

LOGAN

龙光集团

Anti-corruption Policy

1. Purpose

This Policy was formulated in line with the Company's actual conditions in order to promote and enrich Logan Group's corporate culture of transparency and integrity, maintain corporate discipline, raise operating efficiency, strengthen internal control management, and safeguard the Company's sustainable, rapid and healthy development.

2. Scope of Applicability

This Policy shall apply to all employees of Logan Group Company Limited and its subsidiaries.

3. "Ten Notes" under the code of conduct for employee integrity

- 3.1 Employees may not abuse power for personal gain, engage in favoritism and commit irregularities, engage in corruption by accepting bribes, or jeopardize the interests of the Company;
- 3.2 Employees may not directly select or deliberately incline towards a cooperative entity that has a vested interest with themselves;
- 3.3 Employees may not accept rebates, rewards, gifts or entertainment from cooperative entities or individuals;
- 3.4 Employees may not seek out "rewards for go-between" by taking advantage of inside information which comes to their knowledge or which they are in possession of;
- 3.5 Employees may not engage in for-profit business activities, part-time jobs or paid intermediaries other than their work without permission;
- 3.6 Employees may not reimburse reception fees in breach of regulations or pay for expenses which are personally borne, with public funds;

- 3.7 Employees may not seek interests for their relatives or interested persons by taking advantage of their positions;
- 3.8 Employees may not appropriate to themselves discount fees, intermediary fees, etc. in the Company's business dealings;
- 3.9 Employees may not embezzle or steal Company property by taking advantage of their positions or by illegal means;
- 3.10 Employees may not disclose or sell the Company's trade secrets, technologies and achievements.

4. Prohibitive rules on key business operations

4.1 In investment and development projects, the following acts are strictly prohibited:

- 4.1.1 In "bidding, auction and listing" projects, conceal project information, disclose the Company's investment intentions to competitors or deliberately mislead the Company to withdraw from project bidding;
- 4.1.2 In "negotiation-related" projects, leak the Company's decision-making information or fail to truthfully report to their superiors the problems and the defects existing in projects as well as the data related to project value and cost;
- 4.1.3 During the performance of a contract, change or exempt the other party's contractual obligations without permission, apply for payments to external parties by concealing the facts that do not meet the requirements of the contract, or allow the other party to breach the contract continuously without taking countermeasures or reporting the issue;
- 4.1.4 Fail to submit to their superiors relevant important materials during contract negotiations or contract performance in a timely manner;
- 4.1.5 Falsely report compensation for demolition/relocation or other related expenses.

4.2 In R&D and design projects, the following acts are strictly prohibited:

- 4.2.1 Recommend or designate a design company without having reasonably evaluated various factors such as track records, details about contract performance, strengths of the team and quotations;
- 4.2.2 Set unreasonable restrictions on specifications, models, parameters or technical features in the design documents, thus disguising the designated use of materials/equipment brands or suppliers;

- 4.2.3 Approve, without permission, the change or “optimization” by a construction vendor economically of the technical scheme or materials/equipment specified in the bidding documents and contracts;
- 4.2.4 During the course of evaluating and selecting a technical scheme or of “selecting the models” or “finalizing the samples” of materials/equipment, make a description or an evaluation inconsistent with objective facts.

4.3 In bidding for procurement, the following acts are strictly prohibited:

- 4.3.1 In the shortlisting process, falsely describe the strength, performance and contractual performance capabilities of a vendor;
- 4.3.2 In the bidding and shortlisting process, we strictly prohibit shortlist vendors against the principle of objectivity and fairness; and introduce cooperative entities under the guise of government recommendations or monopoly, or by fabricating other reasons;
- 4.3.3 In the process of preparing bidding documents, fail to truthfully describe key information such as engineering quantity, construction schedule, construction environment, quality and technical indicators, or set unreasonable restrictions to interfere with normal bidding;
- 4.3.4 In the process of evaluating bids, evaluate bids not in accordance with the technical or business requirements specified in the bidding documents, or fail to truthfully report bidding or market information;
- 4.3.5 Leak bid invitation and/or evaluation information to interested parties to the bidding in violation of regulations.

4.4 In project management, the following acts are strictly prohibited:

- 4.4.1 Fail to supervise and verify the quality and quantity of materials/equipment of a construction vendor delivered to a site;
- 4.4.2 Fail to supervise and verify whether the construction quality meets the design requirements;
- 4.4.3 Fail to supervise and verify data or information submitted for confirmation by a construction vendor related to construction records such as cost, quality and construction schedule;
- 4.4.4 Fail to supervise and verify the payment information submitted by construction

vendors;

- 4.4.5 Evaluate contract performance by a construction vendor against the principles of objectivity and fairness.

4.5 In cost management, the following acts are strictly prohibited:

- 4.5.1 Overestimate or mark up project budget during various audit processes such as budget and final accounts; electronic orders, payment slips and logistics waybills; as well as recognition of the price and quality of materials/equipment;
- 4.5.2 In the process of reviewing contract payments, calculate the completed output value of a construction vendor in an inaccurate manner;
- 4.5.3 Impose deductions and fines on a construction vendor not according to the contract;
- 4.5.4 Fail to verify payment or settlement documents that are obviously inconsistent with the details of a contract and design drafts;
- 4.5.5 During the course of handling settlement disputes, claims, etc., disclose the Company's relevant decision-making information.

4.6 In marketing management, the following acts are strictly prohibited:

- 4.6.1 Manipulate housing resources and resell them for profit;
- 4.6.2 Reduce sales discounts, reduce or exempt fees related to management, purchase withdrawal, change rooms or names in violation of regulations;
- 4.6.3 Fail to supervise and verify settlement information about the authenticity of sales commissions and referral bonuses for the tertiary market;
- 4.6.4 During the course of marketing and promotion, designate cooperative entities in violation of regulations and fail to supervise and verify the quality of contract performance.

4.7 In financial and fund management, the following acts are strictly prohibited:

- 4.7.1 Transfer funds without permission, or forge or alter bank statements;
- 4.7.2 Carry out investment with an external party, provide guarantees to an external party or borrow money from or lend money to an external party, without permission;
- 4.7.3 Open, use, rent or lend a bank account in violation of regulations;

4.7.4 Pay cash directly from the cash income, set up a private coffer without permission or falsely report or over-report expenses;

4.7.5 Falsely report financing expenses.

4.8 In personnel administrative management, the following acts are strictly prohibited:

4.8.1 Engage in favoritism and commit irregularities during the course of recruitment, job adjustment and promotion, performance appraisal, etc.;

4.8.2 Appropriate the Company's assets under management to the employees themselves or embezzle such assets for other purposes;

4.8.3 Designate a cooperative entity in violation of regulations in headhunting cooperation, management consulting and procurement of office supplies.

4.9 In property management, the following acts are strictly prohibited:

4.9.1 Fail to supervise and stop illegal construction activities by property owners;

4.9.2 Set obstacles to the normal renovation and business activities of property owners or shop tenants so as to deliberately make things difficult;

4.9.3 Reduce or exempt rents or fees arbitrarily at public auxiliary facilities such as park sites, advertising spaces, parking lots, clubs, etc.;

4.9.4 Fail to supervise and verify the authenticity of the payment information submitted by the cleaning, greening, maintenance and other external parties;

4.9.5 Appropriate various types of maintenance or repair materials for property under management to the employees themselves or embezzle such materials for other purposes;

4.9.6 Provide services to property owners by making use of Company resources or during working hours, and charge fees without permission and appropriate such fees to the employees themselves.

5. Pursuit of Responsibilities and Penalties

5.1 Details of penalty

5.1.1 If an employee at any level of the Company is suspected of committing a crime in breach of integrity and discipline prescribed by this Policy, he/she shall be

transferred to the judicial authorities for investigation and penalized according to the law upon approval by the Company, and then he/she will be dismissed immediately.

5.1.2 If an employee at any level of the Company is in breach of integrity and discipline prescribed by this Policy, but did not commit a crime, upon approval by the Company, four types of penalties shall be imposed on him/her: dismissal; demotion and pay cuts; deduction of performance appraisal bonus; and criticism in a circulated notice. After comprehensively considering the reasons for the breach of discipline, the consequences resulting therefrom, the self-awareness and self-reflection of the responsible person and his/her past work performance, etc.

5.2 If the breach of integrity and discipline was serious and had an adverse impact, or the employee himself/herself was subjectively malignant, and had a poor attitude towards admitting the mistake and showing regret after the breach, he/she shall be penalized on the heavy side or heavily. If the breach of integrity and discipline was minor and did not cause serious consequences or adverse impact, and the employee voluntarily cooperated with the investigation, admitted the mistake and refunded compensation without delay, he/she shall be penalized on the lenient side or leniently.

5.3 Supervision and Implementation

5.3.1 Under the leadership of the audit committee of the Company's board of directors and the president's office, the audit and supervision department of the Company shall conduct a comprehensive supervision of the integrity of the Company's system, investigate and deal with, in accordance with the law, internal and external staff suspected of corruption and infringement of the Company's interests.

5.3.2 Employees of the Company's audit and supervision department at all levels shall exercise strict self-discipline, and be fair and impartial. They shall comply with the following work disciplines in conducting audit and supervision:

5.3.2.1 They shall be strictly prohibited from abusing their functions and powers as well as abusing their power for personal gain;

5.3.2.2 They shall be strictly prohibited from falsifying or concealing facts which influence and interfere with the normal investigation;

5.3.2.3 They shall be strictly prohibited from accepting gifts and banquet invitations in any form from the parties subject to monitoring;

5.3.2.4 They shall abstain if there is a direct interest in the matters or persons subject to

supervision;

- 5.3.2.5 The name, work entity, residential address and other relevant details of an informant as well as the substance so reported shall be kept strictly confidential. Unless consent is obtained from the informant, the informant's information shall not be disclosed under any circumstances, and the reported materials shall be managed as confidential documents;
- 5.3.2.6 Employees shall be strictly prohibited from transferring the reported materials to the entities or persons so reported;
- 5.3.2.7 The matters subject to investigation and the process of investigation shall be kept confidential. No information related to the investigation may be disclosed, and no data on the investigation will be lost.

6. We will review this policy every year.

The aforesaid matters will be accepted in the ways as below:

(1) telephone numbers for reporting: 19926803129 or 0755-85288936

(2) email for reporting: lgdc110@163.com

(3) mailing address: Attn: General Manager, Logan Audit & Legal Office, 18/F, Tower B, Logan Century Center, Xinghua Road South, Baoan Central District, Shenzhen (Postal Code: 518000)