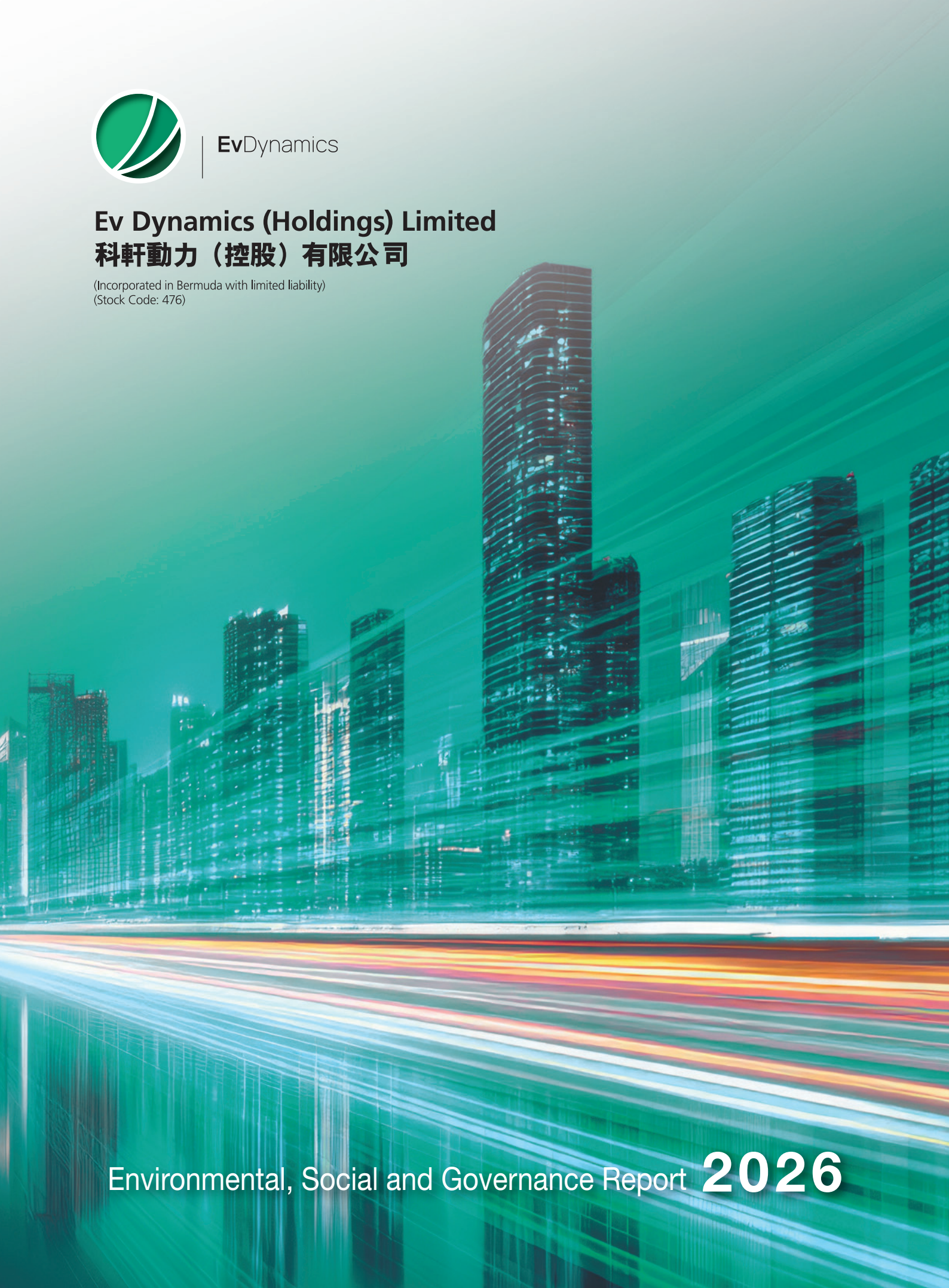
EvDynamics

Ev Dynamics (Holdings) Limited
科軒動力（控股）有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 476)



Environmental, Social and Governance Report 2026

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Scope and Reporting Period

This report was prepared by Ev 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 C2 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 three subject areas, namely, the Environmental and Social of the business operations in Hong Kong including the general administrative and operational office in Hong Kong (the "Hong Kong Office"), its principal business, automotive manufacturing plant, in Chongqing Province, the People's Republic of China, (the "Chongqing Manufacturing Plant"), and its new business operation commenced in the second half of the financial period, the new energy transport and operations, in Hangzhou (the "Hangzhou Office") from 1 April 2025 to 31 March 2026 (the "Reporting Period"), unless otherwise stated. These three business operations represent the core operations of the Group during the Reporting Period.

For the Group's information on corporate governance practice, please refer to the "CORPORATE GOVERNANCE REPORT" on pages 37 to 53 of the Group's 2026 Annual Report.

Reporting Principles

The preparation of this ESG report has applied the following principles:

Materiality – materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement are presented in the section "Stakeholder Engagement and Materiality" in this report.

Quantitative – key performance indicators (the "KPI"s) have been established to make measurable and applicable comparisons under appropriate conditions. Information on the standards, its methodologies and assumptions, its calculation tools used and its sources of conversion factors used have been disclosed when applicable.

Balance – performance of the Group was presented impartially, avoiding choices, omissions or presentation formats that may unduly influence readers' decisions or judgements.

Consistency – consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

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 production costs and obtaining the optimum economies of scale. In addition, the Group aims to be an environmentally friendly corporation by developing pure electric vehicles and providing healthier or cleaner resources to customers.

The Board's Statement

The board of directors (the "Board") regularly reviews environmental and social-related performance and disclosures to ensure compliance with the Listing Rules requirements. The Board exercises ultimate oversight of the Group's ESG strategy, policies, and performance. We have established an inter-departmental working group to formulate and implement work plans on environmental, social, and governance matters, ensuring compliance with the Listing Rules requirements. The Board regularly reviews ESG-related disclosures and monitors progress against established targets.

Climate change remains a strategic priority for the Group. We have integrated climate-related risks and opportunities into our management framework, aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Board actively oversees the identification of physical risks from extreme weather events and transition risks arising from regulatory changes and market shifts. To demonstrate our commitment, during the Reporting Period, we have set a target to reduce greenhouse gas emissions intensity by 10% by 2030, using 2026 as the baseline year. Our mitigation strategies include supplier diversification, investment in energy-efficient technologies, and continuous research and development of pure electric vehicles.

Stakeholder engagement is fundamental to our ESG approach. During the Reporting Period, we adopted a double materiality framework to better understand our impacts on people and the environment, as well as the financial implications of sustainability issues on our business. Through regular dialogue with shareholders, employees, customers, suppliers, and regulators, we identify material ESG issues and align our strategies to address them effectively.

The Group maintains robust governance and internal controls to ensure compliance with all applicable laws and regulations across our operations in Hong Kong, Hangzhou, and Chongqing. Our commitment to integrity is reinforced by our whistle-blowing policy and anti-corruption training programmes, with no material non-compliance issues reported during the year.

Looking ahead, the Board reaffirms its dedication to delivering long-term, sustainable value for our shareholders and broader stakeholders, while contributing to a cleaner and healthier environment for future generations. We will continue to invest in research and development, expand into international markets, and collaborate with our value chain partners to drive industry-wide sustainability.

Stakeholder Engagement and Materiality

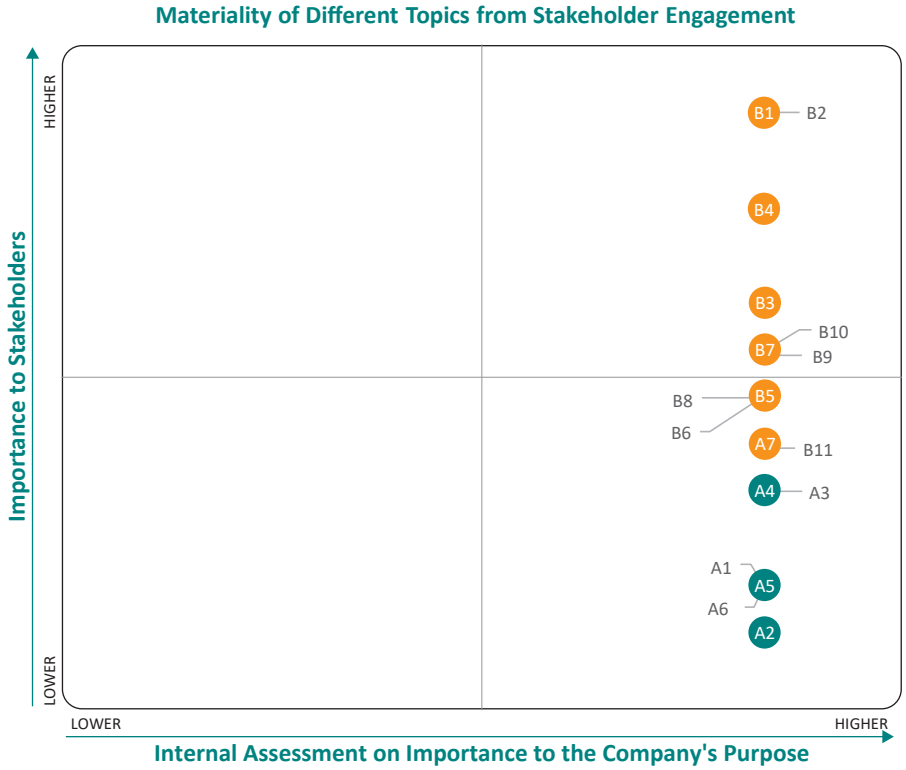
The Group communicates regularly with and gathers feedback from stakeholders through various channels to understand their expectations, build and maintain a good relationship, and identify the most significant environmental and social aspects of the Group's operations to its stakeholders. The table below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

Stakeholders	Means of communications
Shareholders/investors	• Shareholders' general meeting • Announcement • Press release • Investor meeting • Company's website • Email or postal correspondences, telephone enquiries or fax
Directors	• Directors' meeting
Employees	• Training programmes • Employees' performance review • Work review meeting • Email or telephone • Inspection of complaints mailbox
Customers	• Exhibition • Customer meeting • Product training • Product maintenance
Suppliers	• Exhibition • Supplier meeting • Factory site-visit • Pre-testing orders • After order service
Government and regulators	• Government meeting • Inviting visit

During the Reporting Period, the Group gains further insights on material aspects and challenges on its ESG matters via interviews and questionnaires.

In addition to the above, the Group has also incorporated the concept of double materiality into its materiality assessment process during the Reporting Period. Double materiality comprises of impact materiality, which considers actual and potential positive or negative impacts on people and the environment connected to the Group's operations, products, services, and value chain; as well as financial materiality, which considers sustainability related risks and opportunities that could reasonably be expected to influence the Group's financial position, performance, cash flows, access to finance, or cost of capital over the short, medium, and long term. In line with the European Sustainability Reporting Standards ("ESRS"), this assessment shall cover the Group's own operations, as well as its upstream and downstream value chain.

The Materiality Matrix below shows the result of the Group's materiality assessment process:



Environmental		Social	
A1	Energy	B1	Employment
A2	Water	B2	Occupational Health and Safety
A3	Air Emission	B3	Development and Training
A4	Waste and Effluent	B4	Labour Standards
A5	Other Raw Materials Consumption	B5	Supplier Management
A6	Environmental Protection Measures	B6	Intellectual Property
A7	Climate Change	B7	Data Protection
		B8	Customer Service
		B9	Product/Service Quality
		B10	Anti-corruption
		B11	Community Investment

Assessment of Impacts

To supplement our stakeholder engagement and the double materiality assessment described above, the Board and management conducted a specific evaluation of the actual and potential environmental and social impacts connected to the Group's operations, products, services, and value chain. This evaluation was guided by external professional advice, the Materiality Finder of the SASB Standards, and the sustainability matters listed in ESRS 1 AR 16. The analysis also incorporated the financial implications of identified impacts, dependencies, and regulatory developments – assessing their potential effects on financial performance, cash flows, and cost of capital over short-, medium-, and long-term horizons. The following topics have been deemed as the most important by stakeholders during the Reporting Period:

- Employment
- Occupational Health and Safety
- Development and Training
- Labour Standards
- Data Protection
- Product/Service Quality
- Anti-corruption

The Group reviews and manages the identified material aspects with policies and best practices, and it will continue to work towards building positive relations with its stakeholders, improving the overall ESG performance, and developing better control of 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 a company strategy on new products and new energy business.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on its ESG approach and performance. Suggestions or views can be sent by post: 46th Floor, United Asia Finance Centre, 333 Lockhart Road, Wan Chai, Hong Kong or through the communication channels described on the Company's website: www.evdynamics.com.

Awards and Recognition

The Group is a pioneer and prominent enterprise which integrates the design, development, manufacture, sales and technical services of new energy buses and vehicles, and their entire electric power and control systems, other vehicles and vehicle components. The production qualification of passenger cars and new energy vehicle products had been approved by the Ministry of Industry and Information Technology of the People's Republic of China (the "PRC"). The Group obtained the ISO 9001:2015 Quality Management System Certificate, ISO 50001:2018 Energy Management System Certificate, ISO 14001:2015 Environmental Management System Certificate and EU COP-DOC Certificate. Besides, the qualification of automobile export had been approved by the Ministry of Commerce of the PRC, the Ministry of Industry and Information Technology of the PRC, the General Administration of Customs of the PRC, the General Administration of Quality Supervision, Inspection and Quarantine of the PRC and Certification and Accreditation Administration of the PRC ("CNCA"). The Group had been included in the List of Enterprises Eligible for Applying for Automobile Export License since 2016.

A1. EMISSIONS

The Group adopts environmental management policies and practices to improve operational efficiency and convey mutual benefits to society and itself.

The Chongqing Manufacturing Plant in Chongqing strictly complied 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 ("GHG") 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 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, 0.14 kg (2025: 0.17 kg) of sulphur oxides ("SO_X") was emitted from gaseous fuel consumption of the Group, while 8.98 kg (2025: 10.62 kg) of nitrogen oxides ("NO_X"), and 0.66 kg (2025: 0.78 kg) of particular matter ("PM") were emitted from the gaseous fuel consumption.

A1.2 GHG Emissions

During the Reporting Period, the Group's GHG emissions were contributed by:

- Scope 1 – Direct Emissions from operations that are owned by or controlled by the Group;
- Scope 2 – "Energy Indirect" emissions resulting from the generation of purchased electricity consumed within the Group; and
- Scope 3 – All other indirect emissions that occur outside the Group, including both upstream and downstream emissions.

While the scale of operations continues to expand, the Group is establishing better channels to collect, trace, and monitor the total amount of GHG emission emitted. As to gain a more comprehensively understanding of Scope 3 emissions connected to the Group's value chain, the Group shall also disclose 15 reporting categories of Scope 3 emissions where applicable to the Group's operations from this Reporting Period onward. The Group mainly used land trucks to deliver raw materials, semi-finished products during the manufacturing process and final products to its customers.

The Group has selected its measurement approach, inputs, and assumptions for calculating GHG emissions based on a principle of alignment with established regulatory frameworks and authoritative sources to ensure consistency, comparability, and reliability. The approach has been chosen to:

1. **Comply with Regulatory Expectations:** The Group primarily references the methodologies and emission factors set out by the HKEX, including Appendix C2 of the Main Board Listing Rules and their referred documentation, to ensure adherence to local disclosure requirements and to enable valid comparisons under appropriate conditions.

2. **Utilize Internationally Recognized Standards:** For Scope 3 emissions, the Group aligns its reporting with the "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", which is a globally accepted framework for value chain emissions accounting. The Group has also referenced the "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" published by the Greenhouse Gas Protocol to calculate its Scope 3 GHG emissions.

3. **Apply Credible and Geographically Relevant Data Sources:** Where HKEX-published factors are unavailable, the Group uses authoritative sources specific to its primary region of operation (Mainland China). These sources include the Ministry of Ecology and Environment of the People's Republic of China (which provides the emission factor for purchased electricity from the National Grid of the PRC). These sources are selected for their scientific credibility, public availability, and relevance to the Group's operational context, thereby increasing the accuracy of its emissions inventory.

During the Reporting Period, the Group generated 168.34 tonnes of carbon dioxide equivalent ("tCO_2eq") (2025: 136.72 tCO_2eq), resulting in a carbon intensity of 3.06 tCO_2eq (2025: 4.14 tCO_2eq) per employee.

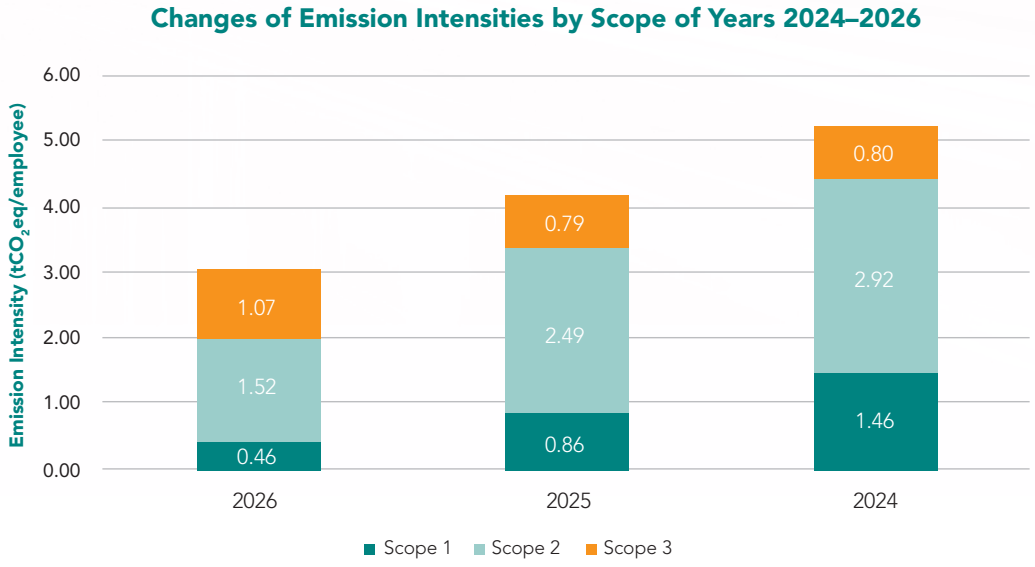
The increase in total GHG emission is primarily attributed to the expansion of the Group's operations, including the addition of the Hangzhou Office and the new energy transport and operations. However, the carbon intensity per employee has decreased due to a proportionally larger increase in the workforce compared to the rise in emissions.

Scope of GHG Emissions	Emission Sources	Emission (tCO_2eq)		Percentage of Total Emission	
		2026	2025	**2026**	2025
Scope 1					
Direct Emission	Combustion of Fuel for Mobile Combustion Source – Petrol and Diesel	**27.60**	30.42	**15%**	21%
	Tree Planting	**(2.09)**	(2.09)		
Scope 2					
Energy Indirect Emission	Purchased Electricity	**83.81**	82.24	**50%**	60%
Scope 3					
Other Indirect Emission	Paper Waste Disposal	**1.74**	0.68	**35%**	19%
	Electricity used for Processing Fresh Water	**0.13**	0.09		
	Electricity used for Processing Sewage	**0.12**	0.05		
	Business Air Travel	**22.65**	2.55		
	Category 1:				
	Purchased goods and services	**28.33**	14.77		
	Category 4:				
	Upstream transportation and distribution	**3.15**	6.32		
	Category 6:				
	Business travel (Excluding business air travel)	**2.90**	1.16		
	Category 9:				
	Downstream transportation and distribution	**NA**	0.53		
Total		**168.34**	136.72	**100%**	100%

Notes:

- tCO_2eq represents tonnes of carbon dioxide equivalent GHG (mainly carbon dioxide, methane and nitrous oxide).
- Emission factors were disclosed pursuant to Appendix C2 of the Main Board Listing Rules and documentation referred thereto (including the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)), unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.
- According to The Ministry of Ecology and Environment of People's Republic of China (2025): Emission factor of 0.5777 tCO2e/MWh was used for purchased electricity from the National Grid of the PRC in 2025/26; Emission factor of 0.5366 tCO2e/MWh was used for purchased electricity from the National Grid of the PRC in 2024/25.
- According to HK Electric Investments Sustainability Report 2025: Emission factor of 0.59 tCO2e/MWh was used for purchased electricity from HKE in Hong Kong in 2025/26; Emission factor of 0.60 tCO2e/MWh was used for purchased electricity from HKE in Hong Kong in 2024/25.
- According to Water Supplies Department Annual Report 2024/25 and 2022/23, and Drainage Services Department Sustainability Report 2024/25 and 2022/23: Emission factor of 0.245 $kgCO_2e/m^3$ was used for processed fresh water in 2025/26, whereas emissions factor of 0.2186 $kgCO_2e/m^3$ was used for processed sewage in 2025/26; Emission factor of 0.437 $kgCO_2e/m^3$ was used for processed fresh water in 2024/25, whereas emissions factor of 0.21672 $kgCO_2e/m^3$ was used for processed sewage in 2024/25.
- Tree planting: 91 trees of different species had been planted at the Chongqing Manufacturing Plant zone as of the Reporting Period. Removal factor of CO2 per tree planted was 23, with reference made to Appendix C2 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited.
- CO2 emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.
- Data for other categories of scope 3 emissions have not yet been collected, and the Group currently does not have the capability to conduct data collection for these categories; however, the Group shall endeavor to dedicate resources to complete scope 3 emissions disclosure in due time.

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 is 26.06 kg (2025: 6.42 kg), resulting in an intensity of 0.47 kg (2025: 0.19 kg) per employee, which included waste ink and paint, toner cartridges and fluorescent tubes. For the Hong Kong and Hangzhou Office, hazardous waste was collected by the supplier for recycling. At the Chongqing Manufacturing Plant, all hazardous waste was collected and handled by a qualified waste-handling company.

A1.4 Non-hazardous Waste

Non-hazardous waste mainly consisted of wastepaper, waste wood materials and commercial waste from offices and manufacturing plant. During the Reporting Period, the Group generated 0.02 tonnes (2025: 0.24 tonnes) of wastepaper. Apart from the wastepaper, approximately 0.28 tonnes (2025: 0.20 tonnes) of domestic and commercial waste and 0.01 tonnes of plastic waste (2025: nil) were generated from the Chongqing Manufacturing Plant and Hangzhou office. The total amount of non-hazardous waste generated during the Reporting Period was 0.31 tonnes (2025: 0.44 tonnes), resulting in an intensity of 0.01 tonnes (2025: 0.01 tonnes) per employee.

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 track of employees' business travelling and their corresponding carbon emissions 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 when selecting suppliers to reduce transportation and hence indirect emissions.

Since 2018, the Group has planted various species of trees in the Chongqing Manufacturing Plant zone for the assimilation of carbon dioxide. As of the Reporting Period, 91 trees of different species had been planted at the Chongqing Manufacturing Plant.

The Group originally set a 10% reduction in GHG emission intensity by 2032 from 2022. Having achieved a 51% reduction ahead of schedule, the Group has now set an ambitious new target to achieve a 10% reduction in GHG emissions intensity ($kgCO_2e$ per staff) by 2030, using 2026 as the baseline year.

This target is informed by the latest international agreement on climate change, including the Paris Agreement, an international accord to limit global warming, as well as the national target of carbon neutrality by 2060. This target has not been validated by a third party. It is a gross target for the reduction of emissions without taking into account potential offsets further reducing the net impact. Although the Group does not need to rely on carbon credits to hit its targets, a future implementation of those would further reduce the impact. The Group will continue to review the existing GHG emissions reduction measures in order to maintain the GHG emissions reduction efficiency.

A1.6 Wastes Handling and Reduction Initiatives

Over the past few years, the Group has achieved a great success in waste reduction. During the Reporting Period, the non-hazardous waste intensity decreased by 80%, and the hazardous waste intensity was decreased by 98% compared with the base year of 2022. The Group aims to reset the target to achieve a 10% reduction in waste intensity by 2030, using 2026 as the new baseline year, and strives to adopt various measures to achieve this goal.

The Hong Kong and Hangzhou Office support the waste reduction programme of its supplier by returning used toner cartridges for recycling. Besides, the following waste reduction practices have been adopted and encouraged. These practices are promoted by displaying promotional messages in different office areas, such as the printing area and pantry:

- 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.

For the Chongqing Manufacturing Plant in Chongqing, hazardous waste was sent to a qualified environmental protection engineering company for further handling, complying with applicable laws and regulations. Similar to the practice in Hong Kong and Hangzhou Office, the Chongqing Manufacturing Plant also displays promotional messages in different areas to encourage the staff to follow waste reduction routines, such as food waste reduction messages in the canteen area, and tissue paper waste reduction at restrooms. Besides, the Group has installed recycling bins with proper signages in the public area. Since 2022, the Chongqing Manufacturing Plant in Chongqing has formulated a food waste reduction policy in which the amount of food in the canteen is prepared according to the number of employees present every working day. The Group will continue to review the existing waste reduction measures in order to improve waste reduction efficiency.

A2. USE OF RESOURCES

A2.1 Energy Consumption

The Group's business operations resulted in a total energy consumption of 243.43 MWh (2025: 255.33 MWh), with an intensity of 4.43 MWh (2025: 7.74 MWh) per employee, from the use of electricity, diesel and petrol. The total energy consumption (in MWh) during the Reporting Period decreased by 65% compared with the base year of 2022. The Group will continue to review the existing energy consumption reduction measures in order to maintain the energy consumption reduction efficiency. The tables below present the details of energy consumption and consumption intensity per employee.

Energy Consumption Sources	Direct Consumption		Consumption in MWh	
	2026	2025	**2026**	2025
Electricity	**144.18 MWh**	148.16 MWh	**144.18**	148.16
Petrol	**9,218.52 L**	11,086.10 L	**94.46**	104.01
Diesel	**534.37 L**	315.57 L	**4.78**	3.16
Total			**243.42**	255.33

Energy Consumption Sources	Consumption Intensity (MWh/employee)		
	2026	2025	2024
Electricity	**2.62**	4.49	4.91
Petrol	**1.72**	3.15	5.12
Diesel	**0.09**	0.10	0.12
Total	**4.43**	7.74	10.15

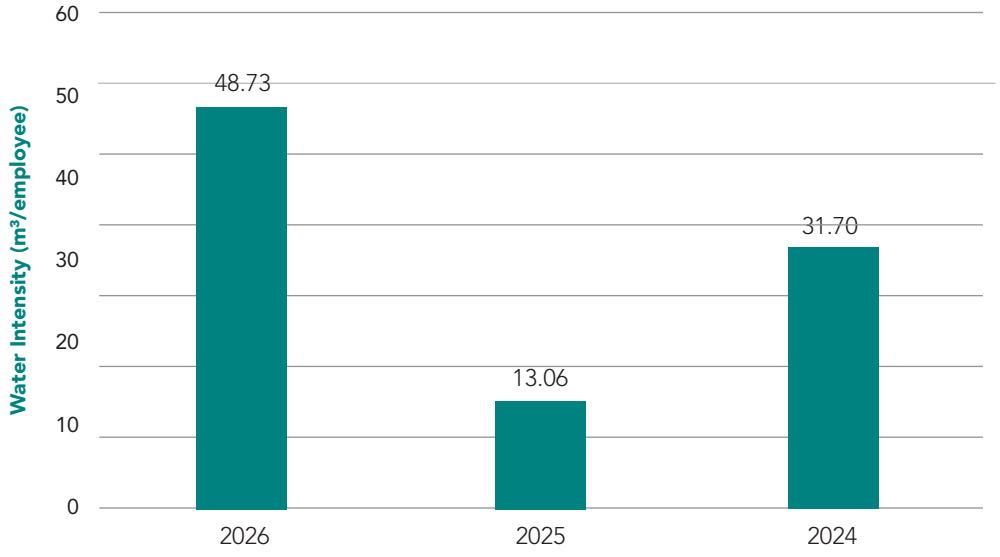
A2.2 Water Consumption

During the Reporting Period, 536 m^3 (2025: 209 m^3) of freshwater was consumed by the Chongqing Manufacturing Plant, resulting in an intensity of 48.73 m^3 (2025: 13.06 m^3) per Chongqing employee. The significant increase in water consumption compared with the previous reporting period was mainly due to water main incident occurred and a once-in-a-few-years thorough cleaning conducted.

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

Note: As the Hong Kong Office's and Hangzhou Office's water supply was not directly controlled by the Group, the number of employees of the Hong Kong Office and Hangzhou Office are excluded in the calculation of the intensity of water consumption (i.e. the amount of water consumption/the number of employees of Chongqing Manufacturing Plant).

Changes of Water Intensity by Scope of Years 2024–2026



A2.3 Energy Use Efficiency Initiatives

The Group has been replacing traditional lighting with LEDs in the Hong Kong Office. The thermometer has also been installed to encourage employees to be more aware of the suitable and comfortable temperature for necessary air conditioning adjustments. Moreover, an 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 the 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 lighting, air-conditioners, and electronic appliance during lunch break, before leaving work, and after use; and
- Use heating facilities, dehumidifier and office equipment only when necessary.

Energy consumption intensity during the Reporting Period has decreased by 65% compared with 2022 as the base year. The Group aims to reset the target to reduce energy consumption intensity by 10% by the year 2030, with 2026 as the new base year, and has adopted some measures and practices to achieve it. The Group will continue to review the existing energy consumption reduction measures in order to maintain the energy consumption reduction efficiency.

A2.4 Water Use Efficiency Initiatives

The Group has successfully decreased the water consumption intensity by 94% compared with the base year of 2022. The Group aims to revise the target to reduce 10% water consumption intensity by the year 2030, with 2026 as the new base year. To achieve this target, the Group adopted various water-saving measures. For instance, the Group encourages water saving by posting green messages in pantries and washrooms as reminders for conserving water resources. In addition, the Group installs flow controllers in water taps and regular maintenance of the water supply network to reduce the leakage rate. There was no issue in sourcing water that was fit for purpose for the Group during the Reporting Period. The Group will continue to review the existing water consumption reduction measures in order to maintain the water consumption reduction efficiency.

Wastewater Discharge

The Chongqing Manufacturing Plant is equipped with on-site wastewater treatment facilities to conduct pre-treatment of sewage generated from production and domestic activities before discharge to the 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 ("NH3-N"). Sludge is then collected by a licensed collector for further treatment. No exceedances were reported 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.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

A3.1 Significant Impacts of Activities on the Environment

The Group's one of the major businesses involves electric vehicle 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 a higher level of emissions. 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. In recent years, the Group actively promotes green electric vehicle design research and development, and strives to optimize the environmental impact of the electric vehicle's lifecycle.

A4. CLIMATE CHANGE

Governance of Climate-related Risks Management

The Board focuses on managing the risks brought by climate change, integrating ESG, including climate-related issues into the corporate governance process, improving board-level supervision, and leading the management to cope with the climate risk in the existing business processes and the impact on the Group's overall strategy. The climate-related risks management has been integrated into the Group's risk management system. The Board has the responsibility to cooperate with inter-disciplined working group to monitor the effectiveness of its climate-related risks management, discuss, report and formulate related measures within the risk management process, such as the Board meetings, and formulate emergency plans according to the risks identified in order to strengthen its ability to cope with the negative impacts brought from extreme weather emergency conditions. The Group strives to ensure normal production and operations, and maintain the safety of public security and employees' life and property. For detailed information about the ESG governance of the Group, please refer to "The Board Statement" section above.

Climate-related Risks Management

In alignment with the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks are classified into two primary categories: physical risks and transition risks. The Group has conducted a thorough analysis to identify various climate-related risks that could impact its business operations. These include acute physical risks, chronic physical risks, legal and policy risks, technology risks, and reputational risks.

To assess the potential effects of these climate-related risks on its value chain, the Group has evaluated the likelihood and severity of each risk. This assessment enables the Group to gauge the level of risk associated with each identified climate-related concern.

By proactively identifying and managing these climate-related risks, the Group seeks to protect its business operations and bolster its resilience against climate change. This strategy ensures that the Group is well-equipped to handle the challenges posed by climate-related disruptions, thereby supporting the long-term sustainability of its operations.

Time Span	Years	Definition
Short-term	1-5	Covers the period during which the Group faces severe and rapidly emerging climate risks. The focus of short-term strategies is to address the most urgent threats and implement gradual recovery measures.
Medium-term	5-10	During this period, the Group must organize and consolidate its short-term climate risk management, creating a deeper impact across its business operations and value chain.
Long-term	10 or more	This period extends to the long-term, systemic impacts of climate change that the Group must address. Structural changes can be made in the long run to mitigate and adapt to profound climate effects.

An ESG risk assessment was conducted based on assessing the possibility and impact of each identified risk into three levels: high, medium and low.

Risk levels	Definition of the overall risk levels
High	Risks at this level may have serious consequences. There will highly likely be some impacts on the Group and hindrances for the Group to achieve strategic goals.
Medium	Risks at this level may have serious consequences, but they are less likely to occur. Conversely, the consequences could be minor in nature, but the probability of occurrence is higher.
Low	Risks at this level have limited harm and consequences for the Group to achieve its strategic goals, and the probability of occurrence is low.

The Group's Climate-related Risks identification

A warming planet creates a wide range of risks for businesses, from disrupted supply chains to rising insurance costs to labour challenges. With the increasing threat of climate change and the associated physical damage, change in market perception and shift in preference of the public towards more environmentally friendly products and services, the financial, reputational and strategic risk implications are becoming increasingly prominent. The risks derived from climate change will undoubtedly be of increasing concern to the Group and industry as a whole for the foreseeable future. The Group has identified the climate-related risks and opportunities by using the following matrix.

Climate risk type	Time horizon	Implication on business	Impact on value chain	Risk level
Physical Risk				
Acute physical risk	Short term	Increased severity and frequency of extreme weather affect daily operation and disrupt supply chain. Reduced revenue and increased maintenance cost.	Extreme weather events may disrupt logistics networks and damage infrastructure, interrupting the supply of raw materials and automotive components from suppliers across different regions in the PRC. This could lead to production delays at the Chongqing Manufacturing Plant in Chongqing and affect the timely delivery of finished electric vehicles to customers. Besides, transport services for new business may also be affected by extreme weather, which could impact the services provided to customers.	Medium
Chronic physical risk	Medium to long term	Rising ambient temperatures may increase energy consumption for cooling at manufacturing facilities and offices, leading to higher electricity costs and equipment maintenance expenses.	Prolonged heat may affect working conditions and production efficiency at supplier facilities. However, the Group has diversified its supplier network across different regions in order to mitigate this risk. Extreme heat may also affect the performance of charging and battery swapping infrastructure for transport services.	Low

Climate risk type	Time horizon	Implication on business	Impact on value chain	Risk level
Transition risk				
Market and reputation risk	Medium to long term	Changes in customer and consumer preferences towards more sustainable transportation solutions may lead to loss of customers and revenue if the Group fails to meet stakeholder expectations on climate risk management and sustainability goals. Negative stakeholder feedback about existing products or services may affect the Group's reputation and brand value.	Customers and end-users may increasingly require low-carbon or certified sustainable components and materials from the Group's supply chain. Non-compliance with evolving sustainability expectations by upstream suppliers could indirectly expose the Group to reputational risk.	Low
Technology risk	Long term	To meet increasing demand for environmentally friendly vehicle systems and products, the Group needs to invest in research and development of new electric vehicle technologies and systems. This results in high R&D costs, including inspection fees, vehicle design certificates, and expenses related to software and vehicle system payments to third-party suppliers.	For electric vehicle development and manufacturing business, suppliers may need to adopt low-emission manufacturing technologies for automotive components, which could increase component costs and require updated supplier qualification criteria under the Group's procurement policy.	Low

Climate risk type	Time horizon	Implication on business	Impact on value chain	Risk level
Transition risk				
Policy and Legal	Medium to long term	Tightening of climate-related environmental policies and regulations may increase compliance costs, operating costs, insurance premiums, and potential penalties for non-compliance.	Stricter environmental regulations may require supply chain due diligence on carbon emissions and environmental compliance, particularly for component suppliers. This may raise procurement costs and require closer supplier monitoring under the Group's procurement control procedure.	Medium

Measures to cope with the climate-related physical and transition risks

1. To reduce the risk of supply chain disruption, the Group cooperated with various approved suppliers from different regions in the PRC to ensure a stable supply of car components for manufacturing products. The diversification of suppliers is an important practice to maintain the stability of business in the long term.

2. To cope with the high cost of research and development of new vehicle systems, the Group has expanded its customer base to strive for more revenue. Following the growing demand for electric vehicles in overseas, the Group has diversified its business to overseas markets in Southeast Asia and Europe instead of relying solely on the Chongqing market.

3. The Group adopts industry best practices according to the potential climate-related risks identified, which aims to improve energy efficiency throughout the Group's operation. All internal professionals and frontline staff are encouraged to focus on the daily procedure to achieve the objective of climate change mitigation.

Opportunities

As climate change may lead to changes in consumer preferences for high energy efficiency transportation, it is a favourable opportunity for the Group to commit as a manufacturer of environmentally friendly pure electric vehicles in the future. Following this trend, the Group has expanded its business into new energy transport services during the Reporting Period. The Group continuously strives to develop low-carbon goods and services to provide healthier and cleaner alternatives for customers.

Climate change opportunity	Time horizon	Current and Anticipated Impacts on Value Chain and Business Model	Current and Anticipated Strategies/Responses to Address the Opportunity
Market Expansion			
Growing demand for electric vehicles	Medium to long term	The increasing global demand for pure electric vehicles, driven by rising environmental awareness and supportive government policies, presents significant opportunities for market expansion. This growth can lead to higher revenues and profitability. Suppliers of electric vehicle components and battery materials will also see higher demand.	Continue investing in research and development of innovative, energy-efficient electric vehicle systems and protect innovations through utility model patents. Strengthen supplier selection and evaluation to ensure quality and sustainability throughout the supply chain. Promote electric vehicle solutions for environmental protection to attract ESG-conscious clients and government support. Diversify business to overseas markets to reduce reliance on the Chongqing market and capture growing international demand.

Anticipated Financial Impacts

The Group recognizes that climate-related risks may impact its financial position within the electric vehicle manufacturing industry. Anticipated extreme weather events could affect operational metrics and lead to increased costs in the supply chain, potentially diminishing production efficiency and cost control, which may lower financial performance. Furthermore, cash flow could be impacted due to the necessity for increased investments aimed at addressing climate risks, including R&D for lower-emission technologies and enhanced supplier monitoring.

Considering the Group's strategies for managing climate-related risks and opportunities, we will try to anticipate changes in financial performance over the short, medium, and long term. The Group plans to enhance its control measures and investments focused on improving energy efficiency and reducing carbon emissions. The Group has adopted capabilities relief for the disclosure of anticipated financial effects from climate-related risks and opportunities for the Reporting Period and will provide quantifiable financial information in the future.

Scenario Analysis

Network for Greening the Financial System ("NGFS") Climate Scenarios were applied to analyse how the extent of community responded to the climate risks, and how the different scenarios affected the Group's business development in various aspects, such as costs, revenues and productivity. The following shows the 3 representative scenarios developed under the framework of NGFS. The "Orderly" and "Disorderly" scenarios explore a transition which is consistent with limiting global warming to below 2°C. The "Hot House World" scenario leads to severe physical risks.

Scenario	Predicted impacts on the Group's business and related responses
Orderly: Early, ambitious action to a net zero CO_2 emissions economy	The timely and proactive response to climate crisis in the community, the Group is committed to developing low-carbon goods and services, providing customers with healthier and cleaner choices. Climate change has altered consumer preferences for high-performance transportation and green automotive products. To meet the growing demand for environmentally friendly automotive systems and products, more research and development of new automotive systems are required, resulting in high R&D costs. These costs include inspection fees, vehicle design certificates, and expenses related to software and vehicle system payments to third-party suppliers. However, under this condition, the technology pathway of the Group to develop clean, innovative, and energy-efficient electric vehicles will become more mature in the future.
Disorderly: Action that is late, disruptive, sudden and/or unanticipated	Although there are sudden and/or unanticipated actions that react to the climate crisis in the community, the Group still maintains its intention to respond to the latest climate-related policies and innovate electric vehicle products.
Hot House World: Limited action leads to a hot house world with significant global warming and, as a result, strongly increased exposure to physical risks	Under this condition, the severe physical risks will become the prominent concerns for the Group. The potential impact caused by the extreme weather is the disruption of raw materials and product transportation. It may lead to the instability of raw material supply and affect the revenue. However, the Group has developed a comprehensive raw materials acquisition network and it is believed that the Group has made effort to cope with this potential risk.

Metrics and Targets

To measure the level and impact of the Group's climate-related risks, the Group monitors metrics and indicators to ensure an effective and quantitative assessment. The Group monitors and reviews its Scope 1, Scope 2, and Scope 3 GHG emissions (in $tCO_2eq.$), total GHG emissions (in $tCO_2eq.$) and the GHG emission intensity (in $tCO_2eq.$/employee) regularly. The GHG emission data and information about target setting are shown in the above section "A1. Emissions" of this report.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities vulnerable to climate-related transition risks and climate-related physical risks. The Group will provide quantifiable financial information on the above-mentioned disclosures, including amount and percentage of assets or business activities vulnerable to risks in the future.

The Group has adopted reasonable information relief for the disclosure of the amount and percentage of assets or business activities aligned with climate-related opportunities. The Group will provide quantifiable financial information, including amount and percentage of assets or business activities aligned with opportunities in the future.

During the Reporting Period, the Group has yet to deploy capital expenditure, financing, or investment towards climate-related risks and opportunities.

As of the end of the Reporting Period, the Group does not apply a carbon price in its decision-making process, nor does the Group factor climate-related considerations into its remuneration policy.

The Group has yet to include industry-based metrics, nor applied cross-industry metrics for its disclosure topics.

1. EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

The Group recognises employees are its 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

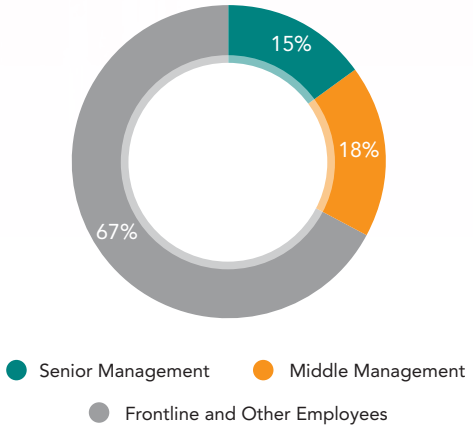
- Labour Law of the PRC;
- Labour Contract Law of the PRC; and
- Employment Ordinance in Hong Kong.

The Group did not note any cases of material non-compliance with laws and regulations regarding the Group's employment and labour practices including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the Hong Kong Office, Hangzhou Office and the Chongqing Manufacturing Plant during the Reporting Period.

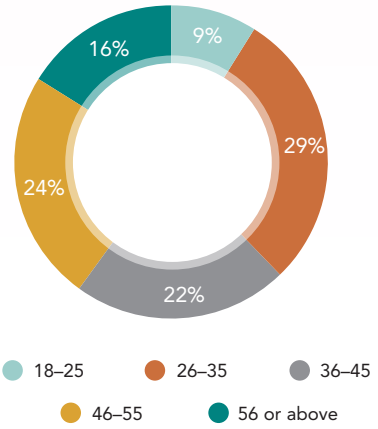
Workforce

The operation of the Hong Kong Office, the Hangzhou Office and the Chongqing Manufacturing Plant had a total number of 55 employees as of 31 March 2026 (2025: 33 employees), of whom 98%, or 54 employees, were in full-time positions with the rest on a part-time basis. The tables below illustrate the detailed distribution of the workforce.

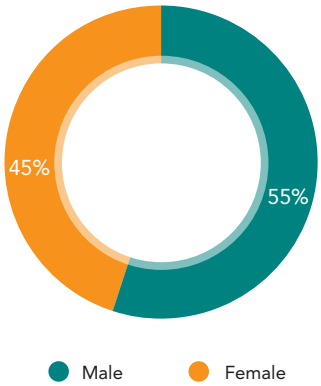
Percentage of Workforce by Employee Category



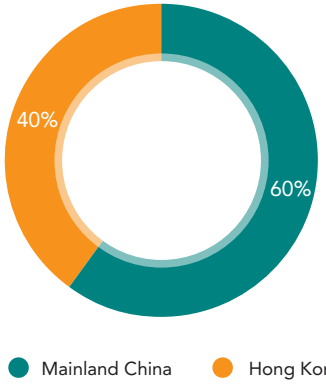
Percentage of Workforce by Age Group



Percentage of Workforce by Gender



Percentage of Workforce by Geographical Region



Turnover rate

10 employees left the Group during the Reporting Period (2025: 6 employees), resulting in an overall turnover rate of 18%. The breakdowns of the turnover rate by employment type, employee category, gender, age group and geographical region are shown in the following table.

Turnover rate by employee category	
Senior management	25%
Middle management	30%
Frontline and other staff	14%
Turnover rate by employment type	
Full-time	19%
Part-time	0%
Turnover rate by age group	
18-25	0%
26-35	19%
36-45	17%
46-55	8%
56 or above	44%
Turnover rate by gender	
Male	23%
Female	12%
Turnover rate by geographical region	
Mainland China	21%
Hong Kong	14%

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 and sick), medical allowance, transportation allowance, and year-end bonus. The Group regularly reviews and upgrades its medical coverage. Other benefits of the Group include share options and festival gifts. For the Chongqing Manufacturing Plant, employees are entitled to social insurance and housing provident funds under local laws and regulations.

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

Appraisal

The Group conducts regular assessments 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 a 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 have been listed 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 the national and local standards relating to equal opportunities and develops policies to eliminate discrimination in the Group, including but not limited to the Disability Discrimination Ordinance (Cap. 487), Sex Discrimination Ordinance (Cap. 480), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602) in Hong Kong. The employee handbook outlines the Group's commitment to equal opportunities. Employees are not discriminated against concerning recruitment, employment, training, promotion and employee benefits. The Group makes decisions based on individual employees' working capability, qualification, and on-the-job experience, regardless of their gender, family status, ethnicity, marital status, pregnancy, health care needs, or any other discrimination prohibited by applicable law.

Staff Communication

The Group believes that effective communication can create trust among employees and increase productivity. In the Chongqing Manufacturing Plant, a canteen and areas for leisure activities are provided at the workplace regularly. During the Reporting Period, the Chongqing Manufacturing Plant held union activities. Similar engagement activities are being planned for Hangzhou Office.

B2. Occupational Health and Safety

Occupational health and safety are 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 training, designated supervision, and regular provision of general and occupational health checks. First-aider training is provided for employees. Emergency call lists and fire evacuation plans showing the locations of emergency exits and emergency equipment are prominently displayed. A fire drill is conducted annually to refresh employees' knowledge of emergency procedures and raise their awareness. In the Chongqing Manufacturing Plant, 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 Hong Kong Office and the Chongqing Manufacturing Plant to establish a healthier working environment for its employees.

There were no work-related fatality or injury cases during the Reporting Period. The Group did not note any cases of material non-compliance with health and safety laws and regulations during the Reporting Period including but not limited to:

- the PRC Law on the Prevention and Control of Occupational Diseases; and
- the Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong.

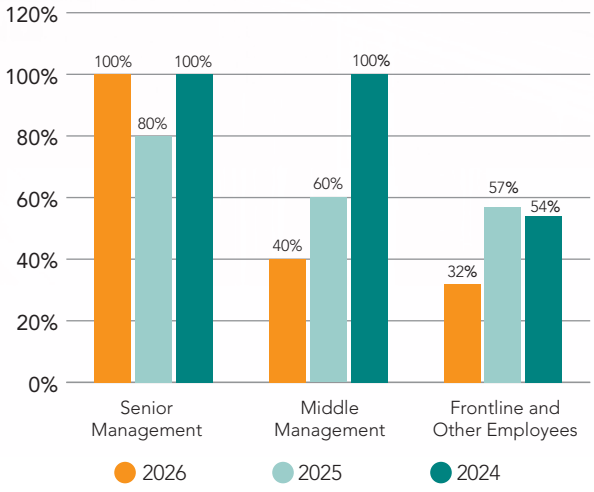
Occupational Health and Safety Statistics	**2026**	2025	2024
Work-related fatality rate	**0%**	0%	0%
Work injury cases > 3 days	**0**	0	0
Work injury cases ≤ 3 days	**0**	0	0
Lost days due to work injury	**0**	0	0

B3. Development and Training

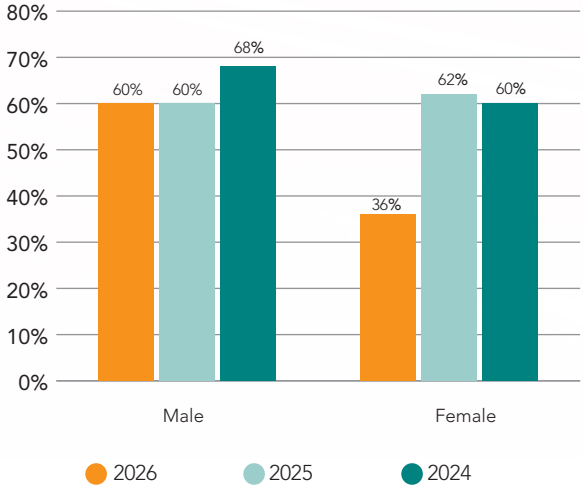
The Group considers training as a valuable tool to maintain the competency, professional level, and integrity of its employees and their sense of belonging. With core business focusing on innovation and advanced environmental technology, the Group motivates employees to attend seminars, training, and conferences organised by professional institutions, training centres and management schools to equip themselves with the most updated industrial standards, laws and regulations, technology trends 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 and safety production management qualification training etc.

During the Reporting Period, the Group provided a total of 271.00 hours (2025: 332.00 hours) of training to its employees, with an average of 4.93 hours (2025: 10.06 hours) per employee and 44% (2025: 61%) of the employees had received training. The percentage of employees who received training during the Reporting Period decreased by 28% compared with the previous reporting period.

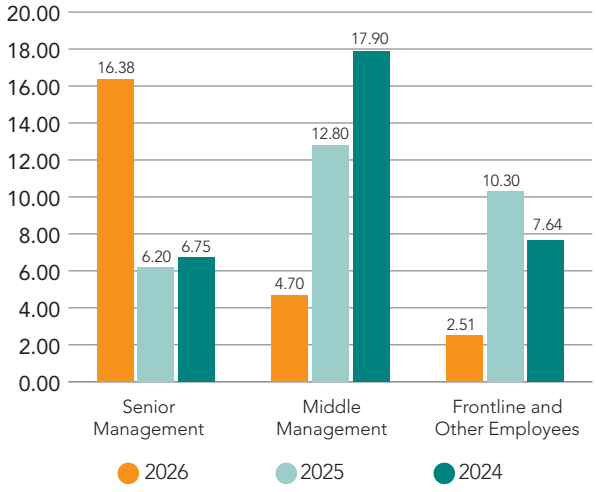
Percentage of Employees Trained by Employee Category by Scope of Years 2024–2026



Percentage of Employees Trained by Gender by Scope of Years 2024–2026



Average Training Hours Completed per Employee by Employee Category by Scope of Years 2024–2026



Average Training Hours Completed per Employee by Gender by Scope of Years 2024–2026

The breakdowns of the training topics, the number of staff trained, and the completed training hours are as follows:

Training topics	The number of staff trained	Training hours completed
Anti-corruption	14	28.00
Occupational Health and Safety	13	26.00
GB/T31486-2024 New Standard Preparation Training	6	6.00
GB14166-2024 New Standard Preparation Training	6	6.00
Fire Safety	12	48.00
Listing Rules and Hong Kong law compliance	7	28.00
Board and directors' duties	7	14.50
Corporate and Strategic Finance	1	15.50
Industry and business updates	7	38.50
Risk management and Internal control	8	9.50
Taxation	1	2.00
Corporate governance and ESG	9	43.50
Board and directors' duties	12	36.00
Others	1	4.00
	Total:	271.00

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 the Labour Contract Law of the PRC. The Group strictly prohibits the hiring of child labour and opposes any form of forced labour. The Group formally goes through background checks on every employee, which includes obtaining an 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 to the stipulated employment terms and conditions. If any violations are found, the management will review the recruitment procedure, then identify and rectify the issues by revising the procedure, providing further training to the concerned parties, and taking disciplinary actions when necessary.

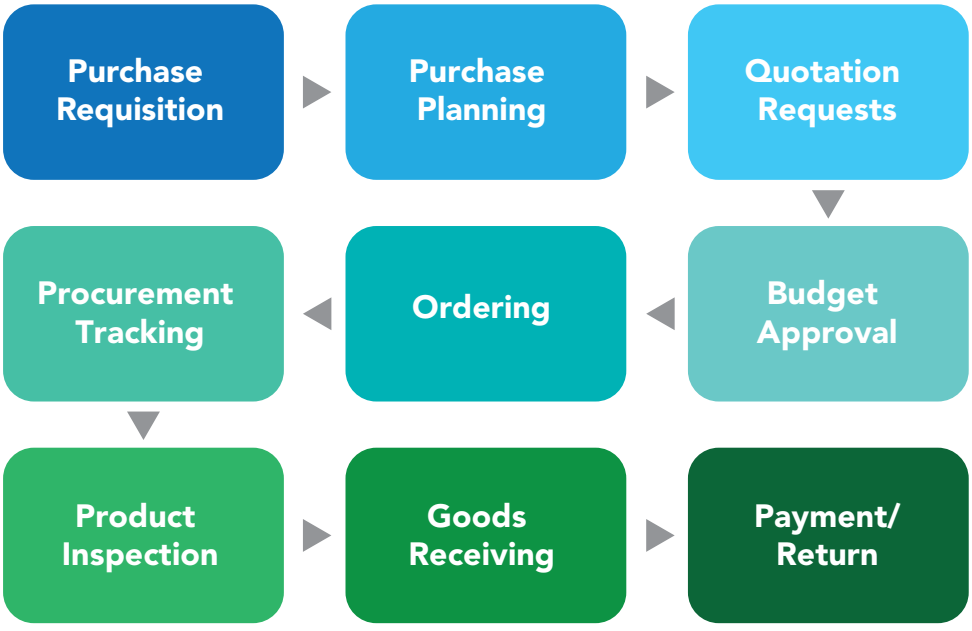
During the Reporting Period, the Group did not note any cases of material non-compliance with laws and regulations regarding labour standards.

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 165 approved suppliers (2025: 145 suppliers) from the PRC for various materials and services.

To ensure the Group has standardised procurement procedures and guidelines to follow, and to promote a 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 attention in each stage, from the request of purchase to payment upon receipt of product 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 a healthy and safe working environment, prohibition of child and forced labour and a fair working environment without discrimination. To ensure the quality of the suppliers, the Group evaluates and assesses the suppliers annually, and selects the qualified suppliers for product or material procurement. The product quality department of the Group inspects the products of the suppliers by assessing the sample products provided by the suppliers, and then the purchasing department may arrange on-site evaluations and meetings to assess the suppliers if necessary. The Group strives to implement this practice strictly to ensure the suppliers comply with related laws and regulations of nations, as well as customers' satisfaction. The purchasing department, the research and development department, and the quality control department of the Group pass the qualified suppliers, and it is finally approved by the manager. The qualified suppliers are included in the "List of Qualified Suppliers" and archived by the purchasing department. The Group continues to evaluate the suppliers according to their quality of products and services, performance and cost advantage. The "List of Qualified Suppliers" is updated on a regular basis according to the results of the evaluations. Office purchasing policy is adopted particularly for office operation, aimed 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.

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 a 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 problems from happening again.

During the Reporting Period, no complaint was received, and no products were 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). The unauthorised access or abuse of confidential information could result in disciplinary action, including termination.

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

Data Confidentiality

The Group strictly observes the Cybersecurity Law of the PRC, as well as the internal policies on data protection. The Group has established a clear management approach to handle 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 operations, products, 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 the business plan, meeting content, 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 tests and simulations, 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, 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. As of the Reporting Period, the Group has obtained 5 utility model patents.

B7. Anti-corruption

The Group strives to maintain honesty, integrity and fairness in its business operations. The Group strictly complies with anti-corruption related national and local laws and regulations in the PRC and Hong Kong, including but not limited to:

- Criminal Law of the PRC;
- Anti-unfair Competition Law of the PRC;
- Anti-Money Laundering Law of the PRC; and
- Cap. 201 Prevention of Bribery Ordinance.

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, payments, 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 operations, 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.

Whistle-blowing Policy

The Group has established a whistle-blowing 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 Chongqing Manufacturing Plant. The policy applies to all employees in the Group and covers not limited to the violation of laws and regulations, but also to 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. The whistle-blowers are protected in reporting and investigation procedures which are free from unfair treatment and victimisation. The Audit Committee is responsible for reviewing the whistle-blowing policy regularly and recommending the material issues of the policy for the Board's annual review.

Anti-corruption Training

The executive department of the Group reminds employees about the anti-corruption laws and regulations through bulletin boards and emails to strengthen employees' risk awareness and promote a compliance culture in workplaces. During the Reporting Period, 28 hours of the anti-corruption training session was arranged for 14 staffs. The contents of the training included the ways to avoid corruption taking place in the workplace, the common means of corruption, the related laws and regulations, the preventive and control measures of corruption cases and integrity and compliance awareness. The Group attaches great importance to business integrity and fair working culture and commits to providing various anti-corruption training to employees in the future.

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 into environmental protection, but also contributes to social responsibility, aiming to raise environmental awareness and pay attention to the needy in the community. While the Group does not have community investment during the Reporting Period, the Group will consider allocating additional resources to further enhance its community investment performance in the coming years.