



Anti-Corruption Policy

Introduction

This anti-corruption policy (the “Policy”) is established for Luk Fook Holdings (International) Limited, a Hong Kong-listed company in the jewellery business. Our company is committed to conducting business with integrity, transparency, and accountability. We adhere strictly to the laws and regulations concerning anti-corruption and expect the same from our employees, partners, and stakeholders.

1. Purpose and Scope

1.1. Purpose

- (a) Luk Fook Holdings (International) Limited (the “Company”) and its subsidiaries, (collectively referred to as the “Group”), are dedicated to maintaining the highest standard of business ethics, integrity and honesty. The Group actively endorses all anti-corruption laws and regulations and unequivocally condemns any acts of corruption.
- (b) Preventing Corruption (as defined in paragraph 5) is a fundamental aspect of the Group’s strong corporate governance practices and is essential for ensuring the Group’s long-term prosperity and healthy advancement.
- (c) The Group is committed to upholding honesty and self-discipline as core values. We seek to cultivate a corporate culture which prioritizes integrity, guided by principles of reasonableness, logicity, legitimacy, fairness, transparency, and impartiality. These standards form the foundation for fostering an environment of integrity and ethical conduct within our business operations.
- (d) All individuals within the Group and those involved in business transactions with the Group must consistently adhere to the Group’s core principles of integrity, honesty, fairness, impartiality, and ethical conduct. It is imperative to uphold these values and comply with the guidelines set forth in this Policy at all times.
- (e) Directors of and senior management personnel within the Group are required to uphold honesty and anti-corruption principles when making business decisions or conducting the Group’s operations, setting a standard for others to follow.

1.2. Scope

- (a) This Policy extends to all personnel within the Group, including the Directors of the Group (“Group Directors”), employees, and business partners conducting transactions with the Group. This also applies to suppliers, licensees, consultants, contractors, and any relevant third parties or entities acting as representatives of the Group.

2. Roles, Responsibilities and Reporting

2.1. Roles and Responsibilities

- (a) The senior management are responsible for managing the daily operations of the Group and for demonstrating a proactive commitment to anti-bribery and anti-corruption practices.

The Risk Management and Sustainability Committee of the Company is responsible for assessing fraud and corruption risks within the context of the Group’s established enterprise risk management framework. In addition, it is also responsible for conducting regular corruption risk assessment for the Group including the identification, analysis, and reporting of risks, and will recommend appropriate responses. The Group will also establish a risk monitoring system to oversee these risks.

- (b) For more information, please refer to the Group’s Staff Handbook (the “Handbook”), and internal notices, such as the Corruption Prevention Policy, which outline detailed honesty guidelines for the Group Directors and employees to follow.
- (c) Group Directors and employees are expected to acquaint themselves with and adhere to the stipulations of this Policy, as well as other supplementary policies and procedures issued by the Group as necessary.

2.2. Reporting

- (a) Employees must promptly report any confirmed or suspected violation of this Policy following the procedures outlined by the Group. Employees may report such instances to their head of department, who shall subsequently notify the Group’s senior management. For more information on the reporting channels and procedures, please refer to the Handbook.
- (b) Employees are required to cooperate fully and transparently with any investigation regarding any reported breach of this Policy or suspected corruption activities. Failure to cooperate or provide information may result in disciplinary measures against the employee and, if warranted, criminal prosecution of the individuals involved.

- (c) External parties may report any confirmed or suspected violation of this Policy to the Group Directors or Chief Executive Officer of the Group through the channels outlined in the Corruption Prevention Policy. For further information on reporting procedures, please refer to the Corruption Prevention Policy.

3. Anti-Corruption and its Policy Statement

- 3.1. The Group Directors and employees are expected to adhere to the regulations outlined in the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong, China) (“POBO”) and the applicable laws of other countries or regions. Any form of corrupting behavior is strictly prohibited, and a zero-tolerance policy is enforced against all acts of Corruption.
- 3.2. In Mainland of China, Hong Kong, China, Macau, China, or any other jurisdiction, the Group Directors and employees who involve in bribery, corruption, money laundering, or terrorism financing will face legal sanctions, including criminal and civil penalties. Furthermore, such acts could seriously harm the Group’s reputation.
- 3.3. Employees are strictly prohibited from knowingly engaging in, participating in, or being associated with any form of Corruption.
- 3.4. Due diligence of an appropriate standard should be undertaken when engaging parties that have a business relationship with the Group.

4. Licencee Due Diligence

- 4.1. The Group establishes a comprehensive licensee due diligence mechanism and outlines the procedures and requirements for maintaining records. Proper due diligence must be conducted to understand the licensee’s background, financial condition, market reputations, and past experiences, including their relationships (if any) with suppliers, other licensees, consultants, contractors, and other relevant third parties.
- 4.2. Comprehensive records of due diligence, including results and rationale for decisions, as well as transactions and payments, must be maintained. A balanced approach is necessary for licensees associated with higher-risk jurisdictions for money laundering or terrorism financing.

5. Types of Breaches and Conduct Issues

“Corruption” encompasses various forms of conflicts of interest or collusion with suppliers or clients to obtain kickbacks and accept bribes. Examples are:

- Monetary funds and traditional gifts such as red pockets

- Cryptocurrencies
- Unauthorized use or proxy payment for assets
- Stock exchanges
- Offshore assets
- Bank or shopping cards
- Entertainment benefits
- Reimbursement of excessive expenses
- Concealed benefits like job offers, employment opportunities, business deals, transaction contracts, and more
- Accepting personal benefits from business partners without disclose and approval
- Offering benefits to parties involved in group business
- Excessive or frequent entertainment from individuals
- Position for personal gain
- Any potential conflicts of interest

6. Corruption Risk Management and Internal Control System

- 6.1. This Policy, the Handbook and relevant Corruption Prevention Policy guidelines, such as internal notice, are in place for the Group and its distinct business divisions across Mainland of China, Hong Kong, China, Macau, China and other jurisdictions. These directives reinforce the Group's commitment to fostering a culture of transparency and integrity within the business environment, outlining the criteria and regulations pertaining to honesty and ethical behavior.
- 6.2. The Group has implemented comprehensive top-down policies and systems, including the Corruption Prevention Policy, to communicate its ethical values and commitment to business partners. These measures outline the Group's stance against corruption and stipulate requirements for honesty within its operations.
- 6.3. During investigations into corruption and bribery, the Group evaluates any potentially compromised internal control frameworks and processes, implementing required enhancements. Management conducts timely assessments to determine the feasibility of effectively fully addressing internal control deficiencies feasible.
- 6.4. The Group provides targeted training to management personnel and employees who are at higher risk of encountering bribery, corruption, money laundering, financing of terrorism, or non-compliance under the POBO. This training includes guidance on recognizing and managing such risks and situations effectively.

- 6.5. The Group conducts regular training sessions for all relevant personnel on risk control and compliance. This training encompasses legal and regulatory standards, Corruption risk management, and the internal control system. Employees are educated on Corruption risks, common pitfalls, and integrity challenges they may encounter during business operations. Additionally, they receive guidance on handling such situations effectively.
- 6.6. The Group frequently shares insights on integrity and reinforces the importance of honesty and integrity to its staff ahead of festive occasions when business partners might present gifts to the Group's employees .

7. Corruption Investigation and Violation Penalties

7.1. Corruption Investigation

- (a) In instances of violations, the issue will be brought to the Group Directors' attention for consideration of suitable disciplinary measures and potential referral to the pertinent law enforcement authorities for investigation.
- (b) Throughout the investigation process, appropriate actions will be taken to safeguard evidence, uphold confidentiality, and mitigate any potential loss associated with Corruption risks.

7.2. Whistleblower

- (a) The Group is committed to fostering a culture of transparency and accountability. Anyone who report confirmed or suspected violations of this Policy, shall be protected from retaliation in any form. The Group will fully ensure the confidentiality of the whistleblower's identity.
- (b) The Group has established a whistleblower policy (the "Whistle Blower Policy") to ensure all necessary steps will be taken to investigate reports of wrongdoing promptly and thoroughly. For detail, please refer to the Whistle Blower Policy.

7.3. Violation Penalties

- (a) Any employee found to have breached the Policy will face equitable and appropriate disciplinary actions, legal sanctions, or other authorized measures in accordance with the substantiated facts, the actual or potential harm inflicted upon the Group, and regulatory obligations. In certain cases, termination of employment contracts for employees and contract terminations for suppliers or licensees may be pursued.
- (b) Any employee or external party who retaliates against a whistleblower for reporting in good faith will face disciplinary action, up to and including termination of employment or contractual agreements.

8. Record Retention and Policy Review

The Group will maintain meticulous, precise, and comprehensive financial records for all payments. Adequate internal control mechanisms are established to guarantee that all financial transactions are duly authorized, free from improper payments, and undergo regular scrutiny and auditing. The Finance and Accounting Department and the Company Secretary Department will conduct periodic assessments and revisions of this Policy to ensure its alignment with all legal mandates.