



大同機械企業有限公司  
**COSMOS MACHINERY ENTERPRISES LIMITED**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 118)

## **Anti-Corruption and Bribery Policy**

### **1. Introduction**

Cosmos Machinery Enterprises Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) are committed to achieving and maintaining the highest standards of probity. The Company adopts zero-tolerance towards any corrupt and bribery behavior and has devised an anti-corruption and bribery policy (the “**Policy**”) to ensure the Group is acting professionally, fairly and with integrity in all business dealings.

The Policy shall be read in conjunction with various policies and codes of the Group.

### **2. Purpose**

The Policy aims to provide information and guidance to all employees of the Group on how to recognize and deal with corruption and bribery, and prevent corruption and bribery in any business dealings.

The Policy applies to all employees of the Group, including the directors of the Company (the “**Directors**”), senior executives and employees at all levels, no one should be exempted from the Policy; and as appropriate, the third parties doing business with the Group, including but not limited to customers, agents, suppliers and contractors.

### **3. Definition**

“Corruption” occurs when an individual abuses his/her authority for personal gain at the expense of the others. It erodes fairness and the rule of law, and in some cases, puts lives and property at risk.<sup>1</sup>

“Bribery” refers to the direct or indirect offering, giving, soliciting or receiving of any item of value as a means of influencing the actions of an individual holding a public or legal duty. Such actions result in matters that should be handled objectively being handled in a manner best suiting the private interests of the relevant person and/or organization. It may constitute a crime and both the offeror and the recipient could be criminally liable.

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<sup>1</sup> Reference: the definition of “corruption” from the Independent Commission Against Corruption of the HKSAR

#### **4. Anti-Corruption and Bribery**

All employees of the Group are prohibited from all forms of corruption or bribery in any countries or regions with any person (including government and public body employees) in carrying out business for the Group; and required to comply with all applicable laws, regulations and rules in relation to anti-corruption and bribery, including but not limited to Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Criminal Law of the People's Republic of China and Anti-Unfair Competition Law of the People's Republic of China, and adhere to the following:

- no acceptance of improper payments, kickbacks and other forms of bribery;
- no payment, offer, solicitation, proposal of terms for, or acceptance of, bribes directly or with the assistance of any organization or individual;
- no attempt to circumvent any anti-corruption and bribery provisions through the use of agents, partners, contractors, relatives or any others acting on someone's behalf;
- no fraudulent disbursement or reimbursement, such as payment for fictitious or inflated invoice, expense or payroll etc.;
- no offer or acceptance of any gift or gratuity that might be perceived to unfairly influence a business relationship; and
- no acceptance or offer of lavish or frequent entertainment from or to persons with whom the Group has business dealings if, by doing so, it might be perceived that the offeree are placing themselves in a position of obligation to the offeror.

Any violation of the Policy may result in disciplinary action, such as termination of employment contract in the case of employees, termination of contract and exclusion from future business dealings in the case of the third parties, and the Group reserves the right to report any actions suspected of being criminal in nature to the law enforcement authorities in relevant jurisdiction.

#### **5. Gifts or Any Forms of Advantages (“Advantage(s)”)**

For the avoidance of conflict of interests, all employees of the Group are prohibited from directly or indirectly receiving, offering or soliciting for gifts or advantages while carrying out business for the Group, unless stated otherwise in the Policy.

##### Receiving Gifts or Advantages

Gifts or advantages that are presented to any employee of the Group in business dealings are deemed as offers to the Group.

Any employee of the Group shall immediately and politely refuse or return the gift or advantage and inform the offeror of the Policy when receiving such gift or advantage. If employee is unable to refuse or return the gift or advantage or accept those permissible gifts or advantages as mentioned below, he/she should handle such gift or advantage in accordance with the staff handbook of his/her employing company, if any, or he/she should report to the approving person<sup>2</sup> by submitting “Report on the Gift/Advantage Received”.

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<sup>2</sup> *Approving Person shall be the general manager of his/her employing company. The approved form shall be kept by the human resources department of the employing company.*

Those gifts or advantages that are deemed as not given to influence the recipients' performance of duties are permissible, including but not limited to:

- normal business courtesies token gifts which are occasional;
- advertising or promotional gifts or souvenirs of a nominal value;
- symbolic gifts given on festive or special occasions; or
- gifts from public social functions attended by the Directors, employees or any person representing the Group.

#### Offering Gifts

Any employee of the Group is allowed to provide lawful and reasonable gifts to the third parties when they have obtained the permission from the general manager of his/her employing company, complied with the restriction(s) of the third parties in relation to reception of gift (if any) and in the following situations:

- Gifts presenting in a business etiquette;
- Token gifts of nominal value bearing the logo of the Company and/or its subsidiaries (such as stationery, small promotional items) to the third parties who attend events (such as trade exhibitions) for building or promoting the company's brand; or
- Gifts to the third parties who have no business dealings with the Group (such as charitable organizations).

## **6. Conflict of Interest**

All employees of the Group should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the Group's interest) or the perception of such conflicts. When actual or potential conflict of interest arises, they should make a declaration to and seek direction as to how to deal with such situation from the approving person<sup>3</sup> by submitting "Declaration of Conflict of Interest".

## **7. Reporting**

The Group encourages any person to report any concerns regarding corruption or bribery in the Group. Procedures are in place to ensure that such reports are logged and investigated, and appropriate action is taken. The Group is committed to handle those reports confidentially, and protects from retaliation of any kind against any person for making reports in good faith. Any persons who discourages or prevents another either from making such a report or seeking the help or assistance he/she needs to report the matter will be subject to disciplinary action.

If any person becomes aware of any actual or suspected breach of the Policy, he/she must report such incidents in accordance with the reporting procedures under the "Whistleblowing Policy" of the Group. Such policy provides a mechanism for the stakeholders to raise concerns on any suspected misconduct or malpractice within the Group through confidential channels and establishes an investigation procedure for the reporting matters.

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<sup>3</sup> Approving person shall be the immediate supervisor of the declaring person. The approved declaration form shall be kept by the human resources department of the employing company.

## **8. Responsibility for Implementation of the Policy**

The audit committee of the Company (the “**Audit Committee**”) has responsibility for implementation of the Policy. It can delegate the day-to-day responsibility to the Chief Executive Officer and/or Company Secretary of the Company as the “designated senior officer(s)” to oversee and implement the Policy. However, the Audit Committee still has ultimate responsibility, including to monitor and review the operation of the Policy and recommend the actions resulting from investigation.

## **9. Review of the Policy**

The Company will review or amend the Policy from time to time as appropriate, in order to ensure strict compliance with all applicable laws, regulations and rules in relation to anti-corruption and bribery and revised from time to time thereafter.

Any amendments to the Policy shall be approved by the board of Directors of the Company.

Effective Date: 26 August 2022

*(The English version of the Policy shall prevail in case of any discrepancy or inconsistency between the English version and its Chinese version.)*