



Vanov Holdings Company Limited

環龍控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2260)

(the “Company”)

ANTI-FRAUD AND ANTI-BRIBERY POLICY

I. Policy Statement

- 1.1 Vanov Holdings Company Limited (“**Vanov Holdings**”, together with its subsidiaries and controlled affiliates, the “**Group**”) is committed to upholding high standards of business integrity, honesty and transparency in all its business dealings. Vanov Holdings strictly prohibits any form of fraud or bribery, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud and bribery.
- 1.2 The Board is accountable to the implementation of the anti-fraud and bribery 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 Vanov Holdings are responsible for ensuring the effective implementation and in particular, the monitoring and investigation of any material fraudulent or bribery activities committed within the Group.
- 1.3 Fraud or bribery damages a company’s reputation and undermines its relationship with its regulators and its customers, business partners and competitors. It may lead to criminal 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. Definition of fraud and some examples of fraudulent behaviour that may impact the Group are set out in Appendix 1 to this Policy.
- 1.4 This Policy applies to the Group, and to all directors, officers and employees of the Group (which for these purposes includes temporary or contract staff) (the “**Employees**”), as well as its Third Party Representatives (as further described in paragraph VII below).
- 1.5 All Employees are required to adhere to this Policy, 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), the breach of which may lead to disciplinary action that might ultimately result in termination of employment and/or personal civil or criminal sanctions.
- 1.6 This Policy sets out the minimum standards of conduct to which all Employees are required to adhere.
- 1.7 Questions in relation to this Policy should be directed to the senior member of management designated by the local management of an Employee’s employing company.

II. Prohibition on Improper Payments, Kickbacks and Other Forms of Bribery

- 2.1 Guidance on what could constitute bribery is contained in Appendix 2 to this Policy.
- 2.2 Employees are strictly prohibited (whether acting in their own capacity or on behalf of the Group) from:
 - (a) offering, promising, giving or authorising, directly or indirectly, any bribe or kickback to or for the benefit of any person (whether in private or public office) in order to obtain any improper business or other improper advantage for the Group;
 - (b) soliciting, accepting or receiving (whether for the benefit of the Group, their own benefit or that of their family, friends, associates or acquaintances) any bribe or kickback from any person (whether in private or public office) in return for providing any improper business or other improper advantage in relation to the business of the Group;
 - (c) otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
 - (d) acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- 2.3 In addition to complying strictly with the provisions in this Policy, Employees must exercise common sense and judgment in assessing whether any arrangement could be perceived to be corrupt, illegal or otherwise inappropriate.

III. Political and Charitable Contributions and Sponsorships

- 3.1 It is the general policy of the Group not to make any form of donation to political associations or individual politicians. Employees must not use any funds or assets of the Group for contributions to any political party or candidate for public office. In addition, no Employee may make any political contribution as a representative of the Group or create the impression that he/she is acting as a representative of the Group. If any requests are made for political contributions by the Group, such requests should be subject to approval of the Chief Executive Officer, to the Board for consideration.
- 3.2 Charitable donations and sponsorships may in some circumstances constitute a disguised form of bribery. Therefore pre-approval from the Chief Executive Officer is required.

IV. Facilitation Payments

- 4.1 Facilitation payments (i.e. unofficial payments demanded in return for speeding up or securing the performance of routine government actions, such as obtaining visas, permits or licences) are prohibited.

V. Gifts and Hospitality (“Business Courtesies”)

- 5.1 Business gifts and hospitality are customary courtesies designed to build goodwill among business partners. In some cultures, they play an important role in business relationships. However, a problem may arise when such courtesies compromise, or appear to compromise, the ability to make objective and fair business decisions. Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided. The following guidelines apply at all times.
- 5.2 Business Courtesies must comply with the following principles:
- (a) they must be reasonable and not excessive;
 - (b) they must be of modest value, both in isolation and when considered in the context of other gifts and hospitality offered;
 - (c) they must be appropriate and consistent with reasonable business practice;
 - (d) they must be provided with the intent only to build or maintain a business relationship or offer normal courtesy, rather than to influence the recipient’s objectivity in making a specific business decision;
 - (e) they should never be offered in return for financial or personal gain or favour; and
 - (f) they must be permissible under all applicable laws, rules and regulations. When dealing with a public official, the official’s country will often have laws imposing limits on the level of hospitality and gifts which can be accepted, and those laws must be strictly adhered to. When dealing with the private sector, gifts or hospitality should not exceed any limits imposed by the recipient's organisation.
- 5.3 Employees should use good judgment; “everyone else does it” is not sufficient justification. Consider whether public disclosure of the Business Courtesy would cause embarrassment to the Group or the recipient; if so it should not be provided or accepted. In determining whether a specific business courtesy lies within the bounds of acceptable business practice, Employees are encouraged to discuss the issue with their supervisor.
- 5.4 Employees shall report business courtesies outside the normal course of business whenever accepted, given or rejected. The record must expressly state the nature, purpose, value (if known) and date of the Business Courtesy and also details of the giver/receiver of the Business Courtesy. The senior management shall keep record of and preserve such records received.

VI. Procurement of Goods and Services by the Group and Other Business Partners

- 6.1 The Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Group conducts its procurement practices in a fair and transparent manner and Employees must act with due care and diligence when evaluating prospective contractors and suppliers.
- 6.2 The Group will not deal with contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate

levels of diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing contractors and suppliers and other business partners (such as a joint venture partner) commensurate with the bribery risk associated with a particular relationship.

VII. Third Party Representatives

- 7.1 Anti-bribery legislation in some countries imposes criminal liability for a company's failure to prevent bribery by anyone providing services for or on behalf of the company. The Group is committed to promoting anti-fraud and anti-bribery practices amongst any third party representatives it engages ("**Third Party Representatives**"). Third Party Representatives could include amongst others, advisers, agents, introducers and finders, consultants and political lobbyists. The prohibitions in this Policy apply to Third Party Representatives engaged to represent the interests of the Group, a breach of which could result in termination of their engagement.
- 7.2 The approvals from the Chief Executive Officer and the Chief Financial Officer are required before the appointment of any Third Party Representative.
- 7.3 To minimise the risk of Third Party Representatives engaging in inappropriate conduct, relevant departments/Group companies should:
 - (a) always act with due care and diligence in selecting Third Party Representatives and in monitoring their activities;
 - (b) ensure that Third Party Representatives are aware of and respect the Anti-Fraud and Anti-Bribery Policy;
 - (c) ensure that all fees and expenses paid to Third Party Representatives represent appropriate and justifiable remuneration, which is commercially reasonable under the circumstances, for legitimate services rendered by the Third Party Representative; and
 - (d) keep accurate financial records of all payments.

VIII. Communication and Training

- 8.1 Each department/Group company should ensure that Employees are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear escalation procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each Group company is to make this Policy available to all Employees (whether in hard copy or online) and to provide briefings to new Employees thereon. Regular trainings relating to the fraud and bribery risks faced by the organisation, as well as compliance with laws, regulations and standards of conduct, which are relevant for their field of business, are available to Employees.
- 8.2 It is every Employee's responsibility to counter fraud and bribery by adhering to this Policy.
- 8.3 It is the responsibility of every manager to communicate this Policy to Employees. Managers should ensure that all Employees reporting to them, and external parties within their area of responsibility working on behalf of their respective companies, understand and comply with the prohibitions in this Policy.

- 8.4 No Employee will suffer demotion, penalty, or other adverse consequences for refusing the pay bribes even if such refusal may result in the Group losing business.

IX. Books and Records

- 9.1 Each Group company should establish a robust financial and accounting control system, including adequate segregation of duties, authorisation controls and logging of entries or changes 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 Accurate records of all company transactions and (where required under paragraph 5.4) Business Courtesies must be kept. All receipts and expenditures must be supported by documents that describe them accurately and properly. The falsification of any book, record or account of any company within the Group is prohibited.
- 9.3 Employees must not pay for Business Courtesies personally as a means of evading the requirements of this Policy.

X. Reporting of Bribery and Suspicious Activity

- 10.1 If an Employee becomes aware of any actual or suspected breach of this Policy, he/she must report such incidents. Please also refer to the Whistleblowing Policy which provides a mechanism for Employees and those who deal with the Group to raise concerns on any suspected impropriety, misconduct or malpractice through confidential reporting channels.
- 10.2 The timely reporting of actual or suspected breaches of this Policy lies with the department heads having responsibility for the operation in which the incident occurs, who is to report actual or suspected incidents of bribery, theft, fraud or similar offences to the Chief Financial Officer and the Internal Audit. It is the policy of the Group to timely report the incidents within one working day if the amount involved is greater than the de minimis amounts as agreed from time to time between the Internal Audit and Chief Executive Officer or Chief Financial Officer (currently, RMB5,000). All such matters must also be notified to the Internal Audit.
- 10.3 Notification for cases above the de minimis amounts (currently, RMB5,000) should be made by phone or confidential email or fax as soon as the department heads become aware of the incident, and in any event within one working day. Reasonable liaison should then be maintained with the Chief Financial Officer and the Internal Audit, as applicable, in order to ensure they are kept fully apprised of material developments in the case and able to offer forensic or other assistance as appropriate.
- 10.4 To facilitate the formal risk review and assessment by the Group, the senior management is assigned to keep a register recording both suspected and actual incidents regardless of the amounts involved, and report the relevant statistics to the Chief Financial Officer on a quarterly basis. In addition, all the relevant information related to such cases should be made readily available for review and follow up by the Internal Audit.
- 10.5 Employees are actively encouraged to report any concerns regarding fraud and bribery. The Chief Financial Officer is responsible to ensure that such complaints are logged, investigated and appropriate action is taken. All reports of fraud or bribery are to be

investigated and appropriate sanctions employed. Complaints are to be treated confidentially to the extent possible, and Employees raising legitimate concerns in good faith are to be protected; retaliation of any kind against any Employee for making good faith reports about actual or suspected violation of this Policy is not permitted.

- 10.6 Employees must cooperate fully and openly with any investigation into alleged or suspected corrupt activity or breach of this Policy. Failure to cooperate or to provide truthful information may also lead to the Employee being subject to disciplinary action, up to and including dismissal.

(January 2022)

Appendix 1: Fraud

- 1 The term “fraud” commonly encompasses deceptive conduct with the intention of making some form of financial or personal gain, or causing another person suffers a loss. It includes, but is not limited to, deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
- 2 Examples of general types of fraudulent behaviour that may impact the Group include but not limited to:
 - (a) obtaining financial advantage or any other benefit by deception or abuse of authority granted by virtue of official position or duty;
 - (b) unauthorised trading activities involving conflict of interest and/or gaining of personal interests;
 - (c) improper use of business information not released to the public and/or commercially sensitive information;
 - (d) theft, unauthorised use and/or disposal of Group assets or resources;
 - (e) false accounting and/or misleading disclosures;
 - (f) false declaration of work performed or misstatement of materials used in projects; and
 - (g) false payroll, false invoicing or false expense claims.
- 3 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.

Appendix 2: Bribery

1. Bribery involves giving or offering to give any advantage, directly or indirectly, to a public servant (i.e. officers, members and employees of public bodies) or any employee of a company or other person connected with a business, as an inducement or reward for or otherwise on account of such person's conduct in relation to the affairs of their employer or principal. It also involves soliciting or accepting bribes.
2. Bribery usually occurs where a person offers advantages to another as an inducement or reward for the recipient's improper performance of duties (usually to win or retain business or advantages), or where the recipient abuses his authority or position for personal gain. Bribery can also take place where the offer or payment is made by or through a third party.
3. Bribes and kickbacks can consist of anything of value (i.e. an "advantage"), including:
 - gifts, excessive entertainment and hospitality, sponsored travel and accommodation;
 - cash payments, whether by or to employees or business partners such as agents, finders, introducers or consultants;
 - other favours provided by or to public officials, suppliers or customers, such as engaging a company owned by a member of a public official or customer's family;
 - free use of a company's services, facilities or property; and
 - loans, loan guarantees or other extensions of credit on preferential terms, or other intangible forms of preferential treatment.
4. A list setting out examples of "Red Flags" which may be indicative of bribery is available from the Legal & Regulatory Affairs Department for reference. If Employees spot any of the "Red Flags" in their dealings with a person/entity with whom the Group does or proposes to do business that arouse suspicion of bribery, they should report the matter in accordance with the reporting and escalation procedures established by their employing company.
5. Some countries have enacted anti- bribery laws which apply to the actions of citizens and domestic companies even if the activity takes place outside the jurisdictions. Breach of these laws can lead to severe penalties for companies and individuals.