

**ANXIAN YUAN CHINA HOLDINGS LIMITED**

**安賢園中國控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**ANTI-CORRUPTION POLICY**

*\* For identification purposes only*

# ANTI-CORRUPTION POLICY

## 1. Effective Date

- 1.1 This Anti-Corruption Policy (this “Policy”) was established on 30 June 2022 pursuant to a resolution passed on the same day by the board (the “Board”) of directors (the “Directors”) of Anxian Yuan China Holdings Limited (the “Company”).

## 2. Introduction

- 2.1 The Company is committed to preventing, detecting and reporting fraud, including fraudulent financial reporting, and promoting ethical anti-corruption business practices, a high standard of integrity and a zero-tolerance to corruption culture within the Company.
- 2.2 This Policy applies to the Directors, officers and employees of the Company, its wholly-owned subsidiaries, and joint ventures or companies in which the Company holds a controlling interest. The Company encourages all of its business partners, including agents, consultants, joint venture partners, associated companies, contractors and suppliers to abide by the principles of this Policy.
- 2.3 In this Policy, fraud is defined as acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. Examples of conduct that would be considered fraudulent include but are not limited to:
- (a) theft of inventory;
  - (b) false invoicing or settlement of contracts;
  - (c) false work expenses;
  - (d) improper use of inside information;
  - (e) collusive activity with trading counterparties or competitors;
  - (f) unauthorised trading activities;
  - (g) false accounting or misleading disclosures;
  - (h) accepting any form of advantages from persons having business dealings with the Company where no undue favour is involved;
  - (i) deliberate misuse of the Company’s credit cards; or
  - (j) failing to promptly avoid and/or declare conflicts of interest in carrying out the Company’s business, upon the discovery or realization of such.

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## 3. General Policy

- 3.1 The Company will maintain a control environment that promotes its values, including the requirement for all levels of employees to adhere to the Company's employee handbook and carry out business in an honest, fair, impartial and ethical manner with integrity.
- 3.2 The Company will conduct periodic and systematic fraud risk assessments.
- 3.3 The Company's control activities will be designed and adapted to mitigate fraud risks identified internally and by the external auditors.
- 3.4 The Company will effectively communicate this Policy and its anti-fraud procedures to all levels of employees. The procedures for reporting allegations of fraud by employees and external parties will be clearly communicated. A summary of this Policy will be disclosed on the Company's website at [www.anxianyuanchina.com](http://www.anxianyuanchina.com).
- 3.5 Proper training for the management and employees of the Company likely to be exposed to risks of bribery, corruption, conflicts of interest, money laundering and financing of terrorism, non-compliance with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (the "POBO"), including training on integrity and how to recognize and deal with such acts of fraud, will be provided.
- 3.6 The Company will monitor the effectiveness of its controls related to mitigating fraud risk and remedying any deficiencies identified internally and by the external auditors in a timely manner.
- 3.7 The Company will strive to ensure its compliance with the POBO, amongst other relevant laws of other countries or regions as appropriate, to prevent the imposition of any criminal and civil penalties as provided under POBO and such other relevant anti-corruption laws of other countries or regions, and prevent any reputational damage that may arise from its involvement in any form of bribery or corruption, money laundering and financing of terrorism, whether in Hong Kong or elsewhere.
- 3.8 The Company will conduct due diligence and maintain records in relation to all its customers, including but not limited to products and services offered to each customer and the types of customers and geographical locations involved.

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- 3.9 The Company will maintain records in relation to the offering or acceptance of any form of advantages to and from persons having business dealings with the Company and its personnel worth \$3,000 Hong Kong dollars or over, including but not limited to gifts, entertainment, sponsorships, travel and accommodation, or the involvement of its personnel in any charitable donations, political expenditure or recruitment.
- 3.10 All Directors, officers and employees of the Company, its wholly-owned subsidiaries, and joint ventures or companies in which the Company holds a controlling interest, must mitigate against and promptly avoid and/or declare to their immediate superiors any actual or perceived conflict of interest when carrying out the Company's business upon the discovery or realization of such. All conflicts of interest should be avoided except when authorized by those in positions designated by the Board. Examples of situations where a conflict of interest may arise include:
- failing to abstain from a vote on a matter of the Company where an actual or perceived conflict of interest exists;
  - engaging in an activity that gives rise to a perception of a conflict of interest, despite a lack of potential for any actual or possible gain; and
  - where your own financial or personal interests, or that of your relatives, conflict with the interests of the Company.

### **4. Reporting and Response**

- 4.1 Suspected cases of fraud should be reported promptly, regardless of whether the responsible parties or process of the fraud is identified. Any person should report to one's direct supervisor, team leader, unit manager or directly to the senior management if one suspected that a fraud has been committed or discovered suspicious acts or events.
- 4.2 As the Company takes the reports of suspected cases of fraud seriously and wants to fully investigate all potential cases, it is preferred that these reports not be made anonymously. However, if an employee feels uncomfortable to report potential fraud cases directly to his or her supervisor, team leader, unit manager or the senior management with any underlying reasons, the anonymous reports shall be submitted to the chief executive officer of the Company (the "Chief Executive Officer"). These reports can be made verbally (by telephone) or in writing (by letters or email). Senior management will fully support those who in good faith report potential cases of fraud. All potential frauds will be fully investigated by the Chief Executive Officer. These investigations will be handled confidentially. Management will take corrective actions immediately to resolve substantiated frauds.

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- 4.3 The Chief Executive Officer will report material breaches of this Policy (if any) to the Board regularly and fraudulent activity (if any) to the chairman of the Board at least annually. The details to be reported include all material fraud and any fraud committed by managers or employees who could impact the integrity and effectiveness of the Company's internal controls system, the number of fraud cases reported, the nature of important investigations and the results of these investigations. The Board will be responsible for monitoring the fraud ultimately.
- 4.4 Any Director, officer or employee of the Company, any of its wholly-owned subsidiaries, joint ventures or companies in which it holds a controlling interest, who has committed a breach of this Policy, will be subject to disciplinary action as set by the Board or referred to relevant law enforcement agencies in the case of serious breaches, as determined by the Board.
- 5. Review**
- 5.1 This Policy will be reviewed from time to time and, if necessary, updated to ensure its continued effectiveness. Any proposed changes to this Policy will be submitted to the audit committee of the Company and the Board for approval.