saving behaviours such as:

- Activate auto energy saving mode;
- Lower the brightness of computer screens;
- Switch off lightings, air-conditioners, electric appliance during lunch break, before leaving work, and after use; and
- Use heating facilities, dehumidifier and office equipment only when necessary.

## A. ENVIRONMENTAL

### **A2.4 Water Use Efficiency Initiatives**

The Group encourages water saving by posting green messages in pantries and washrooms as reminders for conserving water resources. Various water saving measures are also adopted, including the installation of flow controllers in water taps and regular maintenance of water supply network to reduce leakage rate. There was no issue in sourcing water that was fit for purpose for the Group during the Reporting Period.

#### *Wastewater Discharge*

The PRC Manufacturing Plants are equipped with on-site wastewater treatment facilities to conduct pre-treatment of sewage generated from production and domestic activities prior to discharge to wastewater treatment plant within the industrial park. Effluent discharged met Level 1 of the Integrated Wastewater Discharge Standard GB8978-1996 (Table 4), which sets limits for parameters such as pH, suspended solids (SS), chemical oxygen demand (COD), biochemical oxygen demand (BOD) and Ammonia-Nitrogen (NH<sub>3</sub>-N). Sludge is then collected by licensed collector for further treatment. No exceedances were reporting during the Reporting Period.

### **A2.5 Packaging Material**

The finished products of the Group are mainly vehicles, for which the delivery does not involve material use of packaging materials. Hence, no such data is reported.

## A. ENVIRONMENTAL

### A3. THE ENVIRONMENT AND NATURAL RESOURCES

#### A3.1 Significant Impacts of Activities on the Environment

The Group's major business involves electric vehicles development and manufacturing, of which the production generates wastewater, GHG and air emissions. The Group monitors and manages wastewater discharged from on-site wastewater treatment facilities, ensuring that it has met the national discharge standard. The Group also reviews and updates the energy conservation practices for its production process regularly. With the implementation of green practices, the Group has been minimising its significant impact on the environment and natural resources.

Heavy photochemical smog and haze in the PRC have been an ongoing issue in recent years. One of the factors contributing to the continuing deterioration is the increase in transportation, which results in higher level of emission. Electrification of cars is inevitably a global trend to improve air quality. Thus, the Group commits to being an environmentally friendly manufacturer of pure electric vehicles, investing in energy-efficient products. The Group also strives to influence the market to adopt electric vehicles, minimising impacts on the environment. The Group believes that electric vehicles can contribute to a better and healthy environment for future generations.

1. EMPLOYMENT AND LABOUR PRACTICES

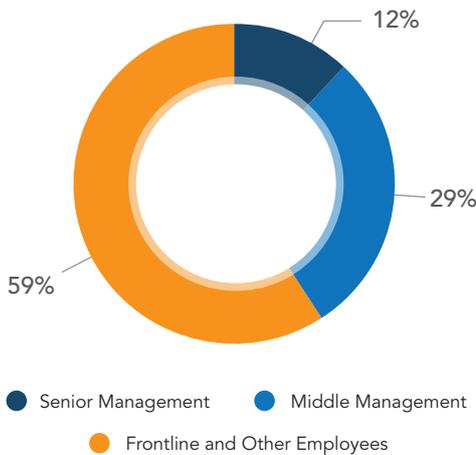
B1. Employment

The Group recognises employees are the greatest asset and commits to providing fair and open employment opportunities. The Group strictly complies with national and local laws and regulations, including but not limited to the Labour Law of the PRC, Labour Contract Law of the PRC, and Employment Ordinance in Hong Kong. The Group did not note any cases of material non-compliance with laws and regulations regarding the Group’s employment and labour practices during the Reporting Period.

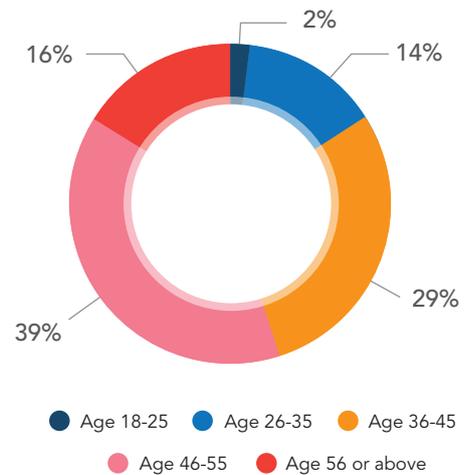
*Workforce*

The operation of the Hong Kong Office and the PRC Manufacturing Plants had a total number of 49 employees as of 31 March 2021 (2020: 52 employees), of whom 90% were in full time position with the rest on part-time basis. The number of employees was similar to that of the previous reporting period. The tables below illustrate the detailed distribution of the workforce.

Percentage of Workforce by Employment Type

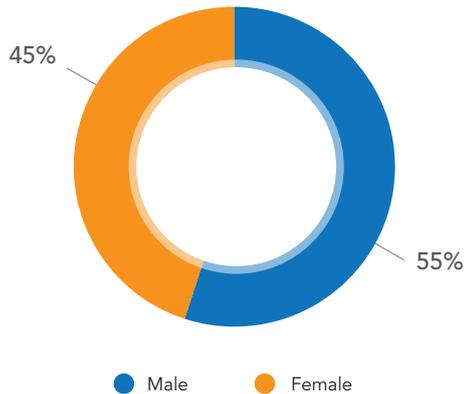


Percentage of Workforce by Age Group

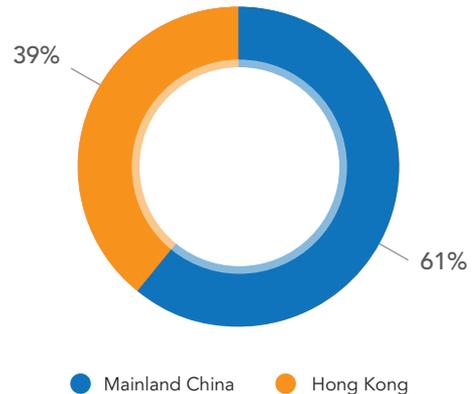


## B. SOCIAL

**Percentage of Workforce by Gender**



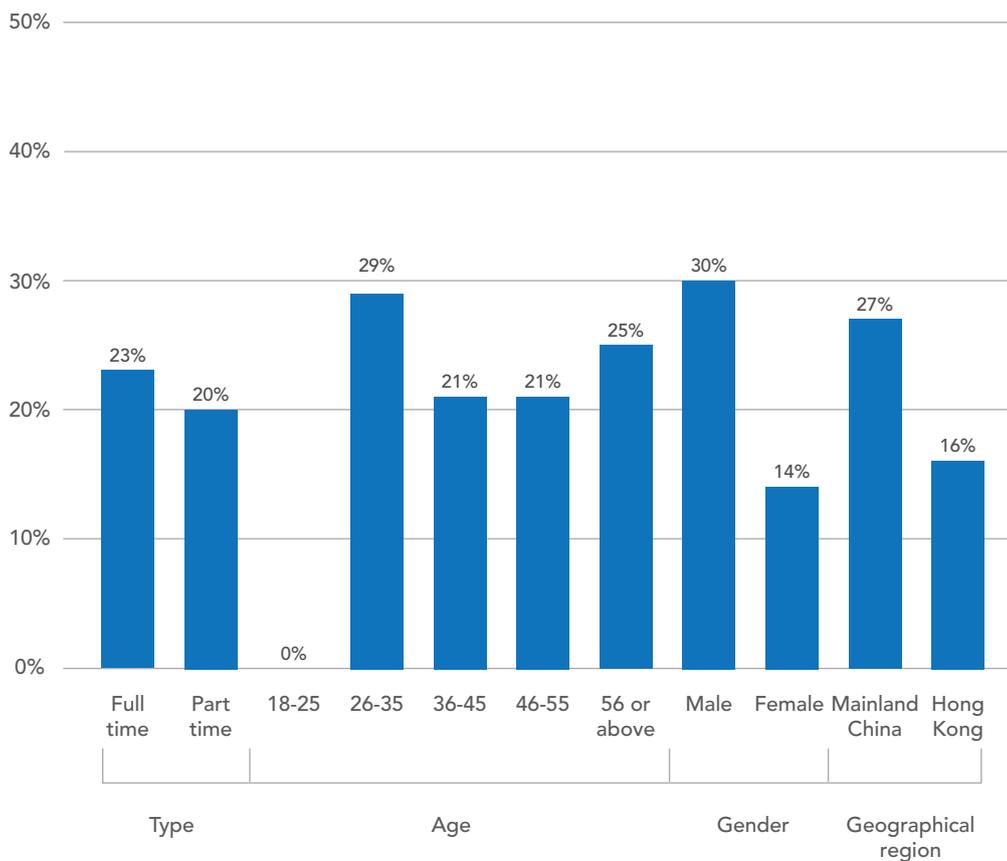
**Percentage of Workforce by Geographical Region**



### Turnover rate

During the Reporting Period, 11 employees (2020: 16 employees) left the Group, resulting in a turnover rate of 22% (2020: 31%). Details are presented in the figure below:

**Turnover Rate**





## B. SOCIAL

### *Employee Welfare*

The Group has established a competitive remuneration system for its employees. They are entitled to basic salaries, statutory holidays, various types of paid leave (annual, marriage, compassionate, maternity, paternity, sick), medical allowance, transportation allowance, and year-end bonus. The Group regularly reviews and upgrades their medical coverage. Other benefits of the Group include share options and festival gifts.

The Group cares for and values employees' work-life balance and mental wellness. It has established fair and reasonable working hours and leave policies to ensure sufficient rest and leisure time for employees. Standard working hours for regular and seasonal production period have been stated in the employment contract. Compensation leave or pay is granted if overtime working is needed for production, observing relevant national laws and regulations.

### *Appraisal*

The Group conducts annual assessment to review employees' job required knowledge, working attitude, sense of responsibility, efficiency, time management, effective use of resources, and cooperation skills. These abilities are used as reference for salary adjustment and promotion. The appraisal process has been outlined in the employee handbook.

### *Dismissal/Termination*

Detailed conditions and procedures regarding contract expiration and termination has been listed out in the employment contract. Financial compensation is required for the party terminating the contract without giving prior notice.

### *Equal Opportunity*

The Group strictly complies with national and local standards relating to equal opportunities and develops policies to eliminate discrimination in the Group. The employee handbook outlines the Group's commitment to equal opportunities. Employees are not discriminated against with respect to recruitment, employment, training, promotion and employees' benefits. The Group makes decision based on individual employee's working capability, qualification, and on-the-job experience, regardless their gender, family status, ethnic, marital status, pregnancy, health care needs, or any other discrimination prohibited by applicable law.

## B. SOCIAL

### *Staff Communication*

The Group believes that effective communication can create trust among employees and increase productivity. In the PRC Manufacturing Plants, canteen and areas for leisure activities are provided at the workplace. Activities and gatherings were also organised to celebrate different festivals and encourage employees to relax and mingle with each other.

### **B2. Health and Safety**

Occupational health and safety is part of the Group's fundamental value on social sustainability. The Group strives to provide a safe, hygienic and productive working environment for all employees through trainings, designated supervision, and regular provision of general and occupational health checks. First aider training is provided for employees. Emergency call list and fire evacuation plan showing the locations of emergency exits and emergency equipment are prominently displayed. Fire drill is conducted annually to refresh employees' knowledge on emergency procedures and raise their awareness. In the PRC Manufacturing Plants, the Group identifies occupational hazards regularly and designs preventive and control measures to minimise health risks. The Group also provides personal protective equipment, such as earplugs, gloves, and masks for filtering dust and odour, to its employees. Air purifiers are placed in corridors and common areas throughout the office and the PRC Manufacturing Plants to establish a healthier working environment for its employees.

There was no work-related fatality or injury cases, and the Group did not note any cases of material non-compliance in relation to health and safety laws and regulations during the Reporting Period.

### **Occupational Health and Safety Statistics in the Reporting Period**

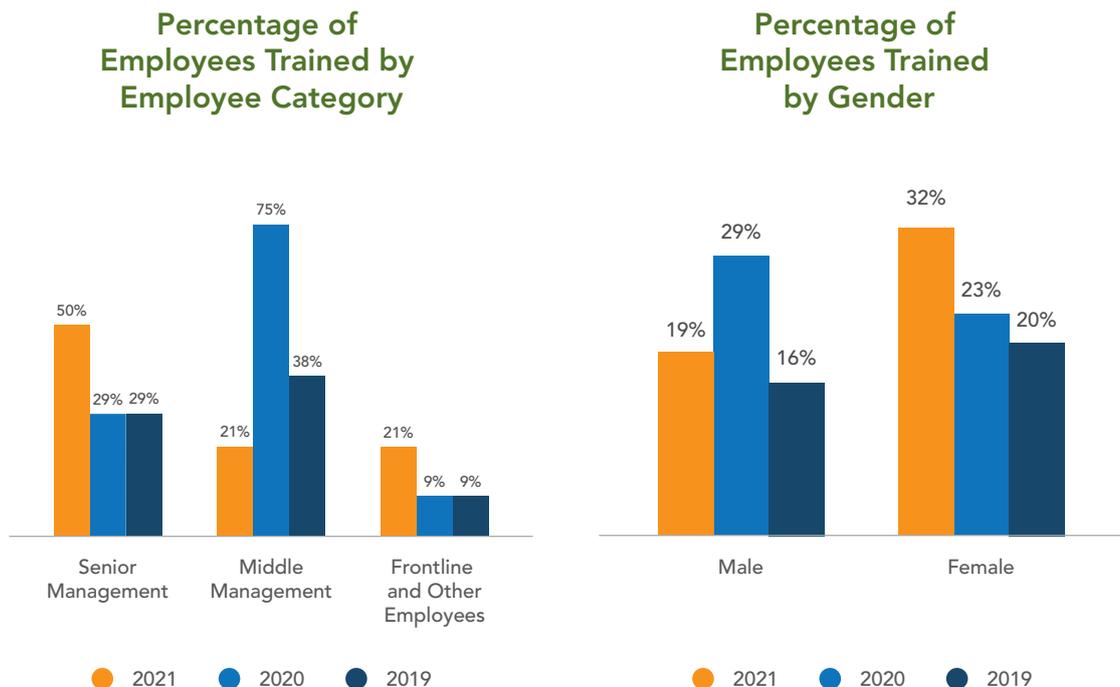
Work-related fatality	0
Work injury cases > 3 days	0
Work injury cases ≤ 3 days	0
Lost days due to work injury	0

## B. SOCIAL

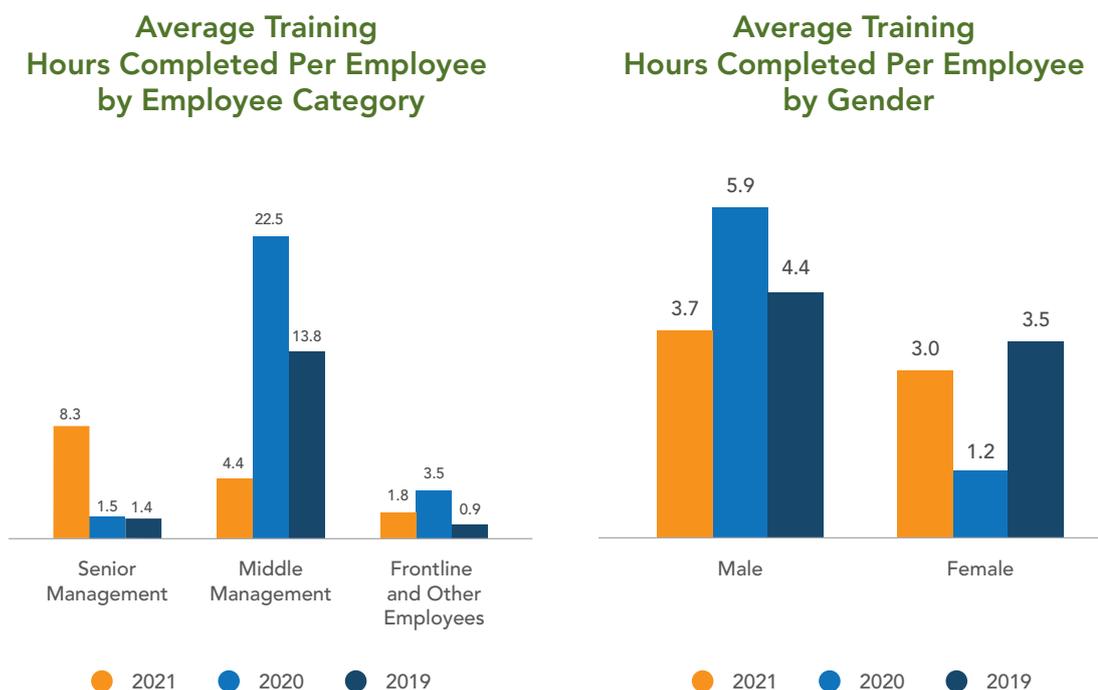
### B3. Development and Training

The Group sees training as a valuable tool to maintain the competency, professional level, integrity of its employees and their sense of belongings. With core business focusing on innovation and advanced environmental technology, the Group motivates employees to attend seminars, training, and conferences organised by professional institutions, training centres and management schools to equip themselves with the most updated industrial standards, laws and regulations, technology trend and market, as well as essential knowledge and skills related to their job duties. The training materials cover areas in accounting, corporate governance, environment, finance, tax, technology, etc.

During the Reporting Period, the Group provided totally 164 hours (2020: 198 hours) of training to its employees, with an average of 3.35 hours (2020: 3.82 hours) per employee and 24% (2020: 19%) of the employees had received training. When comparing with the last reporting period, a higher percentage of employees had received training during the Reporting Period.



## B. SOCIAL



### B4. Labour Standards

The Group strictly complies with the respective labour laws and regulations in its operating countries, including the Employment Ordinance (Cap. 57) in Hong Kong, the Labour Law of the PRC and Labour Contract Law of the PRC. The Group strictly prohibits hiring of child labour and opposes to any form of forced labour. The Group formally goes through background check on every employment, which includes obtaining identity card, certificate and previous job reference letter to ensure that they are legally entitled to work. All employees have signed the employment contract and agreed on the stipulated employment terms and conditions. If violation is found, the management will review the recruitment procedure, identify and rectify the issues by revising the procedure, providing further training to the concerned parties and taking disciplinary actions when necessary.

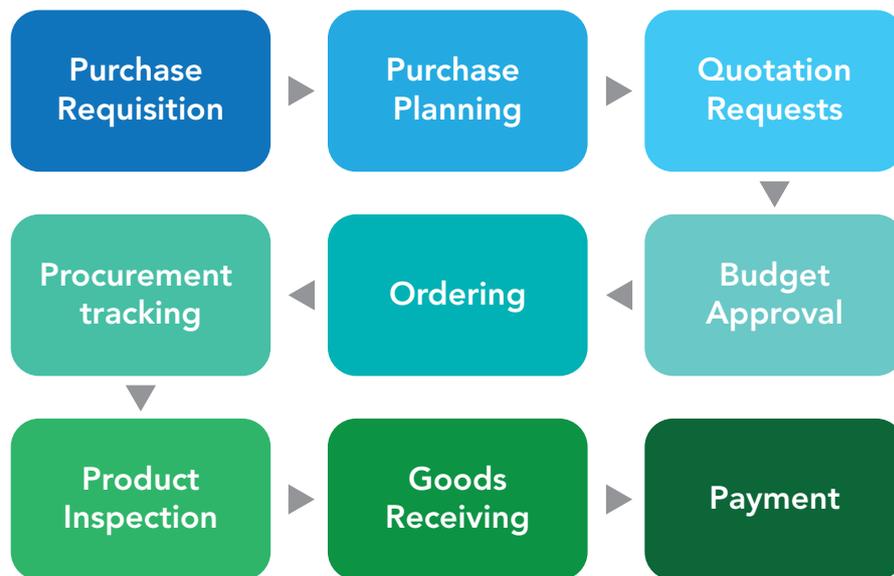
During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations regarding labour standards.

**2. OPERATING PRACTICES**

**B5. Supply Chain Management**

During the Reporting Period, there was no major change in policies on managing environmental and social risks of the supply chain. The Group has a total of 270 approved suppliers (2020: 446 suppliers) from Mainland China for various automobile parts.

To ensure the Group having standardised procurement procedure and guideline to follow, and to promote consistent, sustainable and environmentally friendly procurement function, the Group has established a procurement control procedure. The procedure applies to all raw materials, components, production spare parts, tools, equipment and office supplies. Standard workflow, related documents and forms, responsible parties and areas of attentions in each stage, from request of purchase to payment upon receipt or product returns, have been stated in the procedure. The simplified procurement workflow is outlined below.



The Group communicates with suppliers on their environmental and social responsibilities, including the provision of healthy and safe working environment, prohibition of child and forced labour and fair working environment without discrimination. Office purchasing policy is adopted particularly for office operation, aiming at raising awareness of green purchasing among employees. The Group purchases office paper from suppliers who can provide Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council (FSC) certified paper.

## B. SOCIAL

### **B6. Product Responsibility**

During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations regarding health and safety, advertising, labelling and privacy matters relating to products and services provided.

#### *Quality Assurance*

The Group has developed a standardised quality assurance procedure, which provides clear instructions and processes for various levels of inspections and states the responsibility of different departments. Every vehicle sold is provided with a user manual and warranty is provided. The Group has a standard after-sale service management procedure, in which a dedicated national customer service hotline is available to handle any product or service-related complaint after products are sold. A service satisfaction survey form is distributed to customers for reflecting the service quality. Improvement measures will be formulated to prevent the problems from happening again.

During the Reporting Period, no complaint was received, and no products were being recalled for safety and health reasons.

#### *Customer Data Protection*

The Group is committed to protecting customers' personal information. All directors and employees of the Group shall strictly abide by the Personal Data (Privacy) Ordinance (Cap. 486) in Hong Kong and the General Principles of the Civil Law of the PRC and other relevant laws, regulations and rules (applicable to employees in the PRC). Unauthorised access or abuse of confidential information could result in disciplinary action, including termination.

No substantiated complaint regarding breach of client privacy, identified leak, theft, or loss of customer information was received during the Reporting Period.



## B. SOCIAL

### *Data Confidentiality*

The Group has established clear management approach on handling confidential information in the employment contract. Employees are prohibited to disclose any information related to the Group, such as the Group's partnering companies, customer works, business operation, product, technology, financial matters, human resources, research and development, and market information, without authorisation. Also, the Group's employment contract has mentioned the confidentiality clause and is signed by every employee. This is to protect all materials, experiences and information of the Group in areas including but not limited to business plan, meeting contents, document content, financial data, marketing strategy, customer information, and human resources information.

### *Intellectual Property*

The Group strictly complies with laws and regulations relating to intellectual property protection, such as the Patent Law of the PRC. The Group applies pioneer technology to continuously enhance its product quality. Through numerous testings and simulation, the Group has obtained several utility model patents in the PRC. The Group protects and enforces intellectual property rights. Directors and employees of the Group are not allowed to sell or use any designs, company assets, property, data, any trade information, and resources for non-business purposes without authorisation. The Group shall bring any patent rights infringement dispute to the Patent Re-examination Board of the State Intellectual Property Office in the PRC for handling.

## B. SOCIAL

### **B7. Anti-corruption**

The Group strives to maintain honesty, integrity and fairness on its business operations. The Group has formulated an internal control system and has set up a prevention of commercial bribery control procedure on the receipt of money, gift, loan, commission, payment, remuneration, any sort of securities or property, employment, contract, service or favours, etc. The Group understands that employees may potentially face these situations when dealing with customers, suppliers or contractors during business operation, and thus guidelines and procedures have been outlined in the Group's policy and employee handbook for employees to seek advice on proper actions. The administrative department reminds employees of laws and regulations relating to anti-corruption through notice boards and emails.

The Group has established a whistleblowing policy which encourages employees to report on suspected cases of misconduct, through various channels such as the opinion box situated at the canteen of the PRC Manufacturing Plants. The policy applies to all employees in the Group and covers but not limited to the violation of laws, regulation and the Group's policies, damage and harm to the environment, public interest and personal health and safety, discriminatory or disciplinary actions, bribery, extortion, fraud, money laundering and other related crimes. Any suspicious issues reported will be followed up and investigated by independent personnel.

There were no concluded legal cases regarding corrupt practices brought against the Group or its employees, and the Group did not note any cases of non-compliance with laws and regulations regarding bribery, extortion, fraud and money laundering during the Reporting Period.

### **B8. Community Investment**

The Group cares about the community's well-being and social services. Not only does it put effort in environmental protection, but also contributes its resources to social responsibility, aiming to enhance environmental awareness and pay attention to the needy in the community. The Group helps its employees overcome difficulties, illness, or situations that they come across. The Group will continue to encourage its employees to participate in charitable events.