

LONGHUI INTERNATIONAL HOLDINGS LIMITED

龍輝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1007)

(the “Company”)

Anti-Corruption Policy and Code of Conduct

(approved and adopted by the board of directors of the Company (the “Board”)
and is effective on 13 December 2022)

1. PURPOSE AND SCOPE

- 1.1 Longhui International Holdings Limited (stock code: 1007) and its subsidiaries, (collectively the “Group”) is committed to upholding high standards of business integrity, honesty, fairness, impartiality and ethical business practices in all its business dealings. The Group takes corruption issues very seriously and has zero tolerance for bribery and corruption.
- 1.2 This Anti-Corruption Policy and Code of Conduct (the “Policy”) applies all the employees, including directors and employees at all levels of the Group (collectively, “Employees”). We encourage all of our business partners, including joint venture partners, associated companies, agents (i.e. any person employed by or acting for another), consultants, contractors, and suppliers to follow the principles of this Policy.
- 1.3 Corruption and bribery damage a company’s reputation and undermines its relationship with regulators, customers and business partners. It may lead to criminal and prosecution of or regulatory action against a company and/or its Employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage a company’s business.
- 1.4 Employees are required to follow the Policy and any additional requirements related to anti-bribery and corruption set out by the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) (the “POBO”) and any other relevant laws, rules and regulations applicable to the Group, the breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions.
- 1.5 The Group regards honesty, integrity and fair play as our core values that must be upheld by the Employees at all times. The Policy sets out the basic standard of conduct expected of the Employees, and the Company’s policy on acceptance of advantage and handling of conflict of interest when dealing with the Company’s business.

2. RESPONSIBILITIES

- 2.1 Conflict of interest
 - 2.1.1 Employees are required to observe the duties and obligations set out in the Policy. Employees should avoid any conflict-of-interest situation (i.e. situation where their private interest conflicts with the interest of the Group). When actual or potential conflict of interest arises, each Employee should make a declaration to the approving authority through the reporting channel using **Form B (Annex 2)**.

2.1.2 Some common examples of conflict of interest are described below but they are by no means exhaustive:

- (a) A staff member involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Company.
- (b) One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process.
- (c) A director of the Company has financial interest in a company whose quotation or tender is under consideration by the Board.
- (d) A staff member (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

2.2 Records, Accounts and other Documents

The Employees should ensure that all records, receipts, accounts or other documents they submit to the Company give a true representation of the facts, events or business transactions as shown in the documents. Intentional use of documents containing false information to deceive or mislead the Company, regardless of whether there is any gain or advantage involved, may constitute an offence under the POBO.

3. **ANTI-FRAUD AND ANTI-BRIBERY**

3.1 Prevention of Bribery

The Group prohibits all forms of bribery and corruption. The Employees are prohibited from soliciting, accepting or offering any bribe in conducting the Group's business or affairs, whether in Hong Kong or elsewhere. In conducting all business or affairs of the Group, they must comply with the Prevention of Bribery Ordinance (POBO) of Hong Kong, any other relevant laws, rules and regulations applicable to the Group and must not:

- (a) solicit or accept any advantage from others as a reward for or inducement to doing any act or showing favour in relation to the Group's business or affairs, or offer any advantage to an agent of another as a reward for or inducement to doing any act or showing favour in relation to his principal's business or affairs;
- (b) offer any advantage to any public servant (incl. Government/public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government/a public body; or
- (c) offer any advantage to any staff of a Government department or public body while they are having business dealing with the latter.

3.2 Acceptance of Advantages

3.2.1 The Group prohibits the acceptance of bribes or any improper advantage (as defined under the POBO) by an employee from any person, company or organization having business dealings with the Company or any subordinate, whether in Hong Kong or elsewhere, except that they may accept (but not solicit) the following when offered on a voluntary basis and is not given to influence any business decision or the performance of his or her duties:

- (a) advertising or promotional gifts or souvenirs of a nominal value; or
- (b) gifts or hampers given on festive or special occasions, subject to a maximum limit of \$500 in value; or
- (c) discounts or other special offers given by any person or company to them as customers, on terms and conditions equally applicable to other customers in general.

3.2.2 Gifts or souvenirs that are presented to the Employees in official functions are deemed as offers to the Company. The Employees concerned should report the acceptance to the Company and seek direction as to how to handle the gifts or souvenirs from the approving authority¹ using **Form A (Annex 1)**. If a director or staff member wishes to accept any advantage not covered in clause 3.2.1, he/she should also seek permission from the approving authority using **Form A (Annex 1)**.

3.2.3 However, Employee(s) should decline an offer of advantage if acceptance could affect his/her objectivity in conducting the Group's business or induce him/her to act against the interest of the Group, or acceptance will likely lead to perception or allegation of impropriety.

3.2.4 If an Employee has to act on behalf of a client in the course of carrying out the Group's business, he/she should also comply with any additional restrictions on acceptance of advantage that may be set by the client. (e.g. Employee(s) performing any duties under a government or public body contract will normally be prohibited from accepting advantages in relation to that contract).

3.3 Offer Advantages

Employees are prohibited from offering advantages to any director, staff member or agent of another company or organization, for the purpose of influencing such person in any dealing, or any public official, whether directly or indirectly through a third party, when conducting the Group's business. Even when an offer of advantage carries no intention of improper influence, it should be ascertained that the intended recipient is permitted by his employer/principal to accept it under the relevant circumstance before the advantage is offered.

3.4 Entertainment

Although entertainment² is an acceptable form of business and social behaviour, a director or staff member should avoid accepting lavish or frequent entertainment from persons with whom the Group has business dealing (e.g. suppliers or contractors) or from his/her subordinates to avoid placing himself/herself in a position of obligation.

3.5 Misuse of Official Position, Company Assets and Information

- 3.5.1 The Employees must not misuse their official position in the Group to pursue their own private interests, which include both financial and personal interests and those of their family members, relatives or close personal friends.
- 3.5.2 The Employees in charge of or having access to any Group assets, including funds, property, information, and intellectual property, should use them solely for the purpose of conducting the Group's business. Unauthorized use, such as misuse for personal interest, is strictly prohibited.
- 3.5.3 The Employees should not disclose any classified information of the Group without authorization or misuse any Group information (e.g. unauthorized sale of the information). Those who have access to or are in control of such information, including information in the Group's computer system, should protect the information from unauthorized disclosure or misuse. Special care should also be taken in the use of any personal data, including directors', staff's and customers' personal data, to ensure compliance with Hong Kong's Personal Data (Privacy) Ordinance.

3.6 Outside Employment

If a staff member wishes to take up employment outside the Group, he must seek the prior written approval of the approving authority. The approving authority should consider whether the outside employment would give rise to a conflict of interest with the staff member's duties in the Group or the interest of the Group.

4. **RELATIONSHIP WITH SUPPLIERS, CONTRACTORS AND CUSTOMERS**

4.1 Gambling

The Employees are advised not to engage in frequent gambling activities (e.g. mahjong) with persons having business dealings with the Group.

4.2 Loans

The Employees should not accept any loan from, or through the assistance of, any individual or organization having business dealings with the Group. There is however no restriction on borrowing from licensed banks or financial institutions.

5. **REPORTING CHANNELS**

- 5.1 Every Employee has a duty to timely report any actual or suspected breach of this Policy in accordance with the Group's procedures. Further details on the reporting channels and procedures, please refer to the "**Whistleblowing Policy**" of the Group.

- 5.2 The Group has put in place the “**Whistleblowing Policy**”, to ensure that there is an appropriate channel for reporting illegal, unethical practices or irregularities related to the Group. If an Employee becomes aware of any suspected breach of the Policy or bribery and corruption activities related to Group, Employee should refer to the mechanism as set out in the Whistleblowing Policy to raising concerns through confidential reporting channels.

6. COMMUNICATION AND TRAINING

The Group should ensure that Employees are informed about and understand the Policy, including applicable local procedures and requirements, and that there is a clear procedure for reporting actual or suspected breaches of the Policy and suspicious activity. The Group has to make the Policy available to Employees and to provide briefings to new Employees thereon. Regular updates/trainings relating to the fraud and bribery risks faced by the Group, as well as compliance with laws, and regulations be provided to Employees.

7. COMPLIANCE THE POLICY WITH THE LAWS AND REGULATIONS

- 7.1 Directors or staff must comply with all local laws and regulations when conducting the Company’s business, and also those in other jurisdictions when conducting business there³ or where applicable⁴.
- 7.2 Failure to adhere to the Policy and rules in relation to anti-bribery and corruption will subject the concerned party to supervisory and disciplinary actions. Violations of the relevant laws also subject the concerned party to imprisonment and/or fines as stipulated in the relevant legislation in Hong Kong and other jurisdictions where the Group Member has presence.
- 7.3 It is the responsibility of each Employee to understand and comply with the Policy, whether performing his duties of the Company in or outside Hong Kong. Managers and supervisors should also ensure that the staff under their supervision understand well and comply with the Policy.
- 7.4 Any Employees in breach of the Policy will be subject to disciplinary action, including termination of appointment. In cases of suspected corruption or other criminal offences, a report should be made to the appropriate authority.
- 7.5 All agents, contractors, suppliers, associated persons, etc. are also expected to act in compliance with all applicable policies, laws, rules and regulations related to anti-bribery and corruption in the performance of their services for or on behalf of the Group. The Group reserves the right to terminate any business relationship, employment or appointment that violates the Group’s zero-tolerance policy against bribery and corruption.

8. POLICY GOVERNANCE AND REVIEW

- 8.1 The Policy has been approved and adopted by the Board and reviewed at least annually by the Board to ensure its effectiveness.
- 8.2 The Board is accountable to the implementation of the anti-corruption efforts of the Group (which includes values, code of ethics, risk management, internal controls, communication and training, oversight and monitoring). Directors and senior management of the Group are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material corruption or bribery activities committed within the Group.

8.3 Changes to the Policy may be made from time to time. The most current and authoritative version of the Policy is available on the website of the Company.

9. **LANGUAGE**

The Policy is prepared in both Chinese and English languages. If there is any inconsistency or conflict between the English and Chinese versions of this Policy, the English version shall prevail.

Notes:

1. *Specify the post of the approving authority in the Policy and the Form.*
2. *Entertainment refers to “entertainment” as defined in the POBO, i.e. food or drink provided for immediate consumption on the occasion, and any other entertainment provided at the same time.*
3. *The ‘Business Success: Integrity & Legal Compliance’ – Corruption Prevention Guide for SMEs in Guangdong, Hong Kong and Macao jointly published by the ICAC, the Guangdong Provincial People’s Procuratorate and the Commission Against Corruption of Macao provides guidance on the anti-bribery laws in Hong Kong, Mainland China and Macao. The Employees conducting the Company’s business there may find it helpful.*
4. *Some other countries’ anti-bribery laws have provisions with extra-territorial effect, e.g. the UK’s Bribery Act 2010, the USA’s Foreign Corrupt Practices Act.*

-END-

**LONGHUI INTERNATIONAL HOLDINGS LIMITED
REPORT ON GIFTS/ADVANTAGES RECEIVED**

Part A – To be completed by Receiving Staff

To: Head of Department

Description of Offeror:

Name & Title: _____

Company: _____

Relationship (Business / Personal): _____

Occasion on which the Gift/Advantage
was/is to be received: _____

Description & (assessed) value of the
Gift/Advantage: _____

Suggested Method of Disposal:

Remark

- Retain by the Received Staff
- Retain for Display / as a Souvenir in the Office
- Share among the Office
- Reserve as Lucky Draw Prize at Staff Function
- Donate to a Charitable Organization
- Return to Offeror
- Other (please specify): _____

(Date)

(Name of Receiving Staff)
(Title / Department)

Part B – To be completed by the Head of Department

To: (Name of Receiving Staff)

The recommended method of disposal is ***approved / not approved**. ***The gift/advantage** concerned should be disposed of by way of: _____

(Date)

(Name of the Head of Department)
(Title / Department)

**Delete as appropriate*

**LONGHUI INTERNATIONAL HOLDINGS LIMITED
DECLARATION OF CONFLICT OF INTEREST**

Part A – Declaration (To be completed by Declaring Staff)

To: The Head of Department via (supervisor of the Declaring Staff)

I would like to report the following actual /potential* conflict of interest situation arising during the discharge of my official duties:-

Persons/ companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our Company (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)

(Date)

(Name of the Declaring Staff)
(Title / Department)

Part B – Acknowledgement (To be completed by the Head of Department)

To : (Declaring Staff) via (supervisor of the Declaring Staff)

Acknowledgement of Declaration

The information contained in your declaration form of (Date) is noted. It has been decided that:

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Company's interest without being influenced by your private interest.
- Others (please specify) : _____

(Date)

(Name of the Head of Department)
(Title / Department)

**Delete as appropriate*