



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

2022



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SCOPE AND REPORTING PERIOD

This ESG 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 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, 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”) and its principal business, automotive manufacturing plants, in Chongqing Province, the People’s Republic of China (the “PRC Manufacturing Plants”) from 1 April 2021 to 31 March 2022 (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 on corporate governance practice, please refer to the “CORPORATE GOVERNANCE REPORT” on pages 46 to 62 of the Company’s 2022 Annual Report.

REPORTING PRINCIPLES

The preparation of the 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'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 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 has an overall responsibility on ESG strategy and reporting. The Board monitors and evaluates the implementation of environmental, social and governance policies in business operations, and leads an inter-departmental working group to formulate and implement feasible work plans on environmental, social and governance matters. The Board is also responsible for prioritising ESG-related issues to find out the most concerned issues of the Group's stakeholders and reviewing the progress made against ESG-related goals and targets.

The climate-related issues are integrated into the management strategies. During the regular reviewing process of the Group's ESG performance, immediate action will be taken if any risk is identified. The inter-departmental working group had formulated corresponding climate-related risk management strategies to cope with the challenges brought by the risks. Details of the climate-related risk management strategies of the Group are mentioned in section A4 "Climate Change".

The Board takes ESG issues seriously, and senior management in each department monitors their areas, looks for areas for improvement and responds to stakeholders' concerns and launches a development plan. During the Reporting Period, the Group continues to standardize the ESG-related issues and focuses on the process of determining material ESG-related issues. Based on the Company's development strategy, the Group optimizes communications and engages key stakeholders to identify, assess and manage ESG-related issues. The Board supervises the preparation process of ESG report, reviews and approves the annual ESG report, and ensures the authenticity and effectiveness of information disclosure.

The Group believes that, as an environmental protection company developing pure electric vehicles to meet international demand, the increase in environmental awareness around the world has a positive impact on its business.

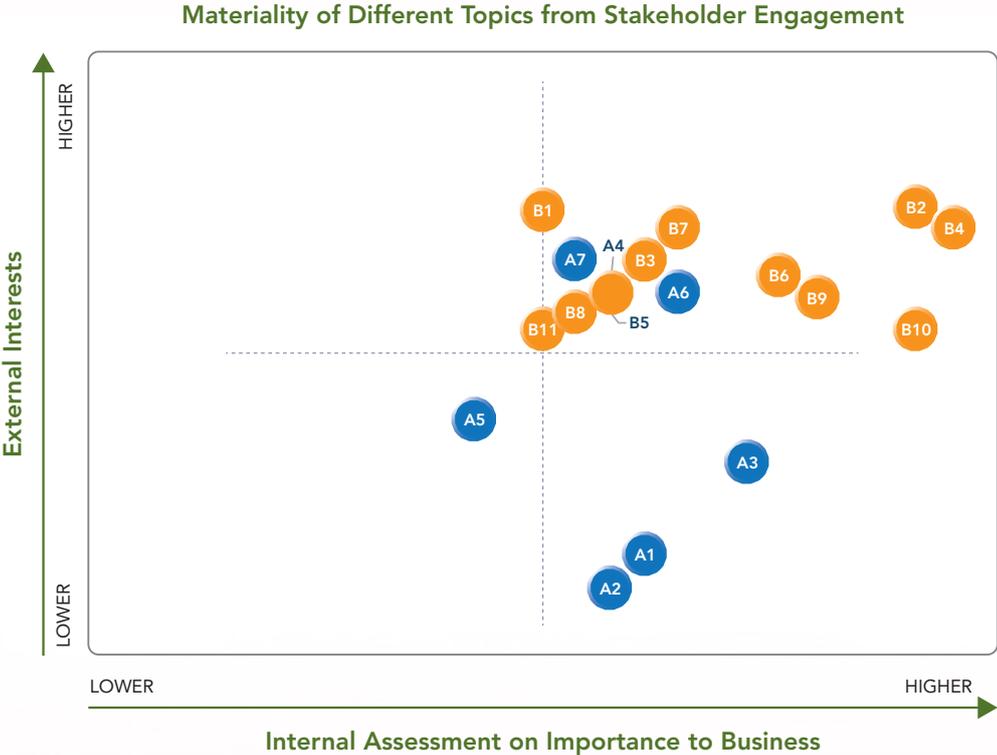
STAKEHOLDER ENGAGEMENT AND MATERIALITY

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

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:



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

The following topics have been deemed as the most important by stakeholders:

- Health and Safety;
- Labour Standards;
- Intellectual Property;
- Product/Service Quality; and
- Anti-corruption.

The Group reviews and manages the material aspects with policies and best practices and 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 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 had obtained the ISO 9001:2015 Quality Management System Certificate, ISO 50001:2018 Energy Management System Certificate, ISO 14001:2015 Environmental Management System Certificate and the national compulsory 3C certificate from China Quality Certification Centre. 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, General Administration of Customs of the PRC, 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.

A. ENVIRONMENTAL

A1. EMISSIONS

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

The PRC Manufacturing Plants 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 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, 0.46 kg (2021: 0.50 kg) of sulphur oxides (SO_x) was emitted from the gaseous fuel consumption of the Group, while 7.12 kg (2021: 4.55 kg) of nitrogen oxides (NO_x) and 0.52 kg (2021: 0.59 kg) of particular matter (PM) were emitted from the PRC Manufacturing Plants' fuel consumption.

A. ENVIRONMENTAL

A1.2 Greenhouse Gas ("GHG") Emissions

During the Reporting Period, the Group generated 309.47 tCO₂eq (2021: 383.45 tCO₂eq), resulting in a carbon intensity of 6.19 tCO₂eq (2021: 7.83 tCO₂eq) per employee. The decrease in total GHG emission and carbon intensity could be attributed to the decrease in energy consumption, which will be discussed in Section A2.1.

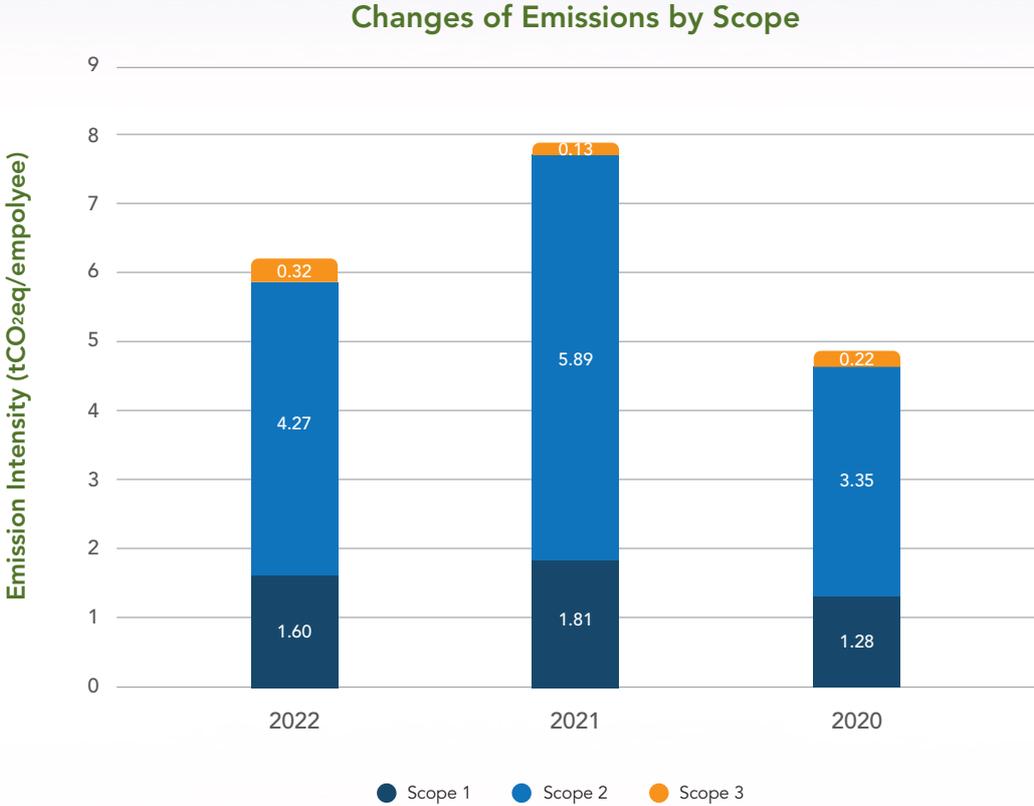
Scope of GHG Emissions	Emission Sources	Emission (in tonnes of carbon dioxide equivalent "tCO ₂ eq")		Percentage of Total Emission	
		2022	2021	2022	2021
Scope 1					
Direct Emission	Combustion of Fuel for Mobile Combustion Source – Petrol and Diesel	81.66	90.33	26%	23%
	Tree Planting	(1.82)	(1.59)		
Scope 2					
Energy Indirect Emission	Purchased Electricity	213.87	288.57	69%	75%
Scope 3					
Other Indirect Emission	Paper Waste Disposal	1.61	N/A	5%	2%
	Electricity used for Processing Fresh Water	9.47	4.29		
	Electricity used for Processing Sewage	1.20	0.85		
	Business Air Travel	3.48	1.00		
Total		309.47	383.45	100%	100%

Notes:

- tCO₂eq 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 0.61 and 0.71 tCO₂/MWh was used for purchased electricity in the PRC and Hong Kong respectively.
- Tree planting: 10 new trees had been planted in the PRC Manufacturing Plants during the Reporting Period.

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 is 1,008.06 kg (2021: 350.00 kg), resulting in an intensity of 20.16 kg (2021: 7.14 kg) per employee, which included waste ink and paint, waste solvent and its containers, fabric waste containing solvent, toner cartridges and fluorescent tubes. For the Hong Kong Office, hazardous waste was collected by the supplier for recycling. For the PRC Manufacturing Plants, all the hazardous waste was collected and handled by a qualified waste handling company.

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 generated 1.03 tonnes (2021: 0.50 tonnes) of wastepaper, in which 0.33 tonnes (2021: nil) of office wastepaper sent to the landfill. Apart from wastepaper, approximately 1.30 tonnes (2021: 1.20 tonnes) of domestic and commercial waste were generated from the PRC Manufacturing Plants. The total amount of non-hazardous waste generated during the Reporting Period was 2.33 tonnes (2021: 1.70 tonnes), resulting in an intensity of 0.05 tonnes (2021: 0.03 tonnes) per employee.

A. ENVIRONMENTAL

A1.5 Measures to Mitigate Emissions

The Group has set a target to reduce 10% emissions in 10 years, or by year 2032. To achieve this goal, the Group has implemented some 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 to reduce transportation and hence indirect emissions.

Since 2018, the Group had planted various species of trees in the PRC Manufacturing Plants for assimilation of carbon dioxide. During this Reporting Period, 10 new trees had been planted in the PRC Manufacturing Plants.

A1.6 Wastes Handling and Reduction Initiatives

The Group aims to reduce 30% of waste in 10 years, or by year 2032, and strives to adopt various measures to achieve this goal.

The Hong Kong Office supports 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.

A. ENVIRONMENTAL

For the PRC Manufacturing Plants in Chongqing, hazardous waste was sent to a qualified environmental protection engineering company for further handling, complying with applicable laws and regulations. Secondly, similar to the practice in Hong Kong Office, the PRC Manufacturing Plants also display 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. Thirdly, the Group has installed recycling bins with proper signages in the public area.

A2. USE OF RESOURCES

A2.1 Energy Consumption

The Group's business operations resulted in total energy consumption of 626.75 MWh (2021: 642.27 MWh), with an intensity of 12.54 MWh (2021: 13.11 MWh) per employee, from the use of electricity, diesel and petrol. The total energy consumption (in MWh) during the Reporting Period decreased by 2% compared to the last reporting period. The tables below present the details of energy consumption and consumption intensity per employee.

Energy Consumption Sources	Direct Consumption		Consumption in MWh	
	2022	2021	2022	2021
Electricity	342.83 MWh	339.58 MWh	342.83	339.58
Petrol	26,328.74 L	32,481.82 L	239.98	287.84
Diesel	4,394.75 L	1,485.28 L	43.94	14.85
Total			626.75	642.27

Energy Consumption Sources	Consumption (MWh/employee)		
	2022	2021	2020
Electricity	6.86	6.94	4.89
Petrol	4.80	5.87	4.14
Diesel	0.88	0.30	0.17
Total	12.54	13.11	9.20

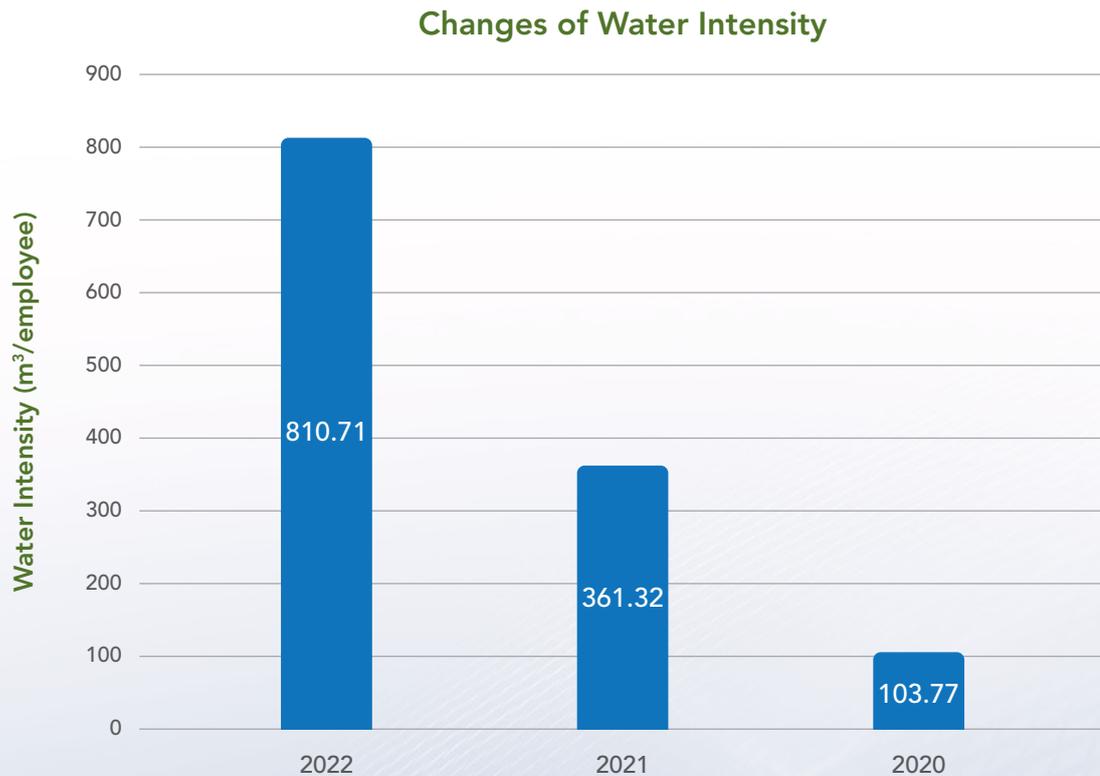
A. ENVIRONMENTAL

A2.2 Water Consumption

During the Reporting Period, 22,700.00 m³ (2021: 10,117.00 m³) of freshwater was consumed by the PRC Manufacturing Plants, resulting in an intensity of 810.71 m³ (2021: 361.32 m³) per employee. An increase in water consumption can be attributed to production growth, and due to the incidents with water mains from PRC Manufacturing Plants, which have been fixed and have been working properly after communications with the water supply companies.

The Hong Kong 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 the Hong Kong Office's water consumption was insignificant.

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



A. ENVIRONMENTAL

A2.3 Energy Use Efficiency Initiatives

The Group aims to reduce 10% energy consumption in 10 years, or by year 2032, and has adopted some measures and practices to achieve it. 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.

A2.4 Water Use Efficiency Initiatives

The Group had set a target to reduce 10% water consumption in 10 years, or by year 2032. To achieve this target, the Group had 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 install 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.

A. ENVIRONMENTAL

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 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 major business 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 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.

A. ENVIRONMENTAL

A4. CLIMATE CHANGE

It is inevitable for the Group to face the risks derived from climate change. The Group has identified the physical risk that the extreme weather may make transportation more difficult and affect the stability of raw material supply. 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.

For the transition risk, extreme weather may change consumers' preferences for high-energy efficiency transportation and green vehicle products. In purpose to meet the increasing demand for environmentally friendly vehicle systems and products, more research and development of new vehicle systems is needed, and it results in a high cost of research and development. The research and development costs significantly increased over 100% over the last reporting year. The expense consists of testing fees, certificates on vehicle design, and the expense to the third-party suppliers for software and vehicle systems. To cope with the high cost on research and development of new vehicle systems, the Group has expanded its customer base to strive for more revenue. Following the growing demand on electric vehicles in overseas, the Group has diversified its business to overseas markets in Southeast Asia and Europe instead of relying solely on the PRC market.

On the other hand, climate change may bring opportunities to the Group. 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 strives to develop low-carbon goods and services to provide healthier and cleaner alternatives for customers.

B. SOCIAL

1. EMPLOYMENT AND LABOUR PRACTICES

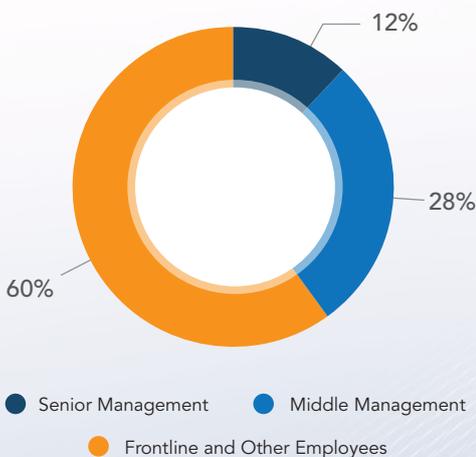
B1. Employment

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 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 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 and the PRC Manufacturing Plants during the Reporting Period.

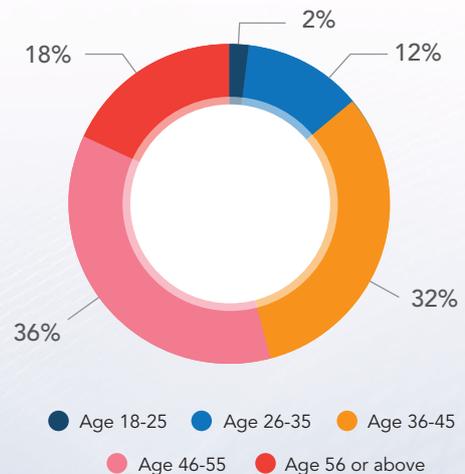
Workforce

The operation of the Hong Kong Office and the PRC Manufacturing Plants had a total number of 50 employees as of 31 March 2022 (2021: 49 employees), of whom 90% were in full-time positions with the rest on a part-time basis. The number of employees was similar to the previous reporting period. The tables below illustrate the detailed distribution of the workforce.

Percentage of Workforce by Employment Type

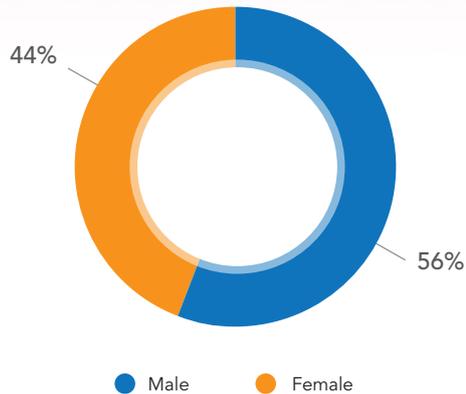


Percentage of Workforce by Age Group

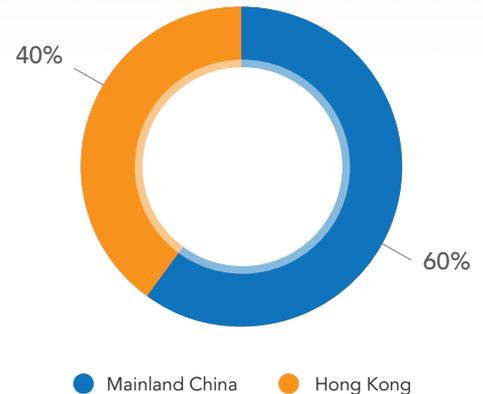


B. SOCIAL

Percentage of Workforce by Gender



Percentage of Workforce by Geographical Region



Turnover rate

No employee left the Hong Kong Office and the PRC Manufacturing Plants during the Reporting Period (2021: 11 employees), resulting in a turnover rate of 0% by gender, age group and geographical region (2021: 22%).

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 PRC Manufacturing Plants, 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 leave 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 working is needed for production, observing relevant national laws and regulations.

B. SOCIAL

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 PRC Manufacturing Plants, canteen and areas for leisure activities are provided at the workplace. During the Reporting Period, the PRC Manufacturing Plants held a "Party member conference and Theme Party Day" meeting and trade union activities. In Hong Kong Office, activities and gatherings were organised to celebrate different festivals annually to encourage employees to relax and mingle with each other. However, in response to the COVID-19 pandemics, all social activities are suspended during the Reporting Period.

B. SOCIAL

B2. 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 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 Hong Kong Office and the PRC Manufacturing Plants 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 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 during the Reporting Period.

Occupational Health and Safety Statistics	2022	2021	2020
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

B. SOCIAL

Responses to the COVID-19 pandemics

During the COVID-19 pandemics, the Group has taken measures to protect employees.

The Hong Kong Office has implemented work-from-home arrangements, reduced office hours and rotational shifts policies to minimise the risk of the coronavirus outbreak. These policies are reviewed and adjusted according to the situation of pandemics. Wages were paid as usual to employees and medical subsidies were offered to the employees who got infected from COVID-19. The Hong Kong Office also supplied protective resources for employees, such as surgical masks, disinfectant alcohol, rapid antigen test (RAT) kits and air purifiers.

The PRC Manufacturing Plants strengthened pandemics prevention by arranging frequent disinfection of factory areas, requiring employees to wear masks and avoiding contact with outsiders. In addition, the Group promoted personal hygiene to employees to maintain a clean and hygienic working environment.

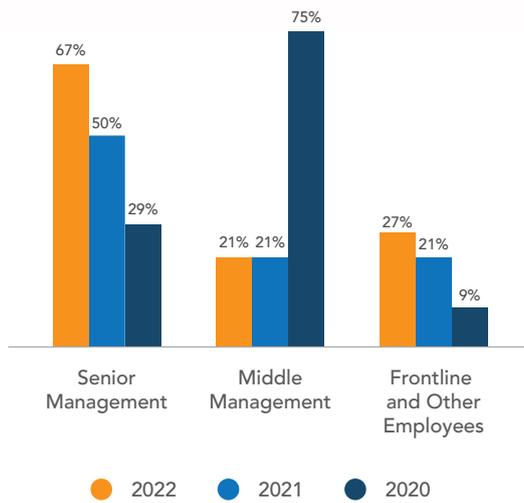
B3. Development and Training

The Group considers training as a valuable tool to maintain the competency, professional level, 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 etc.

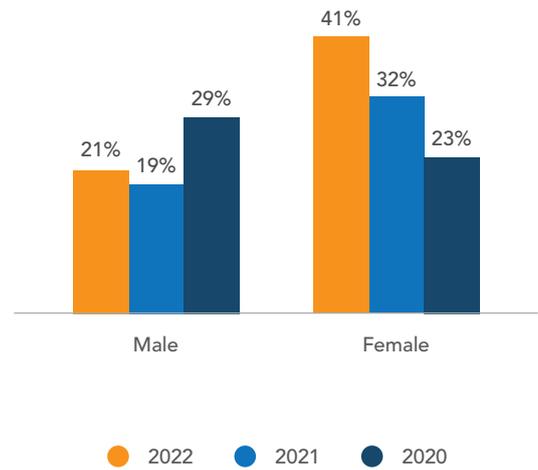
During the Reporting Period, the Group provided a total of 232.00 hours (2021: 164.00 hours) of training to its employees, with an average of 4.64 hours (2021: 3.35 hours) per employee and 30% (2021: 24%) of the employees had received training. The percentage of employees who had received training during the Reporting Period increased by 25% compared to the last reporting period.

B. SOCIAL

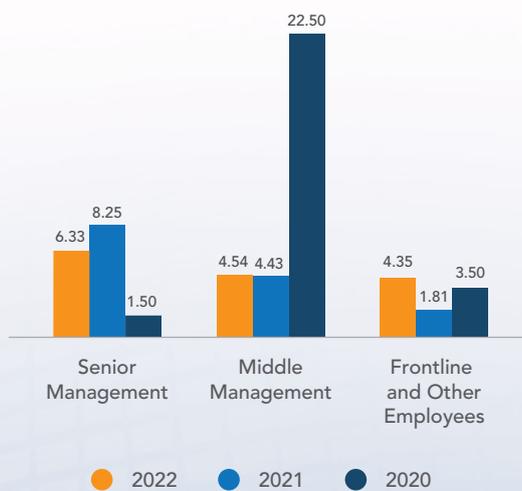
Percentage of Employees Trained by Employee Category



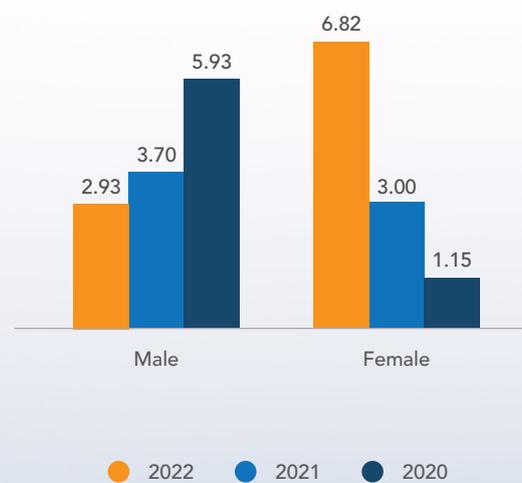
Percentage of Employees Trained by Gender



Average Training Hours Completed Per Employee by Employee Category



Average Training Hours Completed Per Employee by Gender



B. SOCIAL

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
Internal auditor training for quality system	3	72.00
Use of financial software	3	72.00
Safety production management	1	24.00
Environment	1	6.50
Corporate governance	6	24.00
Finance	2	7.00
Accounting	2	7.50
Tax	1	5.50
Technology	1	13.50
	Total	232.00

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 the 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.

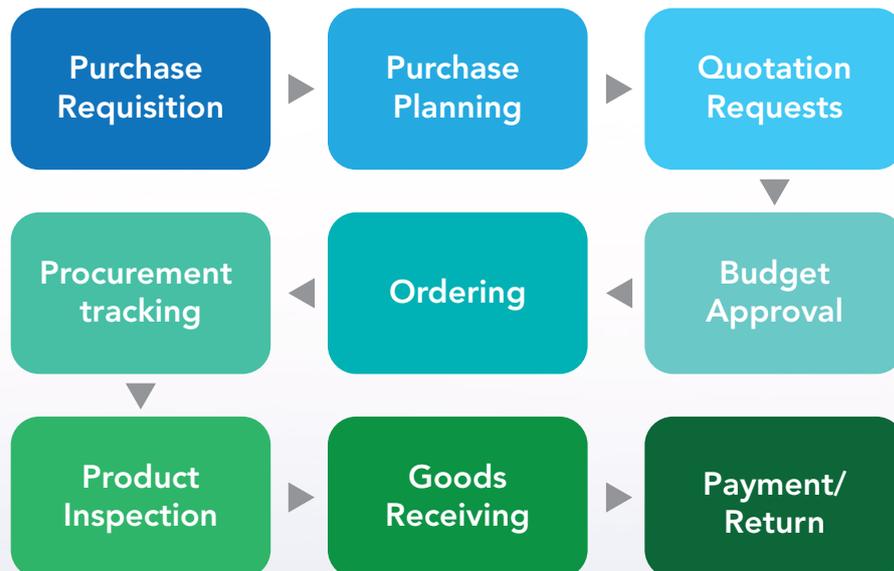
B. SOCIAL

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 182 approved suppliers (2021: 270 suppliers) from the PRC for various automobile parts.

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.



B. SOCIAL

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 the related laws and regulations of nations and 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" will be updated timely according to the results of the evaluations.

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.

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 the problems from happening again.

B. SOCIAL

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 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 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.

B. SOCIAL

B7. Anti-corruption

The Group strives to maintain honesty, integrity and fairness in 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.

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 PRC Manufacturing Plants. 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, 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.

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, the PRC Manufacturing Plants provided a brief introduction section to all employees about the anti-corruption authorities and corruption laws of the PRC. 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.

B. SOCIAL

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 environmental protection, but also contribution to social responsibility, aiming to raise environmental awareness and pay attention to the needy in the community. The Group helps its employees overcome difficulties, illnesses, or situations that they come across. Due to the outbreak of COVID-19 pandemics, charitable activities were suspended during the Reporting Period. The Group will continue to encourage its employees to participate in charitable events in the future.