

PAX GLOBAL TECHNOLOGY LIMITED

ANTI-CORRUPTION POLICY

1. Ethical Commitment

- 1.1 PAX Global Technology Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is committed to upholding honesty, integrity, fairness and ethical business practices as its core value. The Company is determined to promote a culture of compliance, ethical conduct and good corporate governance throughout the Group and strictly prohibit any form of corruption, bribery, fraud and money laundering in all its business dealings, and is committed to the prevention, deterrence, detection and investigation of all forms of corruption, bribery, fraud and money laundering.
- 1.2 This Policy sets out the minimum standard of conduct expected of all directors and employees at all levels of the Group (which includes full time, part time and temporary staff, unless stated otherwise) (the “**Employees**”), and the Group’s policy on acceptance of advantage, offer of advantage and handling of conflict of interest when dealing with the Group’s business.
- 1.3 Any form of corruption, bribery, money laundering and financing of terrorism, whether in Hong Kong or elsewhere, may lead to criminal prosecution of or regulatory action against the Group, its directors and/or Employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage the Group’s business and reputation and undermine its relationship with its regulators and its customers, business partners and competitors.
- 1.4 All directors and Employees of the Group as well as external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, customer, supplier, consultants and contractors) are required to adhere to this Policy, as well as any additional requirements under the law of the place (which may be stricter than those set out in this Policy) where the relevant business dealing takes place.

2. Responsibility

- 2.1 The Audit Committee of the Company (the “**Audit Committee**”) has the overall responsibility for this Policy, but has delegated the day-to-day responsibility for overseeing and implementing this Policy to the Department Head of each company of the Group (the “**Group Company**”) , including the monitoring and management of corruption risks, identifying of business operations and processes that contribute to the growth of corruption, assessing the possibility and impact of corruption risks in business functions/processes (e.g. procurement, sales and marketing, inventory management, human resource management, charitable or community activities), reviewing the adequacy and effectiveness of implemented policies, practices and procedures so as to identify any corruption loopholes and develop appropriate monitoring measures and procedures to mitigate the risks or respond to changes and occurrences of corruption incident.
- 2.2 The Audit Committee shall bring to the attention of the board of directors of the Company (the “**Board**”) any material incidents relating to breaches of this Policy.
- 2.3 The Audit Committee is also responsible for monitoring and reviewing the effectiveness of this Policy and the actions following investigation of the cases reported.

3. Prevention of Corruption

3.1 The Group prohibits all forms of bribery and corruption. All directors and Employees are prohibited from soliciting, accepting or offering any bribe in conducting the Group's business or affairs, whether in Hong Kong or elsewhere. In conducting all business or affairs of the Group in Hong Kong, they must comply with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) (the "**POBO**") and must not:

- (a) solicit or accept any advantage from others as a reward for or inducement to doing any act or showing favour in relation to the Group's business or affairs, or offer any advantage to an agent of another as a reward for or inducement to doing any act or showing favour in relation to his principal's business or affairs;
- (b) offer any advantage to any public servant (including Government or public body employees) as a reward for or inducement to performing any act in his official capacity or showing any favour or providing any assistance in business dealing with the Government or a public body; or
- (c) offer any advantage to any staff or member of a Government department or public body while they are having business dealing with such Government department or public body.

Advantage shall have the meaning ascribed to it under the POBO as amended from time to time which may include gift, fee, reward, commission, travel, accommodation, office, employment or contract.

4. Acceptance of Advantage

4.1 It is the Group's policy that directors and Employees should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group or any subordinate, except that they may accept (but not solicit) the following customary business courtesies designed to build goodwill among business partners when offered on a voluntary basis:

- (a) advertising or promotional gifts or souvenirs of a nominal value; or
- (b) gifts given on festive or special occasions that is reasonable, not excessive, appropriate and consistent with reasonable business practice; or
- (c) discounts or other special offers given by any person or company to them as customers, on terms and conditions equally applicable to other customers in general.

4.2 Directors and Employees should decline an offer of advantage if acceptance could affect his/her objectivity in conducting the Group's business or induce him/her to act against the interest of the Group, or acceptance will likely lead to perception or allegation of impropriety.

4.3 Gifts or souvenirs described in paragraph 4.1 that are presented to directors and Employees in official functions are deemed as offers to the Group. If any director or Employee wishes to accept any advantage not covered in paragraph 4.1, he/she should state the details of such advantage and seek permission from the relevant Department Head (the "**Approving Authority**") using Form A at Appendix 1. The Approving Authority shall follow the principles set out in paragraphs 4.1 and 4.2 as the approval criteria and seek guidance from

the Audit Committee when it is necessary. Without the written approval of the Approving Authority, no directors or Employees shall accept such advantage.

5. Offer of Advantage

5.1 Directors and Employees are strictly prohibited from offering advantages to any director, staff or agent of another company or organisation, for the purpose of influencing such person in any dealing, or to any member or staff of the Government department or public body when having any dealing with the Government department or public body, whether directly or indirectly through a third party, when conducting the Group's business. Even when an offer of advantage carries no intention of improper influence, it should be ascertained that the intended recipient is permitted by his/her employer/principal to accept it under the relevant circumstance before the advantage is offered (except if the relevant interest is an interest within the meaning of paragraph 4.1).

6. Entertainment

6.1 Although entertainment is an acceptable form of business and social behaviour, directors or Employees should avoid accepting lavish or frequent entertainment from persons with whom the Group has business dealing (e.g., suppliers or contractors) or from his/her subordinates to avoid placing himself/herself in a position of obligation (whether actual or potential). According to the POBO, "entertainment" means the provision of food or drink, for consumption on the occasion when it is provided, and of any other entertainment connected with, or provided at the same time as, such provisions.

7. Record-Keeping and Other Documents

7.1 The Group is committed to keeping proper records and following sound accounting policies. All company books, records, accounts and invoices must be created and maintained so as to reflect fairly, accurately and in reasonable detail the underlying transactions and the disposition of the Group business.

7.2 Directors and Employees should ensure that all records, receipts, accounts or other documents they submit to the Group give a true representation of the facts or business transactions. Intentional use of documents containing false information to deceive or mislead the Group, regardless of whether there is any gain or advantage involved, may constitute an offence under the POBO.

8. Compliance with Laws of Hong Kong and in Other Jurisdictions

8.1 Directors or Employees must comply with all Hong Kong/local laws and regulations, including but not limited to namely the POBO, guidance(s) issued by the Independent Commission Against Corruption and the Securities and Futures Commission, when conducting the Group's business, and also those in other jurisdictions when conducting business there or where applicable.

9. Conflict of Interest

9.1 Directors and Employees should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Group) or the perception of such conflicts. When actual or potential conflict of interest arises, the director or Employee concerned should make a declaration to the Approving Authority through the reporting channel using Form B at Annex 2.

9.2 Some common examples of conflict of interest are described below but they are by no means exhaustive:

- (a) A director or employee involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Group.
- (b) One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the director or employee involved in the process.
- (c) A director has financial interest in a company whose quotation or tender is under consideration by the Board.
- (d) An employee undertaking part-time work with a contractor whom he/she is responsible for monitoring.

9.3 Upon receipt of a report on conflict of interest situation, the Approving Authority should, as soon as practicable, carry out follow-up actions and conduct preliminary investigation. Regardless of the outcome of the preliminary investigation, the Approving Authority should report the case and its preliminary findings to the Audit Committee and the Internal Audit Personnel (to centrally record all cases). The Audit Committee, which will decide on the appropriate course of action to be taken, such as to relieve the staff member of his involvement in the relevant task, ask the staff member to divest himself of certain investment, etc., and give clear direction or instruction to the staff concerned. All declarations and the decisions or actions should be properly recorded. The Approving Authority should ensure the all directors and Employees' compliance with this instruction so as to effectively remove or mitigate the conflict of interest.

10. Relationship with Suppliers, Contractors and Customers

10.1 The Group is committed to dealing with its customers and suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favouritism is to be shown in the procurement of goods and services. The Group conducts its procurement practices in a fair and transparent manner and directors and Employees must act with due care and diligence when evaluating prospective customers, contractors and suppliers.

10.2 The Group shall not deal with customers, contractors and suppliers and other potential business partners known to be paying bribes and/or engaging in corrupt activity. Appropriate levels of due diligence are to be conducted by adequately skilled persons in the selection and renewal of new and existing contractors, suppliers and other business partners (such as a joint venture partner) commensurate with the bribery risk associated with a particular relationship. Before the establishment of a business relationship with customer, appropriate and reasonable measures should be taken in identifying and verifying the customer's identity. All the relevant information should also be retained as record.

11. Political and Charitable Contributions and Sponsorships

11.1 It is the general policy of the Group not to make any form of donation to political associations or individual politicians. Directors and Employees must not use any funds or assets of the Group for contributions to any political party or candidate for public office. In

addition, no director or Employee may make any political contribution as a representative of the Group or create the impression that he or she is acting as a representative of the Group. If any requests are made for political contributions, such requests should be referred to the Board via the Company Secretary (by email to paxcg@pax.com.hk which should be accessed by the Internal Audit Personnel and forwarded to the Company Secretary) for consideration.

11.2 If the charitable contributions and sponsorships will or may improperly influence the decision of others or allow others to obtain an improper advantage or may reasonably create such an impression, they may constitute a disguised form of bribery. Accordingly, charitable contributions and sponsorships are permitted by the Group only if they meet the criteria below:

- a) Charitable contributions and sponsorships must be fully transparent and recorded fairly and accurately with all necessary details, including the recipient of charitable contribution and sponsorship, the identities of recipient and the responsible person of the Group, the relationship of parties involved and any declaration of interests (if applicable), the amount of charitable contributions and sponsorships and etc.;
- b) Always obtain and retain a receipt or other written acknowledgement for any charitable contribution and sponsorship made. All relevant information should be available at all time for the Audit Committee's inspection; and
- c) No charitable contribution and sponsorship should be made from private account.

12. Reporting of Corruption and Suspicious Activity

12.1 Every report (the "**Report**") shall be made in person or in writing (i) by post to the relevant Department Head of the Group Company at the relevant address of the Group Company; and (ii) by email to paxcg@pax.com.hk (accessed by the Internal Audit Personnel) or by post to PAX Global Technology Limited – "the Internal Audit Personnel", at Room 2504, 25/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

12.2 The Internal Audit Personnel will centrally record all the Reports and the corresponding follow up actions in the Whistleblowing Register.

12.3 If the Internal Audit Personnel or the Department Head of the Group Company is being complained against, or the whistleblower himself/herself is a staff of the Company, the Department Head of the Group Company, an external party or any person who is unable to report to the Department Head of the Group Company with whatever reason, the Report should be made by post addressed to the Chairman of the Audit Committee at the same address.

12.4 Reports will be treated as confidential to the extent permitted by law. No director or Employee will be disciplined for reporting a concern in good faith, even if the concerns turn out to be unsubstantiated. However, the Group will take disciplinary action against directors and Employees who intentionally provides false or malicious information in connection with an alleged violation of the law or with this Policy. Investigation of the Reports shall be conducted in accordance with the provisions set out in the Whistleblowing Policy of the Group.

12.5 Any director or Employee who violates this Policy will be subject to disciplinary actions, which may include dismissal or termination of contracts, where appropriate.

13. Investigation Process

13.1 After the Department Head of the Group Company receives the Report, it shall carry out follow-up actions in a timely manner including understanding the details of the Report, gathering evidence and information for an effective investigation and report to the Chairman of the Audit Committee and the Internal Audit Personnel (to centrally record all Reports).

13.2 Upon receipt of the report from the Department Head of the Group Company by the Audit Committee (or from whistleblower making complaint in accordance with paragraph 12.3), the Audit Committee shall handle the Report and determine the delegation of power and any appropriate disciplinary action in accordance with the principle set out in paragraph 13.4.

13.3 The format and length used in handling the Report will vary depending upon the nature and particular circumstances of each Report made. Where appropriate, the Audit Committee may:

- a) investigate internally or delegate the investigation's responsibilities to the relevant Department Head of the Group Company, other department(s) or person(s);
- b) refer the Report to the external auditor;
- c) refer the Report to the relevant public/regulatory bodies or report to law enforcement agency (if there is reasonable suspicion of criminal activity); and/or
- d) form the subject of any other actions in the best interest of the Group.

13.4 The Audit Committee shall, with reference to the opinion of the Department Head, determine the disciplinary action to be taken against the director or Employee for the violation of this Policy.

13.5 Any internal inquiry should not jeopardise any investigation by a law enforcement agency. The Company will report any violations to the relevant authorities or law enforcement agencies as if it considers appropriate and preserve all potential evidence forthwith.

13.6 The Audit Committee shall bring to the attention of the Board of the Company any material incidents which may cause significant impact to the Group.

14. Communication and Training

14.1 The Group Company should ensure that directors and Employees of the Group are informed about and understand this Policy, including applicable local procedures and requirements, and that there is a clear procedure for reporting actual or suspected breaches of this Policy and suspicious activity. Each Group Company should make this Policy available to all directors and Employees and to provide briefings to new Employees thereon. Key Employees should receive regular training relating to fraud, bribery, corruption, money laundering and financing of terrorism or non-compliance of the POBO risks faced by their departments, as well as the relevant laws, regulations and standards of conduct.

14.2 No director or Employee shall suffer demotion, penalty, or other adverse consequences for refusing to pay bribes (even if such refusal may result in the Group losing business).

15. Compliance with the Policy

15.1 It is the responsibility of every director and Employee of the Group to understand and comply with this Policy whether performing his duties of the Group in or outside Hong Kong. Managers and supervisors should also ensure that the staff under their supervision understand well and comply with this Policy.

16. Review

16.1 The Company shall review this Policy periodically to ensure its continuous effectiveness.

PAX GLOBAL TECHNOLOGY LIMITED
REPORT ON GIFTS/ADVANTAGES

Annex 1
Form A

Part A – To be completed by staff with gifts or advantages was/is to received (the “Receiving Staff”)

To : (Approving Authority)

Description of Offeror :

Name & Title : _____

Company : _____

Relationship (Business / Personal) : _____

Occasion on which the Gift/Advantage was / is to be received :

Description & (assessed) value of the Gift/Advantage:

Suggested Method of Disposal :

() Retain by the Receiving Staff

() Retain for display / as a souvenir in the office

() Share among the office

() Reserve as lucky draw prize at staff function

() Donate to charitable organisation

() Return to offeror

() Others (please specify) : _____

Remark

(Date)

(Name of the Receiving Staff)
(Title / Department)

Part B – To be completed by Approving Authority

To : (Name of the Receiving Staff)

The recommended method of disposal is **approved / not approved*. *The gift/advantage concerned should be disposed of by way of :

(Date)

**Delete as appropriate*

(Name of Approving Authority)
(Title / Department)

**PAX GLOBAL TECHNOLOGY LIMITED
DECLARATION OF CONFLICT OF INTEREST**

**Annex 2
Form B**

Part A – Declaration *(To be completed by Declaring Staff)*

To : (Approving Authority)

I would like to report the following actual/potential* conflict of interest situation arising during the discharge of my official duties:-

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our Company (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)

(Date)

(Name of Declaring Staff)
(Title / Department)

Part B – Acknowledgement *(To be completed by Approving Authority)*

To : (Declaring Staff)

Acknowledgement of Declaration

The information contained in your declaration form of (Date) is noted. It has been decided that:-

- You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Company's interest without being influenced by your private interest.
- Others (please specify) : _____

(Date)

(Name of Approving Authority)
(Title / Department)

**Delete as appropriate*