



**Prinx Chengshan Holdings Limited**

**浦林成山控股有限公司**

Stock Code: 1809.HK

## **Anti-fraud Policy**

**(This Policy first took effect on 19 December 2023;  
it was revised on 16 December 2025 and took effect upon the Board's approval)**

## **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. Scope of Application**

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

## **3. Content**

### **3.1 Definition**

For the purposes of these Provisions, fraud refers to any disciplinary or illegal act characterized by intentional deception committed by personnel either inside or outside the Company, which is intended to obtain improper benefits for individuals or others, or to impair the legitimate interests of the Company and its shareholders.

### **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 Employee Reward and Discipline Management Regulation, the Anti-Fraud Operation Guidelines and Detailed Rules and the Whistleblowing Policies and Procedures.

#### **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 200 can be retained after approval and filing by the department head; If the value of the gift exceeds RMB 200, 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 Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

#### **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 Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

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

Managers shall not arrange their relatives to take up non-production positions within their jurisdiction. If such an arrangement is truly necessary under special circumstances, it must be approved by the President. Managers are prohibited from engaging in any business activities outside the Company, including but not limited to holding shares in or having equity participation in other enterprises, and shall not take concurrent positions, act as agents, or promote products, insurance policies, etc. Any violation of the above provisions shall be handled in accordance with the Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

### **3.2.5 Violating Regulations on Hosting Wedding, Funeral and Celebration Events**

It refers to the act of organizing extravagant events for weddings, funerals, birthdays and other occasions of oneself or immediate family members, inviting personnel from business-associated entities and subordinates to participate, or accepting red envelopes, gifts and other valuables from such personnel. Any violation shall be handled in accordance with the Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

### **3.2.6 Concealing Major Personal Matters**

It refers to the act of intentionally concealing or making false declarations on major personal matters that are required to be reported to the Company (including but not limited to investment relationships, part-time employment status, conflict of interest matters, etc.). Any violation shall be handled in accordance with the Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

### **3.2.7 Seriously Violating Integrity and Self-discipline Principles and Corporate Culture Requirements**

It refers to committing other acts that seriously violate the principles of integrity and self-discipline, the requirements for corporate culture development, or the provisions on ideological and work style building. Any violation shall be handled in accordance with the Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

### **3.2.8 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 Employee Reward and Discipline Management Regulation and the Anti-Fraud Operation Guidelines and Detailed Rules.

## **3.3 Responsibilities for anti-fraud work**

### **3.3.1 Duties of the Board**

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

- a) Approve and supervise the formulation and implementation of anti-fraud procedures and policies.
- b) 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:

- a) Responsible for the issuance of anti-fraud work plan and conducting anti-fraud investigation upon approval by the Development Strategy and Risk Management Committee.
- b) Responsible for issuing anti-fraud investigation reports.
- c) Responsible for issuing the annual anti-fraud training and promotion materials, assisting the Human Resources Center in the implementation of anti-fraud work on the online platform.
- d) Summarise the training and implementation of anti-fraud on an annual basis and report to the Development Strategy and Risk Management Committee.
- e) Conduct an annual anti-fraud training for employees in high-risk positions (such as finance, procurement, sales, etc.). The training content shall cover fraud identification, prevention, and reporting procedures.

#### **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 Resource Center**

The Human Resource Center 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. It 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**

- a) Formulate codes of conduct and ethics as well as various rules and regulations permitted or encouraged by the Company to prevent the occurrence of improper conduct.
- b) The Company’s anti-fraud policies, procedures and relevant measures shall be effectively communicated or disseminated through training among all employees via multiple internal channels, including but not limited to the issuance and promotion of company rules and regulations, and publication on the official company website.
- c) Employees at the manager level (including deputy managers) and above shall sign the Integrity and Self-discipline Commitment Letter.
- d) Provide anti-fraud training, legal regulation education and integrity ethics training for new employees.
- e) Encourage employees and relevant stakeholders (such as customers and suppliers) to abide by laws, regulations and integrity ethics in the Company’s daily operations and interactions. Provide multiple reporting channels including but not limited to a reporting email address, an ethics

hotline and an online reporting platform. These reporting channels shall ensure the feasibility of anonymous reporting and strictly protect the personal information of whistleblowers.

- f) Establish reporting channels, handling procedures, incentive measures and confidentiality mechanisms for fraud cases.
- g) Establish necessary internal control measures for high-risk areas prone to fraud, including the falsification of financial reports, overstepping of authority by management, information systems and technology, bidding and procurement, engineering site management and project final accounting. Strengthen the effectiveness of business process control procedures and establish internal control mechanisms at the source.

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

The anti-fraud permanent 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**

- a) For all employees who commit fraudulent acts, the responsibility for their fraudulent conduct shall be determined in accordance with the Employee Reward and Discipline Management Regulation. For fraud involving economic interests, assessment and handling shall be carried out in accordance with the principle of "for every sum of illegal gain, thirty times that sum shall be compensated". Where such acts constitute a criminal offense and violate the Criminal Law, the case shall be transferred to the judicial authorities for handling in accordance with the law.
- b) 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.
- c) or 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 Employee Reward and Discipline Management Regulation

## **5. Interpretation Vesting**

This provision is ultimately interpreted by the Internal Audit department.

## **6. Appendices**

Appendix I: Anti-Fraud Operation Guidelines and Detailed Rules

Appendix II: Integrity and Self-discipline Commitment Letter