

SKYWORTH

SKYWORTH GROUP LIMITED

創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

Anti-Fraud and Anti-Corruption Policy

Skyworth Group Limited (the “Company”, together with its subsidiaries referred to as the “Group”) is committed to protecting its reputation, revenues, assets and information from any attempt of fraud, corruption, deceit or related improper conduct by employees or third parties.

The Anti-Fraud and Anti-Corruption Policy (the “Policy”) is to outline the Group’s expectations and requirements relating to the prevention, detection, reporting and investigation of any suspected fraud, corruption and other similar irregularities.

The Policy is an integral part of the Company’s corporate governance framework. It supplements other relevant corporate policies including the Company’s Internal / External Whistleblowing Policy and Code of Conduct.

Scope of Application

The Policy applies to the Group. All of its business partners, including joint venture partners, associated companies, contractors and suppliers are encouraged to abide by the requirements of the Policy.

Definition

“Fraud” generally refers to unfair or unlawful conduct with the intention of making some form of personal gain, or making another person suffer a loss including but not limited to, conspiracy, misappropriation, theft, money laundering, collusion, extortion and corruption.

“Corruption” as referred to the definition from the Independent Commission Against Corruption (ICAC) of the Hong Kong Special Administrative Region: “An individual abuses his authority for personal gain at the expense of other people. It erodes fairness and the rule of law, and in some cases, puts lives and property at risk.”

Examples of general types of fraudulent or corrupt activity that may compromise the Group’s interest including, but not limited to:

- Misrepresentation in the Group’s publicly released financial statements or other public disclosures;
- Misappropriation, skimming or theft of the Group’s assets such as cash, inventory, equipment, supplies, etc.;
- Unlawfully obtained revenue and assets, or unlawful avoidance of costs and expenses;
- Commercial bribery or bribery of a government official (including facilitation payment) or other violation of anti-corruption laws;
- Improper payment schemes such as the employees of the Group seeking or accepting from, paying or offering to, suppliers or business partners, kickbacks or gifts intended to or which may appear to influence business judgment; or
- Fraudulent disbursement or reimbursement such as payment for fictitious or inflated invoice, expenses, payroll, etc.

General Policy

- The Group has zero tolerance towards fraud and corruption, and as part of the Group's core value, it seeks to conduct its businesses with integrity, honesty, fairness, impartiality and ethics.
- The Policy is communicated to all levels of employees and stakeholders of the Company. Suitable and relevant anti-fraud and counter-corruption training will be provided to all employees in different jurisdictions to enhance (i) understanding on the criminal and civil penalties, as well as the reputational damage to the Group if it is involved in any form of bribery or corruption, money laundering and financing of terrorism, whether in the PRC, Hong Kong or elsewhere; and (ii) awareness of the legal requirement to comply with anti-corruption laws in the PRC, Hong Kong or other relevant jurisdictions.
- All employees should fully comply with the principles in the Policy, other relevant corporate policies and procedures, and internal controls requirements. In particular, employees are strictly prohibited (whether acting in their own capacity or on behalf of the Group) from:
 - offering, promising, giving or authorising, directly or indirectly, any gift, bribe, kickback or benefits to or for the benefit of any person (whether in private or public office) in order to obtain any improper business or other improper advantage for the Group;
 - soliciting, accepting or receiving (whether for the benefit of the Group, their own benefit or that of their family, friends, associates or acquaintances) any gift, bribe, kickback or benefits from any person (whether in private or public office) in return for providing any improper business or other improper advantage in relation to the business of the Group;
 - otherwise using illegal or improper means (including bribes, favours, blackmail, financial payments, inducements, secret commissions or other rewards) to influence the actions of others; or
 - acting as an intermediary for a third party in the solicitation, acceptance, payment or offer of a bribe or kickback.
- Offering or receiving any gift, gratuity or hospitality that might be perceived to unfairly influence a business relationship should be avoided.
- Monitor activities are designed and adapted to mitigate fraud risks. Independent risk based audits are conducted to monitor the effectiveness of these controls.
- The Group will conduct periodic fraud risk assessment.

Reporting and Responsibility

- All employees should familiarise themselves with and comply with the Code of Conduct, including the requirement to avoid, and to declare any conflict of interest that may arise in any transaction / arrangements.
- All employees are responsible for resisting fraud and helping the Group defend against corrupt practices.
- The Group shall maintain effective reporting channels for the employees and stakeholders to report any suspicions of fraud, all employees and stakeholders are expected and encouraged to report immediately any suspected cases of fraud and related misconduct via various reporting channels below.
- Suspected cases of fraud should be reported promptly, whether it is known who may be responsible for the fraud or how it may have occurred. They should be reported to one's direct supervisor, team leader or unit manager or directly to the Group's Violations Investigation and Punishment Office ("VIP Office") via the whistleblowing channel confidentially if one feels appropriate.
- Summary of investigated fraud cases by VIP Office will be reported to the Audit Committee.

Fraud Response

- All reported fraud cases to VIP Office will be treated seriously and investigations will be performed with the approach as stipulated in the Whistleblowing Policy.
- The Company will make every effort to treat all disclosures in a confidential and sensitive manner after an employee or a relevant party reports concern about any of the above matters. The identity of the individual employee or relevant party making genuine and appropriate allegation under this Policy is assured of fair treatment. In addition, employees are also assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action.

- If there is sufficient evidence to suggest that a case of possible criminal offence or corruption exists, legal professional advice may be sought and the matter may be reported by the Group to the relevant local authorities. In such case, the investigation will be taken over by the local authorities.
- Anyone found committing fraud or corruption will be subject to disciplinary action which may include dismissal.
- Records shall be kept for all reported misconducts, malpractices, and irregularities by the relevant parties in the Group. If a reported irregularity leads to an investigation, the party responsible for leading the investigation shall ensure that all relevant information relating to the case is retained, including details of corrective action taken in accordance with the Company's Policy (or whatever other period may be specified by any relevant legislation).

Review of the Policy

The Audit Committee has overall responsibility for implementation, monitoring and periodic review of the Policy. The Audit Committee has delegated the day-to-day responsibility for administration of the Policy to VIP Office.

The Company will review the Policy from time to time.