



DFCITY GROUP BERHAD

ANTI-CORRUPTION AND BRIBERY POLICY

Reviewed on 31 May 2022

Approved on 31 May 2022

Version 2

1. Introduction

DFCITY Group Berhad (formerly known as Hock Heng Stone Industries Bhd) and its subsidiaries (hereinafter referred to as “Group”) is committed to adopting a zero-tolerance policy to combat against all forms of corruption and bribery. We practice acting professionally in every aspect of business deals and relationships anywhere and at all times with the principles of anti-corruption and bribery, which will be elaborated further in this Anti-Bribery and Corruption (“ABC”) Policy. This policy is periodically reviewed, or at least annually, and will be enhanced when necessary to ensure compliance with the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) and other applicable laws of Malaysia. If a law of the country in relation to the anti-bribery and corruption conflicts with this policy or procedures set out in this policy, the law of the country in relation to the anti-bribery and corruption shall prevail. However, if a local custom or practice conflicts with this ABC Policy, this ABC Policy shall prevail.

This policy explains the introduction, commitment and principles of the Group towards anti-corruption and bribery. It is not intended to provide definite answers to all questions or concerns involving corruption and bribery. If there are any ABC-related questions or concerns, please refer to our Compliance Unit (refer to section 4) for advice or deliberation.

In the Malaysia context, apart from the general penalty, bribery and corruption under Section 17A of the MACC Act are punishable for directors, controllers, officers, partners or persons concerned in the management of a commercial organisation by up to 20 years' imprisonment and if the Group is found to have taken part in corporate corruption it could face a fine not less than 10 times the sum or value of gratification or RM1 million, whichever is higher and damage to its reputation. As such, we look seriously with full responsibility into this matter. Any persons who would like to report their suspicion can do so in writing to the Chairman of Audit Committee of the Group. The Audit Committee is responsible to investigate and make

proper recommendations to the Board with respect to all reported cases. It should be sealed in an envelope marked as “Private and Confidential” and mailed to:

Mr. Chong Peng Khang

Chairman of Audit Committee

DFCITY Group Berhad

Formerly known as Hock Heng Stone Industries Bhd.

No. 60-1, Jalan Lagenda 5,

Taman 1 Lagenda

75400 Melaka, Malaysia.

Alternatively, reporting can also be done via electronic mail. Anyone who wishes to make a report can do so by emailing the details of report to anti-corruption@dfcitygroup.com.my. This report will go directly to the Chairman and members of the Audit Committee.

Any reporting in good faith relating to suspected and/or real bribery and corruption issues or concerns is encouraged.

2. Scope

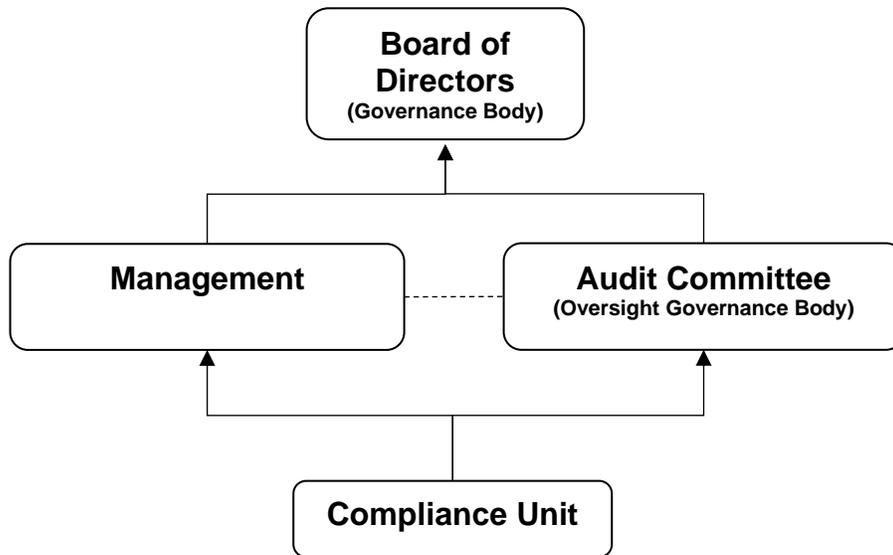
This ABC Policy is applicable to:

- all individuals at all levels contracted to or employed by the group, including but not limited to directors (executive and non-executive), managers, executives, officers, foreign workers, contractual workers and interns (collectively referred to as “associates”); and
- all individuals or organizations that may come in contact with the Group at work, which includes but are not limited to actual and potential customers, suppliers, distributors, business contacts, agents, representatives, advisers, consultants, advisors, contractors, subcontractors, and joint ventures partners (“collectively referred to as “third parties”).

3. Definition

- Bribery :
 - the offer or promise or receive of any gift, hospitality, loan, fee, reward or other advantage to induce or reward behavior which is dishonest, illegal or a breach of trust, duty, good faith or impartiality in the performance of a person's functions or activities (including but not limited to, a person's public functions, activities in their employment or otherwise in connection with a business); or
 - The offer or promise of any gift, hospitality, loan, fee, reward or other advantage to a public official with the intention of influencing the public official in the performance of their public function, to obtain a business advantage.
- Corruption : The misuse of a public office or authority for private gain or the misuse of private power in relation to business outside the realm of the government.
- Facilitation payments : Small sums, unofficial payment made to secure or expedite a routine government action by a government official.
- Kickbacks : The return of a sum already paid or due as a reward for awarding of furthering business.
- Gratification : As defined under Section 3 of MACC Act 2009 and which includes, but is not limited to, abuse of function, abuse of public property, bribery, clientelism/cronyism, concealments, corruption, embezzlement, illicit enrichment, insider trading, kickback, money laundering, nepotism, obstructing of justice, patronage, trading in influence and facilitation money

4. Governance Structure



The Board of Directors is primarily responsible for the Group's ABC Policy as well as ABC management. It sets the tone from the top by reviewing and approving the ABC Policy, sets the risk appetite in relation to bribery and corruption risks as well as reviews to ensure that the Group has adequate and competent resources for ABC-related matters.

The Audit Committee is delegated with the oversight role in relation to ABC management. It reviews the Group's implementation of and compliance with the ABC Policy as well as the bribery and corruption risk assessments conducted. In addition, reviews, audits, assessments or monitoring in relation to ABC management conducted by the management and/or the Compliance Unit shall be reported to the Audit Committee for further review on a yearly basis, which would eventually be reported to the Board of Directors.

The management is responsible for implementing and executing the ABC Policy and any ABC management initiatives (i.e. control measures). It is also tasked with clearly communicating the ABC Policy to all relevant parties such as associates and third parties. It ensures that bribery and corruption risk assessments are done timely and properly. Apart from undergoing

the necessary training on ABC management, it is also responsible for ensuring adequate training relating to ABC is provided to employees and business associates.

The Compliance Unit comprises of:

- the Group Accountant overseeing the Accounting and Finance functions of the Group;
and
- the Factory and Human Resources Manager overseeing the human resource function of the Group

In the event a member of the Compliance Unit is potentially implicated or directly involved in the ABC matter, he/she shall willingly and completely abstain from reviewing or deliberating on that matter.

The Compliance Unit acts as a central contact and guide for all ABC-related matters. It is responsible for overseeing the overall the implementation of the program, processes and procedures related to this ABC Policy to ensure that bribery and corruption risks of the Group is mitigated. The Compliance Unit also ensures scheduled internal audits or reviews on ABC Policy compliance is carried out. In addition, it is responsible for giving advice on the interpretation and application of this Policy, supporting training and education, and responding to reported concerns.

Unless the matter in question is urgent or significant which requires immediate reporting, the Compliance Unit reports the results of its assessments, reviews or monitoring to the management and the Audit Committee on a half-yearly basis. The Compliance Unit can be contacted via email at: billytan@hockheng.com.my.

5. Risk Assessment

Bribery and corruption risk assessments, including any reporting and monitoring thereof, will be conducted by the Risk Management Working Group in accordance with the Group's Risk Management Framework.

6. Travelling, Gifts, Entertainment and Hospitality

Travelling, normal gift, entertainment and hospitality is not prohibited by the Group so long it is reasonable, and appropriate. The Group is aware of the delicate matter of gifts, where in some culture, it is part of a business etiquette. As such;

- a. gifts must not exceed RM150 and in any event, must not exceed more than 3 times within a year from/to the same individual.
- b. they must be intended without any intentions to influence, nor for obtaining any business advantage.
- c. must not give rise to any potential conflict of interests.
- d. must be in compliance with laws and regulations.
- e. must not be in the form of cash or cash equivalents.
- f. must not be during inappropriate timing such as 2 months prior, during or 2 months after a tendering exercise.

Associates and third parties must always assess the underlying intention of such hospitality or entertainment. Should the hospitality and entertainment be made to cloud or influence on certain key decisions or positions, you shall decline the offer and report the situation to the Compliance Unit.

In the event of providing gifts, entertainment, hospitality, and travelling, they should be summarized with adequate details (date, recipient, description, amount, purpose, etc), and passed to the Compliance Unit on a monthly basis for review and monitoring. Compliance unit will keep records of all details regarding the gift, entertainment, hospitality, or travel.

Records of such gifts, entertainment, hospitality, and travelling, will be maintained along with a self-declaration form declaring its purpose.

7. Facilitation Payments and Kickbacks

The Group does not allow making or accepting, facilitation payments or “kickbacks” of any kind. Any request (in any form) for kickbacks must be refused and reported to the Compliance Unit as soon as possible.

8. Donations and Political Contribution

The Group may allow donations provided they are in compliance with this policy and the local applicable law. Donations to organisations or bodies such as religious and welfare organisations are allowed. Prior to donations being made, due diligence will be conducted and internal approval processes will be obtained to ensure that the organisations or bodies are authentic and not for the purposes of bribery or corruption. Also, such donations should be summarized by Accounts Department, and submitted to the Compliance Unit for review on a monthly basis. Any donations that are not compliant with the law is prohibited.

The Group does not make donations to political parties. Likewise, reimbursements shall not be made in the event where individual donations were made to political bodies.

9. Money Laundering

Money laundering is strictly prohibited in any kind.

10. Conflict of Interest

Conflict of Interest is further elaborated in our Code of Conduct which is accessible on our corporate website at <https://www.dfcitygroup.com.my/code-of-conduct/>.

11. Approval Requirement

The Group aims to keep ABC-related matters as transparent as we can. As such, the Group's Authority Limit clearly states the internal approval requirements for any travelling, gifts, entertainment and hospitality. This is to minimize (or to eliminate) the risk of bribery and corruption that might occur.

12. Due Diligence

The Group would like to safeguard itself before entering into any formalized relationships. As such, management will conduct due diligence on associates and third parties based on internally established practices. Methods may include background checks on the person or entity, a documented verification process, or conducting interviews with the person to be appointed to a key role where corruption risk has been identified.

13. Responsibilities of Associates and Third Parties

The Group considers corruption and bribery very seriously. Any violation of this policy will result in disciplinary actions which may include termination as per the local law.

Associates and third parties shall read through, and understand the policy, and comply with the terms and conditions stated in this policy. In addition, as part of the Group's ABC control measures, the Group shall provide ABC Commitment Forms to all its associates and third parties which require formal and written acknowledgement. It is the responsibility of the associate and third parties to actively and vigilantly be aware in every event not to engage in any activity that will lead to corruption and bribery as the Group looks at this very seriously with zero-tolerance. The Group expects all associates and third parties to detect, report, and prevent corruption. Report of any event shall be made to the Compliance Unit or through our whistleblowing channel.

14. Record Keeping

The Group will keep financial records including all relevant supporting documents and have appropriate internal controls, including financial and non-financial controls, in place which will evidence the business reason for making payments to, and receiving payments from, third parties.

All expenses related to gifts, hospitality, entertainment or travelling - acceptance or offer, including all relevant documents, will be properly kept and must be reviewed by the management and subsequently the Compliance Unit per Section 6 of this policy. Associates must also ensure that gifts, hospitality, or entertainment, comply with the term and conditions per Section 6 of this policy.

No accounts or records shall be kept “off-book” to facilitate or conceal improper payments.

All records shall be retained for a minimum period of seven (7) years from the end of the relevant financial years.

15. Raising a Concern or Complaint

Anybody who would like to lodge a report or complaint, can do so by reporting to the Compliance Unit or by means stated in the Whistleblowing Policy. Should there be concerns of any issue or suspicion of any event at any stage, it must be reported immediately or as soon as possible.

16. Confidentiality

In handling all ABC-related matters, the Group, including the Compliance Unit and the whistleblowing channel, shall strictly treat all information received and matters discussed in carrying out the functions and duties in absolute confidentiality.

17. Whistle-blowing

Associates who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Group encourages openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

The Group is perpetrated in ensuring that no one, in the event where he or she refuses to take part in corruption, whistle blow, or report concerns under the policies stated in this policy in good faith, suffers any detrimental treatment. They will be protected under the whistleblowing policy. For more information, our whistleblowing policy can be found on our corporate website on <https://www.dfcitygroup.com.my/whistleblowing-policy/>

18. Training and Communication

This policy is distributed to all associates to the Group. New appointments will receive a copy of this policy at the point of induction during which training/briefing sessions will be provided. In addition, role-specific training in relation to ABC will be provided to employees where necessary.

This policy is communicated to all third parties at the outset of the Group's business relationship with them and as appropriate thereafter.

The Compliance Unit will be the central contact point if there are questions or if clarifications on this ABC Policy are needed. It is also responsible for ensuring, when necessary, adequate training is provided to associates and/or third parties to maintain the level of understanding or to enhance the understanding of ABC management.

19. Monitoring and Review

There will be bribery and corruption risk assessment performed as well as regular review and audits done on ABC-related internal control systems and procedures (which this Policy is

embedded into) to ensure that there is efficiency in this policy to combat against corruption and bribery. Audit and review will be covered under routine internal audit processes which may be performed internally or by qualified and professional outsourced auditors upon request. The Compliance Unit should ensure that such audits, reviews as well as subsequent monitoring are done adequately and reported in accordance to this ABC Policy.