
CK Asset Holdings Limited

Anti-Fraud and Anti-Bribery Policy

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1. Policy Statement

- 1.1 CK Asset Holdings Limited (the “Company” or “CKA”, together with its subsidiaries, the “Group”) is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Company strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.
- 1.2 The Board is accountable to the implementation of the Group’s anti-fraud or bribery efforts (including values, code of conduct, risk management, internal controls, communication and training, oversight and monitoring). Executive Directors of the Company are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent or bribery activities committed within the Group.
- 1.3 Fraud or bribery damages a company’s reputation and undermines its relationship with its regulators and its customers, business partners and competitors. It may lead to criminal prosecution of or regulatory action against a company or its employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company's business. Definition of fraud and some examples of fraudulent behaviour that may impact the Group are set out in Appendix 1 to this Policy.
- 1.4 This Policy applies to the Group, and to all directors, officers and employees of the Group (which for these purposes includes temporary or contract staff) (the “Employees”), as well as its Third Party Representatives (as further described in paragraph 7 below).
- 1.5 Employees should read this Policy from time to time in conjunction with the relevant policies governing the same subject matter including, without limitation, CKA Employee Code of Conduct.
- 1.6 Subject to any applicable legal requirements, Employees of the companies of the Group operating in Hong Kong or other jurisdictions shall observe this Policy notwithstanding that they are also required to follow the policies and other documents (if any) maintained by their own employing companies on the same subject matters of this Policy and in the event of any conflict, this Policy shall prevail.
- 1.7 All Employees are required to adhere to this Policy or (where applicable) the corresponding policy of the overseas group companies, breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions.
- 1.8 All Employees are also always subject to the applicable laws in the country in which their employing company operates.

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- 1.9 This Policy will not be applicable to affiliates or joint venture companies in which CKA has a minority interest or does not have management control.
- 1.10 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere. Employees are to comply with any additional requirements set by their employing company or by local law, which may be stricter than those set out here.
- 1.11 Questions in relation to this Policy should be directed to the CKA Senior Manager - Human Resources, or to the senior member of management designated by the local management of an Employee's employing company (or if no such person is designated, to the Head of Human Resources of his/her employing company).

2. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery

- 2.1 Guidance on what could constitute "bribery" is contained in Appendix 2 to this Policy.
- 2.2 Employees are strictly prohibited (whether acting in their own capacity or on the Group's behalf) from:
- (a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any business or other advantage for the Group;
 - (b) soliciting, accepting or receiving (whether for the Group's benefit, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing any business, contract or other advantage in relation to the Group's business;
 - (c) using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
 - (d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- 2.3 As well as complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt or otherwise inappropriate.

3. Political and Charitable Contributions and Sponsorships

- 3.1 It is the Group's general policy not to make any form of donation to political associations or individual politicians. Employees must not use any funds or assets of the Group for contributions at any time to any candidate running for public office or intended to run for any public office or to any political party. In addition, no Employee may make any political contribution as a representative of the Group or create the impression that he or she is acting as a representative of the Group. If any requests are made for political contributions by the Group, the operating head of the business unit should submit such request to the Executive Director in charge of the business unit, copying the CKA Corporate Affairs Department for approval. Please also refer to the CKA Employee Code of Conduct (Political Contribution) and the CKA Media, Public Engagement and Donation Policy.
- 3.2 Charitable donations and sponsorships may in some circumstances constitute a disguised form of bribery. Therefore such activities should strictly follow the procedures set out in the CKA Media, Public Engagement and Donation Policy.

4. Facilitation Payments

- 4.1 Facilitation payments (i.e. payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited in most countries. There may be rare occasions, in particular where an Employee is under duress (i.e. at risk of loss of life, limb or liberty), where such payments might be acceptable. If in those circumstances a facilitation payment is made, the Employee must notify the matter as soon as reasonably practicable in accordance with the reporting and escalation procedures established by their employing company. Records of any facilitation payments are to be maintained by the Human Resources Department of the relevant group companies.

5. Gifts and Hospitality (the "Business Courtesies")

- 5.1 Business gifts and hospitality are customary courtesies designed to build goodwill among business partners. In some cultures they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.
- 5.2 Business Courtesies must comply with the following principles:
- (a) they must be reasonable and not excessive or frequent;
 - (b) they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered to the same recipient;

- (c) they must be appropriate and consistent with reasonable business practice;
- (d) they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient's objectivity in making a specific business decision;
- (e) they should never be offered in return for financial or personal gain; and
- (f) they must be permissible under all applicable laws, rules and regulations. When dealing with a public official, the official's country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient's organisation.

5.3 Employees should use good judgment; "everyone else does it" is not sufficient justification. Consider whether public disclosure of the Business Courtesy would cause embarrassment to the Group or the recipient; if so it should not be provided or accepted.

In determining whether a specific Business Courtesy lies within the bounds of acceptable business practice, Employees are encouraged to discuss the issue with their supervisor.

5.4 Business Courtesies whether provided to or by the other party must be supported by the prior approval of relevant business unit/department head or the Executive Director in charge of the business unit, where applicable and written approval must be obtained for the reimbursement of the entertainment expenses together with the support of the relating invoices and quotations. Receipts of the Business Courtesies must be reported to and approved by the relevant business unit/department head or the Executive Director in charge of the business unit. Employees of the CKA and operating companies in Hong Kong should use the approval forms of Corporate Gifts Purchase Requisition and Declaration of Accepting Business Courtesies as set out in Appendix 4, where applicable and the relevant business unit/operating company in other jurisdictions should adopt similar approval forms for its Employees for the same reporting and records purpose. Each business unit/operating company within the Group is to have a procedure in place whereby Business Courtesies are documented and recorded, whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver/receiver of the Business Courtesy. Such records must be preserved.

5.5 Each business unit/operating company within the Group is to set a pre-approved maximum limit for giving, and receiving, of gifts (including gift cards and gift certificates or vouchers), above which prior written approval must be sought from the Executive Director who is in charge of the relevant business unit/ company of the Group. The pre-approved maximum limit for receiving or giving gifts at CKA's level shall not exceed US\$200 equivalent. The pre-approved maximum limit for other companies within the Group will be determined in accordance with local professional and industry standards and may vary from country to country and follow the principles set out in paragraphs 5.2 and 5.3 above. Same principles shall also be followed by the relevant business unit/department head responsible in exercising his/her discretion whether to approve gifts of a value higher than the pre-approved maximum.

6. Procurement of Goods and Services by the Group and Other Business Partners

6.1 The Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Group conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective contractors and suppliers. Proper measures will be taken should these suppliers/vendors are found to be in breach of laws and regulations.

6.2 The Group will not deal with contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing contractors and suppliers and other business partners (such as a joint venture partner) commensurate with the bribery risk associated with a particular relationship.

7. Third Party Representatives

7.1 Anti-bribery legislation in some countries imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. The Group is committed to promoting anti-fraud and anti-bribery practices amongst any third party representatives it engages. Third party representatives ("Third Party Representatives") is any person engaged by the Group to represent the Group's interests and include advisers, agents, consultants, introducers and finders, and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged by the Group, breach of which could result in termination of their engagement.

7.2 The approval of the Company is required in accordance with the CKA Policy on Appointment of Third Party Representatives before the appointment of any Third Party Representative.

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- 7.3 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, Group companies should:
- (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activity;
 - (b) ensure that Third Party Representatives are aware of and respect the CKA Anti-Fraud and Anti-Bribery Policy;
 - (c) consider that the contractual agreements with these Third Party Representatives allow the subject Group companies to terminate the agreement should the Third Party Representative breach this Policy;
 - (d) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; and
 - (e) keep accurate financial records of all payments.

8. Communication and Training

- 8.1 Each Group company is to ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear escalation procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each Group company is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees. At a minimum key Employees are to receive regular training relating to fraud and bribery risks faced by their organisation, as well as compliance with laws, regulations and standards of conduct which are relevant for their field of business.
- 8.2 It is every Employee's responsibility to counter fraud and bribery by adhering to this Policy.
- 8.3 It is the responsibility of every manager or key Employee to communicate this Policy. Managers or key Employees should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.
- 8.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing to pay bribes even if such refusal may result in the Group losing business.

9. Books and Records

- 9.1 Each Group company should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes to ensure the accuracy and completeness of its books of account, as well as to prevent or detect any irregularities. Such system is subject to regular review and audit.

- 9.2 Accurate records of all company transactions and (where required under paragraph 5.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any book, record or account of any company within the Group is prohibited.
- 9.3 Employees must not pay for Business Courtesies personally as a means of evading the requirements of this Policy.

10. Reporting of Bribery and Suspicious Activity

- 10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents in accordance with the reporting and escalation procedures established by his/her employing company. The timely reporting of actual or suspected breaches of this Policy lies with the Employee who shall promptly report in writing to the relevant business unit/department head who is responsible for the relevant business unit/ company of the Group. Reasonable liaison should then be maintained with the relevant CKA Executive Director/officer, and the CKA Human Resources and Internal Audit Departments, as applicable, in order to ensure they are kept fully apprised of material developments in the case and able to offer forensic or other assistance as appropriate. The Employee may also elect to report the case following the reporting procedures set out in the CKA “Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters”.
- 10.2 To facilitate the formal risk review and assessment by the Group, all business units and operating company concerned should keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to Mr. Ip Tak Chuen Edmond, Deputy Managing Director of the Group on a quarterly basis. In addition, all the relevant information related to such cases should be made readily available for independent review and follow up by the CKA Internal Audit Department.
- 10.3 Employees are actively encouraged to report any concerns regarding fraud and bribery. Procedures as mentioned above are to be in place to ensure that such complaints are logged, investigated and appropriate action is taken. All reports of fraud or bribery are to be investigated and appropriate sanctions employed. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected; retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy will not be permitted.
- 10.4 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

Appendix 1: Fraud

1. The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or making another person suffers a loss. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
2. Examples of general types of fraudulent behaviour that may impact the Group include but not limited to:
 - (a) obtaining financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty;
 - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
 - (c) improper use of business information not released to the public and/or commercially sensitive information;
 - (d) theft, unauthorised use and/or disposal of Group assets or resources;
 - (e) false accounting and/or misleading disclosures;
 - (f) false declaration of work performed or misstatement of materials used in projects; and
 - (g) false payroll, false invoicing or false expense claims.
3. There is no set monetary threshold that defines a fraud. It is not necessary for the fraud to be successful to be viewed as a fraud.

Appendix 2: Bribery**What is Bribery?**

- 1 Bribery involves giving or offering to give any advantage, directly or indirectly, to a public servant (i.e. officers, members and employees of public bodies) or any employee of a company or other person connected with a business, as an inducement or reward for or otherwise on account of such person's conduct in relation to their employer's/principal's affairs. -
 - a) In respect of a public servant, such person's:
 - (i) performing or abstaining from performing any act in his capacity, expediting, delaying, hindering or prevention the performance of an act in his capacity, or assisting, favouring, hindering or delaying any person in the transaction of any business with a public body;
 - (ii) giving assistance or using influence in the promotion, execution or procuring of any contract with a public body or any subcontract thereafter, or in the payment of any money stipulated in any such contract or subcontract;
 - b) In respect of an agent, an employee or other person connected with a business, such person's:
 - (i) in relation to the affairs or business of his principal or employer, doing or forbearing to do any act, or showing or forbearing to show favour or disfavor to any person;
 - (ii) withdrawal of a tender or the refraining from the making of a tender for any contract with a public body; and
 - (iii) refraining from bidding any auction conducted by or on behalf of any public body;

It also involves soliciting or accepting bribes.

Bribery also takes place when a person, who has any kind of dealings with the Government through any department, office or establishment, offers any advantage to any officers employed in that department, office or establishment of the Government or in the case of any kind of dealings with any other public body, offers advantage to any public servant employed by that public body.

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- 2 All in all, bribery usually occurs where a person offers advantages to another as an inducement or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
- 3 Advantage, whether as conditional or unconditional offer or promise or undertaking, includes bribes and kickbacks that can consist of anything of value (i.e. an "advantage"), such as:
- a) gifts, fee, reward, commission, service, favour, excess entertainment and hospitality, and sponsored travel and accommodation;
 - b) cash payments, whether by or to employees or business partners such as agents, introducers or consultants;
 - c) other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
 - d) office, employment or contract;
 - e) free use of a company's services, facilities or property; and
 - f) loans, loan guarantees or other extensions of credit on preferential terms, payment, waiver, release, discharge or liquidation of any loan or liability, or other intangible forms of preferential treatment, whether in whole or in part.
- And further includes
- g) any other service, or favour including protection from any penalty or disability incurred or apprehended or from any proceedings of a disciplinary, civil or criminal nature, whether or not already instituted; and
 - h) exercise or forbearance from the exercise of any right or any power or duty.
- 4 A list setting out examples of "Red Flags" which may be indicative of bribery is attached in Appendix 3 or available from CKA Legal Department for reference. If Employees spot any of the "Red Flags" in their dealings with a person/entity with whom the Group does or proposes to do business that arouse suspicion of bribery, they should report the matter in accordance with the reporting and escalation procedures established by their employing company.

- 5 Bribery is a criminal offence in most countries, including in Hong Kong and the United Kingdom. In addition, some countries, notably the United Kingdom and the United States, have enacted anti-bribery laws which apply to the actions of citizens and domestic companies even if the activity takes place outside the United Kingdom or the United States. The anti-bribery laws in the United Kingdom can also apply to companies wherever incorporated which carry on a business or a part of a business in any part of the United Kingdom. Breach of these laws can lead to severe penalties for companies and individuals. The overseas group of companies should observe their local laws in providing guidance and red flags to their Employees.

Appendix 3: Red Flag List

Below is the list of Red Flags referred to in paragraph 4 of Appendix 2 to the CKA Anti-Fraud and Anti-Bribery Policy. This list is not intended to be an exhaustive list, but rather a list of factors which may be indicative of bribery or corruption and otherwise arouse suspicion about a person with whom a company is doing or proposes to do business.

Lack of Co-operation

- Insufficient, false, or inconsistent information provided by the person, for example when performing due diligence.
- Reluctance by the person concerned to provide any information requested for proper identification.
- Refusal to abide by the CKA Anti-Fraud and Anti-Bribery Policy or other policies of CKA or the Group.
- Refusal to contractually commit to compliance with applicable anti-bribery and corruption legislation.

Abnormal Transactions or Requests

- Transactions or requests that are not consistent with the business activities of the person, for example payments to a foreign country with no connection to the person.
- A request by a person to structure a transaction to evade normal record keeping and/or reporting requirements or to structure it in a way that appears to have no legitimate business purpose, for example increasing prices or paying funds under cover of a side letter.
- Requests for or unusual fund transfers coming from or going to countries with strict banking secrecy laws or weak anti-money laundering controls or where crime/corruption is widespread.

Unclear Identity

- Traces or signs that the person is not acting on his own behalf, but is trying to conceal the true beneficial owner's identity.
- Transactions with persons with unknown or false or dubious addresses or post office addresses.
- Transactions which have shell companies as middlemen, especially those domiciled in secrecy havens.

- Transactions involving several individuals and companies where there is no apparent relationship.
- Transactions where money or property is passed through a consultant or representative to a government official to obtain certain government actions.
- Use of consultants or representatives who are closely connected with the government or a political party of the country in which the company is doing business.
- Use of an introducer who has an apparent lack of qualifications, experience or resources.
- Request by a government official or a buyer to use a specific introducer.

Unusual Business Courtesies or Payments

- Gifts, favour or other direct or indirect advantage to government officials, political party officials, candidates for public office or customers, or their families.
- Gifts, favour or other direct or indirect advantage to and/or from parties involved in any business negotiation, tender or auction (whether public or private or by invitation), in which CKA or the Group is engaging or participating or going to engage or participate.
- Extravagant entertaining of government officials, party leaders or customers or their families.
- Indirect payments to customers, government officials or their families.
- Use, without legitimate justification, of the company's (or the company's representatives') facilities by government officials, customers or their families.
- Requests for unusually large commissions, retainers or other fees.
- Requests from agents/introducers for unusual methods of payment or payments to be made in a third country.
- Payments through a third party (other than a bank) that has no contractual relationship with the company.
- Payments for large amounts by way of money orders, travellers' cheques or cash.
- Lack of transparency in expenses and accounting records.

Appendix 4: Approval forms for Corporate Gifts Purchase Requisition and Declaration of Accepting Business Courtesies

CK Asset Holdings Limited
Corporate Gifts Purchase Requisition Form

| Gifts | Name of Recipients / Parties | Position of Recipients | Purpose of the Gift | Estimated cost HK\$ |
|--------------|------------------------------|------------------------|---------------------|---------------------|
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| | | | | |
| Total | | | | |

Requested by: Signature Name

Department Date

Approved by: Signature
 Name of the Executive Director / Business Unit/Department Head

Date

- Note: (1) For any corporate gift which is worth not more than US\$200 equivalent, prior approval is required from the Business Unit/Department Head.
- (2) For any corporate gift which is worth more than US\$200 equivalent, prior approval is required from the Executive Director of CKA in charge of the business unit.

* Please delete where appropriate.

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Declaration of Accepting Business Courtesies

| | |
|--|--|
| Part 1 To be completed by Staff Member | |
| Name of Staff Member _____ (Staff No. _____) Position _____ | |
| Co. / Dept. / Location _____ Contact Tel. No. _____ | |
| <u>Declaration of Business Courtesies</u> | |
| Gift / Business Courtesies Items _____ | |
| Actual / Estimated Value (in HK\$) _____ Date of Offer _____ | |
| Reason of Offer _____ | |
| Name of Offering Person and Organization _____ | |
| Relationship (Business/Personal) _____ | |
| Suggestion on Handling _____ | |
| _____ | |
| _____ | |
| | Noted by |
| Signature of Staff Member _____ | Signature _____ Name _____ Business Unit Head/Department Head |
| Date _____ | Date _____ |
| Part 2 To be completed by the Company (Copy to staff member after approval) | |
| Our Company agrees treatment of the above gift items as follows:- | |
| <input type="checkbox"/> Approved to be retained by staff member | <input type="checkbox"/> Return to the offering person or organization |
| <input type="checkbox"/> Treat as company assets for public use | <input type="checkbox"/> Share amongst colleagues in the Co. / Dept. |
| <input type="checkbox"/> Reserve as Lucky Draw Price at Staff Function | <input type="checkbox"/> Donate to a Charitable Organisation |
| <input type="checkbox"/> Others _____ | |
| Approved by | |
| Signature _____ | Name _____ |
| Name of Business Unit Head/Department Head/Executive Director* | |
| Date _____ | |
| * Please delete where appropriate. | |

Note:

- (1) For any business courtesy which is worth less than USD200 equivalent, it will be approved by the Business Unit/Department Head.
- (2) For any business courtesy which is worth more than US\$200 equivalent, approval of the Executive Director of CKA in charge of the business unit is required.