



HONG FOK CORPORATION LIMITED

(Company Registration No.: 196700468N)

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING POLICY

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1. INTRODUCTION

- 1.1 Hong Fok Corporation Limited (“HFC” or the “Company”) is committed to conducting its business with integrity, and in compliance with all applicable laws and regulations relating to the prevention of corruption, bribery, money laundering and terrorism financing. Consistent with that commitment, the Company has introduced this Anti-corruption and Anti-money Laundering Policy (the “Policy”) as part of its staff regulations.
- 1.2 This Policy applies to HFC and its subsidiaries (the “Group”), and all the employees, officers, management and directors of the Group (collectively referred to as the “Employees” in this Policy). This Policy, which sets out the responsibilities of the Group companies and of each Employee, is intended to assist Employees in the course of their work.
- 1.3 This Policy provides information and guidance on how to recognise, address, resolve, avoid and prevent instances of corruption, bribery, money laundering and terrorism financing which may arise. This Policy is not meant to prohibit the Group from carrying out legitimate business activities, so long as those activities comply with the law and with the Company’s internal policies.
- 1.4 Employees must comply with applicable laws in the countries where the relevant Group company operates, including anti-corruption and anti-bribery laws and laws relating to terrorism financing and money laundering. The laws that apply to the Company include, but are not limited to, the Prevention of Corruption Act, Chapter 241 of Singapore (“PCA”), the Terrorism (Suppression of Financing) Act, Chapter 325 of Singapore (“TSOFA”) and the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Chapter 65A of Singapore (“CDSA”).
- 1.5 The PCA provides that it is an offence for any person, by himself or in conjunction with any other person, to corruptly solicit or receive, or agree to receive for himself, or for any other person, any gratification as an inducement to or reward for, or forbearing to do anything in respect of any matter or transaction, actual or proposed. It is also an offence under the PCA for any person, by himself or in conjunction with any other person, to corruptly give, promise or offer to any person whether for the benefit of that person or of another person, any gratification as an inducement to or reward for, or forbearing to do anything in respect of any matter or transaction, actual or proposed. The PCA specifically prohibits such payments, promises or offers to any member, officer or servant of a public body. The punishment for such offences includes a fine not exceeding \$100,000 or imprisonment for a term not exceeding 5 years or both.¹
- 1.6 The TSOFA provides that all persons shall not provide, use, possess or collect property, or make available any financial or other related services if they know or have reasonable grounds to believe that such property or services are to be used for terrorist acts or purposes, or to benefit any terrorist or terrorist entity.² The TSOFA also provides that all persons shall not deal in any terrorist’s property, including entering into or facilitating any financial transaction relating to a dealing in such property, or providing any financial services or any other related services in respect of such property, knowing or having reasonable grounds to believe that the property is owned or controlled by or on behalf of any terrorist or terrorist entity, including funds derived or generated from property owned or controlled by any terrorist or terrorist entity.³ The punishment for such offences includes in the case of an individual, a fine not exceeding \$500,000 or imprisonment for a term not exceeding 10 years or both, or in

¹ Section 5 of the PCA.

² Sections 3, 4 and 5 of the TSOFA.

³ Section 6 of the TSOFA.

any other case, a fine not exceeding \$1 million.⁴

- 1.7 The CDSA provides that it is an offence for any person to assist another to retain benefits of drug dealing⁵ or benefits from criminal conduct.⁶ It is an offence to enter into or otherwise facilitate an arrangement knowing or having reasonable grounds to believe that another person has been or is involved in, or has benefited from drug dealing or criminal conduct and that by that arrangement it will facilitate the retention or control of that person's benefits of drug trafficking or benefits from criminal conduct, or such benefits of drug trafficking and benefits from criminal conduct are used to secure funds or acquire property (by way of investment or otherwise) for that person. The punishment for such offences includes in the case of an individual, a fine not exceeding \$500,000 or imprisonment for a term not exceeding 10 years or both, or if the person is not an individual, a fine not exceeding \$1 million.⁷
- 1.8 This Policy cannot reasonably cover every situation that Employees may face in the course of their work. If Employees have any doubts or queries as to how they should apply any of the provisions of this Policy, they may wish to seek guidance from their immediate supervisors or where appropriate, the Company's management.

2. POLICY AGAINST CORRUPTION AND BRIBERY

2.1 Strict prohibition against all forms of corruption and bribery

2.1.1 HFC strictly prohibits all forms of corruption and bribery.

2.1.2 A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage or favour, or to secure an improper benefit or improper performance of a function or activity.

A "kickback" is typically a payment made in return for a business favour or advantage. For example, a supplier may offer to pay a manager a "kickback" comprising an amount of money or other benefit in kind, in exchange for the award of a supply contract by that manager to that supplier.

- 2.1.3 Examples of bribes, "kickbacks", gratification or other corrupt payment (collectively referred to as "**bribes**" in this Policy) include but are not limited to the following:
- (a) money or any gift, loan, fee, reward, commission, valuable security or other property or interest in property of any description (whether movable or immovable);
 - (b) any contract, office or employment;
 - (c) any payment, release, waiver, discharge or liquidation of any loan, debt, obligation or other liability, whether in whole or in part;
 - (d) any other service, favour or advantage of any description (which may include sexual favours), including protection from any penalty or disability incurred or from any action or proceedings of a disciplinary or penal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
 - (e) any offer, undertaking or promise of any bribe within the meaning of the above subparagraphs (a), (b), (c) and (d).

⁴ Section 6A of the TSOFA.

⁵ Section 43 of the CDSA.

⁶ Section 44 of the CDSA.

⁷ Sections 43(5) and 44(5) of the CDSA.

Further “red flags” that may indicate bribery, corruption, money laundering and terrorism financing are set out in the Schedule.

2.1.4 Employees are prohibited from directly or indirectly:

- (a) giving, offering, authorizing or promising to give or offer to or promising to authorize the giving or offering to; or
- (b) soliciting or extorting (including blackmailing), accepting or receiving, or agreeing to accept or receive from;

any person, company or organization (including any government, regulatory authority or public body and their officials, officers or members) any bribe, “kickback”, gratification or other corrupt payment as an inducement to, payment or reward for, or otherwise on account of, any person doing something or refraining from doing something or to influence a decision or conduct in respect of any matter or transaction whatsoever, actual or proposed.

In addition, Employees are prohibited from aiding or abetting or attempting or conspiring to commit any acts of corruption or bribery.

2.1.5 Violations can have severe consequences for the Company and the Employees, including criminal and civil penalties. Any Employee found to have engaged in prohibited conduct or ignored suspicious activity may face disciplinary action, including termination of employment or contract and/or referral to the appropriate law enforcement authorities.

2.2 Gifts and hospitality

2.2.1 HFC prohibits the giving and accepting of gifts and hospitality, unless they are normal and appropriate gifts and hospitality.

2.2.2 HFC recognises that the exchange of business courtesies, such as modest gifts (but not cash), meals and entertainment (including invitations to attend events or parties), is a common practice for various legitimate reasons, including to create goodwill, establish trust in relationships, improve the image of a commercial organization, or better present products or services. Such courtesies are allowed, provided that the value of the gift, meal or entertainment is reasonable in light of the accepted business practices of the industry, and is not intended to improperly influence the decisions of the person involved.

2.2.3 Normal and appropriate gifts and hospitality would include where the gift or hospitality:

- (a) is not made with the intention of influencing a third party to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- (b) complies with the prohibitions and requirements of local law;
- (c) is given in the Company’s name, not in the Employee’s name;
- (d) does not include cash or a cash equivalent (such as gift certificates or vouchers);
- (e) is appropriate in the circumstance, e.g. buying meals during meetings or small gifts to be given during festive seasons. When receiving any gifts beyond a nominal value, the Employee must declare it to the Company, and the Employee’s direct supervisor or head of department will decide whether the Employee is allowed to keep the gift. Where a director receives such a gift, he must declare it to the Chairman of the Audit and Risk Management Committee, and the Chairman of the Audit and Risk Management will decide whether the director is allowed to keep the gift. Where the Chairman of the Audit and Risk Management Committee receives such a gift, he must declare it to the Audit and Risk Management Committee, and the Audit and Risk Management Committee will decide whether the Chairman is allowed to keep the gift.

- (f) taking into account the reason for the gift, is of an appropriate type and value and given at an appropriate time and should not be lavish, extravagant or out of line with country or industry norms;
- (g) is given openly, not secretly. Employees should never attempt to hide such activities or the circumstances surrounding the activities from anyone; and
- (h) is not offered to, or accepted from, government officials or representatives, or politicians or political parties.

2.3 Facilitation payments

- 2.3.1 HFC strictly prohibits facilitation payments, which are unofficial payments made to public or government official or authorities, typically of a small amount and for the purpose of expediting or securing the performance of a particular routine governmental action, service or procedure. No Employee or any third party should make any facilitation payments for and/or on behalf of the Group.
- 2.3.2 If an Employee is asked to make a payment on the Company's behalf, the Employee should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. The Employee should always ask for a formal receipt which details the reason for the payment. If the Employee has any suspicions, queries or concerns regarding a payment, he/she should raise these with the Head of Department.

2.4 Donations to Political Parties

HFC does not make charitable donations or contributions to political parties and political associations (as defined under the Political Donations Act, Chapter 236 of Singapore) nor to candidates and/or election agents in a parliamentary election or presidential election. This Policy disallows payment even where an Employee has been requested or demanded by a government official or if the government official threatens adverse actions against the Company unless the payment has been made.

3. ANTI-BRIBERY LAWS OF OTHER JURISDICTIONS

- 3.1 Employees are required to observe and comply with the anti-corruption laws of Singapore and any country in which the Group operates or does business. Some of these countries, such as Hong Kong (Prevention of Bribery Ordinance), may have anti-corruption laws with far-reaching provisions that hold the Company and/or any of the Group companies liable for the acts of persons associated with the Group.
- 3.2 This Policy shall apply even in circumstances and in countries where the giving and receiving of bribes or corrupt payments may be common local practice or custom.
- 3.3 Bribery which is committed overseas may still be caught under Singapore's anti-corruption laws, i.e., where an offence is committed by a Singapore citizen in any place outside Singapore, he may dealt with in respect of that offence as if it had been committed within Singapore.⁸

4. TERRORISM FINANCING & MONEY LAUNDERING

- 4.1 Money laundering is a process by which criminals attempt to conceal the real origin and ownership of money and other benefits derived from criminal conduct so that the money and other benefits appear to have a legitimate source.

⁸ Section 37(1) of the PCA.

- 4.2 A "terrorist" is defined in the TSOFA to include any person who commits, or attempts to commit, any terrorist act, or participates in or facilitates the commission of any terrorist act.⁹ A "terrorist entity" is defined in the TSOFA to include any entity owned or controlled by any terrorist or group of terrorists and includes an association of such entities.¹⁰
- 4.3 A "politically exposed person" ("PEP") refers to (i) a person who is or has been entrusted domestically with prominent public functions, (ii) a person who is or has been entrusted with prominent public functions by a foreign country, and (iii) a person who is or has been entrusted with prominent public functions by an international organization.
- 4.4 "Prominent public functions" includes the roles held by a Head of State or government, government ministers, senior civil or public servants, senior judicial or military officials, senior executives of state owned corporations or senior officials of political parties, members of the legislature and senior management of international organizations.
- 4.5 The Group and its Employees must not assist third parties to retain the benefits of drug dealing,¹¹ criminal conduct,¹² or to assist in the use, possession or collection of property to be used for terrorist acts or purposes, or to benefit any terrorist or terrorist entity.¹³
- 4.6 Where Employees know or have reasonable grounds to suspect that any property represents the proceeds of, or was used or is intended to be used in connection with any act which may constitute drug dealing or criminal conduct, as the case may be, and the information or matter on which the knowledge or suspicion is based came to their attention in the course of their trade, profession, business or employment, Employees shall disclose the matter to a Suspicious Transaction Reporting Officer by way of a suspicious transaction report as soon as is reasonably practicable after it comes to their attention.¹⁴ A "Suspicious Transaction Reporting Officer" means an authorised officer who has been appointed by the Minister as one for the purposes of the CDSA.
- 4.7 In addition, under the TSOFA, Employees who have, *inter alia*, possession of any property belonging to any terrorist or terrorist entity or information about any transaction or proposed transaction in respect of any property belonging to any terrorist or terrorist entity shall be under a duty to disclose and immediately inform the Commissioner of Police of that fact or information.¹⁵ A "Commissioner of Police" includes any police officer and any other person authorised by the Commissioner of Police to act for him for the purposes of Section 8 of the TSOFA.¹⁶

5. EMPLOYEE'S RESPONSIBILITIES

- 5.1 All Employees must ensure that they read, understand and comply with this Policy.
- 5.2 All Employees must take note of and comply with any future updates and other materials issued by the Company from time to time as part of the Company's efforts to prevent corruption, bribery, money laundering and terrorism financing, and any other policies or practices implemented by the Company or any of its subsidiaries from time to time.
- 5.3 The prevention, detection and reporting of bribery, other forms of corruption and suspicious transactions are the responsibility of all Employees. Employees are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

⁹ Section 2(1) of the TSOFA.

¹⁰ Section 2(1) of the TSOFA.

¹¹ Section 43 of the CDSA.

¹² Section 44 of the CDSA.

¹³ Sections 3, 4 and 5 of the TSOFA.

¹⁴ Section 39(1) of the CDSA.

¹⁵ Section 8(1) of the TSOFA.

¹⁶ Section 8(6) of the TSOFA.

It is **NOT** a valid excuse or defence that:

- (a) the Employee did not intend to personally benefit from the corrupt act or practice, but did so for the benefit of some other person, including the Company and/or the Group companies;
 - (b) the Employee was acting on the instructions of his/her supervisor(s);
 - (c) the Employee personally believes such acts or practices are necessary or justified in order for the Company to remain competitive or profitable in a particular jurisdiction or industry, or in order to retaliate against the corrupt practices of others; or
 - (d) the Employee personally believes that such acts or practices are common or normal business acts in a particular jurisdiction or industry.
- 5.4 If an Employee is offered a bribe by a third party, or is asked to make one, it is important that he/she informs the Head of Department as soon as possible.
- 5.5 If an Employee is aware of or has reasonable grounds to suspect any actual or potential corruption or breach of this Policy in the course of his/her employment, he/she must report this as soon as possible to his/her immediate supervisor(s) or otherwise lodge a complaint via email (which may be anonymous) with the Chairman of the Audit and Risk Management Committee in accordance with HFC's whistle-blowing policy, and provide such information and/or assistance as may be necessary for a thorough investigation to be conducted. The Employee should not attempt to personally conduct investigations or interrogations related to any suspected act of corruption. If the Employee is unsure whether a particular act constitutes bribery or corruption, or if the Employee has any other queries, these should be raised with the Head of Department immediately.
- 5.6 Any decision to refer the investigation findings to the appropriate enforcement and/or regulatory agencies for independent investigation will be made by the Audit and Risk Management Committee.
- 5.7 Any Employee who breaches this Policy will face disciplinary action, which could result in immediate termination of employment or appointment. Disciplinary action will also be taken against Employees who have knowledge of such violations but conceal such information from the Group, or who take detrimental action against others who report such violations.

6. INTERNAL FINANCIAL CONTROLS AND RECORD KEEPING

- 6.1 The Company should record all financial transactions according to the Company's financial and internal control policies and procedures.
- 6.2 Payments and other compensation to third parties should be accurately recorded in the Company's corporate books, records, and accounts in a timely manner and in reasonable detail. This includes any commissions, service or consulting fees, expenditures for gifts, meals, and entertainment, and expenses for promotional activities.
- 6.3 No undisclosed or unrecorded accounts of the Company may be established for any purpose. False, misleading, incomplete, inaccurate, or artificial entries in the books, records, or accounts of the Company are prohibited.
- 6.4 Personal funds should not be used to accomplish what is otherwise prohibited by this Policy.

7. MONITORING AND REVIEW

- 7.1 To ensure that this Policy is implemented effectively, the Company's Audit and Risk Management Committee will monitor the effectiveness and review the implementation of this Policy from time to time.
- 7.2 This Policy does not form part of any Employee's contract of employment and it may be amended from time to time.

SCHEDULE: "RED FLAG" SITUATIONS

Corruption and corrupt activities may take many forms and Employees need to constantly remain vigilant and discerning. In conducting the business of the Group and in the course of their work, they must be attentive to potential "red flag" situations where there is generally a higher risk of corruption or which may raise concerns under anti-bribery and anti-corruption laws and laws relating to terrorism financing and money laundering.

The following is a non-exhaustive list of possible "red flag" situations that may arise:

- (a) operations or transactions involving jurisdictions or countries with a history of or reputation for corruption or involving parties with a reputation for engaging in acts of corruption or improper business practices;
- (b) where a prospective business partner, agent, representative, joint venture partner or customer is or has close ties with a PEP;
- (c) where a third party requests for payment in cash or for no records to be made of payments and/or refuses to sign a formal contract or to provide an invoice or receipt for the payment made;
- (d) where a third party refuses to put terms agreed in writing;
- (e) where a third party requests for payment to be made to or channeled through a country or geographic location different from where the third party resides or conducts business, or other unusual payment arrangements;
- (f) where a third party requests for payments of unexpected additional fees, commission or reimbursements of extraordinary or vague expenses, whether or not to 'facilitate' a service;
- (g) where a third party requests for payments to 'overlook' potential legal or regulatory violations;
- (h) where the Employee receives invoices which appear to be non-standard, or the payment request exceeds what is stated in the invoice, or the invoice indicates payment for a fee or commission which appear large given the services stated to have been provided;
- (i) where a third party requests that the Employee provide employment or some other advantage to the third party's friend or relative;
- (j) where a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the Group;
- (k) where a third party demands lavish entertainment, hospitality or gifts before commencing or continuing contractual negotiations or provision of services;
- (l) where a third party offers the Employee an unusually generous gift or offers lavish hospitality; and
- (m) where the Employee has any doubts about the veracity or adequacy of previously obtained customer identification data.