

**HKR INTERNATIONAL LIMITED**  
**香港興業國際集團有限公司\***  
(the “Company”)

**ANTI-FRAUD POLICY**

## **1. Purpose**

- 1.1 HKR International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are committed to protecting its reputation, revenues, assets and information from any attempts of fraud, corruption, deceit or other improper conduct by employees or third parties.
- 1.2 Integrity is the Group’s core value. As such, this Anti-Fraud Policy (the “**Policy**”) aims to promote an ethical culture and to outline the Group’s expectation and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities.
- 1.3 This Policy is an integral part of the Company’s corporate governance framework. It supplements other relevant corporate policies of the Company including Whistleblowing Policy, Risk Management Policy and Code of Conduct.

## **2. Definition Of Fraud**

The term “fraud”, as used in this Policy, generally refers to any intentional act committed to secure an unfair or unlawful gain including, but not limited to, deception, cheating, forgery, bribery, corruption, theft, embezzlement, misappropriation, extortion, conspiracy, false representation, concealment of material facts, collusion, money laundering and terrorist financing, as well as other similar irregularities that reflect actual or potential:

- misrepresentation in the Group’s publicly released financial statements or other public disclosures;
- misappropriation, skimming or theft of the Group’s assets such as cash, inventory, equipment, supplies, etc.;
- improper/unauthorised disclosure, use and/or manipulation of confidential, proprietary, commercially-sensitive or price-sensitive information;
- unlawfully obtained revenue and assets, or unlawful avoidance of costs and expenses;
- commercial bribery (offering or accepting) or bribery of a government official (including facilitation payment) or other violation of anti-corruption laws, and corrupt payments and/or acts of extortion typically made in order to gain or secure commercial contractual or regulatory advantage for the Group in a manner which is dishonest, improper, unfair or unethical for obtaining or retaining business. More information can refer to the extract of the Prevention of Bribery Ordinance set out at Attachment 1;

- improper payment schemes such as employees or directors of the Group seeking or accepting from, paying or offering to, suppliers or business partners, kickbacks or gifts or excess entertainment and hospitality, sponsored travel and accommodation intended to or which may appear to influence business judgment. More information can refer to the extract of the Prevention of Bribery Ordinance set out at Attachment 1; and
- fraudulent disbursement or reimbursement such as payment for fictitious or inflated invoice, expenses, payroll, etc.

### **3. General Policy**

- the Group is governed by the Prevention of Bribery Ordinance and any anti-bribery laws which include zero tolerance towards all forms of fraud, corruption, and related malpractice.
- all employees should fully comply with the principles in this Policy, other relevant corporate policies and procedures, and internal controls requirements. Key integrity and conduct requirements for employees are included in the Code of Conduct, which has been distributed throughout the organization.
- this Policy is communicated to all levels of employees and, as appropriate, other stakeholders such as business partners. Suitable and relevant anti-fraud and counter-corruption training will be provided to all employees and directors.
- control activities are designed and adapted to mitigate fraud risks. Independent risk-based audits are conducted to monitor the effectiveness of these controls.
- the Company will conduct periodic fraud risk assessment.

### **4. Reporting and Responsibility**

- all employees of the Group should familiarise themselves with and comply with the Code of Conduct (which stipulates the general principles of the Prevention of Bribery Ordinance) and all other risk management and internal control policies and guidelines.
- all employees of the Group are responsible for resisting fraud and helping the Group defend against corrupt practices.
- the Company shall maintain effective reporting channels for its employees and stakeholders to report any suspicions of fraud, all employees and stakeholders are expected and encouraged to report immediately any suspected cases of fraud and related misconduct via various reporting channels below.
- suspected cases of fraud should be reported promptly, whether it is known who may be responsible for the fraud or how it may have occurred. They should be reported to one's direct supervisor, team leader or department/unit/division head or directly to Head of Internal Audit Department ("HIAD") via the whistleblowing channel confidentially if one feels appropriate (please refer to the Company's *Whistleblowing Policy* for the Reporting Form, confidential email and mailing address for reporting).

- summary of investigated fraud cases, if any, will be reported to the Audit Committee semi-annually.

## **5. Fraud Response**

- all reported fraud cases to HIAD will be treated seriously and investigations will be performed with the approach as stipulated in the *Whistleblowing Policy*.
- the Company will make every effort to treat all disclosures in a confidential and sensitive manner after an employee or a relevant party reports concern about any of the above matters. The identity of the individual employee or relevant party making genuine and appropriate allegation under this Policy is assured of fair treatment. In addition, employees are also assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action.
- if there is sufficient evidence to suggest that a case of possible criminal offence or corruption exists, legal professional advice may be sought and the matter may be reported by the Group to the relevant local authorities. In such case, the investigation will be taken over by the local authorities.
- anyone found committing fraud or corruption will be subject to disciplinary action which may include dismissal.
- records shall be kept for all reported misconducts, malpractices, and irregularities by the relevant parties in the Group. If a reported irregularity leads to an investigation, the party responsible for leading the investigation shall ensure that all relevant information relating to the case is retained, including details of corrective action taken in accordance with the Company's policy for a period of not exceeding ten (10) years (or whatever other period may be specified by any relevant legislation).

## **6. Review of the Policy**

- This Policy has been approved and adopted by the Board of Directors of the Company.
- The Audit Committee has overall responsibility for implementation, monitoring and periodic review of this Policy at least on an annual basis. The Audit Committee has delegated the day-to-day responsibility for administration of the Policy to HIAD.
- Any amendments or updates to this Policy will be subject to the Audit Committee's approval.

Adopted on 16 March 2022

*\*Registered under the predecessor ordinance of the Companies Ordinance, Chapter 622 of the laws of Hong Kong*

# The Prevention of Bribery Ordinance (Extracts)

## Section 9 - Corrupt transactions with agents

- (1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his –
- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
  - (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,
- shall be guilty of an offence.
- (2) Any person, who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's –
- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
  - (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,
- shall be guilty of an offence.
- (3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document –
- (a) in respect of which the principal is interested; and
  - (b) which contains any statement which is false or erroneous or defective in any material particular; and
  - (c) which to his knowledge is intended to mislead the principal,
- shall be guilty of an offence.
- (4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).

- (5) For the purpose of subsection (4) permission shall –

- (a) be given before the advantage is offered, solicited or accepted; or
- (b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance,

and for such permission to be effective for the purpose of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

## Section 4 - Bribery

- (1) Any person who, whether in Hong Kong or elsewhere, without lawful authority or reasonable excuse, offers any advantage to a public servant as an inducement to or reward for or otherwise on account of that public servant's –
- (a) performing or abstaining from performing, or having performed or abstained from performing, any act in his capacity as a public servant;
  - (b) expediting, delaying, hindering or preventing, or having expedited, delayed, hindered or prevented, the performance of an act, whether by that public servant or by any other public servant in his or that other public servant's capacity as a public servant; or
  - (c) assisting, favouring, hindering or delaying, or having assisted, favoured, hindered or delayed, any person in the transaction of any business with a public body,

shall be guilty of an offence.

- (3) If a public servant other than a prescribed officer solicits or accepts an advantage with the permission of the public body of which he is an employee being permission which complies with subsection (4), neither he nor the person who offered the advantage shall be guilty of an offence under this section.

**Section 8 - Bribery of public servants by persons having dealings with public bodies**

- (1) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with the Government through any department, office or establishment of the Government, offers any advantage to any prescribed officer employed in that department, office or establishment of the Government, shall be guilty of an offence.
- (2) Any person who, without lawful authority or reasonable excuse, while having dealings of any kind with any other public body, offers any advantage to any public servant employed by that public body, shall be guilty of an offence.

**Section 2 - Interpretation**

**'Advantage' means :**

- (a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;
- (b) any office, employment or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e),

but does not include an election donation within the meaning of the Elections (Corrupt and Illegal Conduct) Ordinance (10 of 2000), particulars of which are included in an election return in accordance with that Ordinance.

**'Entertainment' means :**

The provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.

**Section 19 - Custom not to be a defence**

In any proceedings for an offence under this Ordinance, it shall not be a defence to show that any such advantage as is mentioned in this Ordinance is customary in any profession, trade, vocation or calling.