

MAG HOLDINGS BERHAD ANTI-BRIBERY AND CORRUPTION POLICY

This Policy applies to MAG Holdings Berhad (formerly known as XingHe Holdings Berhad) (the “Company”) and all its subsidiaries (collectively referred to the “Group”).

1.0 What does this policy cover?

- 1.1 This anti-bribery and corruption policy (“**ABC Policy**”) sets out the responsibilities of directors and employees of the Group and the Persons Associated with the Group in regards to observing and upholding the Group’s zero-tolerance position on bribery and corruption (See Annexure for definition of “Persons Associated”).
- 1.2 The ABC Policy exists to act as a source of information and guidance for directors and employees of the Group and Persons Associated to help them recognise, deal with and understand their responsibilities in connection with offences relating to the corrupt giving, agreement to give, promises or offers any gratification whether for the benefit of the employee or Person Associated or another person with the intent to obtain or retain business for the Group or to obtain or retain an advantage in the conduct of business for the Group.
- 1.3 The Group is a commercial organisation subject to the law on Corporate Liability as covered under Section 17A, Malaysian Anti-Corruption Commission Act, 2009 (“MACCA”) and the Companies Act, 2016.

2.0 Policy Statement

- 2.1 The Group is committed to conducting business in an ethical and honest manner and is committed to implementing and enforcing systems that ensure bribery is prevented. The Group has zero-tolerance for bribery and corrupt activities which will expose the Group to reputational and legal risk. We are committed to acting professionally, fairly and with integrity in all business dealings and relationships, where we operate, within or outside of Malaysia.
- 2.2 The Group will uphold all laws relating to any-bribery and corruption in all jurisdictions in which we operate. We are bound by the MACCA in regards to our conduct both in Malaysia and abroad.
- 2.3 The Group recognises that bribery and corruption by a commercial organisation or by persons associated to the Group under the MACCA is punishable by fine not less than ten times the value of the gratification or MYR1.0 million, whichever is higher, imprisonment term not exceeding twenty (20) years, or a combination or both and that the general penalty against any individual convicted for any corruption-related offence under the MACCA is an imprisonment term not exceeding twenty (20) years and a fine of not less than five times the sum or value of the gratification or RM10,000.00 whichever is higher.
- 2.4 The Group will not offer or pay anything of value or accept any gratification for any improper purpose whether directly or indirectly or through any Person Associated to improperly influence any act or decision relating to the Group (see Annexure for definition of “Gratification”). We will select our business

partners carefully and carry out due diligence based on bribery and corruption risk assessment and will monitor their commitment to ethical and lawful conduct. Employees are prohibited from asking or soliciting gifts from external parties.

- 2.5 The Group will exercise caution when interacting with officials of public bodies and will not offer any gratification to any officers of public bodies, whether local or foreign (see Annexure for definition of “Public Bodies”).
- 2.6 The Group strictly prohibits the making of facilitation payments and will not agree to make such payments for and on behalf of anyone (see definition of “Facilitation Payments” in Annexure).
- 2.7 Where conflict of interest arises or where there is personal interest involved that could give rise to potential interference of objectivity in the performance of duties or the exercise of judgement on behalf of the Group, employees involved are to abstain from negotiations, decision making or assessments. Employees are not to use their position, official working hours, company resources and assets or information available to them for personal gain or to the Group’s disadvantage. Where the situation is unavoidable, the employee is to make declaration and may proceed subject to consent being obtained from the Executive Chairman of the Company.

3.0 Who is covered by the policy?

The ABC Policy applies to:

- (a) Board of Directors and committee members at any level;
- (b) Officer or partner of the Group;
- (c) Person who is concerned with the management of the Group;
- (d) All employees, whether fixed-term, temporary or permanent including secondees and interns; and
- (e) All Persons Associated with the Group.

wherever located within Malaysia or aboard.

All parties named above shall confirm in writing that they have read, understood and will abide with the ABC Policy. The confirmation shall be documented and retained by the Human Resources Department for the duration of the employees’ service with the Group. For Persons Associated, the confirmation shall be retained by the Compliance Officer.

4.0 What Can be expected of us

4.1 Gifts & Hospitality

4.1.1 The Group accepts customary and appropriate gestures of hospitality and goodwill (whether given to/received from third parties) so long as the giving or receiving of gifts meets the following requirements:

- It is not made with the intention of influencing the party to whom it is being given, to obtain or reward the retention of a business or

business advantage, or as an explicit or implicit exchange for favours or benefits;

- It is not made with the suggestion that a return favour is expected;
- It is in compliance with local law;
- It is given in the name of the company, not in an individual's name;
- It does not include cash or a cash equivalent (e.g. gift vouchers or gift certificates);
- It is appropriate for the circumstances (e.g. small gifts exchange during festive seasons);
- It is of an appropriate type and value and given at an appropriate time, taking into account the reason for the gift;
- It is given/received openly, not secretly;
- It is not selectively given to a key, influential person, clearly with an intention of directly influencing him/her;
- It is not above a value of RM500.00;
- It is not offered to, or accepted from, an officer of a public body or representative of politician or political party, unless prior approval of the Executive Chairman is obtained.

4.1.2 Where it is inappropriate to decline the offer of a gift, the gift may be accepted so long as it is declared to the Compliance Officer and the Executive Chairman, who will assess the circumstances. All gifts given and received, regardless whether from suppliers, clients or investee company, should be disclosed via the **Gift Declaration Form** (see **Annexure 2**).

4.1.3 The Group recognises that the practice of giving and receiving business gifts varies between countries, regions and cultures. Kindly refer to the Group Gift and Hospitality Policy as to what is acceptable and not acceptable. Where there is any uncertainty, advice should be sought from the Compliance Officer.

4.2 **Facilitation Payments & Kickbacks**

4.2.1 The Group does not accept and will not make any form of facilitation payments of any nature and at whoever request (see Annexure for definition of "Facilitation Payments").

4.2.2 The Group does not allow kickbacks to be made or accepted (see annexure for definition of "Kickbacks").

4.3 **Charitable Contributions & Sponsorships**

4.3.1 The Group accepts and encourages the act of philanthropy and donation to charities, whether through services, knowledge, time or direct financial contributions in cash or otherwise. The Group will disclose all charitable contribution it makes.

4.3.2 The Group recognizes that solicitation for sponsorships from charitable organisations, sports bodies, welfare associations, community projects,

environmental causes, club/association dinners, staff parties, etc, may happen from time to time. Employees are to refer to the Group Gift and Hospitality Policy when such solicitations are received.

4.3.3 Employees must be careful to ensure that charitable contributions or sponsorships are not used to facilitate or conceal acts of gratification or given in order to secure a commercial advantage.

4.3.4 All charitable contributions and sponsorships should be reported via the use of the **Gift Declaration Form**.

4.4 **Political Contributions**

Unless with the approval from the Executive Chairman, the Group will not make donations, whether in cash, kind or any other means, to support any political parties or candidates recognising that any contributions may be perceived as an attempt to gain an improper business advantage.

5.0 **Responsibilities of Employees and Persons Associated.**

5.1 As an employee of the Group or Person Associated, you must ensure that you read, understand and comply with the information contained within this ABC policy, and with any training or other anti-corruption information you are given.

5.2 All employees of the Group or Persons Associated are responsible for the prevention, detection and reporting of gratification given or received. You are to avoid any activities that could lead to, or imply a breach of, this ABC Policy.

5.3 If any employee or Person Associated has reason to believe or suspect that an instance of gratification has occurred or will occur in the future that may be in breach of this ABC Policy, you must notify the Compliance Officer/Executive Chairman immediately via the **Incident Reporting Form** (see Annexure 3).

5.4 Any employee or Person Associated found to be in breach of the Group's ABC Policy will face disciplinary action and could face dismissal for gross misconduct. Fines imposed by the employee or Person Associated will not be paid by the Group and the Group reserves the rights to terminate a contractual relationship with the affected employee or person associated.

5.5 The Group will not condone the action of, nor to be held liable for, any Person Associated who may have made any gratification whilst acting for the Group, whether with or without the Group's knowledge. Therefore proper due diligence of all Person Associated representing the Group will be undertaken before the Group engages or enters into business relationships with any such Person Associated. Where non-compliance with the Group's ABC Policy has been confirmed any Person Associated who had violated the said policy, any contractual relationship will be terminated. Further legal action may also be taken in the event the interest of the Group has been harmed by the action of the Person Associated arising from the non-compliance.

6.0 Raising Concerns and Incidence Report

- 6.1 If you suspect that there is an instance of gratification or any bribery or corrupt activities that had occurred or will be occurring in relation to the Group, you are encouraged to raise your concerns as early as possible.
- 6.2 If you are uncertain whether a certain action or behavior can be considered as gratification you should speak to your immediate superior, Head of Department, Compliance Officer or Company Secretary.
- 6.3 Concerns or Incidence Reporting can be made via:
- The **Incident Reporting Form** which can be easily downloaded from the Group website.
 - Faxed or sent by post to the Compliance Officer/Company Secretary
 - Emailed to the Compliance Officer/Company Secretary
 - Telephone to the Compliance Officer/Company Secretary
- 6.4 The Group will familiarise all employees and Persons Associated with its whistleblowing procedures.
- 6.5 If you are a victim you must tell the Head of Department, Compliance Officer or Company Secretary as soon as possible if you are:
- offered gratification by anyone;
 - if you are asked to give/promise to make gratification;
 - If you suspect that you may be offered gratification in the future;
 - If you suspect that you may be asked to give gratification in the future; or
 - If you have reason to believe that you are a victim of any corrupt activity

7.0 Protection

- 7.1 The Group understands that you may feel worried about possible detrimental treatment if you refuse to accept or offer gratification or participate in such conduct or if you report a concern or incident or questionable conduct relating to potential act(s) of gratification. The Group will support anyone who raises concerns in good faith under this ABC Policy even if investigations finds the incident to be one of mistaken circumstance.
- 7.2 The Group will ensure that no one suffers any detrimental treatment as a result of refusing to accept or offer gratification or because you reported a concern or incident relating to potential act(s) of gratification.
- 7.3 Detrimental treatment refers to repercussions, reprisals, victimisation, retaliation, discrimination, harassment, intimidation, threats, demotion, suspension, adverse or unfavourable treatment or subject to disciplinary action in relation to the individual who makes the report.
- 7.4 If you have reason to believe that you have been subjected to detrimental treatment as a result of a concern or refusal to accept gratification, you should

inform your immediate superior or Head of Department or the Compliance Officer or Company Secretary immediately.

- 7.5 Any employees of the Group found to have deliberately acted against the interest of a person who has in good faith reported a violation or possible violation of the ABC Policy shall be subject to disciplinary action including demotion, suspension, dismissal or other actions, and may include legal action and reporting to the authorities or police.

8.0 Training/Briefing and Communication

- 8.1 The Group will provide training/briefing on this ABC Policy as part of the induction process for all new employees. Employees will also receive regular, relevant training/briefing on how to adhere to the Group's ABC Policy and will be asked annually to affirm that they formally accept and agree to comply with the ABC Policy.
- 8.2 The Group's ABC Policy and zero-tolerance principle will be clearly communicated to all Persons Associated at the onset of business relations and as appropriate thereafter.
- 8.3 The Group will provide relevant Anti-Corruption training/briefing to employees and Persons Associated where it feels their knowledge of how to comply with the MACCA needs to be enhanced.

9.0 Record-Keeping

The Group will keep detailed and accurate financial records and will have appropriate internal controls in place to govern all payments made. We will keep written records of the amount and reason for hospitality or gifts accepted and given and accept that the gifts and acts of hospitality are subject to managerial review.

10.0 Monitoring and Review

- 10.1 The Board of Directors of the Company is responsible for monitoring the effectiveness of this ABC Policy and will review the scope, policies, procedures, controls and implementation of it on a regular basis to assess its suitability, adequacy and effectiveness in view of the risks faced by the Group.
- 10.2 All levels of employees are responsible to control the risk of gratification.
- 10.3 Internal control systems and procedures designed to prevent gratification are subject to regular audits to ensure they are effective in practice.
- 10.4 The Group's ABC Policy does not form part of an employee's contract of employment and the Group may amend it at any time so as to improve its effectiveness at combatting corruption.

10.5 Regular audits shall be conducted to ensure compliance with this policy. Such audits may be conducted internally or by an external party and the report of the audit will be tabled to the Board of Directors for notation or remedial action, where necessary.

11.0 The Compliance Officer

The appointed Compliance Officer of the Group and his contact details are as follows:

Name: Mr Patrick Lim
Tel No.: 013 88 0707 8
Email : patricklim@magholdings.com.my

This policy is adopted on 1 June 2020

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Definitions

1.0 Commercial Organisation

A commercial organisation as referred to under Section 17A of MACCA includes:

- (a) A company incorporated under the Companies Act, 2016 and carries on a business in Malaysia or elsewhere;
- (b) Partnership set up under Partnership Act, 1961 including limited liability partnerships under the Limited Liability Partnership Act, 2012 and carried on a business in Malaysia or elsewhere;
- (c) Any company, wherever incorporated and carries on a business or part of a business in Malaysia; and
- (d) Any partnership wherever formed and carries on a business or part of a business in Malaysia.

2.0 Persons Associated

Person Associated means a person who performs services for or on behalf of a commercial organisation which includes third party service providers, agents or representatives of the commercial organisation such as consultants, contractors, trainees and interns, seconded staff, volunteers, home workers, casual workers, sponsors or any other person or persons associated with the commercial organisation.

In the context of the Group's ABC Policy, Persons Associated refers to any individual or organisation that the Group meets and works with and includes actual and potential clients, suppliers, distributors, business contacts, agents, advisers, consultants and government and public officers and other public parties.

Any arrangements made by the Group with a Person Associated is subject to clear contractual terms, including specific provisions requiring the Person Associated to comply with the ABC Policy standards and procedures relating to anti-bribery and corruption.

3.0 Gratification

3.1 Means (*Section 3 of MACCA 2009*)

- (a) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
- (b) Any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- (c) Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (e) Any forbearance to demand any money or money's worth or valuable thing;
- (f) Any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not

- already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- (g) Any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding.

3.2 Gratification refers to the act of soliciting, giving, receiving, offering, promising “something of value” or of an advantage so as to secure, induce, reward, influence an action or decision or keep an improper or unfair advantage.

3.3 Gratification can be solicited, offered, paid or received in relation to inducement or reward directly or indirectly through third parties. Indirect or third parties may include relatives, associates, favorite charity, private business, political party or election campaign. “Relatives” & “Associates” are as defined under Section 3 of MACCA 2009.

3.4 Something of value is not only cash but can include (but not limited to) cash equivalents, as defined in para 3.1 above and may also include titles of distinction, promises, sexual or other favours, shares, information, entertainment, travel or any similar advantage.

3.5 Gratification can be presumed when the solicitation, offer, receipt or giving is done with corrupt intent. *Section 50 of MACCA 2009*

3.6 Gratification includes solicitation, offer, receipt or giving of facilitation payments.

4.0 Corruption

Corruption is defined as the giving or receiving of gratification through the misuse of office or power as a means to induce or reward unlawful or improper behavior that seeks to gain or secure an advantage for a person or his associates. Corruption is illegal.

5.0 Bribery

Bribery means the giving or receiving of an unearned reward or something of value, financial or otherwise in exchange or to influence one’s behavior to do or not to do an act or an inducement to obtain improper gain personally, commercially, regulatory or contractually. Bribery is illegal.

6.0 Facilitation Payments

Means routine payments made to government officials to expedite or secure routine government action or to avoid bureaucratic delays. Facilitation payments are illegal.

7.0 Kickbacks

The return of a sum already paid or due, as a reward for awarding or furthering business.

8.0 Public Bodies

“Public bodies” include any Federal or State Government of Malaysia, local authorities, town or city councils, any society incorporated under the Societies Act, 1966, any sports body set up under the Sports Development Act, 1997, any co-operative society under the Co-operative Societies Act, 1993, any trade union established under the Trade Unions Act, 1959, any youth society set up under the Youth Societies & Youth Development Act, 2007 and any company or subsidiary company in which any of the public bodies has controlling power or interest.

9.0 Officer of a public body

Officer of a public body means any person who is a member, an officer, an employee or a servant of a public body, and includes a member of the administration, a member of Parliament, a member of a State Legislative Assembly, a judge of the High Court, Court of Appeal or Federal Court, and any person receiving any remuneration from public funds, and, where the public body is a corporation sole, includes the person who is incorporated as such.

10.0 Hospitality

Hospitality means the care of guest, which may include refreshments, accommodation and entertainment at a restaurant, hotel, club, resort, convention centre, concert, sporting event or other venue such as company officers, with or without the presence of the host, provision of travel, provision of guides, attendants and escorts, provision of use of wellness or beauty spas, golf course, ski resort, theme parks or holiday tours.

MAG HOLDINGS BERHAD GROUP

GIFT DECLARATION FORM

Section 1 – to be completed by employee

Declaration Date	
Name	
Position	
Division / Department	
Date Offered	
Description of gift, benefit or hospitality	
Estimated/Actual value	
Offered by <i>(Name of individual & his organization)</i>	
Is the offeror/entity a business associate?	<i>If YES, describe the relationship between them and our organization</i> <i>If NO, describe the relationship between you and the offeror/entity making the offer</i>
Reason for the Offer	
Would accepting the offer: a) Create an actual/potential or perceived conflict of interest? b) Bring you, our organization into disrepute? <i>If, either answer above is YES, then the offer must be declined</i>	
Is there a legitimate business benefit to the organization for accepting the offer, i.e. does it meet the following: a) It was offered during the course of your official duties; b) It relates to your official responsibilities /position; c) It has a benefit to the organization <i>If any of the above is NO, the offer must be declined</i> <i>If any of the above is YES, the benefit must be detailed</i>	
	I accepted the offer Signature & Date

Section 2 – to be completed by HR

Name	
Position	
Division / Department	
Decision regarding tangible gifts: <i>To specify whether the reporting staff may retain the gift, transfer the gift to the organisation, return to offeror, donated to charity or any other action</i>	
<p>Confirmation of Approver</p> <p>I have reviewed this declaration and confirm that, to the best of my knowledge, the acceptance of the offer by the employee above:</p> <p>a) Does not raise an actual/potential or perceived conflict of interest for the individual or myself;</p> <p>b) Will not bring the individual, myself, the organization into disrepute; and</p> <p>c) Will provide a clear business benefit to the organization</p>	
	Signature & Date

MAG HOLDINGS BERHAD
INCIDENT REPORTING FORM

	Reporter	Suspect
Name		
Position		
Division / Department / Organisation		
Your contact details (<i>Phone, emails etc</i>) Reporter may be contacted to assist in the investigation, if required		
Details of Incident <i>Briefly describe the misconduct/improper activity and how you know about it. If there is more than one incident kindly number each incident and use as many pages as necessary.</i>		
Who committed the inappropriate conduct?		
When & where did it happen?		
Besides the suspect, were there others involved?		
Are there witnesses to the incident?		
Evidence that you can provide which would assist the investigation		
Attach as much evidence as you can. However you need not obtain evidence that you do not have the right of access to		
Any other details	Signature & Date	

For Office Use	
Date received	
Escalated to (<i>Name of investigator & Department</i>)	
Date responded to reporter	
Date matter investigated and results of enquiry	
Date reported to Board of Directors/Audit Committee	
Conclusion	
	Signature & Date