

# Anti-fraud Policy

## 1. Purpose

The purpose of this policy is to enhance the governance and internal control, prevent and mitigate fraud within the operations of Shenzhen Highpower Technology Co., Ltd. (hereinafter referred to as "the Company"). By doing so, we aim to minimize business risks, standardize employee conduct, protect the Company's and shareholders' legitimate interests, and ensure the achievement of business objectives while fostering sustained, stable, and healthy development of the Company. This policy is developed in compliance with laws and regulations governing listed companies, as well as the requirements and regulations of securities markets and regulatory bodies. This policy also takes into consideration the Company Law of the People's Republic of China, the Audit Law of the People's Republic of China, the Basic Norms for the Internal Control of Enterprises, and other relevant legislations, reflecting the actual circumstances of the Company.

## 2. Applicable Scope

2.1 Applicable organization: This policy applies to Shenzhen Highpower Technology Co., Ltd. and its subsidiaries, including but not limited to Springpower Technology (Shenzhen) Co., Ltd., Huizhou Highpower Technology Co., Ltd., Icon Energy System (Shenzhen) Co., Ltd., Guangdong Highpower New Energy Technology Co., Limited, Hong Kong Highpower International Co., Ltd., Shenzhen Highpower Supply Chain Management Co., Ltd., Shenzhen Ampower New Energy Co., Ltd., and VIETNAM EXQUISITE

## POWER TECHNOLOGY COMPANY LIMITED.

2.2 Business Coverage: The Company identifies key areas and aspects of anti-fraud measures based on its operational scope, business processes, and other relevant factors. Anti-fraud efforts should focus on the following:

2.2.1 Misrepresentation in financial reporting and disclosure of information.

2.2.2 Abuse of authority or other illicit methods to misappropriate or embezzle company assets for personal gain.

2.2.3 Illegal utilization of company assets for personal gain in business activities.

2.2.4 Employees engaging in fraudulent activities alone or in collusion, resulting in financial losses to the Company.

2.2.5 Instances where senior management's fraudulent conduct poses significant risks to the Company's internal controls or business operations.

2.2.6 Any other instances involving personal gains obtained through illegal means to the detriment of the Company and its shareholders.

### **3. Definition of Terms**

3.1 Fraud: Fraud refers to the use of deception and other unlawful methods by internal and external personnel to seek undue personal benefits, resulting in harm to the Company's legitimate economic interests. It also includes seeking improper economic benefits for the Company while generating gains for oneself or others. Fraudulent behaviors encompass actions that undermine the Company's legitimate economic interests and those that seek improper economic gains for the Company.

3.2 Fraud detrimental to the Company's lawful economic interests encompasses inappropriate actions undertaken by both internal and external individuals associated with the Company. Such actions aim to serve their personal interests through deceit and other unlawful means, consequently inflicting damage upon the Company's and shareholders' lawful economic interests. The following scenarios fall under this category of fraudulent conduct:

3.2.1 Unauthorized disclosure of confidential information: Employees engage in the theft or attempted theft of proprietary information belonging to the Company, or deliberately disclose the Company's sensitive business data.

3.2.2 Accepting bribes: Employees and their related parties (including but not limited to immediate family members) accept bribes or kickbacks from affiliated companies, suppliers, distributors, and customers. This includes but is not limited to receiving cash, WeChat red packets, shopping vouchers, gift cards (delivery orders), negotiable securities, high-end entertainment expenses, travel arrangements, arranging jobs for relatives, and providing business conveniences in other non-cash forms of benefits.

3.2.3 Counterfeiting: Employees misuse their positions for personal gain, which may involve but is not limited to embezzlement of channel or customer account credits, falsification of materials to attain favorable payment terms or return policies for channels or customers, providing misleading cooperation information, and forging or aiding in the forgery of false certificates and documentation.

3.2.4 Non-competition: Participating in unauthorized business activities

that directly compete with the Company, including but not limited to self-employment or managing a business that competes with the Company during the period of employment.

3.2.5 Misappropriation of assets: Employees exploit their positions to embezzle and misappropriate company property, which may include but is not limited to directing customers to make payments to individuals and diverting company assets for personal use.

3.2.6 Collusion: Collaborative misconduct occurring internally among employees, between employees and customers, and between employees and suppliers, resulting in harm to the Company's interests for personal gain.

3.2.7 Deliberate concealment of transactional matters: This encompasses deliberate acts of concealing transactional information, including but not limited to fictitious orders, sales, and market activities.

3.2.8 Abuse of position: Utilizing one's authority to give away the Company's lucrative business opportunities or projects to individuals or companies outside the organization.

3.2.9 Abuse of authority: Utilizing one's position to solicit or unlawfully accept property from others.

3.2.10 Misuse of position: Establishing unauthorized petty cash funds or off-book accounts.

3.2.11 Other fraudulent activities detrimental to the Company's economic interests.

3.3 Engaging in fraudulent activities for improper company economic interests entails insiders of the Company attempting to acquire improper

economic gains for both the Company and themselves through deception and other illicit means, thereby harming the interests of the country, other organizations, or shareholders. The following actions are indicative of such fraudulent behavior:

3.3.1 Improper expenditures: This includes payments made for illicit purposes, such as bribes or kickbacks.

3.3.2 Fraudulent asset sales: The sale of assets that do not exist or are fictitious.

3.3.3 Deliberate Misrepresentation of Transactions: This encompasses the intentional misstatement of transactions, including the recording of false transactions such as overstating income and understating liabilities.

3.3.4 Misleading financial report: Manipulating financial report to mislead readers or users, potentially leading to inappropriate investment and financing decisions.

3.3.5 Withholding Material Information: Deliberately concealing or deleting significant information that should be disclosed to the public.

3.3.6 Involvement in unlawful economic activities.

3.3.7 Manipulation of accounting records: This involves falsifying or tampering accounting records or documents, such as through the issuance of false invoices.

3.3.8 Tax evasion.

3.3.9 Any other deceptive behaviors aimed at seeking improper economic benefits from the Company.

### **3.4 Serious Breaches of Company Regulations (Deemed as Fraud)**

3.4.1 Failure to report conflicts of interest: Employees who have relationships with the Company's suppliers or individuals employed by the suppliers are required to disclose this information to the Company or recuse themselves from related matters but fail to do so.

3.4.2 Unauthorized external employment: Employees engage in part-time work for other enterprises, institutions, research institutes, colleges, or other social organizations without obtaining prior approval from the Company.

3.4.3 Breach of contract: Employees who fail to adhere strictly to contractual obligations, resulting in financial losses to the Company or significant damage to the Company's reputation.

3.4.4 Unauthorized use of company seals and forgery: Employees privately engrave the Company's seals or those of its management personnel, or engage in the imitation of signatures, forging corporate or departmental documents or reports.

3.4.5 Falsification or misrepresentation of performance appraisal data, bonus declarations, and project declarations data.

3.4.6 Fabrication of personnel and attendance records: Fictitious listing of personnel, exaggeration of attendance data, and subsequent inflation of wage figures for personal gain.

3.4.7 Issuance of false invoices and expense fabrication: The issuance of false invoices, fabrication of expenses for reimbursement purposes, and misuse of company funds for personal expenses or unauthorized reimbursements.

3.4.8 Excessive entertainment expenses: Repeatedly participating in conspicuous entertainment activities that clearly surpass normal standards without providing valid justification.

3.4.9 Tender Information Leakage: Disclosure of tender information, resulting in bid-rigging, bid abandonment, bid collusion, or complementary bidding, adversely affecting the Company's economic activities and resulting in financial losses.

3.4.10 Abuse of authority, negligence, and breach of company protocols resulting in substantial financial losses for the Company.

3.4.11 Other serious violations.

#### **4. Authority and Responsibility**

4.1 The Company's anti-fraud organization comprises the Board of Directors, senior management, Audit Department, pertinent functional departments, and all employees.

4.2 The Board of Directors of the Company is tasked with encouraging senior management to cultivate an organizational culture that prioritizes anti-fraud measures and to establish robust internal control mechanisms, including preventive measures against fraud. The Audit Committee of the Board of Directors spearheads the Company's anti-fraud initiatives and offers oversight and guidance on anti-bribery, anti-corruption, and anti-fraud endeavors.

4.3 The Company's senior management is accountable for establishing, enhancing, and diligently executing an internal control system to prevent and mitigate fraud. They are also responsible for implementing suitable and

efficacious remedial actions against fraud, under the oversight of the Board of Directors, the Audit Committee of the Board of Directors, and the Audit Department.

4.4 Department heads within the Company, as well as leaders of each system and BU, bear responsibility for fraudulent activities within their respective departments. They serve as the primary individuals responsible for anti-fraud initiatives.

4.5 The Audit Department serves as the Company's permanent body for anti-fraud efforts and managing reports. Its responsibilities include:

4.5.1 Recording and handling reports related to fraud.

4.5.2 Organizing investigations, assessments, and reporting on anti-fraud incidents.

4.5.3 Offering recommendations for handling and accountability for fraud incidents.

4.5.4 Additional anti-fraud measures.

4.6 All company employees should promptly report any instances of fraud through designated channels and fully cooperate with the Company during fraud investigations.

## **5. Content**

### **5.1 Fraud Prevention and Control**

5.1.1 The Company promotes an anti-fraud culture rooted in honesty and integrity, encompassing the following principles (but not limited to):



(i) Management is expected to lead by example by adhering to the Highpower Technology Employees Code of Conduct and Disciplines, as well as the Company's relevant policies, through concrete actions.

(ii) The Company's anti-fraud policy and associated measures shall be effectively communicated or provided in various formats throughout the Company to ensure employees receive training on pertinent laws, regulations, and ethical codes. This will enable them to grasp the concepts outlined in behavioral and disciplinary regulations, thereby aiding them in distinguishing between lawful and unlawful, honest and ethical, and dishonest and unethical behaviors.

(iii) Employees are requested to uphold legal compliance and ethical conduct in their daily duties, adhering to the code of ethics. The Company shall help employees to appropriately manage conflicts of interest and resist the temptation of acquiring personal gain during work. The Company shall disseminate information in a suitable format to all stakeholders, both internal and external, emphasizing the importance of legal compliance and ethical integrity. This includes customers, suppliers, regulatory bodies, and shareholders.

(iv) Reports regarding unethical and dishonest behavior can be submitted through designated reporting channels. The Company has devised and implemented effective educational and punitive policies to staunchly combat fraudulent activities.

5.1.2 The Company conducts background checks on individuals slated for hiring or promotion to pivotal positions, including scrutiny of their educational

background, work history, and criminal records. The background investigation process must be formally documented and archived for record-keeping purposes.

5.1.3 To effectively deter fraudulent behavior, the Company, along with each system, BU, and department, shall enhance the internal control system and conduct regular self-assessments of internal controls. This includes identifying key control points vulnerable to fraud risks, evaluating the effectiveness of systems and processes in preventing fraud, and promptly analyzing and proposing preventive measures for major fraud incidents.

## **5.2 Whistleblowing, Investigation and Reporting of Fraudulent Behaviors**

5.2.1 The Audit Department, serving as a permanent organization in anti-fraud efforts, supports the Company's management team in establishing a robust anti-fraud mechanism. This entails identifying key areas, processes, and aspects susceptible to fraud, thoroughly examining potential fraud during internal audits, managing emails related to fraud cases, receiving reports from employees or third parties, conducting internal assessments of reports, initiating investigations, documenting findings, and promptly reporting investigation outcomes to supervisors and the Audit Committee.

5.2.2 The Audit Department is responsible for establishing and promoting reporting channels, including reporting mailbox and email address. These channels will be publicized through various means, such as the Company's official website, WeChat public account, contract terms, external

correspondence, and internal notifications. The designated reporting channels are as follows:

(i) E-mail: HpShenji@highpowertech.com

(ii) Address: Audit Department, Building A7, 68 Xinxia Road, Pinghu Street, Longgang District, Shenzhen, China

(iii) WeChat account: HpShenji

5.2.3 The Company promotes and encourages real-name reporting. Whistleblowers are expected to provide accurate information about the reported individual's name, department, and specific violation details along with evidence (such as time of the incident, nature of the violation, monetary involvement, operational specifics, individuals involved, etc.). This ensures swift and thorough investigation and resolution of the incident. Reports disclosing real names and providing evidence or clear leads will be given priority by the investigation team.

5.2.4 In cases involving reports from general employees, the Audit Department will evaluate the situation's priority and urgency and decide whether to investigate independently or in collaboration with the Group's Legal Department, Human Resources Department of the Management Center, and other relevant parties. If the report implicates A-level or higher management personnel, approval from the Group's Chairman of the Board of Directors is required. Following approval, the Audit Department and relevant departments will form an investigation team. External experts may be engaged by the Audit Department for assistance if necessary. Regardless of whether an investigation

is initiated, the Audit Department is obligated to provide feedback to the whistleblower on the investigation's outcome.

5.2.5 The Audit Department is committed to maintaining the confidentiality of all reports and whistleblower information. Designated personnel will handle reported information discreetly, making every effort to ensure its confidentiality within the bounds of the law. Any personnel found to disclose informants' identities or retaliate against them will face dismissal, with their contracts terminated. Those found to violate the law will be referred to the judicial authorities.

5.2.6 To encourage both internal staff and external partners to proactively report dishonesty and other disciplinary violations, and to promote integrity within the Company, verified reports deemed true by the Audit Department will be rewarded. Informants whose reports aid in recovering the Company's losses may receive rewards ranging from RMB 500 to 200,000 yuan.

### **5.3 Anti-fraud Discipline**

5.3.1 The Audit Committee and the Audit Department are committed to strict adherence to confidentiality requirements in anti-fraud efforts and handling of reports:

(i) Confidentiality mandate: The anti-corruption policy mandates strict confidentiality regarding the identity of whistleblowers and the details of their reports. This includes safeguarding information such as the whistleblower's name (or organization they work for), workplace, address, and any related information.

(ii) Prohibition of disclosure: It strictly prohibits the transfer or disclosure of report materials and whistleblower's personal information to the reported organization or individuals.

(iii) Access restriction: Unauthorized access to verification documents, anti-fraud reports, and other related materials by individuals not involved in the investigation is strictly prohibited.

(iv) Confidential handling: When accepting fraud reports or conducting verification work, confidentiality regarding the whistleblower's identity must be maintained.

(v) Recognition of contributions: Any public acknowledgment of the contributions of whistleblowers must obtain the consent of the whistleblower before disclosing personal information such as their name or organization.

5.3.2 Proactive recusal or requested recusal: Personnel responsible for handling fraud reports must voluntarily recuse themselves if they meet any of the following criteria, and people involved in the report have the right to request their recusal. The decision to recuse is made by the Audit Department. If the recusal involves a member of the leadership of the Audit Department, the decision will be made by other relevant departmental leadership:

(i) The individual is the reported party or a close relative of the reported individual.

(ii) The individual or their close relative has a vested interest in the reported fraud.

(iii) Other circumstances that may compromise the fair handling of the report.

## **5.4 Anti-fraud Accountability and Remedial Measures:**

5.4.1 Following the conclusion of investigations into fraudulent activities, if substantiated as fraudulent behavior, the Audit Department is responsible for proposing corrective actions or recommendations for accountability. Upon approval by the relevant leadership, the findings are reported to the Audit Committee for authorization.

Employees found to have engaged in fraudulent behavior are subject to appropriate internal disciplinary actions and economic sanctions in accordance with company regulations.

Individuals suspected of criminal activities are referred to judicial authorities for legal proceedings.

Employees with a history of fraudulent behavior are ineligible for employment or promotion to critical positions within the Company.

5.4.2 Accountability for fraudulent behavior includes both leadership accountability and direct responsibilities:

(i) Leadership accountability: This encompasses managerial personnel with corresponding leadership authority. They are held responsible for fraudulent activities occurring within their scope of work due to negligence or oversight.

(ii) Direct responsibility: Refers to company managers or individuals involved who, within their roles, directly engage in decision-making, instruct, order, mandate, tolerate, or cover up the actions of others, leading to fraudulent activities. They shall be held accountable for their actions or inaction.

5.4.3 The Company establishes an integrity account where all funds recovered from fraudulent activities are deposited. Once the balance in the

integrity account reaches a certain threshold, the Company will seize the opportunity to reward all law-abiding employees with material objects or cash incentives.

5.4.4 Following fraudulent incidents, the Company should promptly implement remedial measures. This includes reassessing and enhancing the internal controls of affected business units or departments to prevent the recurrence of fraudulent behavior.

## **5.5 Supplementary Provisions**

5.5.1 Any matters not addressed in this policy or any conflicts between this policy and the provisions of relevant laws, regulations, rules, normative documents, and the Company Charter, the provisions of relevant laws, regulations, rules, normative documents, and the Company Charter shall prevail.

5.5.2 Due to variances in applicable laws and regulations across different countries and regions, if conflicts arise between this policy and the laws and regulations of the Company's operational jurisdiction, adherence to local laws and regulations is mandatory. In the absence of explicit requirements in the laws and regulations of the operational jurisdiction, this policy shall take precedence.

5.5.3 The Audit Department is responsible for interpreting this policy.

5.5.4 This policy shall come into effect on January 31, 2024.