



Prinx Chengshan Holdings Limited

浦林成山控股有限公司

Stock Code: 1809.HK

Anti-fraud Policy

1. Purpose

In order to establish a good corporate image, establish an effective anti-fraud mechanism, promote anti-corruption and anti-bribery work in business activities, strengthen the Company's management and internal control, reduce the Company's risks, regulate business activities, safeguard the Company's legitimate rights and interests, ensure the realisation of the Company's business objectives and the Company's sustainable, stable and healthy development, and guide the Company's management personnel and related stakeholders (such as customers and suppliers) to "act in accordance with the law, be honest and trustworthy, and compete fairly", this regulation is specially formulated.

2. Applicability

This regulation applies to all departments, individuals and all customers and suppliers who have business or economic dealings with the Company.

3. Specific contents

3.1 Concept

The fraud mentioned in this regulation refers to the violation of discipline and law by internal and external personnel of the Company with the characteristics of intentional deception. Its purpose may be to seek illegitimate interests of individuals or others and to harm the legitimate interests of the Company and its shareholders by means of fraud or other illegal means, or to seek illegitimate interests of individuals or others.

3.2 Forms of fraud

3.2.1 Fraud that harms the legitimate interests of the Company

It refers to an improper act of the Company's internal and external personnel to seek their own interests and to use fraud and other illegal means to damage the legitimate interests of the Company or shareholders. Such as receiving bribes or kickbacks, illegally using company assets, embezzlement, misappropriation, theft of company assets, obtaining company assets with fraudulent transactions, deliberately concealing, misrepresenting transactions, forging or altering accounting records or vouchers, preparing false financial statements, and divulging company trade or technical secrets. If there is any violation, it shall be dealt with in accordance with the Administrative Regulations on Reward and Punishment of Employee Behaviour, the Guidelines for Anti-fraud Operation and the Administrative Measures for Anti-fraud Reporting.

3.2.2 Gifts, cash gifts and entertainment

It refers to receiving banquet invitations from subordinates, employees, customers and partners, receiving gifts, cash gifts and other valuable cards and coupons, etc., and receiving gifts of promotion and memorial nature due to work needs, which need to be reported to the department head and the general manager's office for filing. In particular, gifts with value below RMB 1,000 can be retained after approval and filing by the department head; If the value of the gift exceeds RMB 1,000, it shall be submitted to the general manager's office for unified handling. If there is any violation, it shall be dealt with in accordance with the Administrative Regulations on Reward and Punishment of Employee Behaviour and the Guidelines for Anti-fraud Operation.

3.2.3 Improper business competition

The term refers to any relative of the manager who participates in the business including but not limited to supply, sales, transportation, engineering, maintenance, etc., the manager shall report to the business department, the Internal Audit department for record in advance. If there is any violation, it

shall be dealt with in accordance with the Administrative Regulations on Reward and Punishment of Employee Behaviour and the Guidelines for Anti-fraud Operation.

3.2.4 Management relatives illegally joined the Company and managers engaged in second occupation

The manager shall not arrange his/her relatives to work in non-production positions within his/her management scope, and if necessary under special circumstances, approval shall be obtained from the president; The manager shall not engage in any business activities other than that of the Company, including but not limited to controlling and participating enterprises, and shall not engage in part-time work, agency, marketing of products, insurance, etc. If there is any violation, it shall be dealt with in accordance with the Administrative Regulations on Reward and Punishment of Employee Behaviour and the Guidelines for Anti-fraud Operation.

3.2.5 Engaging in non-compliance activities

It refers to the acts of the Company's internal personnel participating in activities expressly prohibited by laws and administrative regulations, including but not limited to improper acts such as harming the interests of the state, other organizations, individuals or shareholders, evading tax, gambling, etc. If there is any violation, it shall be dealt with in accordance with the Administrative Regulations on Reward and Punishment of Employee Behaviour and the Guidelines for Anti-fraud Operation.

3.3 Responsibilities for anti-fraud work

3.3.1 Duties of the Board

3.3.1.1 Authorise the Development Strategy and Risk Management Committee to approve and supervise the formulation and implementation of anti-fraud procedures and policies.

3.3.1.2 Final audit opinions on the handling of fraud, and if necessary, make direct disclosure to the shareholders' meeting or to the public or external auditors.

3.3.2 Duties of the Development Strategy and Risk Management Committee

3.3.2.1 Approve and supervise the formulation and implementation of anti-fraud procedures and policies.

3.3.2.2 Regularly understand the status and results of anti-fraud and report the results to the Board.

3.3.3 Duties of permanent organization

The Internal Audit department is the Company's permanent anti-fraud organization (hereinafter referred to as the "permanent organization"). Its duties are as follows:

3.3.3.1 Responsible for the issuance of anti-fraud work plan and conducting anti-fraud investigation upon approval by the Development Strategy and Risk Management Committee.

3.3.3.2 Responsible for issuing anti-fraud investigation reports.

3.3.3.3 Responsible for issuing the annual anti-fraud training and promotion materials, assisting the human resources department in the implementation of anti-fraud work on the online platform.

3.3.3.4 Summarise the training and implementation of anti-fraud on an annual basis and report to the Development Strategy and Risk Management Committee.

3.3.4 Duties of the management of the Company

The management of the Company is responsible for establishing and improving the internal control mechanism to ensure the effective implementation of anti-fraud procedures and control.

3.3.5 Business Departments and Staff Responsibilities

Each business department is responsible for its anti-fraud work; All employees should have the awareness and responsibility to abide by the Company's code of conduct, ethics and the laws and regulations of the country and the industry. If any fraud is found, it shall be reported in accordance with the Anti-fraud Reporting and Disposal Management Measures formulated by the Company.

3.3.6 Duties of the Human Resources Department

The human resources department of Prinx Chengshan shall provide training on the contents of this system during the induction training for new employees and sign an anti-fraud undertaking. The Company identified the list of key positions together with permanent organization.

3.3.7 Responsibilities of Prinx Academy

Prinx Academy is responsible for organizing employees to conduct relevant training on anti-fraud related content every year.

3.3.8 Duties of related stakeholders (such as customers and suppliers)

No improper benefits shall be provided to the staff of the Company; for example, if employees of the Company actively raised money and goods, banquets, entertainment activities and other fraud behaviours, please report them in a timely manner. For details, please refer to the Administrative Measures for Anti-fraud Reporting and Disposal.

3.4 Prevention and control of anti-fraud

3.4.1 Develop business conduct and ethics and various rules and regulations that the company allows or encourages to prevent the occurrence of wrong acts.

3.4.2 The Company's anti-fraud policies and procedures and relevant measures shall be effectively communicated or trained within the Company in various forms (through the Company's rules and regulations, publicity or the Company's website, etc.).

3.4.3 Anti-fraud training, laws and regulations, and integrity and moral education for new employees.

3.4.4 Encourage employees and related stakeholders (such as customers and suppliers) to abide by laws and regulations and conduct acts in compliance with integrity and ethics in the daily work and communication of the Company, and set up reporting channels to help employees and related stakeholders (such as customers and suppliers) correctly handle conflicts of interest.

3.4.5 Establish reporting channels, handling procedures, incentives and confidentiality mechanisms for fraud cases.

3.4.6 Establish necessary internal control measures for high-risk areas with fraud, including false financial reports and ultra vires of the management, information system and technology, bidding and procurement, on-site project management and project settlement, etc., strengthen the effectiveness of business process control procedures, and establish an internal control mechanism from the source.

3.5 Guidance and supervision of the Board and the Development Strategy and Risk Management Committee

The permanent anti-fraud organization shall report anti-fraud work to the Development Strategy and Risk Management Committee and the Board once a year, and the Board and the Development Strategy

and Risk Management Committee shall provide guidance and supervision.

3.6 Penalties for fraud

3.6.1 All employees who have committed fraud shall be defined according to the Administrative Regulations on Reward and Punishment of Employees' Behaviour. If the employee has committed criminal offences or violated the criminal law, the case shall be referred to the judicial authority for handling according to law.

3.6.2 If the relevant interested parties (such as suppliers and customers) provide improper benefits to our employees, the Company will investigate the liability for breach of contract by the giving unit in accordance with the contract or cooperation agreement, such as deducting liquidated damages, disqualification from cooperation, blacklisting of partners, etc.

3.6.3 For the relevant stakeholders (such as suppliers and customers) who voluntarily report to the Company, the Company will give understanding and protection as long as they provide information and actively cooperate in the investigation, and undertake not to do so in the future.

4. Relevant documents

4.1 Whistleblowing Policies and Procedures

4.2 Guidelines for Anti-fraud Operation

4.3 Management Regulations on Employee Behaviour Reward and Punishment

5. Interpretation Vesting

This provision is ultimately interpreted by the Internal Audit department.