

LAI FUNG HOLDINGS LIMITED
(the “**Company**”)
(Incorporated in the Cayman Islands with limited liability)

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

1. Objective

The Company (together with its subsidiaries, the “**Group**”) is committed to maintaining a high standard of integrity, openness and discipline in its business operations. Employees (including directors, permanent, temporary or contract staff) of the Group (the “**Employees**”) are required to demonstrate ethics and integrity in their daily duties and adhere to rules and procedures in accordance with relevant laws and regulations. Given it will damage reputation of the Group and undermine its relationship with regulators, customers, business partners and competitors, the Group strictly prohibits any form of fraud or corruption, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

This anti-fraud and anti-corruption policy (the “**Policy**”) forms an integral part of the Group’s corporate governance framework. Other relevant policies of the framework, including code of conduct and whistleblowing policy, outline the Group’s expectations and requirements of business ethics, as well as the investigation and reporting mechanism of corruption practices.

2. Scope

This Policy applies to all Employees, the third parties who deal with the Group (the “**Third Parties**”) and those acting in an agency or fiduciary capacity on behalf of the Group (including but not limited to agents, consultants and contractors).

This Policy sets out the minimum standards of conduct to which Employees are required to adhere, as well as any additional requirements set by their employing company or by local law (which may be stricter than those set out in this Policy), a breach of which may lead to personal civil, criminal sanctions and/or disciplinary action, including dismissal, where appropriate.

3. Operating Principles

All personnel covered by this Policy are required to comply with all applicable laws and regulations related to anti-corruption and anti-bribery, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) (the “**POBO**”) and also applicable laws and regulations in other jurisdictions.

4. Anti-Fraud

The term “fraud” used in this Policy generally refers to any unfair or unlawful conduct with any intention of making any 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, money laundering and terrorist financing, concealment of material facts and collusion.

Examples of general types of fraudulent activities include but are not limited to:

- (a) obtaining financial advantages or any other benefits by abuse of position, i.e. directors, trustees, business partners or Employees;
- (b) unlawful/unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
- (c) improper/unauthorised use of business information that is confidential, proprietary, commercially sensitive and/or price-sensitive;
- (d) theft and/or misappropriation of the Group’s assets or resources;
- (e) false and/or misleading financial information publicly released or other public disclosure of the Group;
- (f) knowingly generating or paying false claims or invoices; and
- (g) wilful alteration or removal of the Group’s documents and records.

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.

Employees must not knowingly commit, be a party to, or be otherwise involved in a fraud. Appropriate levels of diligence are to be conducted by adequately skilled persons in engaging parties with a business relationship with the Group and renewal of new and existing contractors and suppliers and other business partners (such as a joint venture partner).

5. Anti-Corruption and Anti-Bribery

Corruption involves giving or offering to give any advantages, directly or indirectly, to a public servant (including Government or public body employees) or any employee of a company or other person connected with a business, as a reward or an inducement for or otherwise on account of such person’s official capacity in relation to the affairs of his/her employer or principal. It also involves soliciting or accepting bribes.

Bribes and kickbacks can consist of anything of value (i.e. an “advantage”) and advantage shall have the meaning ascribed to it under the POBO as amended from time to time which may include (but not limited to) cash or cash equivalents, loans, gift, fee, reward, commission, travel, accommodation, office, employment or contract.

Employees must comply with all applicable laws, rules and regulations in relation to anti-corruption and anti-bribery and are strictly prohibited from:

- (a) offering, promising, giving or authorising, directly or indirectly, any improper payment, kickbacks and other forms of bribery;
- (b) soliciting, accepting or receiving (whether for the benefit of the Group or personal interest) any bribes or kickbacks, directly or with the assistance of any organisation or individual;
- (c) attempting to evade any anti-corruption and anti-bribery provisions through any intermediary, i.e. agents, partners, contractors, family members or any others acting on someone’s behalf;
- (d) using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence others’ actions or decisions; or
- (e) offering or receiving of any gift, gratuity or hospitality (the “**Business Courtesy(ies)**”) that might be perceived to unfairly influence a business relationship.

In addition to complying strictly with the provisions in this Policy, Employees must exercise common sense and good judgment in assessing whether any arrangement could be perceived to be corrupt, illegal or otherwise inappropriate. In determining whether a specific Business Courtesy is appropriate, reasonable and consistent with reasonable business practice, Employees are encouraged to refer to staff handbook, the code of practice of respective departments, and/or to discuss the issue with their supervisors or consult the Group’s legal counsel.

6. Donation and Sponsorships

The Group participates in charitable activities and encourages Employees to do the same. The contributions made by the Group shall align with its culture and values. All donations or sponsorships made by the Group must be complied with applicable laws and regulations and approved by the senior management of the Company. Any donation or sponsorship that acts as a means of corruption and bribery or to influence any business decision is strictly prohibited. Care must be taken to ensure that such activities do not create, or appear to create, an improper advantage to any party. The Company shall keep proper records of such donations or sponsorships for inspection by regulatory authorities.

It is the general principle of the Group not to make any donations to or spending for political associations or individual politicians. If any requests are made for political donations by the Group, the operating head of the business unit should submit such request to an Executive Director of the Company who is in charge of the relevant business unit for approval, and copying the Group Human Resources and Administration Department (the “GHRA”) as well as Finance Department for record.

7. Responsibilities

Employees are responsible for resisting fraud and helping the Group defend against corrupt practices.

Employees should familiarise themselves with and comply with the requirements of this Policy and other corporate policies, procedures and internal controls requirements supplementing this Policy, as well as any future updates and other materials issued from time to time as part of the Group’s efforts to address and prevent fraud and defend against corrupt practices. Regular anti-fraud and anti-corruption training will be provided to Employees.

Employees should promptly report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Whistleblowing Policy of the Group also provides a mechanism for Employees and the Third Parties to raise concerns on any suspected impropriety, misconduct or malpractice through confidential reporting channels.

8. Periodic Review

This Policy has been approved and adopted by the board of directors of the Company (the “Board”). The Board and the Audit Committee of the Company will continue to review the anti-fraud and anti-corruption mechanism periodically to improve its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

Adopted by the Board on 19 July 2022