

HKBN Ltd.

**Appendix 16.2 - Anti-Bribery, Anti-Corruption,
Anti-Fraud and Conflict of Interest Policy**

Anti-Bribery, Anti-Corruption, Anti-Fraud and Conflict of
Interest Policy

(Updated in August 2023)

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1 Purpose and Objective

This policy outlines acceptable and non-acceptable behaviours to ensure compliance with laws relating to anti-bribery, anti-corruption, anti-fraud and conflict of interests. This includes compliance with all relevant laws, domestic and foreign, prohibiting improper payments, gifts or inducements of any kind to and received from any person, including officials in the private or public sector, customers and suppliers such as the Prevention of Bribery Ordinance (Cap. 201) (the “**Ordinance**”).

This Policy applies to all Relevant Parties of HKBN Ltd. and its subsidiaries (collectively the “**Company**”). Relevant Parties means all Talents, Directors and secondees assigned by business partner(s) of the Company. All Relevant Parties of the Company and those of its subsidiaries must strictly adhere to this policy.

This policy provides guidelines on standards of behaviour of Relevant Parties and ways on how Relevant Parties should respond to different situations in business dealings so as to ensure the reputation of the Company will not be tarnished by dishonesty, disloyalty or corruption of Relevant Parties, and maintain integrity and effectiveness of the Company as a whole.

The Company is committed to:

- Conduct business in an ethical and honest manner to prohibit bribery, including people acting on the Company’s behalf.
- Minimise conflicts of interest.
- Zero tolerance to all forms of bribery and corruption.
- Comply with all relevant anti-bribery laws, including the Ordinance, that are applicable to the Company.

It is important that all Relevant Parties read, understand and act in accordance with this policy.

2 Roles and Responsibilities

2.1 The Board

The Board of Directors of the Company is accountable for the implementation of the anti-fraud and anti-corruption efforts of the Company.

The Board should demonstrate strong commitment to anti-corruption business practices, ensure the Board and the senior management are setting the right tone at the top, oversee the anti-corruption efforts to ensure regular monitoring and review, and disclose the Company's anti-corruption policy and efforts in the Annual Report.

2.2 Audit Committee

Audit Committee is responsible to oversee the Company's corruption risk management and controls, considering the corruption risks faced by the Company.

Audit Committee should oversee the design and implementation of the anti-corruption efforts (including corruption risk management), ensure its effectiveness through regular audits, monitoring and reviews, and ensure the independence of the internal audit function.

2.3 Senior Management

Senior management of the Company is responsible for ensuring the effective implementation and the monitoring and investigation of any material fraudulent or bribery activities committed within the Company.

In respect of prevention of corruption, the senior management should set the right tone at the top and demonstrate strong commitment to anti-corruption, ensure that Talents and business partners are aware of the Company's anti-corruption policy and their respective roles and responsibilities.

2.4 Internal Audit

Audit & Risk Department is responsible for evaluating and reporting to the Board, the Audit Committee, and the management regularly as to the adequacy and effectiveness of the Company's corruption risk management and internal controls.

2.5 Compliance

Legal & Regulatory Department is responsible for ensuring the Company's compliance with the Ordinance, any other anti-bribery laws that the Company may be subject to, anti-corruption practices applicable to the Company which may be imposed by the relevant regulator, and the Company's anti-corruption policy.

Legal & Regulatory Department should also identify and advise the Company on adoption of or compliance with recommended practices in relevant standards or best practices.

2.6 Finance Department

An effective financial control system can help reduce the risk of corruption by ensuring proper procedures in and controls over the use and disbursement of funds. The Finance Department should ensure that effective financial controls and proper scrutiny, approval and use of funds in financial processes are carried out.

2.7 Managers and Supervisors

Managers and supervisors should supervise the proper carrying out of day-to-day operations and business processes under their charge and ensure that they comply with all relevant regulations, internal policies, and procedures.

They should ensure their subordinates have awareness of the Company's anti-corruption policy by attending integrity and anti-corruption seminars, providing guidance and advice, and monitoring their conduct.

They should bring to the attention of the management or relevant departments any irregularities, risk exposures or practices that are conducive to corruption, and work together with the relevant departments to improve the procedures and practices, as necessary.

2.8 General Talents

Resisting corruption and helping the Company defend against corrupt practices are the responsibility of every Talents. All Talents must comply with the Company's anti-corruption policy and have basic understanding of the requirements under the Ordinance and anti-bribery law of the country in which they carry out business.

Talents should have basic knowledge of the corruption risks in their working environment and the proper anti-corruption practices they should adopt, and promptly bring to the attention of the management or appropriate reporting channel of any corruption or practices conducive to corruption noted.

3 Bribery

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage through "improper performance". "Improper

performance” happens when a person fails to act (1) in good faith, (2) impartially or (3) in accordance with a position of trust.

How do I know if something is a bribe?

In most circumstances, common sense will determine when a bribe is being offered. However, here are some questions Relevant Parties should ask oneself if in doubt:

- Am I being asked to pay something or provide any other benefit over and above the cost of the services being performed?
- Am I being asked to make a payment for services to someone other than the service provider?
- Are the hospitality or gifts I am giving or receiving reasonable and justified? Would I be embarrassed to disclose them?
- When a payment or other benefit is being offered or received, do I know or suspect it is to induce or reward favourable treatment, to undermine an impartial decision-making process or to persuade someone to do something that would not be in the proper performance of their job?

4 Corruption

Corruption is the abuse of public or private office for personal gain.

Corruption can take place in many types of activities. It usually is designed to obtain financial benefits or other personal gain. For example, bribes are intended to influence behaviour – they could be in the form of money, a privilege, an object of value, an advantage, or merely a promise to influence a person in an official or public capacity. Usually, two people are involved and both will benefit. Examples of a bribe include:

- Offer or receipt of cash in the form of a kickback, loan, fee or reward
- Giving of aid, donations or voting designed to exert improper influence

Any Relevant Parties soliciting or accepting an advantage in connection with his/her work without permission of the Company will be guilty of an offence under the Ordinance.

The term “advantage” under the Ordinance means almost anything which is of value (not limited to tangible items of economic value), except entertainment. Examples of advantages include any gift (both of money and in kind), loan, fee, reward, employment, contract, service, favour, benefits for family members or friends and the execution of or forbearance to the execution of duties, etc.

Relevant Parties may commit an offence under the Ordinance irrespective of whether he/she, or any other person acting on his/her behalf, directly or indirectly solicits or accepts any advantage, and whether for himself/herself or for any other person.

It is the Company's policy that no Relevant Parties shall solicit any advantages from fellow Relevant Parties or any person having business dealings with the Company (e.g. clients, suppliers, contractors, vendors or government officials). Relevant Parties should decline an offer of an advantage if the acceptance could affect their objectivity, or induce them to act against the Company's interest, or lead to the perception of impropriety. Relevant Parties should always consider the public perception when accepting an offer of an advantage and ensure that the solicitation or acceptance of any advantage can stand up to the public scrutiny and will not bring the Company into disrepute.

The areas of business where corruption or bribery, could most often occur include:

- a) Gifts, Entertainment and Hospitality
- b) Facilitation Payments
- c) Procurement Process
- d) Political, Community and Charitable Contributions

Each of these areas are further discussed below.

4.1 Gifts, Entertainment and Hospitality

What can I accept from business partners?

The Company has adopted a "no gift policy", that means neither Relevant Parties nor their family members shall accept / offer gifts or other advantages from / to the Company's business partners or customers. Please refer to No Business Gift Policy for detailed policy and procedures.

What can I offer to business partners or customers?

Under no circumstances should Relevant Parties offer advantages to any person or organization for the purpose of influencing such person or organization, whether directly or indirectly through a third party, in any business dealings. It is also illegal to offer advantages to public servants to influence any contract, tender or auction in relation to the public body concerned.

Relevant Parties should also exercise good judgement and practise moderation in giving gifts. Lavish or extravagant gifts in terms of value or frequency should not be offered to potential or existing customers. Gifts bearing HKBN logo are preferred.

Cash or cash equivalents, including gift certificates, loans, shares, share options, cheques, traveller's checks or money orders, investment securities, payment of credit card charges or similar items, any inappropriate entertainment (e.g. anything that is indecent or sexually explicit or which might otherwise adversely affect the Company's reputation) are not allowed – regardless of the amount.

Written prior approval should be obtained from the Department Head / relevant Management Committee, when an advantage is given in the conduct of the Company's business. Please refer to No Business Gift Policy for detailed policy and procedures.

4.2 Facilitation Payments

A "facilitation payment" is a payment to a government official designed to secure or speed up a routine government action to which the applicant is entitled, such as: processing a visa, scheduling an inspection, securing mail pick-up or delivery, or getting utilities connected.

Facilitation payments are not allowed. If Relevant Parties are unsure whether certain payments represent facilitation payments, please consult the Talent Management Department or the Audit & Risk Department or the Legal & Regulatory Department.

4.3 Procurement Process

Relevant Parties must follow the Company's Procurement Policy and adhere to the system of internal controls around supplier selection. Supplier selection should never be based on receipt of a gift, hospitality or payment. When supplier selection is a formal, structured invitation for the supply of products or services (often called a 'tender'), it is most important Relevant Parties maintain documentation supporting the Company's internal controls.

A tender process includes an invitation for other parties to make a proposal, on the understanding that any competition for the relevant contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, closed-door negotiations for the contract where a bidding process is open to all qualified bidders and

where the sealed bids are in the open for scrutiny and are chosen on the basis of price and quality. Please refer to Procurement Policy for details.

4.4 Political Community and Charitable Contributions

Relevant Parties must not make any political contributions from the Company's funds.

Contributions made by the Company to community projects or charities need to be made in good faith and in compliance with its Code of Conduct and this policy.

5 Books, Records and Internal Control Requirements

Expenses must not be hidden or purposefully misclassified. Many serious global bribery and corruption scenarios are found to involve inaccurate record-keeping. To prevent this, international anti-corruption laws generally require detailed and accurate accounting records for transactions, including cash and bank accounts. Relevant Parties must ensure the Company maintains accurate books, records and financial reporting.

All business units must maintain an effective system of internal control and monitoring of the Company's transactions. Certain monitoring controls are identified in the Company's policies, specifically regarding approval of travel and entertainment expenses. It is the responsibility of Relevant Parties to be knowledgeable of control procedures and ensure compliance.

Reasonable and proportionate due diligence should be undertaken on an entity before entering into any form of business relationships, such as supply and service contracts, mergers and acquisitions, etc., and should put in place probity and anti-bribery clauses in the agreements. Due diligence may include background checks, company searches, price comparisons, etc.

6 Fraud

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 deception, bribery, forgery, extortion, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.

Examples of fraudulent behaviour that may impact the Company include:

- 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 Company's 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.

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.

7 Conflicts of Interest

A conflict of interest situation arises when the 'private interest' of Relevant Parties competes or conflicts with the interest of the Company or the Relevant Parties' official duties. Private interest includes financial and other interests of the Relevant Parties himself/herself, and those of his/her connections including family and other relations, personal friends, clubs and societies to which he/she belongs, and any person to whom he owes a favour or to whom he may be obligated in any way.

Family members, by definition, refer to spouse, children, sons and daughters-in-law, grandchildren, stepchildren, parents, siblings, brothers and sisters-in-law, grandparents, stepparents of the Relevant Parties or of the spouse, any other relatives who reside in the same household.

7.1 Declaration

Relevant Parties should avoid any situation which may lead to an actual or perceived conflict of interest. All Pt. 4 up (Manager and above) Talents and Pt. 3 (Supervisor) Talents who are engaged in decision-making of procurement of supplies and services of the Company should complete the "Declaration of Conflicts of Interest (利益衝突申報書)" upon commencement of employment, annually thereafter and whenever there is actual or perceived conflict of interest.

Talents who are at Pt. 3 (other than the above specified) or below have to declare only if required or when an actual or perceived conflict of interest arises.

Failure to do so may give rise to criticism of favouritism, abuse of authority or even allegations of corruption.

7.2 Approval

Upon receiving the declaration of actual or perceived conflicts of interest made by Relevant Parties, recommendation and approval will be made by the below approval authority in consideration of:

- nature of circumstances leading to the conflicts of interest
- possibility of an occurrence of a perceived conflict of interest
- significance of impact of conflict
- occurrence of supervisory relationship

The approval authority is as follows:-

<u>Talents</u>	<u>Approval Authority</u>
All Pt. 4x up or below	Department Head
Department Head, Pt. 5 or above	Management Committee Member
Management Committee Member	Group CEO
Vice Executive Chairman and Group CEO	Board of Directors

All declarations must be reviewed and filed by the Talent Management Department.

The decisions may include but not limited to:

- authorizing the Relevant Parties to continue in his/her current duties
- removing the Relevant Parties from a particular transaction or a position of decision-making authority
- re-organising the duties of the Relevant Parties so as to avoid the conflict of interest
- placing additional control processes to ensure the impartiality of the Relevant Parties in the performance of his/her duties
- discontinuing recruitment and selection process
- taking other more serious actions, such as termination of current employment

Talent Management Department will inform concerned Department Head / Management Committee Member if the declaration of conflicts of interest is not approved.

7.3 Outside Employment / Investments

Relevant Parties should refrain from engaging in outside employment, business, investments or activities that might conflict with the Company's interests. If Relevant Parties wish to take concurrent employment, either on part-time, regular or consulting basis, they must seek prior written approval from Talent Management Department before accepting the employment.

7.4 Entertainment

As defined in the Ordinance, "entertainment" refers to food or drink provided for immediate consumption on the occasion, and of any other entertainment connected with or provided at the same time. A free entertainment may, in certain circumstances, amount to 'a discharge of an obligation to pay' which is an advantage under the Ordinance. Hence, although entertainment is an acceptable form of business and social behaviour, Relevant Parties must not accept lavish, or unreasonably generous or frequent entertainment, or indeed any entertainment which is likely to give rise to any potential or real conflict of interest, from persons with whom the Company has business dealings (e.g. clients, suppliers contractors, vendors or government officials) to avoid placing themselves in a position of an obligation to the offeror or into disrepute bearing in mind public perception.

Relevant Parties could consider the following factors:

- Its value, substance, frequency and nature;
- The relationship between Relevant Parties and the offeror;
- The character or reputation of the host or known attendees.

Relevant Parties should be particularly vigilant to entertainment offered to them outside Hong Kong, and turn down invitations from persons or organizations with whom the Company has business dealings, to meals or entertainments that are excessive or frequent in nature. Any free trips or travelling expenses are not included in the definition of "entertainment", but they are regarded as "advantages" under the Ordinance. Without prior consent from the Company, acceptance of these advantages is strictly prohibited.

7.5 Loans

Relevant Parties, their family members, relatives and domestic partner should not grant or guarantee a loan to, or accept a loan from or through the assistance of any individual or organization having business dealings with the Company. There is, however, no restriction on normal loan from a licensed bank / financial institution.

7.6 Gambling

Relevant Parties are advised not to engage in gambling of any kinds, including games of mahjong, with persons having business dealings with the Company as well as among colleagues, especially with subordinates. In social games with clients, suppliers, contractors, vendors or government officials, Relevant Parties must exercise judgment to withdraw from any high stake games. Gambling of any form is strictly forbidden in the Company's premises at any time or during working hours in any place.

8 Responsibility

Any violation of this policy will be regarded as a serious matter by the Company and will result in disciplinary action, including termination, consistent with local law.

Bribery and corruption are criminal offenses. Relevant Parties will be accountable whether he/she pays a bribe oneself or whether he/she authorizes, assists, or conspires with someone else to violate any anti-corruption or anti-bribery law. Punishment against Relevant Parties for violating the law is against the person as an individual and may include imprisonment, probation, mandated community service and significant monetary fines which will not be paid by the Company.

Relevant Parties are responsible for declaration conflicts of Interest himself/herself, if there is a reasonable cause to believe that Relevant Parties have failed to disclose his/her actual or perceived conflicts of interest, further investigation will be made, if necessary, followed by appropriate disciplinary and corrective action, including summary dismissal.

9 Communication and Training

This policy is available on the Company's intranet, annual training regarding to local anti-corruption laws and regulations is coordinated by Audit & Risk Department and Talent Management Department and delivered by specialists in each region.

All new joiners must attend the training. Relevant Parties who had attended the training more than 3 years ago are recommended to join the training as refreshers. Training records are kept by Talent Management Department for one year.

10 Risk Assessment

The Company will conduct standard business risk assessments on an annual basis to determine the level of controls necessary for a particular aspect of the Company's operations, including in relation to procurement and tender processes.

11 Questions, Concerns or Reporting Potential Violations

Relevant Parties are encouraged to speak up about any issue or suspicion of malpractice at the earliest possible stage through the Whistleblowing Policy. Cases are handled by an independent third party and will be investigated by designed personnel from Talent Management Department, Audit & Risk Department, Legal & Regulatory Department as appropriate. Relevant Parties making reports under the Company's Whistleblowing Policy is assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the reports are subsequently proven to be unsubstantiated.

Relevant Parties or external parties can report any issue or suspicion of malpractice in person or in writing either by:

- fill in the form at <https://www.dwhistle.com/HKBNSpeakup>
- email to HKBNSpeakup@dwhistle.com

If Relevant Parties and external parties are unsure whether a particular act constitutes bribery, corruption, fraud or conflicts of interest, or have any other queries, these should be raised with Talent Management Department, Audit & Risk Department or Legal & Regulatory Department.

The Company may review, modify or amend this policy from time to time.

12 Policy Compliance

12.1 Compliance Effective Date

This policy is effective on the 'Last Revision Date' as indicated on the title page.

12.2 Compliance Measures

The Company adopts various measures to ensure compliance with this policy, including review of expense reimbursement, review of report on personal benefits received, internal and external audits, self-assessment, reports of potential violations and/or other feedback received by the Company.

12.3 Non-compliance

Any non-compliance with this policy will result in disciplinary action, including summary dismissal.

13 Acknowledgment of this Policy

All Relevant Parties are required to acknowledge this policy either electronically via TalentHome or by hardcopy. Records will be kept by Talent Management Department.