



CTF Services Limited

(incorporated in Bermuda with limited liability)

ANTI-FRAUD AND COUNTER-CORRUPTION POLICY

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Prepared By	Group Audit and Risk Assurance Department
Approved By	Board of Directors

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1. PURPOSE

CTF Services Limited (the “Company”) is committed to high standards of ethics and integrity. The Company aims at protecting its reputation, revenues, assets and information from any attempt of fraud, corruption, deceit or other improper conduct by directors, senior management, employees or related third parties.

The Anti-Fraud and Counter-Corruption Policy (the “Policy”) is to outline the Company’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 should be read in conjunction with other relevant corporate policies and procedures, including those stated in the reference section.

2. SCOPE

The Policy applies to all directors, senior management and employees¹ of CTFS and its subsidiaries (collectively, the “Group”) as well as related third parties.

All of our business partners and those acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, contractors and suppliers) are encouraged to abide by the requirements of the Policy, in the conduct of business or activity with, or in relation to, the Group.

Associated companies and joint ventures are encouraged to either maintain their own set of policy or share this Policy with their directors, senior management and employees and related third parties.

3. DEFINITION

The term “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, deception, false representation, forgery, conspiracy, misappropriation, theft, embezzlement, bribery, money laundering and financing of terrorism, collusion, extortion, corruption and concealment of material facts.

¹ For the purpose of this Policy, the term “Employee” includes temporary, seconded and contract staff.

Where the term “corruption” referred to the definition from Hong Kong Independent Commission Against Corruption (“ICAC”): “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 Company’s interests include:

- Misrepresentation in the Group’s publicly released financial statements or other public disclosures;
- Misappropriation, skimming or theft of the Group’s assets (e.g. cash, inventory, equipment, supplies);
- 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 which, by way of example, includes the directors, senior management or 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 judgement; or
- Fraudulent disbursement or reimbursement such as payment for fictitious or inflated invoice, expenses, payroll, etc.

4. GOVERNANCE

The Board of Directors of the Company (the “Board”) has the overall responsibility for the implementation, monitoring and reviewing the effectiveness of this Policy. The Board has authorized the Audit Committee of the Company (the “Audit Committee”) to oversee the implementation of this Policy and the day-to-day responsibility for the administration of this Policy is delegated to the General Manager of Group Audit & Risk Assurance (“GARA”) who is independent of the operations of the Group.

5. GENERAL POLICY

5.1 Integrity, honesty, fairness, impartiality and ethical business practices are CTFS's core values, thus the Group has zero tolerance towards fraud and corruption. All directors, senior management, employees and third parties are expected and encouraged to report any suspected and/or cases of fraud and related misconduct.

Directors, senior management and employees are required to act lawfully, ethically and responsibly, which are part and parcel of the culture and core values of the Company.

Any involvement in bribery, corruption, money laundering and financing of terrorism could lead to criminal and civil penalties and reputational damage to the Group. Therefore, all directors, senior management and employees are charged with the responsibility of resisting fraud and helping the Group defend against corrupt practices. They should familiarize themselves with and fully comply with:

- the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong) ("POBO") and/or relevant laws of other countries or regions as appropriate; and
- the Company's Code of Conduct (which stipulates the general principles of POBO) in the Employee Handbook and all other corporate policies and guidelines stated in section 8 of this Policy.

Anyone found committing fraud or corruption will be subject to disciplinary action(s).

6. ANTI-FRAUD AND COUNTER-CORRUPTION CONTROL FRAMEWORK

6.1 Assessment and Monitoring

The Group shall conduct periodic identification and assessment of fraud and corruption risks as well as implement corresponding internal controls to mitigate these risks.

Directors, senior management and employees should avoid any actual or potential conflict of interests in carrying out the Group's business and declare any conflict of interests as appropriate. Guidelines for managing the risks and maintaining records of conflict of interests, soliciting or accepting advantages (such as gifts, entertainment, sponsorships, travel and accommodation or other advantages) as well as engaging in charitable donations, political expenditures or recruitment are incorporated in the

Company's Corporate Policy on Staff Responsibility, the Employee Handbook and the Conflict of Interest Policy.

Applicable group companies, in particular the financial institutions, should establish proper policies and procedures of customer due diligence and record-keeping measures. The due diligence requirements should take into account relevant factors, including products and services offered, types of customers and geographical locations.

6.2 Training and Communication

Suitable anti-fraud and counter-corruption training should be provided to the directors, senior management and different types and levels of employees, depending on their roles and duties, especially to the directors, senior management and employees who are likely to be exposed to risks of bribery and corruption, and money laundering, from time to time.

This Policy shall be published in the Company's website and communicated to all the directors, senior management and employees and, as appropriate, to our stakeholders. If there are any questions about the contents or application of this Policy, please email GARA at gara@ctfs.com.hk.

6.3 Review

Risk management function(s) shall perform risk validation and evaluate the effectiveness of mitigating controls. Internal Audit function(s) shall consider the risks of fraud and corruption in the annual audit planning and conduct risk-based audits of the risk management and internal control systems, which would cover business processes and areas that might have a higher risk of fraud and corruption.

7. FRAUD RESPONSE AND REPORTING

Suspected or actual cases of fraud or any reportable concern as stated in the Whistleblowing Policy should be reported promptly, whether it is known who may be responsible for the fraud or how it may have occurred. It should be reported to one's direct supervisor, team leader or department head, or directly to GARA via the whistleblowing channel confidentially if one feels appropriate. Please refer to the Company's Whistleblowing Policy for the reporting form, confidential email, and mailing address for reporting.

All reported fraud cases to GARA will be treated and investigated according to the principles and approach as stipulated in the Whistleblowing Policy.

Whistleblowers making genuine reports in good faith under this Policy are assured of fair treatment. The Group will make every effort within its capacity to protect the Whistleblowers, even if it turns out to be unsubstantiated. The whistleblowing employees are also assured of protection against unfair dismissal, victimization or unwarranted disciplinary action.

Once there is reasonable suspicion of a material criminal offence within the scope of this Policy, a report should be made to the appropriate law enforcement agency. In some circumstances, should the Chairman of the Audit Committee or the Executive Committee of the Company (the "Executive Committee") consider it appropriate, the case shall be referred to relevant law enforcement agencies or regulatory authorities, such as the Hong Kong Police Force, the Independent Commission Against Corruption, and the Securities and Futures Commission.

Material incidents relating to breaches of the policy should be brought to the Board's attention. The General Manager of GARA shall also report all the fraud cases investigated by GARA to the Audit Committee and the Executive Committee, including the results of the investigation and the corresponding actions. The Audit Committee shall review the cases and the appropriateness of the actions taken.

All the confirmed fraud cases and substantiated whistleblowing cases identified at Business Units, regardless of the resolution and the severity of the case, are required to be immediately reported to GARA via Company's whistleblowing channel. The same cases should also be declared in the subsequent periodic control self-assessment exercise. Business Units should provide the investigation results and the supporting documents as well as updates of the remedial actions. The same practice should be adhered to by Business Units that maintain their own whistleblowing systems.

All reported fraud cases details and investigation results shall be duly recorded. The records shall be kept for at least 7 years, from the date of the investigation completion, or any longer period specified by applicable policy, regulation or legislation.

8. REVIEW AND REVISION

This Policy has been approved by the Board as recommended by the Audit Committee. The review of this Policy shall be conducted every two years or more frequently as needed. Any amendments or updates should be subject to the Board's approval.

9. REFERENCES

- Whistleblowing Policy – CTFS
- Corporate Policy on Staff Responsibility – CTFS
- Employee Handbook – CTFS
- Conflict of Interest Policy – CTFS
- Guidelines on Risk Management & Internal Control Systems – CTFS
- Anti-Corruption Programme – Corruption Prevention Advisory Service, ICAC
- The Ten Principles of the UN Global Compact – UNGC
- Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong)

(The Chinese version is for reference only and in case of any discrepancy between the Chinese and English versions, the English version shall prevail.)