

SINO-OCEAN GROUP HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 03377)

ANTI-FRAUD AND ANTI-BRIBERY POLICY

1. OBJECTIVE AND PURPOSE

- 1.1 Sino-Ocean Group Holding Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) is committed to maintaining with its best endeavour the principle of high-standard business integrity, probity and fairness as one aspect of the Group’s corporate culture. Any forms of fraud, bribery, money-laundering and financing of terrorism are prohibited in all business transactions, and all forms of the aforesaid malpractices shall be prevented, curbed, monitored and investigated with its best endeavour.
- 1.2 In persistent adherence to the compliance culture and sound corporate governance, the Group requires directors of the Company (the “**Directors**”) and all employees of the Group (the “**Employees**”) to act in an honest, commercially ethical and appropriate manner in the conduct of business activities and performance of their duties and to strictly comply with applicable laws and regulations and company policies related to anti-fraud and anti-bribery. Any party who contravenes applicable anti-fraud and anti-bribery laws and regulations may harm its reputation and also be liable to criminal or administrative sanctions or civil liabilities.
- 1.3 This anti-fraud and anti-bribery policy (the “**Policy**”) constitutes an integral part of corporate governance framework of the Company. This Policy, together with the Group’s other relevant policies, including but not limited to the “Sino-Ocean Group Measures for Violation of Staff Conduct”, “Sino-Ocean Group Measures for Handling Avoidance”, “Sino-Ocean Group Measures for the Investigation and Examination of Supervisory Cases”, “Sino-Ocean Group Measures for the Administration of Whistleblowing and Complaints”, “Sino-Ocean Group Undertaking of Self-discipline for Intermediary and Senior Management”, “Sino-Ocean Group Code of Conduct for Employee” and “Whistleblowing Policy”, outline the Group’s expectations and provisions for business ethics, as well as its mechanism for the prevention, reporting, investigation and handling of malpractices such as fraud and bribery.

2. SCOPE

- 2.1 This Policy applies to the Directors, Employees, external parties involved in business transactions with the Group, and the parties acting in an agency or fiduciary capacity on behalf of the Group (including but not limited to agents, consultants and contractors) (“**Relevant Third Parties**”), who should understand and comply with this Policy.
- 2.2 All parties covered by this Policy shall comply with all applicable laws and regulations related to anti-fraud and anti-bribery, including but not limited to the “Prevention of Bribery Ordinance” (Chapter 201 of the laws of Hong Kong) (the “**PBO**”), “Criminal Law of the People’s Republic of China”, “Anti-Unfair Competition Law of the People’s Republic of China” and the applicable laws and regulations of other jurisdictions in which the Group’s business is operated.

3. RESPONSIBILITY AND IMPLEMENTATION

- 3.1 The audit committee of the Company (the “**Audit Committee**”) has overall responsibility for the monitoring and regular review of this Policy.
- 3.2 The Audit Committee has delegated to the Group Risk Management Center the day-to-day responsibility for the implementation of this Policy, including but not limited to monitoring fraud and bribery risks, identifying the business operations and processes that may lead to the growth of the fraud and bribery risks, assessing the possibility and impact of fraud and bribery risks in business functions or processes (such as procurement, sales and marketing, inventory management, human resources management, charitable or community activities), reviewing the sufficiency and effectiveness of implemented policies and execution procedures to identify any loopholes in management policies, and formulating appropriate regulatory measures and procedures to reduce the fraud and bribery risks and deal with acts of fraud and bribery in a timely and proper manner.
- 3.3 The Group Risk Management Center should bring to the attention of the Audit Committee any matters that might have a material impact to the Group; the Audit Committee should bring to the attention of the Company’s Board of Directors any material matters related to the violation of this Policy.

4. ANTI-FRAUD

- 4.1 “Fraud” in this Policy refers to deceptive and improper conduct with the intention of making some form of financial or personal gain, or making the Group and shareholders suffer a loss, including but not limited to deception, annexation, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion, etc.
- 4.2 The Group prohibits Directors and Employees to engage in the fraudulent behaviour. Examples of general types of fraudulent behaviour include but are not limited to the following:
 - (i) obtaining financial advantage or any other benefits by deception or abuse of authority granted by virtue of official position or duty;
 - (ii) unauthorised trading activities involving conflict of interests or gaining of personal interests;
 - (iii) transferring the transactions that would normally be beneficial to the Group to other parties or to oneself;
 - (iv) improper use or unauthorised use of undisclosed business data or commercially sensitive or price sensitive information of the securities of the Company;
 - (v) annexation, theft, embezzlement, unauthorised use or disposal of the Group’s assets (such as cash, inventory stock, equipment, resources);
 - (vi) false accounting or disclosure of misleading financial information or illegal circumvention of cost and expense;
 - (vii) issuance of false statements or misreporting materials consumed in projects in respect of construction or work in progress;
 - (viii) false payroll, invoicing or declaration or reimbursement of expense;
 - (ix) unauthorised conduct of commercial activities in the name of the Company or its subsidiaries; and
 - (x) other acts of fraud compromising the Group’s interests.

5. ANTI-BRIBERY

- 5.1 “Bribery” in this Policy refers to the giving of, or pledge to give any advantage, directly or indirectly through third parties, to public servant (including employees of the government or public institutions) or any employees of the enterprise or other parties related to the business, as a reward or incentive to such personnel for handling the affairs of such employer or the principal, or offering of advantage to such personnel because of his/her public office, and also involves the demand for or acceptance of such advantage.
- 5.2 “Advantage” has the meaning ascribed thereto under the PBO, including but not limited to cash or cash equivalent, gift, loan, fee, reward, travel, accommodation, job position, contract, service, employment and other benefits.
- 5.3 Whether in Hong Kong, Mainland China or other regions, all the Directors and Employees shall not solicit, accept or offer bribery from or to any parties while conducting the Group’s business, and must comply with the PBO and all applicable laws, regulations and rules related to anti-bribery of jurisdictions involved in the Group’s operations.
- 5.4 The Group prohibits Directors and Employees to engage in any form of bribery, including but not limited to the following:
- (i) offering, promising, giving or authorising, directly or indirectly, any improper payments, kickbacks and other forms of bribery to the directors, employees or agents of another enterprise;
 - (ii) soliciting any form of interest from the customers, suppliers of the Group or other parties engaged in business transactions with the Group;
 - (iii) offering or receiving any gift, reward or hospitality or other advantages that might be perceived to unfairly influence to the Group’s business;
 - (iv) accepting extravagant or frequent entertainment activities from parties engaged in business transactions with the Group;
 - (v) offering any form of advantage to any public official or personnel who holds public office to influence such personnel or gaining business or advantage for the Group improperly; and
 - (vi) conducting any bribery through any agent, consultant, partner, contractor, family member or any other parties acting on behalf of others.
- 5.5 Political and Charitable Contributions and Sponsorships
- (i) The Group has been actively involved in social welfare in ongoing fulfilment of its social responsibility and has encouraged participation of its Employees. Prior to giving any donations or sponsorships, the Group shall understand whether the institution is in tandem with its corporate culture and values. Such donations or sponsorships shall comply with applicable laws and regulations as well as the regular approval processes of the Company and conducted by reference to the scope of authorisation of the Board, vetted by the senior management and approved by the chairman of the Board. Charitable donations or sponsorships shall under no circumstances influence any business decision. Charitable donations in cash or kind as a means of bribery are prohibited. The Company shall keep proper records of such donations or sponsorships for inspection by the regulatory authorities;

- (ii) Directors and Employees shall not make any sponsorships that might be related to bribery or corruption; and
- (iii) the Group prohibits all forms of political donations and shall not make any donations to political groups or individual politicians.

6. CONFLICT OF INTERESTS

- 6.1 “Conflict of Interests” in this Policy refers to a situation in which an individual is confronted with choosing between his/her job function and personal interests. The Directors and Employees and the parties relating to them, including their families and relatives, should avoid conducting businesses that might result in conflict of interests or put them in a position that might result in conflict of interests.
- 6.2 “Conflict of Interests” can be distinguished into conflict of interests in job owing to kinship relationships between Employees (also known as “avoidance in job”) and conflict of interests in business owing to kinship relationship between relevant external parties and employees handling and directing such business when engaged in cooperation with external suppliers, contractors and customers (also known as “avoidance in business”).
- 6.3 Directors and employees should also comply with provisions of the Group’s “Sino-Ocean Group Measures for Handling Avoidance” by proactively declaring such conflict of interests to the risk management department, human resources department or the competent business department in charge of the conflict of interests of the Company or its subsidiaries (“**Relevant Approving Officer**”) where conflict of interests is involved within two weeks following the occurrence of conflict of interests in job position and at the time of occurrence of conflict of interests in business. All declarations, decisions and actions must be properly recorded. The risk management department and human resources department should ensure compliance with relevant instructions by Directors and all the Employees in order to effectively eliminate or mitigate the conflict of interests involved.
- 6.4 Upon receipt of the declaration of conflict of interests, the risk management department and human resources department of the unit under which he/she is employed shall, after making a preliminary assessment, report to the Group Risk Management Center and provide their opinion on avoidance. Employees subject to conflict of interests in job should avoid the same through re-assignment to other positions. Employees subject to conflict of interests in business should not participate in the approval, decision-making and execution of such business.
- 6.5 If an employee who is aware of a conflict of interest fails to report the same within the stipulated timeframe or proactively furnish an application, or refuses to implement the decision on avoidance, he/she shall be dealt with according to the provisions of “Sino-Ocean Group Measures for Handling Employees Disciplinary Violations” after such violation is verified by the Group Risk Management Center through follow-up investigations.

7. RELATIONSHIPS WITH SUPPLIERS, CONTRACTORS AND CUSTOMERS

- 7.1 The Group is committed to carry out transactions with customers and suppliers, contractors and other business partners in a fair, honest and professional manner.
- 7.2 Suppliers and contractors (whether current or potential) shall be treated on an equal basis, and the Group shall conduct its purchases in a transparent manner. Employees shall act with prudence in their assessment of suppliers and contractors, and the purchase of products and services must be in compliance with the following fundamental principles to prohibit the improper benefits from such purchase:
- (i) competitive tendering must be conducted among candidates who fulfil tender requirements;
 - (ii) disclosure, express indication or implicit indication of confidential commercial information to prospective suppliers or other concerned parties is prohibited;
 - (iii) participation in any form of illicit operation such as collusive tendering or bid rigging is prohibited;
 - (iv) discriminatory or biased terms and conditions shall not be included in the process of tendering and procurement;
 - (v) inspection and assessment shall be conducted in strict accordance with the inventory entry and assessment standards set out in “Sino-Ocean Group Measures for Suppliers Management;
 - (vi) relevant information generated in the procurement process shall be sorted, collected and kept in strict accordance with relevant provisions and unauthorised alteration, forgery and provision of false materials is prohibited; and
 - (vii) other behaviour in breach of the Group’s management systems related to procurement is prohibited.
- 7.3 The Group requires external parties engaging business transactions with the Group understand and abide by this Policy. The Group should not deal with customers, contractors, suppliers and other potential business partners who are known to be involved in bribery. Before the Group renews the contract or develops new business relationships with customers, contractors, suppliers or other potential business partners, Employees should adopt appropriate measures to identify and verify their identities and conduct risks assessment on whether they are involved in money-laundering and illegal financing where appropriate.

8. WHISTLEBLOWING AND HANDLING OF VIOLATION CASES

- 8.1 Whistleblowing Policy of the Group also provides a confidential channel for whistleblowing for the Directors, Employees and Relevant Third Parties to report on any actual or suspected fraud or bribery.
- 8.2 The Group actively encourages employees to report on any malpractices and undertakes to conduct detailed investigations of all reporting on fraud or bribery in accordance with investigation procedures stipulated under “Whistleblowing Policy” of the Group. All reported information is to be treated confidentially, and Employees raising concerns in good faith are to be protected. Retaliation of any kind against any Employee for reporting in good faith about an actual or suspected violation of this Policy will not be permitted by the Group.

- 8.3 The Company shall, where appropriate, refer cases of material in breach of this Policy and matters involving legal offences to relevant law enforcement authorities for investigation, or report to such law enforcement authorities, and shall retain all relevant evidences.
- 8.4 The Directors and employees must cooperate fully and openly with any investigation into alleged breach of this Policy and shall not refuse such cooperation or provide untruthful information. Any Directors or employees in breach of this Policy shall be subject to disciplinary actions according to the seriousness of their violation, including dismissal or termination of contract (if applicable).

9. BOOKS AND RECORDS

- 9.1 The Group has established sound financial and accounting control regulations and systems, including segregation of duties, authorisation controls and logging of entries or changes the records 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 All expenditures must be supported by documentary evidences and such documents must describe them accurately. The falsification of any book, record or account by any Employee within the Group is prohibited.

10. TRAINING

- 10.1 The Directors and Employees should comply with the provisions under this Policy and other relevant policies, procedures and internal control regulations of the Company as a part of the Group's effort to solve and prevent fraud and bribery.
- 10.2 The Group Risk Management Center and the risk management departments of subsidiaries are responsible for providing anti-fraud and anti-bribery training to their Employees, including training through regular propagation, induction training for new staff, rectification and assessment, as well as announcement of cases for warning purposes, etc.

11. REVIEW

- 11.1 The Audit Committee shall review this Policy on a regular basis to ensure its effectiveness and relevance to the Group's requirements and reflection of applicable laws and regulations.
- 11.2 Any queries on the contents of this Policy or its application should be addressed to the Group Risk Management Center by emailing to fengxianjc@sinooceangroup.com.