



Anti-fraud System

of

China Maple Leaf Educational Systems Limited

中国枫叶教育集团有限公司*

(First adoption on 1 September 2020, with the latest amendment effective on 24 October 2022)

Chapter I General Provisions

Article 1:

In order to standardise the anti-fraud work of China Maple Leaf Educational Systems Limited (together with its subsidiaries and consolidated affiliated entities, referred to as the "**Group**"), this system is formulated in accordance with the Company Law, the Basic Standard for Enterprise Internal Control, the Articles of Association of China Maple Leaf Educational Systems Limited and other relevant regulations, combined with the actual management of the Group.

Article 2:

This system is applicable to the management ("**Management**") and employees of the Group, departments and schools (each a "**Employee**", collectively as the "**Employees**"), external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g. agents, consultants and contractors) (collectively as "**Other Stakeholders**").

Chapter II Purpose of the Anti-fraud System

Article 3:

The purpose of the anti-fraud system is to (i) regulate the professional conduct of the Employees, especially the directors (each a "**Director**", collectively as the "**Directors**"),

supervisors, and middle and senior managers, (ii) establish a work style of integrity, diligence, dedication, honesty, fairness, impartiality and ethical business practices, (iii) comply with relevant laws and regulations, professional ethics and the internal management system of the Group, and (iv) prevent any conduct that may damage the interests of the Group, shareholders and Employees.

Article 3A:

The Group is in full-commitment to zero-tolerance towards any form of corruption, bribery, extortion, fraud and money laundering and maintains the highest ethical standards and highest level of integrity in conducting its business and operation. Any form of fraud, bribery, corruption, money laundering and financing of terrorism, whether in the People's Republic of China ("**PRC**"), Hong Kong Special Administrative Region of the PRC ("**Hong Kong**") or elsewhere, may lead to criminal prosecution of or regulatory action against the Group, its directors and/or the Employees, resulting in the imposition of criminal or civil penalties, including fines and imprisonment, and could damage the Group's business and reputation, undermining its relationships with its regulators and its students, parents, business partners and competitors.

Chapter III Concept and Forms of Fraud

Article 4:

The term "fraud" in this system refers to acts taken by the Employees who use intentional concealment, deception and other illegal means to seek illegitimate personal benefits or seek illegitimate economic benefits for the Group, and may bring illegitimate benefits to themselves or others, which damages the legitimate economic benefits and brand reputation of the Group. Fraud includes fraud that damages the legitimate economic benefits of the Group and fraud that seeks illegitimate economic benefits for the Group.

Article 5:

Fraud that damages the legitimate economic benefits of the Group refers to misconducts undertaken by the Employees who use deception and other illegal means to seek benefits

for themselves or others, which damages the legitimate rights and interests of the Group and its shareholders.

Examples which constitute fraud are as follows:

- (1) Taking bribes or kickbacks;
- (2) Transferring transactions that could make the Group profitable under normal circumstances to others;
- (3) Illegal use of the Group's assets, and defalcation, misappropriation, theft and embezzlement of the Group's assets;
- (4) False representation or wilful omission or misrepresentation of transactions or other matters causing the Group to make payments for false transactions or matters;
- (5) Deliberate concealment and misstatement of transactions; false records, misleading statements or major omissions in information disclosure;
- (6) Instructing others or themselves to forge or alter accounting records or vouchers, deliberately misusing accounting policies and accounting estimates, and providing false financial information or statements;
- (7) Exploiting vulnerabilities and defects in e-commerce technology to damage the benefits of the Group;
- (8) Divulging the business or technology secrets of the Group;
- (9) Unauthorised conduct of various profit-making activities in the name of the Group;
- (10) Other fraudulent acts that damage the economic benefits of the Group.

Article 6:

Fraud committed to seek illegitimate economic benefits for the Group refers to misconducts undertaken by the Employees who use deception and other illegal means to seek illegitimate benefits for the Group, which damage the benefits of the country, other organisations, individuals or shareholders.

Examples which constitute fraud are as follows:

- (1) Disbursement for improper purposes, such as for bribes or kickbacks;
- (2) Sale of non-existent or unreal assets;

- (3) Deliberate misstatement and false record of transactions, including inflated revenue and underestimation of liabilities, and issuance of falsified financial statements, which leads to inappropriate investment and financing decisions due to misunderstanding financial statements by readers or users;
- (4) Concealment or deletion of important information that should be disclosed to the public;
- (5) Engaging in economic activities violating laws and regulations;
- (6) Tax evasion;
- (7) Other fraudulent acts to seek illegitimate economic benefits for organisations.

Chapter IV Anti-fraud Agencies and Division of Labour

Article 7:

The board of directors of the Company (“**Board**”) leads the anti-fraud work of the Group, urges the Management to create an anti-fraud cultural environment within the Group, and establishes a sound internal control system covering fraud prevention.

Article 8:

The Management shall be responsible for the occurrence of fraud. The Management is responsible for establishing, improving and effectively implementing programs and controls, including fraud risk assessment and fraud prevention, and conducting self-assessment.

Article 9:

The Board and audit committee of the Board (“**Audit Committee**”) shall coordinate, guide and supervise the anti-fraud work of the Group.

Article 10:

The integrity supervisory committee of the Group (“**Integrity Committee**”) is the daily work department for the Group’s anti-fraud work, which is responsible for the implementation of the anti-fraud work of the Group and its schools, including:

- (1) accepting and registering related fraud reports;
- (2) organising investigations into fraud cases;
- (3) putting forward opinions on handling and accountability of fraud cases;
- (4) launching campaigns to prevent fraud and raise awareness of anti-fraud.

Article 11:

The schools of the Group shall actively cooperate in the investigation and evidence collection for fraud incidents, and clarify the relevant responsibilities and division of labour for their anti-fraud work with reference to this system.

Chapter V Acceptance, Registration, Review and Investigation of Fraud Cases

Article 12:

The Group encourages real-name reporting. Employees and social parties that have direct or indirect business relations with the Group can report information about actual or suspected fraud cases of the Group and the Employees through telephone calls, emails, letters and other channels (“**Report(s)**”).

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Article 13:

If the functional departments of the Group find any fraudulent act during internal management inspection, managers shall obtain detailed and verified materials about fraud from the audited units and timely hand over the relevant fraud materials to the Integrity Committee for registration and handling.

Article 14:

The Integrity Committee establishes an information communication channel with the external auditor to obtain evidence to fraud cases found in the relevant audit at any time,

and register and verify them in time.

Article 15:

After receiving the Report(s), the Integrity Committee shall register, investigate and verify them. Reports involving senior managers of the Group shall be notified to the Board and the Audit Committee before investigation. If necessary, external audit institutions or other institutions or functional departments may be invited to assist in the investigation.

Article 16:

The Integrity Committee is responsible for filing materials related to fraud cases after investigation and handling.

Chapter VI Accountability and Remedial Measures for Fraud

Article 17:

After the investigation of fraud cases, the Integrity Committee shall put forward opinions on handling or accountability of the cases that constitute fraud based on the internal investigation (“**Opinion**”). The Integrity Committee shall, report the Opinions to the Board for approval. If economic losses were caused to the Group, compensation shall be made by the responsible person. Opinions on handling or accountability of major fraud cases shall be reported to both the Board and Audit Committee.

Article 18:

The Group commits to accountability for fraud, including leadership accountability and direct accountability.

- (1) Leadership accountability means that the responsible person should assume responsibility for fraud incidents involving companies, schools, departments or employees under his/her jurisdiction due to mistakes or dereliction of duty.
- (2) Direct accountability means that the responsible person should assume responsibility as he/she fails to perform or correctly perform his/her duties within the scope of

his/her duties, including direct participation in fraud, or instructing, instigating, coercing, condoning, shielding others, etc., which plays a decisive role in causing fraud.

Article 19:

After the occurrence of fraud cases, the Group shall take timely remedial measures, and evaluate and improve the internal risk control of the affected schools.

Article 20:

Any employee with a record of fraud cannot be hired or promoted to an important position in the Group.

Article 21:

Any Employee in breach of this system will be subject to disciplinary action, including termination of appointment. Employee(s) committing serious breaches of this system shall be referred to relevant law enforcement agencies and/or judicial organs for handling.

Chapter VII Prevention and Control of Fraud

Article 22:

The Group promotes a corporate culture of integrity and creates an anti-fraud cultural environment. The corporate culture of integrity includes (but not limited to) the following ways:

- (1) The Management should serve as role model and take practical actions to take the lead in complying with laws and regulations as well as the Group's systems and norms. Anti-fraud internal control mechanisms and systems have been formulated and improved by managing risks and maintaining records when offering or accepting gifts, entertainment, sponsorships, travel and accommodation or other advantages or when engaging in charitable donations, political expenditure or recruitment.
- (2) The Group's anti-fraud policies and programs and related measures shall be advocated or implemented in various forms within the Group to ensure that the Management and the Employees can undergo training on relevant laws, regulations

and professional ethics.

- (3) Employees are encouraged to abide by laws and regulations and act with honesty and integrity in daily work and business operation of the Group, indicating that employees can properly handle conflicts of interest and improper interest temptations in work.
- (4) The Group informs the Other Stakeholders, including external stakeholders (students, parents, suppliers, regulators and shareholders) who have direct or indirect business relations with the Group of its anti-fraud system in appropriate forms, and communicate information and requirements related to its anti-fraud work to them.
- (5) The handling results of major fraud incidents shall be publicly disclosed to enable Employees to become fully aware of the damage of the incidents posed to the Group and deter the Employees from commission of frauds.
- (6) The Group encourages real-name or anonymous reporting of unethical and dishonest behaviours, and rewards those who provide probative evidence.

Article 22A:

It is the Group's policy that Directors and Employees should not solicit or accept any advantage for themselves or others, from any person, company or organisation having business dealings with the Group or any subordinate.

Article 22B:

Directors and Employees should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Group) or the perception of such conflicts. When actual or potential conflict of interest arises, the Director or Employee should as soon as possible make a declaration to the Board or the Integrity Committee through the reporting channel using the enclosed Form A (Annex 1).

Article 23:

The Group and its schools shall improve the internal control system and regularly conduct self-assessment on internal control, in a bid to effectively prevent the occurrence

of fraud. Functional departments of the Group shall (i) identify the critical control points where fraud risks may occur, (ii) evaluate the establishment and implementation of systems and processes to prevent fraud, and (iii) timely analyse and propose prevention and control measures for major fraud incidents when conducting inspections.

Chapter VIII Protection of Whistleblowers

Article 24:

All personnel who accept, register and review reports, or are responsible for investigation and handling of fraud cases shall be devoted to their duties, be diligent and honest, maintain confidentiality, and abide by the following rules:

1. It is strictly prohibited to disclose the whistleblower's name, unit, address and other relevant information;
2. Materials involving the whistleblower's personal information, including the Report(s) and its supporting documents, shall not be disclosed to the department(s) or person(s) that are subject to investigation.
3. Personnel handling fraud cases or their close relatives who have a stake in the cases shall withdraw from the cases.

Article 25:

If the whistleblower is retaliated against for reporting a fraud case, the whistleblower can file a complaint to the Integrity Committee. After investigation and verification by the Integrity Committee, the relevant personnel shall be held accountable if there is any act of retaliation.

Chapter IX Supplementary Provisions

Article 26:

The Board is responsible for the interpretation and revision of this system.

Article 27:

This system shall come into force upon approval by the Board.

Article 28:

The Board shall be vested upon the full power to review, update this system from time to time to ensure its continued effectiveness.

Article 29:

This system shall be published on the Group's website.

DECLARATION OF CONFLICT OF INTEREST

Part A – Declaration *(To be completed by Declaring Staff)*

To: (Approving Authority) via (supervisor of the Declaring Staff)

I would like to report the following actual/potential* conflict of interest situation arising during the discharge of my official duties:-

Persons/companies with whom/which I have official dealings
My relationship with the persons/companies (e.g. relative)
Relationship of the persons/companies with our Company (e.g. supplier)
Brief description of my duties which involved the persons/companies (e.g. handling of tender exercise)

(Date)

(Name of Declaring Staff)
(Title / Department)

Part B – Acknowledgement *(To be completed by Approving Authority)*

To: (Declaring Staff) via (supervisor of the Declaring Staff)

Acknowledgement of Declaration

The information contained in your declaration form of _____ (Date) _____ is noted. It has been decided that:-

- ☐ You should refrain from performing or getting involved in performing the work, as described in Part A, which may give rise to a conflict.
- ☐ You may continue to handle the work as described in Part A, provided that there is no change in the information declared above, and you must uphold the Group's interest without being influenced by your private interest.
- ☐ Others (please specify):

(Date)

(Name of Approving Authority)
(Title / Department)