



SHUOAO INTERNATIONAL HOLDINGS LIMITED

碩奧國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2336)

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

(Adopted on 23 December 2022 and last updated on 18 December 2023)

1. Introduction

Shuoao International Holdings Limited (the “**Company**”) is committed to high standards of ethics and integrity. The Company aims at protecting its reputation, revenue, assets and information from any attempt of fraud, corruption, deceit or other improper conduct by directors, employees or related third parties.

The Anti-fraud and Anti-corruption Policy (the “**Policy**”) is to outline the Company’s expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities.

This Policy is an integral part of the Company’s corporate governance framework. It should be read in conjunction with other relevant corporate policies and procedures, including those stated in Section 9 of this Policy.

2. Scope

This Policy applies to all directors and employees (full time and part time) (the “**Employees**”) of the Company and its subsidiaries (collectively referred to as the “**Group**”) as well as related third parties who have business dealings with the Group (the “**Third Parties**”).

All of our business partners and those acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, contractors and suppliers) are encouraged to abide by the requirements of this Policy, in the conduct of business or activity with, or in relation to, the Group.

3. Fraud and Corruption

“**Fraud**” refers to unfair or unlawful conduct with the intention of making some form of personal gain, or making another person suffer a loss including, but not limited to, deception, false representation, forgery, conspiracy, misappropriation, theft, embezzlement, bribery, money laundering and financing of terrorism, collusion, extortion, corruption and concealment of material facts.

According to the definition from Independent Commission Against Corruption (“**ICAC**”), “**corruption**” refers to an individual abuses his/her authority for personal gain at the expense of other people. It erodes fairness and the rule of law, and in some cases, puts lives and property at risk.

Examples of general types of fraudulent or corrupt activity that may compromise the Group's interests include:

- Misrepresentation in the Group's publicly released financial statements or other public disclosures;
- Misappropriation, skimming or theft of the Group's assets (e.g. cash, inventory, equipment, supplies);
- Unlawfully obtained revenue and assets, or unlawful avoidance of costs and expenses;
- Commercial bribery or bribery of a government official (including facilitation payment) or other violation of anti-corruption laws;
- Improper payment schemes which, by way of example, includes the Employees seeking or accepting from, paying or offering to, suppliers or business partners, kickbacks or gifts intended to or which may appear to influence business judgement; or
- Fraudulent disbursement or reimbursement, such as payment for fictitious or inflated invoice, expenses, payroll, etc.

4. **Governance**

The Board of Directors of the Company (the “**Board**”) has the overall responsibility for the implementation, monitoring and reviewing the effectiveness of this Policy. The Board has authorised the Audit Committee of the Company (the “**Audit Committee**”) to oversee the implementation of this Policy. The day-to-day responsibility for the administration of this Policy is delegated to the Head of Group Finance.

This Policy has been approved by the Board as recommended by the Audit Committee. The review of this Policy shall be conducted at least every two years, and whenever deemed necessary. Any amendments or updates should be subject to the Board's approval.

5. **General Policy**

Integrity, honesty, fairness, impartiality and ethical business practices are the Company's core values, thus the Group has zero tolerance towards fraud and corruption. All Employees and Third Parties are expected and encouraged to report any suspected and/or cases of fraud and related misconduct.

Employees are required to act lawfully, ethically and responsibly, which are part and parcel of the culture and core values of the Company.

Any involvement in bribery, corruption, money laundering and financing of terrorism could lead to criminal and civil penalties and reputational damage to the Group. Therefore, all Employees are charged with the responsibility of resisting fraud and helping the Group defend against corrupt practices. They should familiarise themselves with and fully comply with:

- the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (“**POBO**”) and/or relevant laws of other countries or regions as appropriate;

- the Company’s Code of Conduct (the “**Code of Conduct**”), which stipulates the general principles of POBO; and
- all other corporate policies and guidelines stated in Section 9 of this Policy.

Anyone found committing fraud or corruption will be subject to disciplinary action(s).

6. Anti-fraud and Anti-corruption Control Framework

6.1 Assessment and Monitoring

The Group shall conduct periodic identification and assessment of fraud and corruption risks as well as implement corresponding internal controls to mitigate these risks.

Employees should avoid any actual or potential conflict of interests in carrying out the Group’s business and declare any conflict of interests as appropriate. Guidelines for managing the risks and maintaining records of conflict of interests, and soliciting or accepting advantages (such as gifts, entertainment, sponsorships, travel and accommodation or other advantages) are incorporated in the Code of Conduct.

Business Units should establish proper policies and procedures of customer due diligence and record-keeping measures. The due diligence requirements should take into account relevant factors, including products and services offered, types of customers and geographical locations.

6.2 Training and Communication

Suitable anti-fraud and anti-corruption training should be provided to the Employees depending on their roles and duties, especially to those who are likely to be exposed to risks of bribery and corruption, and money laundering, from time to time.

6.3 Review

Risk management function(s) shall perform risk validation and evaluate the effectiveness of mitigating controls. Internal Audit function(s) shall consider the risks of fraud and corruption in the annual audit planning and conduct risk-based audits of the risk management and internal control systems, which would cover business processes and areas that might have a higher risk of fraud and corruption.

7. Fraud Response and Reporting

Suspected or actual cases of fraud or any reportable improprieties as stated in the Company’s Whistleblowing Policy (the “**Whistleblowing Policy**”) should be reported promptly, whether it is known who may be responsible for the fraud or how it may have occurred. It should be reported to one’s direct supervisor, team leader or department head, or directly to the Head of Group Finance via the reporting channels confidentially if one feels appropriate. Please refer to the Whistleblowing Policy for the Whistleblowing Report Form, specified email and mailing address for reporting.

All reported fraud cases to the Head of Group Finance will be treated and investigated according to the principles and approach as stipulated in the Whistleblowing Policy.

Whistleblowers making genuine reports in good faith under this Policy are assured of fair treatment. The Group will make every effort within its capacity to protect the whistleblowers, even if it turns out to be unsubstantiated. Employees are assured of protection against unfair dismissal, victimization or unwarranted disciplinary action while all whistleblowers (including Third Parties) are assured of confidentiality of their identities as described in Section 8 of the Whistleblowing Policy.

Once there is reasonable suspicion of a material criminal offence within the scope of this Policy, a report should be made to the appropriate law enforcement agency. In some circumstances, should the Chair of the Audit Committee or the Board consider it appropriate, the case shall be referred to relevant law enforcement agencies or regulatory authorities, such as the Hong Kong Police Force, the ICAC, and the Securities and Futures Commission.

Material incidents relating to breaches of this Policy should be brought to the Board's attention. The Head of Group Finance shall also report all the fraud cases investigated by the Group Finance to the Audit Committee, including the results of the investigation and the corresponding actions. The Audit Committee shall review the cases and the appropriateness of the actions taken.

All the confirmed fraud cases and substantiated whistleblowing cases identified at Business Units, regardless of the resolution and the severity of the case, are required to be immediately reported to the Head of Group Finance via the Company's reporting channels. Business Units should provide the investigation results and the supporting documents as well as updates of the remedial actions.

All reported fraud cases details and investigation results shall be duly recorded. The records shall be kept for at least 7 years, from the date of the investigation completion, or any longer period specified by applicable policy, regulation or legislation.

8. Disclosure of this Policy

This Policy can be accessed on the Company's website and communicated to all Employees and, as appropriate, to stakeholders of the Group. If there are any questions about the contents or application of this Policy, please email Group Finance at info@hailiang.com.

9. References

- The Company's Whistleblowing Policy
- The Company's Code of Conduct
- Anti-Corruption Programme – A Guide for Listed Companies published by ICAC
- The Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)

Where the English and the Chinese texts conflict, the English text prevails.