

Texhong [2018] No. 013

Texhong Textile Group Limited**Incentive Scheme for Integrity and Self-discipline**

Texhong Textile Group has always adhered to the core value of “Respect, Benevolence, Cultivation, Altruism”, and prohibited any form of commercial bribery in the business with Texhong Textile Group. In order to better encourage employees to refuse commercial bribery and create a business atmosphere of honest cooperation, the Group rewards employees who have excellent performance in rejecting commercial bribery and has formulated the “Incentive Scheme for Integrity and Self-discipline of Texhong Textile Group”.

1. Awardees

Employees who refuse to accept commercial bribery in cash (including cash, cheques, bank cards, shopping cards, etc.).

2. Award Amount

30 % of the amount of commercial bribery submitted.

3. Procedures for Granting Awards

- 3.1 After receiving cash commercial bribery from suppliers, customers, partners or other stakeholders, employees are required to contact the Office of the Director-General of the Group immediately and explain the situation of such commercial bribery. If it is not actively stated within five working days but reported or discovered, it will be recognized as accepting commercial bribery in accordance with the “Regulations on the Administration for Anti-Bribery and Anti-Corruption of Texhong Textile Group” and handled in accordance with the “Regulations on the Administration for Anti-Bribery and Anti-Corruption of Texhong Textile Group” and “Employee Commitment to Integrity of Texhong Textile Group”.

Contact of Office of the Director-General of the Group:

Tel: +86-21-20680206\20680285

Email: jubao1@texhong.com; jubao2@texhong.com.

3.2 The Office of the Director-General of the Group shall verify the commercial bribery behavior explained by the employee. If the bribery behavior is established, the employee who refuses to accept the bribery will be rewarded according to 30 % of the amount submitted. The reward will be distributed together with the employee's remuneration in the following month and the income tax will be paid according to the national regulations.

3.3 For employees who refuse to accept commercial bribery, the Office of the Director-General of the Group will submit a list to the Human Resources Department of the Group, giving priority to promotion and salary increment.

3.4 If the Office of the Director-General of the Group verifies the facts of bribery, the suppliers, customers, partners or other stakeholders in violation of regulations shall be dealt with in accordance with the “Anti-Commercial Bribery Agreement of Texhong Textile Group” , and transfer the suspected violation to the judicial authority.

4. Reporting of Awards

The Office of the Director-General of the Group submits a reward list and amount to the Human Resources Department of the Group before 30th of each month, and the Human Resources Department of the Group grants the reward to the relevant personnel in the following month.

5. Supplementary Provisions

- 5.1 The Office of the Director-General of the Group shall be responsible for the drafting, amendment, interpretation and abolition and other approval of this policy.
- 5.2 All subsidiaries implement such measures with reference to this policy.
- 5.3 This “Incentive Scheme for Integrity and Self-discipline” came into effect and implemented on 1 October 2018.

Texhong Textile Group Limited

20 September 2018