

# **Compliance Manual**

SINOCONST

China Machinery Industry Construction Group Inc.

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# **PART I. SINOCONST Compliance Guidelines**

## **CHAPTER I. General Provisions**

**Article 1.** China Machinery Industry Construction Group Inc. (hereinafter referred to as “SINOCONST” or the “Company”) formulates this Compliance Guidelines (hereinafter referred to as “Guidelines”) in light of the international compliance practices and in alignment with relevant compliance implementation rules to regulate its business activities, prevent its material compliance risks, and improve its compliance management.

**Article 2.** These Guidelines is intended to ensure that the Company follows its compliance requirements in carrying out its business activities by improving its organizational structure for compliance management, specifically defining the compliance management responsibilities, refining compliance management mechanism, identifying, preventing, overseeing and responding to the compliance risks in third part activities, giving gifts and hospitalities, donating and sponsoring, making payments in cash, bidding, contracting, procuring and other key business activities of the Company.

**Article 3.** Activities not addressed in these Guidelines shall be governed by other existing bylaws of the Company; in case of any inconsistency between these Guidelines and any of the existing bylaws, the stricter provision shall prevail.

**Article 4.** The compliance management of the Company shall keep pace with the times and be adaptable to the needs of business development and the development of, and change in, external compliance requirements, and the detailed compliance management rules shall be adapted and improved from time to time according to the requirements in respect of the compliance management.

## **CHAPTER II. Scope of Activities Subject to Compliance Management**

**Article 5.** The compliance management of the Company is mainly over the activities of its employees’ conduct, third party activities, giving gifts and hospitality, donating and sponsoring, making payments in cash, bidding, contracting, procuring etc.

**Article 6.** The Company shall formulate the Employees’ Compliance Code of Conduct, specifically define the compliance requirements in respect of the activities of its employees and the liabilities for violation of such requirements, establish a background investigation procedure over the employees in the high-risk positions and set forth requirements in respect of compliance training and performance review.

**Article 7.** The Company shall formulate the Compliance Rules for Due

Diligence on Third Parties, establish a procedure for due diligence investigation on third parties and set forth requirements in respective compliance audit to ensure that third parties engaged comply with the Company's compliance requirements.

**Article 8.** The Company shall formulate the Compliance Rules on Cash Payment, specifically define the scope of matters subject to cash payment in the course of settlement of funds, and strictly follow the rules on limits of authorities for approval of cash payment and the relevant procedures and thresholds, and strengthen financial control to ensure that cash payments or the relevant transactions are made legally, truly and reasonably.

**Article 9.** The Company shall formulate the Compliance Rules on Gifts and Hospitality, specifically define the fundamental principles and the standards for examination and approval in giving gifts and hospitality in the course of its business, and the business hospitality shall be subject to uniform approval authority. Any gift or hospitality shall not be approved, provided or offered that doesn't follow the fundamental principles and standards for approval.

**Article 10.** The Company shall formulate the Compliance Rules on Donations and Sponsorships, specifically define the department which are obliged to oversee the donations and sponsorships and follow the limits of authorities, procedure and standards for compliance approval to ensure about the compliance of donations and sponsorships.

**Article 11.** The Company shall formulate the Compliance Rules on Bidding, specifically define the requirements for management and supervision over its bidding activities, the procedure for compliance qualification review and the compliance review requirements for projects for which it is bidding.

**Article 12.** The Company shall formulate the Compliance Rules on Contracts, further regulate their management of contracts, specify the departments which are obliged to manage contracts of the Company, and follow the contract compliance audit requirements.

**Article 13.** The Company shall formulate the Compliance Rules on Procurement, specifically define the requirements for management and supervision over its procurements, the procedures of the suppliers/potential bidders for compliance qualification review and the compliance review requirements.

**Article 14.** The Company shall formulate the Compliance Rules on Compliance Audit, regulate the implementation of the Company's compliance bylaws, satisfactorily carry out its compliance audit activities, promptly find problems and shortcomings in the course of the implementation of its compliance mechanism and try to improve its compliance mechanism.

**Article 15.** The Company shall formulate the Compliance Rules on Risk Evaluation, assess the compliance risks, and timely identify the potential risks, in

each case in its business activities.

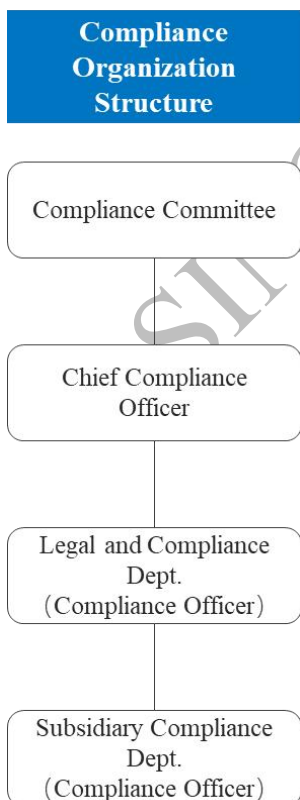
**Article 16.** The Company shall formulate the Compliance Rules on Internal Investigation, promptly conduct internal investigation over the misconducts complained or reported in the business activities of the Company and its affiliates to find out whether there are misconducts in their business activities.

**Article 17.** The Company shall formulate the Compliance Rules on Employees Training, regularly arrange compliance training and examination for its employees to ensure that their compliance bylaws are actually implemented.

### CHAPTER III. Compliance Management Organizations and Their Duties

**Article 18.** The Company and its affiliates shall have the following compliance management organizations:

SINOCONST Compliance Organization Chart:



SINOCONST Compliance Implementation Process:



(1) At the level of the Company, a compliance committee shall be set up, which shall be responsible for the overall formulation and implementation of the compliance mechanism of SINOCONST. The Compliance Committee shall have one director, one to two vice-director(s) and several members.

(2) The Company shall appoint a Chief Compliance Officer.

(3) The Company and its affiliates shall specify the department which is obliged to oversee the implementation of compliance rules (hereinafter referred to as “compliance department”). The main responsibilities of the compliance department include: construction of integrity compliance program; formulation and implementation of compliance rules; identification, assessment, and control of compliance risks; communication of compliance information; handling and investigation of compliance reports etc.

The Company’s compliance department is the daily working office of the Compliance Committee and responsible for formulation and implementation of the compliance mechanism of the Company.

(4) All departments, except the compliance department, and affiliates of the Company shall have at least one compliance officer, and if an affiliate has several compliance officers, it shall appoint a Chief Compliance Officer.

(5) In every overseas country or region in which the Company carries out business activities, the overseas office of SINOCONST in that country or region with more than 3 permanent Chinese employees shall have at least one compliance officer, and if the office has several compliance officers, it shall appoint a Chief Compliance Officer.

**Article 19.** The compliance management organizations shall be established on the principle of independence, namely:

(1) Departments and personnel responsible for compliance management shall not simultaneously assume the responsibilities of financial management, marketing, procurement of material and equipment, engineering project and labor subcontracting and other duties that may conflict with their compliance responsibilities, so as to ensure about fairness and impartiality in dealing with specific issues;

(2) Compliance officers shall independently report and communicate with superior compliance departments on major compliance matters through the reporting path of compliance management functions.

**Article 20.** The board of directors of the Company and its affiliates shall bear the ultimate responsibility for compliance management. The implementation of compliance rules shall be gradually included in the annual performance appraisal system applied by the Company to its subsidiaries. Subsidiaries of the Company

shall enhance their incentive and assessment mechanism, properly increase the weight of the effect of compliance management and risk control in the performance appraisal, and lead the whole staff to actively complying with the bylaws through the benefit distribution mechanism and attach equal importance to both process and result.

**Article 21.** The Company's Compliance Committee shall be responsible for the control, management, evaluation, supervision and coordination in respect of the compliance risks of itself and its subsidiaries. Compliance work meetings shall be held quarterly.

**Article 22.** The Chief Compliance Officer of a subsidiary shall be responsible to the board of directors of the subsidiary, bear direct responsibility for the compliance management, and ensure the effectiveness of the overall compliance structure and management. The main responsibilities of the Compliance Officer of a subsidiary include:

(1) Responsibility for leading and directing compliance management, and submitting to the supervision by the board of directors and the board of supervisors;

(2) Reviewing, and proposing to the board of directors and the compliance committee, the compliance management organization and reporting mechanism;

(3) Reviewing, and submitting to the board of directors and the compliance committee, annual compliance work reports;

(4) Reporting timely major compliance risks to the board of directors and compliance committees;

(5) Leading the compliance risk responding team and dealing with major compliance risk events;

(6) Responsibility for the assessment and evaluation of compliance officers in the subsidiary;

(7) Other compliance responsibilities set forth in the articles of association or relevant compliance documents.

**Article 23.** The Chief Compliance Officer of any office in a foreign country of the Company and its affiliated entities shall be under the leadership of their superior compliance departments, report to them, submit to their supervision and assist them to effectively manage their compliance matters. The main responsibilities of the Compliance Officer are as follows:

(1) Following up the changes and developments in relevant international/national laws and regulations and other requirements, formulating and revising compliance systems and procedures accordingly;

(2) Directing and supervising the implementation of compliance systems and

procedures;

- (3) Planning, arranging and coordinating overall compliance management;
- (4) To circulating internal and external compliance information;
- (5) Daily communicating about external compliance work and responding to relevant audits, inquiries and investigations;
- (6) Actively identifying, assessing, monitoring and reporting compliance risks and proposing risk preventing and responding schemes;
- (7) Organizing and participating in compliance audit;
- (8) Dealing with internal and external compliance consultation and giving feedback;
- (9) Dealing with internal and external complaints and reports of violation or alleged violation of the Company's compliance system and procedure, law or regulation and other requirement, organizing investigation into violations, and putting forward suggestions for treating or rectifying them;
- (10) Supplementing, improving and updating the rules and procedures against the loopholes found in them in the course of their implementation;
- (11) Cooperating with Human Resources Departments in educating and training compliance officers and employees; and
- (12) Conducting regular self-examination and evaluation over the prevention and supervision of compliance risks, and preparing reports on compliance work.

**Article 24.** The relevant business departments of the Company and its affiliated entities shall be guided by compliance officers of the Company or the subsidiary. The compliance responsibilities of the relevant business departments shall include:

- (1) Identifying, collecting and implementing applicable laws, regulations and other requirements;
- (2) Implementing the compliance system and procedures of the Company;
- (3) Identifying, reporting and preventing compliance risks in operating and managing activities;
- (4) Cooperating with compliance officers in conducting compliance investigations and audit; and
- (5) Preparing and implementing emergency plans.



## **CHAPTER IV. Appointment, Removal, Training and Evaluation of Compliance Officers**

**Article 25.** The Chief Compliance Officer of the Company and its affiliated entities shall only be appointed to such position upon approval by the general manager after being nominated by the Human Resources Department.

Full time and part time compliance officers of the Company's other departments and its affiliated entities shall only be appointed to such position upon approval by the general manager after being nominated by the Chief Compliance Officer and reviewed by the Human Resources Department.

**Article 26.** The compliance officers of the Company's overseas offices shall be appointed to such position by its higher-level entity after such higher-level entity consulting with the head of such overseas offices.

**Article 27.** The Company's Human Resources Department is responsible for uniformly making public the appointment of compliance officers.

**Article 28.** Compliance officers shall receive professional trainings so as to accurately and comprehensively understand the compliance roles and responsibilities, know relevant laws and other requirements, be familiar with the best compliance management practices and experiences in the industry and be equipped with the specialist knowledge and skills necessary for being competent to carry out compliance management.

**Article 29.** The Company's compliance department shall be responsible for the trainings of subordinate compliance officers and related business personnel, including formulating training plans, carrying out compliance trainings with the Human Resources Department, making training records, and being subject to regular compliance audits.

**Article 30.** Trainings of compliance officers and compliance personnel may be conducted by higher-level compliance officers or external professionals.

**Article 31.** Compliance officers shall receive trainings prior to providing trainings to employees.

**Article 32.** Compliance officers shall take exams after being trained. The exam results shall be recorded in their personal training files by the Human Resources Department and taken into consideration in the annual compliance performance evaluations.

## **CHAPTER V. Compliance Management of Employee Behaviors**

**Article 33.** The compliance management of employee behaviors includes:

- (1) compliance requirements regarding employee behaviors;
- (2) compliance background checks of employees at high-risk positions;
- (3) compliance trainings;
- (4) compliance examinations and evaluations.

**Article 34.** The Human Resources Department shall perform the following responsibilities in the employee compliance management:

(1) being in charge of compliance management of employee behaviors, arranging for new employees to execute employee compliance statements, and arranging all current employees to sign the Employees' Compliance Statement annually;

(2) conducting compliance background checks of newly enrolled or transferred employees at high-risk positions, and performing related work such as making records, classification, numbering and archiving;

(3) organizing compliance trainings and post-training examinations with the compliance department;

(4) organizing evaluations of employees' compliance performance.

**Article 35.** The compliance officer shall perform the following responsibilities in the employee compliance management:

(1) reviewing regularly the compliance statements executed by employees, employment of foreign employees, implementation of disposition of employees' violations, implementation of compliance background checks of employees at high-risk positions, and employees' compliance training records;

(2) organizing investigations of employees' violations;

(3) formulating compliance training plans.

**Article 36.** For the purpose of these Guidelines, employees at high-risk positions shall include:

(1) middle- and top-level managers of the Company and its affiliated entities;

(2) heads of overseas offices;

(3) person-in-charge of project (or contract) execution;

(4) holders of key financial positions;

(5) holders of key marketing positions; and

(6) holders of bidding, key material/equipment procurement and project/labor subcontracting positions, etc.

**Article 37.** After completion of a compliance training, the trainees shall take exams. The exam results shall be recorded in their personal training files by the Human Resources Department and taken into consideration in the annual compliance performance evaluations.

## **CHAPTER VI. Communication of Compliance Efforts**

**Article 38.** At the beginning of each year, the compliance departments of the Company and its affiliated entities shall formulate compliance popularization and implementation plans to promptly and effectively communicate the following information to employees and business partners around the world:

- (1) attitude of senior management and attention they have paid to compliance efforts;
- (2) compliance plans;
- (3) the compliance system and procedures;
- (4) laws, regulations and other requirements that shall be complied with;
- (5) hotlines, e-mail addresses and mailing addresses for making complaints and reporting;
- (6) e-mail and mailing addresses for compliance advisory.

**Article 39.** Compliance popularization and implementation plans shall take into consideration problems discovered during the compliance work and fully reflect the compliance system and procedures of the Company and its affiliated entities, the latest changes in international/national laws and regulations and other requirements.

**Article 40.** A compliance popularization and implementation plan shall mainly include:

- (1) the audience and contents of internal popularization and implementation;
- (2) the audience (such as third parties, tenderers, subcontractors, suppliers, joint venture partners and other business partners) and contents of external popularization and implementation;
- (3) the manners (such as by way of meetings, employee handbooks, compliance trainings, the Company's newspapers and newsletters, notices issued by the Company and its affiliated entities, etc.) and contents of popularization and implementation;
- (4) the compliance budget, amongst others.

**Article 41.** The compliance popularization and implementation plan, once

completed, shall be submitted to the Chief Compliance Officer for his/her review and approval before implementation. The compliance popularization and implementation plan of affiliated entities shall be filed with the Company's compliance department.

**Article 42.** The Company and affiliated entities shall establish their respective independent compliance reporting and communication channels:

(1) Affiliated entities: compliance officers of the affiliate-Chief Compliance Officer of the affiliate-the Company's Chief Compliance Officer.

(2) The Company's overseas offices: compliance officers of the office-the Company's compliance department-the Company's Chief Compliance Officer.

(3) The Company: compliance officer of the Company - the Company's compliance department - the Company's Chief Compliance Officer - the Company's Compliance Committee - board of directors of the Company.

The Company's affiliated entities shall report on their work to the Company's compliance department on a regular basis.

(1) Routine compliance reporting and communication: compliance officers at all levels shall submit the Monthly Compliance Report (Appendix 1) to the compliance officer at a higher level at the beginning of each month, and the Annual Compliance Report (Appendix 2) at the end of each year.

(2) Reporting and communication on major compliance risk-related matters: to be carried out pursuant to the provisions of Articles 42 to 47 hereof;

(3) Regular compliance meetings: the Company and affiliated entities shall at least hold a regular compliance meeting every quarter attended by the Chief Compliance Officer, compliance officer, and heads of the relevant departments, and form true and complete meeting minutes.

**Article 43.** An extraordinary compliance meeting shall be convened in any of the followings:

(1) A serious breach of the relevant laws and regulations and other compliance requirements is found; or

(2) Other material compliance risk-related matters are found.

All compliance meeting minutes shall be confirmed by all attendees in writing and be retained by the compliance department.

## **CHAPTER VII. Identification, Reporting of and Response to Major Compliance-related Risk Matters**

**Article 44.** The compliance officer shall report to the Chief Compliance

Officer level by level and notify officers at the management level within 24 hours in any of the following major compliance-related risks, except where a conflict of interest is involved:

- (1) any report on compliance-related matters that has a material effect on the reputation of the Company and affiliated entities;
- (2) any challenge, investigation or sanction imposed by any regulator/international organization or local judicial body;
- (3) any major legal dispute;
- (4) potential substantial economic losses or material effect on the interest of the Company, such as disqualification from cooperation, huge fines and etc.; or
- (5) on-going misconduct that must be stopped.

**Article 45.** Any compliance-related risk must be reported in an independent, confidential and horizontal manner within a certain time limit. Any compliance-related risk found by the Company's Chief Compliance Officer that might have a material effect on the operation and management of the Company shall be reported to the board of directors immediately.

**Article 46.** Report on major compliance-related risks shall be made in writing, covering:

- (1) When, where and how the compliance-related risk occurs;
- (2) Adverse effect or losses that may be or have been formed;
- (3) Measures already taken or subsequent measures;
- (4) Relevant opinions or recommendations;
- (5) The reporting entity or individual, relevant leader and their contact information; and
- (6) Other matters that are required to be reported.

**Article 47.** In case of an emergency matter, report may be made orally, over the telephone, via fax or in email, and a supplementary written report shall be submitted 48 hours thereafter.

**Article 48.** No concealment or delay in report is permitted in respect of any report on major compliance-related risk matters, and the relevant personnel shall be held liable once discovered.

**Article 49.** In case of major compliance-related risk matters, the Company and its affiliated entities shall establish a major compliance risk response team comprising the compliance officer and the relevant department heads of such entity. Where necessary, the compliance officer of the Company or other members of the

crisis response team may take the lead in crisis response as an interim team member of such affiliated entity.

## **CHAPTER VIII. Compliance Consultations, Complaints, and Whistle-blowing**

**Article 50.** Any department and employee, when faced with any of the followings, shall take the initiative in seeking consultations with the compliance officer or the Chief Compliance Officer of the same entity in a timely manner:

- (1) Having doubt about ethics or compliance;
- (2) Not knowing how to act is in line with the Company's ethical standards under certain special circumstances;
- (3) Being requested by any business partner, client or co-worker to do something that may contradict ethical standards or breach the Company's compliance policies, or that is even illegal;
- (4) Detecting or suspecting that its business partner, client or co-worker acts in contradiction to ethical standards or in breach of the Company's compliance policies, or is even illegal;
- (5) Any other compliance-related issues or circumstances.

**Article 51.** Any department, employee or business partner, if becomes aware of any breach or suspected breach of the Company's compliance policies, the relevant laws and regulations and other requirements, regardless of whether the case is serious or not, shall complain or report to the compliance officer or through the following channels (anonymously) in a timely manner:

Consultation and Reporting Hotline: 010-86474646

Consultation and Reporting E-mail address: legal@sinoconst.com.cn

The company shall keep the identity and personal information of the whistleblower strictly confidential. All reports shall be conducted in a confidential, independent and secure environment.

**Article 52.** The compliance officer shall register all compliance consultations, complaints, and reporting one by one, and fill in the Compliance Consultation Report Registration and Record (Appendix 3) and **Complaint and Report Registration and Record** (Appendix 4).

**Article 53.** The compliance officer shall inform the persons making such consultations, complaints or reports of any consultation, complaint or report that falls outside the scope of acceptance.

**Article 54.** The compliance officer shall give feedbacks after seeking

instructions from a higher-level compliance department with respect to material or complicated consultations, complaints or reports.

**Article 55.** The compliance department shall verify every complaint and report, notify the relevant party to immediately suspend his misconduct immediately in case of compliance defect or breach, and file an investigation, which shall be carried out by a special investigation team.

## **CHAPTER IX. Compliance Audit**

**Article 56.** The Company shall conduct compliance audits towards its affiliated entities, branches (subsidiaries) and offices on a regular basis.

The Company can draft compliance officers from its affiliated entities in to conduct cross-audits.

**Article 57.** The compliance audit may be conducted concurrently with the implementation of the annual internal audit plan for finances or inspection plans of the Company.

The compliance audit shall focus on the status of the implementation of compliance management process and financial control. In the examination of trainings provided to and performance of duties by compliance officers, the concerned compliance officer shall recuse himself/herself according to the relevant provisions.

**Article 58.** Upon the completion of audit work, a written report on compliance audit shall be issued and submitted to the Chief Compliance Officer for review and signature.

**Article 59.** The Company's compliance department shall provide opinions on how to deal with those violations identified during the compliance audit, and shall report such opinions to the leader in charge of the such entity. Where a breach of laws and disciplines is concerned, it shall be transferred to the relevant department, so as for the department to pursue liability and impose punishment.

## **CHAPTER X. Compliance Record and Document Management**

**Article 60.** For all the work in relation to compliance, the process of work must be recorded accurately and completely.

**Article 61.** The handling department and compliance department shall respectively maintain all the compliance records and documents within the scope of their functions. The retention period shall be at least three years, and a record shall be established. The reference of materials shall be approved by the head of the department, and the borrowing and returning of materials shall be registered in time

to prevent the loss of materials

**Article 62.** Materials related to major compliance matters, complaints and reports shall be sealed and kept in SINOCONST's archive room under the responsibility of a dedicated person from the compliance department. Employees' Compliance Statements, and background investigation materials for high-risk positions shall be kept by a dedicated person from the Human Resources Department

**Article 63.** Where any important compliance risk matters, compliance complaints and whistle-blowings fall into the scope of civil or criminal cases, all the relevant records, reports and documents shall be maintained for long term according to the relevant provisions.

## **CHAPTER XI. Confidentiality and Protection**

**Article 64.** In respect of the following information, the relevant personnel shall strictly abide by the confidentiality provision of the Company and its affiliated entities, otherwise they will be deemed as having committed a material violation:

- (a) any undisclosed information, reports and records in relation to important compliance risks;
- (b) information about the identities of complainants and whistleblowers;
- (c) the content of complaints and whistle-blowings and the information, reports and records relating to subsequent investigations.

**Article 65.** Neither any entity nor any individual may prevent or suppress complainants and whistleblowers making complaints and whistle-blowing, or retaliate against complainants and whistleblowers and their relatives or fictitious complainants and whistleblowers.

**Article 66.** Neither any entity nor any individual may jeopardize the interests of the relevant personnel due to any of their following acts, such as degrading the performance assessment, limiting their opportunities to accept assignments or promotions, and other unfair treatment:

- (a) dealing with violations identified through compliance consulting, whistle-blowings and complaints;
- (b) reporting compliance risk or suspected violations;
- (c) assisting or participating in compliance investigations;

Individuals who take part in non-compliance activities but take the initiative to report or confess shall be given a lighter or mitigated punishment according to the circumstances.



## **CHAPTER XII. Implementation and Supervision of Compliance System**

**Article 67.** The compliance system of the Company shall be carried out step by step on a trial basis. The compliance department shall overallly plan for the implementation of the compliance system, and shall stipulate the implementation scheme and submit it to the Chief Compliance Officer for approval.

**Article 68.** The implementation plan of the compliance system shall set out the detailed steps, content and responsibilities in respect of the work required under the compliance system.

**Article 69.** Compliance officers at various levels shall promptly gather feedback opinions and advice during the implementation, and at the end of each step shall summarize practical experience and identify questions and defects in comparison with the objectives of that step and propose directions and principal measures of improvement for the next step.

**Article 70.** The compliance department shall analyze the suitability and effectiveness of the compliance system and procedures, and shall amend or supplement the compliance system if necessary.

**Article 71.** Each department and affiliated entity of the Company shall strictly implement the compliance system to ensure the independence, rationality and effectiveness of the compliance management work.

## **CHAPTER XIII. Miscellaneous**

**Article 72.** These Guidelines shall be subject to the interpretation of the compliance department of the Company.

**Article 73.** These Guidelines shall come into force from the date of issuance.

## **Annex 1**

### **Monthly Compliance Report**

**Such reports shall include but not be limited to:**

1. The records and statistics of compliance matters in the current month (including category, business activity and amount of value affected and other overall information)
2. The compliance risk (if any) in the compliance records and how to deal with it.
3. The compliance risk (if any) identified in the course of compliance audit or other practices, and how to deal with it.
4. The popularization and implementation and training in respect of compliance
5. Other compliance matters which shall be reported.

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## Annex 2

### Annual Compliance Report

**Such reports shall include but not be limited to:**

1. The work done for compliance and the achievements in the current year.
2. The compliance risk (if any) identified in the compliance work.

(i) Reporting of the material compliance risk events and how to deal with it (together with the relevant written reports and the meeting minutes of the crisis responding team).

(ii) Complaints and reports on violation of compliance rules dealt with.

Case No.	Contents of Complaints and Reports	Facts as preliminarily verified.	Evidences collected	Progress and result of investigation	Evidences and investigation record (if any appendix, please specify)

(iii) The compliance violation events identified in the course of compliance audit or other practices, and how to deal with it.

Case No.	Facts	Key Responsible person	Effect/Consequence	Rules and bylaws pursuant to which the nature is determined.	Evidences and investigation record (if any appendix, please specify)	Determination on treatment	Remedy and rectifying actions

(iv) Identification of other compliance risks and the responding

Risk Name			
Cause which may trigger risk			
Consequences of the risk			
Classification of risk (tick)	Major	Material	Common
Responsible position			
Responding actions and scheme			

3. The popularization and implementation and training in respect of compliance

4. Exemplary persons and deeds in the compliance work

5. Other compliance matters which shall be reported

6. Difficulties, problems and suggestions about compliance work.

7. Important issues and plans about compliance for the next year

**Annex 3:**

**Compliance Consultation Registration and Record**

Case No.	Date (yyyy/mm/dd)	Questioner	Contents	Person responsible for case	Response	Remark

**Annex 4:**

**Complaint and Report Registration and Record**

Case No.	Date (yyyy/mm/dd)	Complainer or reporter	Contents	Estimated Conseq/Effect		Person responsible for case	Follow up action	Remark
				Intangible (reputation, market and sanction)	Tangible (revenue, fine, damages)			

## **PART II.SINOCONST Employees’ Compliance Code of Conduct**

This Compliance Code is made in line with the compliance management requirements of China Machinery Industry Construction Group Inc. (“SINOCONST” or the “Company”) with the purpose to regulate the business-related activities of SINOCONST employees at all levels in accordance with laws, rules, and regulations.

### **I. Code of Conduct**

This Compliance Code contains the basic principles and ethical standards that SINOCONST must comply with in conducting business activities according to applicable law and our compliance requirements and is also the important foundation for sustained success of the Company.

This Compliance Code applies to all employees of SINOCONST and its affiliated entities, and any third parties operating on behalf of SINOCONST and its affiliated entities in its business activities (together the “Employees”). The Employees participating or involved in SINOCONST’s business must (A) comply with our corporate values of “being honest, practical, innovative and dedicated”, and (B) meet the following five compliance requirements, namely: (1) to insist on honesty and compliance; (2) to maintain fair competition; (3) to guard against bribery and corruption; (4) to avoid conflicts of interest; and (5) to keep commercial secrets confidential.

#### **A. To Insist on Honesty and Compliance**

1. Employees shall put the Company’s interests on top priority, identify with the Company’s culture and objectives, earnestly perform their own duties, and take efforts to maintain the Company’s social image and good reputation.

2. Employees shall be fully aware that they will be subject to civil or criminal liability for any violation of laws, regulations, or compliance requirements, and any such violations would cause damage to the Company’s reputation.

3. Employees shall not take any prohibited misconduct which could lead to the Company’s involvement in any unlawful or proscribed unethical practices.

4. Employees shall treat all colleagues and visitors with respect and humility.

5. Employees shall communicate with their colleagues and supervisors in the manner of trust and collaboration, and work together with them to complete the tasks.

6. Employees shall be honest and fair to all clients, and ensure that the information communicated with or introduced to clients is true and accurate. Employees are prohibited from gaining business in the way of misleading current or

potential clients.

7. Employees are prohibited from stealing or abusing the Company's property or any rights of the Company.

8. Employees shall not forge or falsify work records, bidding documents, or other materials.

9. Employees shall not impair, harm, or threaten to impair or harm anyone or their property in order to improperly influence the actions of any colleague, client, competitor, or any other party.

#### B. To Maintain Fair Competition

1. Employees shall comply with all applicable competition law, anti-trust law, and other applicable laws related to maintaining fair competition in the market as well as the Company's compliance requirements.

2. Employees shall not collude with competitors or jointly participate in any action with an improper intent or effect, such as bid rigging, price fixing or cartels, violating bidding processes, dividing markets, or limiting production.

3. Employees shall not exchange sensitive information with competitors in infringement of competition or anti-trust laws.

#### C. To Guard against Commercial Bribery

1. Employees shall fully understand that the Company's business success must be based on market competitiveness, performance, quality of projects, services, and technologies. In any circumstances, employees shall not seek success in any business activities through any form of bribery or corruption or other improper activities of the same nature.

2. Employees shall not (secretly) offer, promise, authorize, give, or receive any type of bribes, commercial or financial advantage, financial advantage, cash payments or gifts that are intended to improperly influence any act or business decision, secure any improper advantage, or compromise independent judgment of any government official, customer, or other person. For example, offering cash payments and valuables under the guise of promotion fees, publicity fees, sponsorship fees, scientific research fees, labor fees, consulting fees, commissions, or reimbursement of expenses, etc.; providing non-financial advantages in the name of domestic and foreign travel, or business trips. Employees are also prohibited from carrying out the above activities indirectly through any third party including relatives or associates.

3. Employees shall not (secretly) offer, promise, or give money, services, gifts, or other items (including hospitality) in order to obtain, retain business or other interest. Employees are also prohibited from carrying out the above activities indirectly through any third party including relatives or associates.



4. Employees shall not (secretly) receive money, services, gifts, or other items (including hospitality) from subcontractors or suppliers for having given business to an individual or organization. Relatives and associates of Employees are also prohibited from receiving such benefits.

5. Employees shall follow the ethical standards, compliance policies and requirements of the Company when conducting business with the government or its affiliates, especially when seeking government approval, licensing, access or related approval. Also, employees shall not directly bribe government officials, or inly offer them valuables by signing false contracts, providing discounts, overpaying commissions, or inly provide valuables to third parties having private or intimate relationships with public officials, or engage third parties to bride public officials, or hire a third party at the request or hint of a government official.

6. In certain social customs and cultures, employees could exchange symbolic non-cash or non-cash-equivalent gifts of nominal value or courtesy souvenirs, or provide hospitality in connection with their business activities. If the ultimate goal is to improperly influence business decisions, however, employees shall not (secretly) give, offer, promise, or accept any such gifts, souvenirs or hospitality (including money, loans, invitations, and expense payments or reimbursements) or any other form of special treatment. Employees are also prohibited from carrying out the above activities indirectly through third parties including relatives or associates.

#### D. To Avoid Conflict of Interests

1. Conflict of interests may distort employees' business judgment. Employees must avoid undertaking any activities that may cause, or create the perception of, a conflict of interests between (a) themselves or any relative and (b) the Company or its related parties.

2. Employees' business decisions and actions shall be based on the best interests of the Company. Independent judgment and reasonable decision-making shall not be influenced by any relationships with prospective or existing suppliers, subcontractors, representatives, contract employees, customers, competitors, or regulators.

3. To avoid conflict of interests, the Company may hire or offer any contract to a former or current governmental employee only in rare circumstances and only if all of the conditions set forth in the Company's compliance policies, rules, and requirements have been satisfied.

#### E. To Keep Commercial Secrets Confidential

1. Employees shall adhere to SINOCONST's commercial secrets protection policies.

2. Without internal communication or prior approval from the supervisor,

employees shall not publish, discuss in public, disclose to unauthorized persons or organizations, or use without proper authorization, any commercial confidential information and proprietary information belonging to the Company or its related third party.

3. Confidential information includes, but is not limited to, results, forecasts, and other financial data; human resources and personal data; and information with respect to acquisitions, divestitures, new products, and orders. Proprietary information includes, but is not limited to, business strategies, technical information, product improvements, invention, information systems, trade secrets, and know-how developed or achieved by the Company. This definition includes matters covered by any secrecy agreement.

4. Employees who are responsible for the management, use, and delivery of confidential information and proprietary information (including client and supplier related information) shall not improperly disclose or abuse such information internally or improperly disclose or abuse it to an external third party.

5. Employees shall not benefit themselves or others by taking advantage of any Company business opportunity, property, information, or other resource.

#### F. To Abide by the Highest Ethical Standard

1. Employees shall abide by the highest ethical standards in the procurement process and in choosing and fulfilling contracts financed by the World Bank and other multilateral development banks.

2. Employees shall be forbidden with the following activities:

1) "Corrupt activity" means the act of (secretly) providing, giving, receiving or requiring any valuable property directly or indirectly, or under the guise of paying commissions, offering discounts on transactions, to unduly affect the other party;

2) "Fraudulent activity" means any act or concealment, including distortion of facts, any intentional or reckless misleading, or an attempt to mislead a party in order to obtain financial or other benefits or to evade an obligation.

3) "Collusive activity" means an arrangement schemed by two or more parties to achieve an improper purpose, including an act that unduly affects the other party;

4) "Pressure activity" means the act of directly or indirectly weakening or injuring, or threatening to weaken or injure any party or its property in order to unduly affect that party;

5) "Obstruction activity" means intentional destruction, forgery, alteration or concealment of evidence required for investigation or the provision of false information to multilateral development banks, which severely impedes the investigation of alleged corruption, fraud, pressure or collusion by the multilateral development banks, and/or threatens, harasses or coerces any party to prevent it from

disclosing any known information related to or participation in the investigation, or to attempt to seriously impede the multilateral development bank from investigating and exercising the audit rights conferred upon the multilateral development bank.

## **II. Compliance Requirements for the Management and Employees**

While complying with this Compliance Code, the Company's management and Employees shall also share the following responsibilities:

1. Management of all levels and employees shall both take the highest responsibilities in carrying out this Compliance Code. Management of all levels must actively promote the implementation of the Compliance Code, showing commitment to this Compliance Code through actions.

2. Management of all levels is obligated to directly demonstrate that all Employees shall abide by the Company's ethical standards and compliance requirements as their primary consideration in carrying out any production and business activities.

3. Management must be vigilant in preventing, detecting, and responding to any violation of this Compliance Code, and in protecting from retaliation the Employees who make good-faith reports of violations of the Compliance Code.

4. In addition to abiding by applicable law, regulations and SINOCONST compliance policies that apply to their position and job activities, all the Employees are obligated to be fully aware of and to implement this Compliance Code in their day-to-day production and business activities.

5. Employees are obliged to report any known or potential violations of this Compliance Code. When reporting, employees shall submit evidence of actual or potential violations of this Compliance Code to the Company's headquarters compliance management department, or report to the responsible person in accordance with the Company's compliance policies and systems.

6. All Employees shall sign the Compliance Statement (see Annex 1) annually and shall adhere to the Compliance Statement.

7. The company shall conduct annual compliance performance appraisal for all employees. The Human Resources Department of the company, in conjunction with the compliance department, shall formulate specific compliance performance appraisal standards according to the actual situation of the Company.

## **III. Consultation, Reporting and Sanction of Violation**

A. Employees should, in any time, consult with the SINOCONST compliance management department, or relevant persons in charge as prescribed in the Company's compliance policies, with regard to this Compliance Code, the Company's compliance policies, ethical standards and applicable law and regulations, including issues regarding:

1. any concerns involving ethical or compliance problems;
2. any hesitation, in certain specific situations, on how to proceed in accordance with the Company's ethical standards;
3. any request from business partners, clients, or colleagues that might violate the Company's ethical standards, compliance policies, or applicable law;
4. any perceived or suspected activities of business partners, clients, or colleagues that might violate the Company's ethical standards, compliance policies, or applicable law; or
5. any other questions or circumstances involving compliance issues.

B. Employees who make good-faith reports of violations are protected from retaliation. If the report is true, any person involved in the reported compliance violation will be subject to disciplinary measures. If the reporting person is also involved in the reported compliance violation activity, he/she may still be subject to discipline, while the punishment upon the initiative whistleblower should be lenient according to the circumstances.

C. Any Employee who fails to comply with the Compliance Code shall be subject to disciplinary measures, which include but are not limited to termination of employment, dismissal, demotion, demerit, and warning, etc.

Consultation and Reporting Hotline: 010-86474646

Consultation and Reporting E-mail address: legal@sinoconst.com.cn

#### **IV. MISCELLANEOUS**

A. This Compliance Code shall be interpreted by Compliance Department at the Company's headquarters.

B. This Compliance Code shall come into force from the date of issuance.

## Annex 1

### SINOCONST Employees' Compliance Statement

Note: Please read the following regulations carefully and sign the name and date after understanding and confirmation. If any doubt, please contact the compliance department.

I, \_\_\_\_\_, hereby declare and guarantee as the following:

1. I have carefully read the Company's Employee Compliance Code and hereby declare that I have strictly adhered to all the ethical standards during the past twelve months.

2. I guarantee that during the past twelve months, there is no blemished record or improper payments caused by me.

3. I guarantee that during the past twelve months, if I was aware that any of colleagues, subordinates and superiors is in violation of the Compliance Code, I have reported to the headquarters compliance department through the Consultation and Reporting Hotline or directly report to compliance officer.

4. I promise that, if I become aware that any violation of the Compliance Code, I will directly or through the hotline, report to the headquarters compliance department immediately

5. I guarantee that I understand the provisions of the compliance policies and rules relating to my duties and didn't violate or evade such provisions of the compliance policies and rules during the past twelve months.

6. I am certain that during the past twelve months, I have no knowledge of any violation or evasion of the provisions of the compliance policies and rules by colleagues, subordinates or superiors.

7. I am certain that if I become aware of any violation of the compliance policies and rules, I will immediately report to the headquarters compliance department, directly or through the hotline.

8. I agree that misstatements in this Statement will result in various disciplinary penalties include but are not limited to condemnation or dismissal.

Name:

Position:

Signature:

Date:

# **PART III. SINOCONST Compliance Rules for Due Diligence on Third Parties**

## **CHAPTER I. General Provisions**

**Article 1.** In accordance with relevant Chinese laws, rules, and regulations, and those of countries in which China Machinery Industry Construction Group Inc. (“SINOCONST” or the “Company”) operates (collectively, “applicable law”), as well as the Company’s Compliance Code and compliance requirements, the foreign environments in which the Company operates, the Rules have been formulated to further standardize the compliance management of due diligence on Third Parties.

For risk management purposes, diligent and due diligence on Third Parties should be conducted before engaging them, and the conduct of Third Parties should be carefully monitored after they are engaged to ensure that Third Parties duly conducting all their businesses on behalf of SINOCONST and its affiliated entities.

**Article 2.** The Rules apply to the business activities carried out by the SINOCONST and its affiliated entities. SINOCONST headquarters compliance department shall oversee the implementation of the Rules by the Company and its affiliated entities, and be responsible for the interpretation of the Rules.

**Article 3.** The Rules apply to all employees of SINOCONST and its affiliated entities.

### **Article 4. Definitions**

- “Compliance Department”/ “Compliance Officer” means the Compliance Department/Compliance Officer for SINOCONST or Subsidiary, depending on whether SINOCONST or a Subsidiary is responsible for the relevant operations.

- “Third Party” means any agent, consultant, intermediary, business promoter, business sponsor, or any other representative, such as sales consultants, sales agents, public relations consultants, custom clearing agents, financial consultants, legal advisors, and joint ventures / business partners, logistics freight representative or customs representative, or marketing agent or third party intermediate service providers for the company’s business transactions, etc (whether an individual, partnership, corporation, or unincorporated entity), retained or engaged (in any form or capacity) by SINOCONST or its affiliated entities.

- “Public Official” is broadly interpreted and includes at least the followings:

- (i) Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);

(ii) Officials, employees, or representatives of public international organizations;

(iii) Officials, employees, or representatives of political organizations or members of royal families, who exercise public authority; and

(iv) Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

- “Red Flags” are warning signs that a Third Party may act corruptly, or otherwise violate applicable law, the Company’s Compliance Code, or other compliance policies or procedures (collectively “**misconduct**”).

A Red Flag indicates that more due diligence is necessary before continuing with such a relationship or transaction. The existence of one or more Red Flags does not necessarily preclude the retention of the Third Party, but additional due diligence will be required to resolve all issues raised by the Red Flags. Red Flags may be resolved by gaining additional information to provide comfort that the Red Flag does not indicate possible corruption, misconduct, or compliance violations by the Third Party. Failure to resolve a Red Flag may lead to SINOCONST or its affiliated entities being held liable for any improper action of the Third Party.

## **CHAPTER II. General Principles and Due Diligence Process**

### **SECTION I. General Principles**

**Article 5.** To mitigate the risk of potential criminal liability for the conduct of its Third Parties, the background and reputation of all prospective Third Parties acting on behalf of or assisting SINOCONST and its affiliated entities should be investigated. SINOCONST and its affiliated entities should decide whether such Third Parties are capable of performing the work in question and will do so in a manner that fully complies with the SINOCONST Compliance Code and applicable laws. The procedures involved in the Rules must be completed before the Third Party is originally retained and must be updated when extending or renewing a Third Party’s contract.

**Article 6.** A Third Party should not be authorized to provide any services on behalf of SINOCONST and its affiliated entities until such Third Party has been approved by the compliance department of SINOCONST or Subsidiaries and has entered into a formal Third Party Agreement with SINOCONST or its affiliated entities.

**Article 7.** Among the areas about which the due diligence will inquire are:

1. The business justification for retaining the particular Third Party and, if multiple Third Parties will be used on a particular project or contract, the business justification for using multiple Third Parties;

2. What other contracts the Third Party has or has had with SINOCONST and its affiliated entities;

3. Whether only one Third Party was considered for the particular project or contract and, if so, why alternative Third Parties were not considered;

4. How the SINOCONST or its affiliated entities was introduced to the Third Party, how the Third Party was introduced to the SINOCONST and its affiliated entities, by whom;

5. The Third Party's reputation and commitment to do business in an ethical and compliant way;

6. The potential impact on the Company's or Subsidiary's reputation if the SINOCONST or its affiliated entities decide to do business with the Third Party;

7. The Third Party's technical, financial, and management capacity to fulfil the contract;

8. The management of the Third Party;

9. The ownership of the Third Party, including indirect and ultimate beneficial owners;

10. Whether any owner of the Third Party has any ownership or beneficial interests in any other companies or entities and, if so, the names of those companies or entities and the nature and extent of that interest;

11. The value of the contract with the Third Party;

12. The contract's payment terms or commission structure;

13. The Third Party's financial and commercial stability;

14. The Third Party's legal status and geographic location;

15. Whether the Third Party or any of its employees, officers, directors, owners, or agents presents a conflict of interest for the Company or its affiliated entities, or would create the appearance of such a potential conflict of interest;

16. Whether the Third Party or any of its employees, officers, directors, owners, or agents is on a prohibited persons (i.e., sanctions) list; and

17. The Third Party's current or prior relationships with government agencies or officials especially if the customer is a government agency.



## SECTION II. Due Diligence Process

**Article 8.** The Due Diligence process involves assembling substantial information about Third Parties. This information should be gathered by talking to the Third Party and its personnel, checking references, and reviewing publicly available information.

**Article 9.** SINOCONST and its affiliated entities responsible for the project or activities with respect to which the Third Party is to be engaged must:

1. Have the prospective Third Party complete the Questionnaire [Annex 1] and sign the Declaration of Compliance [Annex 2]; and

2. Review the information developed through the Questionnaire and complete the Third Party Assessment [Annex 3] which should, among other things, set forth (i) the business justification for engaging the Third Party and (ii) the specific services the Third Party will be providing

When these steps have been completed, SINOCONST and its affiliated entities' Compliance Department must:

1. Using the Red Flag Checklist [Annex 4], classify and assess the list of potential Red Flags and document whether any of the information contained in the Questionnaire or Third Party Assessment suggests the prospective Third Party may engage in illicit (including corrupt) activities or other misconduct; and

2. Classify and assess the compliance risk of the Third Party candidate. If Red Flags are present, the compliance department must further investigate—or instruct the responsible business unit to further investigate—until all concerns are resolved or a decision is made according to the relevant Risk Class approval chain.

Certain risks preclude any use of the Third Party under any circumstances (see Annex 4- Red Flag Checklist for more details). Such risks are:

i. The Third Party, its parent, or any affiliated entity is listed on any prohibited persons list issued by the United Nations or the applicable local government;

ii. Any affiliated person of the Third Party, its parent, or any affiliated entity is/are listed as terrorism organizations or their members by the United Nations or other international organizations;

iii. Any current shareholder or senior management of Third Party, its parent, or its affiliated entity is/are, or in the past 10 years was/were, international or local wanted criminal[s]; and

iv. The Third Party does not cooperate in completing the Due Diligence Questionnaire.

Risk Classes are otherwise categorized as follows:

(1) Risk Class One refers to circumstances where:

i. A former shareholder or member of senior management of the Third Party, its parent entity, or any affiliated entity is or, in the past 10 years was, an international or local wanted criminal; or

ii. The Third Party itself, any of the current shareholders or senior management of the Third Party, its parent, or any affiliated entity is/are currently known or suspected of being involved in any illicit activity, including corruption, fraud, monopoly, collusion, tax evasion or money laundering, or is involved in any prosecution related thereto.

iii. The Third Party, its parent, or any affiliated entity is listed on any SINOCONST And its affiliated entities' internal blacklist.

(2) Risk Class Two refers to circumstances where:

i. The Third Party candidate is a natural person, except that an intermediary shall not be a natural person;

ii. The Third Party candidate is a corporation which has a short operating history, a weak corporate governance framework, or is being operated temporarily or managed by a single person;

iii. The country or region where the project or contract to be performed is listed in the SINOCONST's List of High-Risk Countries for the current year;

iv. The Third Party, its parent, or any affiliated entity, or any of their owners (including beneficial owners), shareholders, or management, has a contractual or preferential relationship with a government agency, international organization, or their officials involved in any way with the project or business for which the Third Party is proposed to be retained;

v. The Third Party candidate is designated or recommended by officials from a government agency or international organization involved in any way with the project or business for which the Third Party is proposed to be retained;

vi. The Third Party does not submit a detailed written proposal regarding its relevant work plans or specific scope of services / deliverables;

vii. The Third Party implicitly or explicitly guarantees the success of the project once engaged (e.g., assured bid winning);

viii. The Third Party insists on keeping its identity confidential or suggests meeting venues outside its residence country or the country of the project or contract;

ix. The Third Party insists to avoid using written communications, including emails, fax, etc.;

x. No other third party was considered by SINOCONST and its affiliated entities for the particular project or contract;

xi. The proposed Third Party relationship would be in the form of a joint venture, consortium, teaming agreement, or other form of partnership or coordinated action; or

xii. The Third Party requires or requests irregular payment terms.

(3) Risk Class Three: The Third Party candidate does not meet any of the

above-mentioned circumstances.

**Article 10.** Each step in the Due Diligence process must be documented. All information obtained about the Third Party, and all efforts to obtain such information, should be recorded in a “Third Party File”. If the information is received orally, it should be reduced to a written memorandum or e-mail as soon as possible. The original and a complete copy of the Third Party File should be maintained and periodically organized by the Compliance Department and thereafter according to the Company’s generally applicable data retention policies.

### **CHAPTER III. Components of the Due Diligence Process**

**Article 11.** A contract cannot be entered, and no work may be performed, until the due diligence process is completed. Before any agreement is entered into, a Third Party must complete the Third Party Questionnaire and all associated paperwork and provide requested accompanying documentation, from which the compliance department of SINOCONST and its affiliated entities can form a proper appraisal of the prospective Third Party as to his ability to provide the assistance and the services proposed and his commercial reputation and integrity.

**Article 12.** Concurrent with the Third Party completing its portion of the Questionnaire, the responsible business unit, with assistance from the Compliance Department, should ask for, review, and retain copies of the following information as requested in the Questionnaire, provided that such information may be requested consistent with applicable laws:

1. Identification (e.g., photocopy of ID card or passport, Power of Attorney) for the person who will be signatory to the Third Party Agreement;
2. Documentation verifying the Third Party’s business address or addresses where any work under the Third Party Agreement will be undertaken (e.g., copy of business correspondences);
3. Documentation evidencing the ownership (including any beneficial ownership or interest) of the Third Party (e.g., documents from the registry in the country of incorporation);
4. Documentation evidencing the Third Party’s incorporation, registration, or other legal establishment (e.g., certificate of incorporation or registration);
5. Any required registrations, licenses, permits, or similar documentation authorizing the Third Party to carry on the business within the territory, if required by applicable law;
6. References and other evidence of prior experience;

7. Documentation confirming the bank, branch, account name and number, and signatory authority (of each authorized signatory) for the account of the Third Party (e.g., letter from the bank confirming the details or a copy of a bank statement (all monetary details can be blanked out)); and

8. Documentation regarding any compliance program maintained by the Third Party, including any Code of Ethics, anti-corruption, and fair competition policies or procedures, or anything similar or related to these documents.

If any of the above information cannot be provided due to applicable law restrictions, the Third Party shall at its cost provide, at the request of compliance department of SINOCONST or Subsidiaries, a legal opinion in form and substance satisfactory to the requesting compliance department explaining the reasons for the restriction, and shall cooperate with requesting Compliance Department to provide such additional or related information as is possible.

**Article 13.** After the Third Party has submitted the Questionnaire and required documentation, the responsible business unit shall conduct an internal review to establish more fully the background, status, and qualifications of the Third Party. The responsible business unit must also collect any additional relevant information pertaining to the Third Party that is necessary to ensure that it is capable of providing assistance and services in connection with the identified business opportunity and to verify the exact nature of the information contained in the Questionnaire. The internal review information may come from a variety of sources, including:

1. Employees of SINOCONST and its affiliated entities, including as a result of a pre-existing relationship with the Third Party;

2. Public information available in the country of organization of the Third Party, and the country where work or services are to be performed if different (e.g., Commercial Register, companies' accounts, local news reports, publicly available industry or other reports from non-governmental organizations and international institutions such as the World Bank);

3. Credit reports (e.g., from Dunn & Bradstreet and similar providers);

4. Open records searches;

5. Meetings between SINOCONST and its affiliated entities and the Third Party (which should be summarized and recorded in meeting notes or minutes); and

6. Responses to requests for information concerning the Third Party made through country or governmental authorities, to the extent feasible (e.g., embassy, consulate).

**Article 14.** The responsible business unit will document as completely as possible in the Third Party Assessment all information obtained regarding the Third

Party. The responsible business unit must also identify the individual (or individuals) from SINOCONST and its affiliated entities who have most closely interacted with the Third Party, in order to provide additional information to the Compliance Department (as it considers necessary) when necessary. Once completed, the Third Party Assessment and Questionnaire shall be submitted to the Compliance Department for further processing and evaluation.

**Article 15.** After receiving the Third Party Assessment and Questionnaire, the Compliance Department, with the assistance of the responsible business unit in all respects as may be requested, must determine whether there are any “Red Flags”, review and complete the Red Flag Checklist and classify the Third Party in the Risk Class. “Red Flags” serve as a warning sign that a Third Party may act corruptly or otherwise in contravention of SINOCONST compliance policies and procedures.

**Article 16.** In cases that present additional risk, the Compliance Department may, in its discretion after consultation with the responsible business unit, contact references, local embassies or business bureaus to conduct any other further inquiry, or engage external resources (at the expense of the responsible business unit) to conduct investigatory efforts, obtain a third party due diligence report, prior to approving the Third Party File. The existence of one or more Red Flags does not necessarily preclude the retention of the Third Party, but additional due diligence (see Annex 5 Additional Due Diligence) will be required to resolve or, where possible, reasonably mitigate all issues the Red Flags raise. Failure to resolve or reasonably mitigate a Red Flag shall prohibit the SINOCONST And its affiliated entities from engaging the Third Party.

**Article 17.** After review of the Third Party File, if no prohibitive Red Flag described above is present, the compliance department of SINOCONST and its affiliated entities will request that the business unit proceed with scheduling an interview by the Compliance Department of the Third Party (Annex 6, Interview Memorandum). Prior to the Compliance Department conducting this interview, the Compliance Department will discuss the engagement and any potential issues with the member[s] of the business unit proposing the engagement. The Compliance Department may dispense with an interview, in its discretion, in , low-risk circumstances, but is required to document and explain this decision in the Third Party File.

**Article 18.** The Compliance Department will process a Third Party File only if no prohibitive Red Flags are present, any other Red Flags are resolved or ly mitigated, and the Third Party File contains the completed Questionnaire, Third Party Assessment, Red Flag Checklist and all supporting documentation.

**Article 19.** Assuming the foregoing steps are completed, the following additional approvals are required: for Risk Class One, business cooperation is prohibited in principle, but the Third Party may be engaged if a review of the

proposed Third Party by external resources is conducted and the external resource determines that the compliance risk posed by the proposed Third Party has been sufficiently mitigated, either by the Third Party (for example by severing its relationship with the individual or affiliate which caused the Third Party to be categorized in Risk Class One) or by SINOCONST (for example by limiting the scope of its relationship with the Third Party), and recommends that discretion can be exercised regarding engaging the Third Party, with the approval of the vice general manager in of SINOCONST or its affiliated entities in charge of the relevant business, the Chief Compliance Officer of SINOCONST and/or its affiliated entities; for Risk Class Two, additional approvals from the management of SINOCONST and its affiliated entities in charge of the relevant business and Compliance Officer of the Compliance Department are required. For Risk Class Three, no further approvals are required.

#### **CHAPTER IV. Engagement of Third Party**

**Article 20.** Once a Third Party has been approved, the relevant department of SINOCONST and its affiliated entities must enter into a formal engagement agreement with the Third Party. Such Third Party Agreement is governed by the Compliance Rule on Contracts in addition to the Rules. The responsible business unit or its designee shall sign the Third Party Agreement. The Third Party Agreement must detail the scope of work for the proposed engagement and the compensation rate and terms. In addition, the Third Party Agreement must include Standard Terms of Compliance Protection prescribed in the Compliance Rule on Contracts, and before formal engagement SINOCONST must provide a copy of the SINOCONST Employees' Compliance Code of Conduct and Compliance Rule on Gifts and Hospitality to the Third Party with corresponding explanation for the Third Party to comply with it.

#### **CHAPTER V. Payment to Third Party for Service Rendered**

**Article 21.** Before payment will be authorized, the SINOCONST and its affiliated entities must obtain a valid invoice proving that the Third Party actually provided services. Any payment to the Third Party should match the terms and conditions of the Third Party Agreement, including terms related to amount of the payment, timing and location, among other things. It is the responsibility of the Compliance Department to implement controls to ensure that payments are not made unless these criteria are met.

## **CHAPTER VI. COMPLIANCE RECORDS AND DOCUMENTATION MANAGEMENT**

**Article 22.** Sufficient supporting documents must be retained for all due diligence conducted on Third Parties. These documents must be fairly and accurately recorded in the accounting and financial records. SINOCONST and its affiliated entities' Employees and Third Parties are prohibited from making false, misleading, incomplete, fraudulent, or artificial entries in the SINOCONST and its affiliated entities' or the Third Party's books and records, for the purpose of concealing Red Flags. Documents mentioned above must be maintained according to the applicable SINOCONST document retention policy.

**Article 23.** For audit purposes, Employees and Third Parties should retain copies of all Forms they submit and other documents they create.

## **CHAPTER VII. DISCIPLINE**

**Article 24.** Failure to comply with the Rules will be grounds for disciplinary action, up to and including termination of employment, consistent with the Company's and its affiliated entities' disciplinary process and any applicable laws.

**Article 25.** Employees and Third Parties violating applicable laws risk prosecution by relevant investigating authorities which may result in a personal fine and/or imprisonment.

## **CHAPTER VIII. QUESTIONS**

**Article 26.** Any questions concerning the Rules should be addressed to the Company headquarters Compliance Department.

### **ANNEXES:**

- Annex 1: Third Party Questionnaire
- Annex 2: Declaration of Compliance
- Annex 3: Third Party Assessment
- Annex 4: List of potential Red Flags
- Annex 5: Additional Due Diligence Questionnaire
- Annex 6: Interview Memorandum

## Annex 1.

### **Third Party Questionnaire**

The \_\_\_\_\_ [provide company's name] (“**SINOCONST or its affiliated entities**”) issue this Questionnaire to review and achieve compliance with Chinese and international anti-corruption and fair competition laws and principles, including the United Nations Convention Against Corruption, the World Bank Group Integrity Compliance Guidelines, and the Criminal Law of the People's Republic of China. We may also use the information in this Questionnaire to perform legal analysis involving the prospective Third Party, and to address and resolve any potential compliance issues.

The questions have been tailored to seek only information that is relevant to our compliance efforts and to conform to data protection and privacy requirements. Should a potential compliance concern be identified, the information collected may be transmitted to us, or our external legal counsel. We will store and retain these information in accordance with Company policies and procedures.

Completion of this Questionnaire is mandatory. You may have rights to amend the relevant information after submission. If you have any questions or concerns about the above, please consult with our local contact.

*NOTE:* If the Third Party has completed the Questionnaire within the past twelve months, it is not necessary for the Third Party to complete a new Questionnaire. Instead, it is sufficient if the Third Party updates earlier answers with any new information that has arisen during the intervening period (e.g., change in ownership, address, etc.) and certifies continued compliance with applicable laws.

• In this *Questionnaire*, a “Public Official” should be broadly interpreted and includes the following at least:

• Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);

• Officials, employees, or representatives of public international organizations;

• Officials, employees, representatives of political parties, or members of royal families who exercise public authority; and

• Officials and employees of public enterprises, namely enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

Continue responses to the questions below on separate sheets of paper as necessary.



**I. CONTACT INFORMATION**

1. Official registered name of entity and Unified Social Credit Identifier (or name of individual if sole proprietorship)

2. Address of principal place of business

3. Address where services are to be performed (if different than principal place of business)

- 3. Main office telephone number \_\_\_\_\_
- 4. fax number \_\_\_\_\_
- 5. Email address \_\_\_\_\_
- 6. Website \_\_\_\_\_

**II. THIRD PARTY STRUCTURE AND OWNERSHIP**

6. Form of business:

\_\_\_ Corporation (such as Inc., Ltd., GmbH, SARL, etc.)

\_\_\_ Individually owned (proprietorship)

\_\_\_ Partnership

\_\_\_ Other (if other, please explain)

7. If the entity is a corporation:

(a) Where was it incorporated?

(b) When was it incorporated?

8. If the entity is a partnership or other form of business:

(a) Where was it founded?

(b) When was it founded?

(c) By whom was it founded?

9. Please list each person and/or entity having a financial interest in your company. This should include all legal owners as well as “beneficial” owners (i.e., individuals who are entitled to or who are intended or expected to receive any portion of the payable fees or commission). Note: if your company is publicly traded, list only those holding, directly or indirectly, more than 5%.

1.	11.
2.	12.
3.	13.
4.	14.
5.	15.
6.	16.
7.	17.
8.	18.
9.	19.
10.	20.

10. Please list those individuals or entities that exercise management control over your business. Please attach to this Questionnaire an organizational chart (or detailed description) detailing your company’s managerial structure.

<p style="text-align: center;">SINOCONST</p>
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11. Identify any individuals or entities listed in response to questions 9 and 10 who are Public Officials (please refer to the definition at the top for who constitutes a Public Official). Describe the nature of their interest in or control over your business. If none of the listed individuals or entities is a public official, please fill in “None”.

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12. Identify any individuals or entities listed in response to questions 9 and 10 that are related to any Public Official or otherwise have a close relationship (including personal and professional) with a Public Official (please refer to the definition at the top for who constitutes a Public Official). Describe the nature of their interest in or control over your business. If none of the listed individuals or entities is related to or have a close relationship with a public official, please fill in "None".

13. For any individuals or entities listed in response to questions 9 and 10, please provide relevant information if they are officers, directors, shareholders, partners, or beneficial owners, etc. of other companies. If none of the listed individuals or entities is an officer, director, shareholder, partner, or beneficial owner, etc. of other companies, please fill in "None".

### **III. COMPANY DESCRIPTION**

14. Please provide a brief description of your business activities, including your business operations and facilities relevant to the proposed relationship (or attach a copy of a current brochure or other publication that provides such a description). If available, please attach copies of current sales brochures, annual reports, or similar documents.

15. Please state:

- (a) the number of years your company or business entity has been in business

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(b) number of employees \_\_\_\_\_

(c) approximate annual revenues (if any) for each of the last five years

(d) primary markets supported \_\_\_\_\_

(e) prior contractual relationships (if any) with SINOCONST or its affiliated entities

**IV. THIRD PARTIES**

16. Do you plan to use any Third Parties, meaning any agent, consultant, intermediary, business promoter, business sponsor, sales consultants, sales agents, public relations consultants, custom clearing agents, financial consultants, legal advisors, and joint ventures / business partners (whether an individual, partnership, corporation, or unincorporated entity), retained or engaged to perform services under the proposed arrangement with SINOCONST or its affiliated entities ?

\_\_\_ Yes

\_\_\_ No

If your answer is “yes”, for each such Third Party please provide the following information:

(1) Please state the name and address of the Third Party, describe its relationship to your company, and describe the activities it will perform.

(2) List all owners (including beneficial owners), officers, and directors of the Third Party (attach additional pages if necessary).

(3) List the managers who will be principally responsible for performing under the proposed agreement (attach additional pages if necessary)

17. Are any of the individuals listed in your responses to question 16 currently a Public Official or have they been a Public Official (as defined above) within the past three (3) years?

Yes

No

If your answer is “yes”:

(1) Please describe the government entity (agency, department, branch, committee, etc.) with which they were affiliated, list their titles and dates of service, and provide a brief description of their roles and responsibilities.

18. Are any of the individuals listed in your responses to question 16 related (i.e. a family member) to a Public Official?

Yes

No

If your answer is “yes”:

(1) Please describe the government entity (agency, department, branch, committee, etc.) with which the family member of you, your company’s owner(s), or any member of your company’s management is affiliated, and list the family member’s title and relationship to the individual (e.g. father, sister, cousin, etc.).

19. Do any of the individuals listed in your responses to question 16 have a business relationship (including joint or beneficial ownership of a company or other entity), or a professional or other association, with any Public Official who would be in a position to influence the engagement or acquisition of the services of SNOCONST and its affiliated entities or otherwise provide a commercial advantage to the Third Party or SNOCONST and its affiliated entities ?

\_\_\_ Yes

\_\_\_ No

If your answer is “yes”:

(1) Please identify the Public Official by name, describe the relevant government entity (agency, department, branch, committee, etc.), and list the Public Official’s title and the nature of the relationship with the individual (e.g. joint owners, serve on a company Board together, official or unofficial advisory role, etc.)

20. Is any Public Official or relative of a Public Official entitled to any part of any compensation or fee to be paid by SNOCONST or its affiliated entities under the proposed agreement?

\_\_\_ Yes

\_\_\_ No

If your answer is “yes”:

(1) Please identify the Public Official or relative by name and title, describe the relevant Government entity (agency, department, branch, committee, etc.), and set out the amount that might be transferred to the Public Official or relative.

## V. REFERENCES

21. Please list the names, addresses, telephone numbers and contact names of at least three commercial references (other than your banker), including clients, who can discuss your qualifications and experience.

(1) Reference Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Reference Phone: \_\_\_\_\_

Reference email: \_\_\_\_\_

(2) Reference Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Reference Phone: \_\_\_\_\_

Reference email: \_\_\_\_\_

(3) Reference Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Reference Phone: \_\_\_\_\_

Reference email: \_\_\_\_\_

22. Please provide either:

(1) a recent audited financial statement; or

(2) a financial reference with knowledge of your financial condition and transactions over the last three years.

## VI. DISCLOSURES

23. Have you or your business, or any of its directors, officers, owners, or employees ever been found by a court or government agency to have violated a law prohibiting fraud, bribery, collusion, or other corruption?

\_\_\_ Yes

\_\_\_ No

If yes, please provide details:

24. Have you or your business, or any of its directors, officers, owners, or

employees:

(a) Ever been found by a court or government agency of any country to have violated any applicable civil or criminal false statement, bribery, corruption, securities, or anti-competition law?

\_\_\_ Yes

\_\_\_ No

(b) Been under investigation or subject to a suit (now or within the last five (5) years) alleging fraud, bribery, collusion, or other corruption?

\_\_\_ Yes

\_\_\_ No

If your answer to (a) or (b) is yes, please provide details:

## VII. COMPENSATION

25. Please state the range of commissions or fees that you deem typical and for the work you will undertake and for the region and country where services are to be performed.

26. Please state your bank's name and address for payment including account name and number. (Here only fill in the bank account information for receiving the payment from SINOCONST or its affiliated entities.)



## VIII. REQUIRED DOCUMENTATION

Along with the completed Questionnaire, please provide the documents requested below. Failure to provide the required documentation may delay this due diligence process and your retention by SINOCONST or its affiliated entities.

- Identification (e.g., photocopy of passport or ID card) for the person who will be the signatory to the agreement;
- Documentation verifying your business address or addresses where any work under the Third Party Agreement will be undertaken (e.g., copy of business stationery);
- Documentation evidencing your legal and beneficial ownership (e.g., documents from the registry in the country of incorporation);
- Documentation evidencing your incorporation, registration, or other legal establishment (e.g., certificate of incorporation or registration);
- Any required registrations or other documentation authorizing you to carry on the business within the specified country/territory, if required by local law;
- Documentation confirming your bank, branch, account, and signatory authority for your account (e.g. letter from the bank confirming the details or a copy of a bank statement (all monetary details can be blanked out)); and
- All written codes, procedures, policies, or communications from your board of directors or senior officers addressing business ethics, including anti-corruption, fair competition, payments of commission, entertainment of, or gifts for customers or Public Officials, or related business ethics topics, etc.

## CERTIFICATION

On behalf of \_\_\_\_\_ (name of business entity seeking Third Party Agreement with SINOCONST or its affiliated entities), I hereby certify that the foregoing information is true, correct, and complete to the best of my knowledge, and represents a full disclosure of all affiliations of \_\_\_\_\_ (name of business entity seeking Third Party Agreement with SINOCONST or its affiliated entities) with Public Officials.

I also acknowledge and agree to inform any persons identified in this completed Questionnaire about the purposes for which and manner by which their information will be collected and processed by the Company, to the extent required by applicable local law.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

PLACE \_\_\_\_\_

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## Annex 2

### *Declaration of Compliance*

The undersigned (“Third Party”) serves as a \_\_\_\_\_ [PLEASE FILL IN DESIGNATION – e.g., Consultant, Commercial Agent, Project or Sales representative, Sponsor, etc.] for SINOCONST or its affiliated entities. The undersigned hereby represents, warrants, and certifies to SINOCONST or its affiliated entities as follows:

1. The Third Party has received a copy of, and been informed about, the SINOCONST Compliance Code. The Third Party is familiar with and understands the provisions of the United Nations Convention Against Corruption and other similar anti-corruption principles, as well as all applicable laws in \_\_\_\_\_ [FILL IN NAME OF COUNTRY WHERE PROJECT OR CONTRACT WORK/SERVICES WILL BE LOCATED] relating to fair competition, bidding, and procurement.

2. While providing \_\_\_\_\_ [specify services] for SINOCONST or its affiliated entities, the Third Party agrees to abide by the SINOCONST Compliance Code. Specifically, the Third Party has not and will not offer, promise, arrange for, or pay, either directly or indirectly, anything of value to a Public Official for the purpose of inducing a Public Official to perform or fail to perform his official duties to assist the Third Party or SINOCONST or its affiliated entities in obtaining business, retaining business, or securing any improper advantage. The Third Party has not and will not, through any act, omission, or misrepresentation, knowingly or recklessly mislead or attempt to mislead another party to obtain a financial or other benefit or to avoid an obligation for itself or SINOCONST or its affiliated entities. The Third Party has not and will not engage in any arrangements with other parties designed to achieve an improper purpose, including colluding with another party to improperly influence a bid process for SINOCONST.

3. The Third Party is also familiar with and understands the provisions of all applicable anti-bribery, anti-corruption, fair competition, bidding and procurement laws of the countries in which it does business related to SINOCONST or its affiliated entities. The Third Party has not engaged in any conduct that violates any such laws of these countries and will perform his duties in full compliance with such legislation.

4. The Third Party declares that neither the corporate or other entity he represents, nor any of its executives or employees, is under current criminal investigation or has been subject to any civil or criminal enforcement actions, at home or abroad, for improper conduct relating to bribery, corruption, collusion, false statements in bidding or procurement, or violation of the laws governing business entities.

5. The Third Party does not have any owners or other beneficiaries that have

not been disclosed in the Questionnaire (aside from beneficiaries of public companies holding less than 5% ownership).

6. The services the Third Party is providing or will provide to SINOCONST or its affiliated entities do not violate any commitments the Third Party has to any other clients, including, but not limited to any confidentiality or exclusivity agreements the Third Party has with other clients.

The Third Party agrees that if at any time the representations, warranties, and certifications herein are no longer accurate and complete, the Third Party will immediately notify SINOCONST or its affiliated entities and provide a supplementary report detailing such change.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name [please print]: \_\_\_\_\_ Title: \_\_\_\_\_

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**Annex 3**

**Third Party Assessment**

**I. GENERAL BUSINESS PROFILE**

1. Third Party's Name and Unified Social Credit Identifier

2. Contact Information (address and telephone number for company and company contact)

3. Location of incorporation and principal place of business

4. Nature of business or service that the prospective Third Party would provide for the Company, and the location where the services will be performed

5. Principal clients/customers

6. Principal Contact Person of SINOCONST or its affiliated entities

**II. BUSINESS JUSTIFICATION AND QUALIFICATIONS**

7. Description of Project (including estimated value and execution period)

8. Please provide a detailed explanation for why the services of the Third Party are needed, and why such services cannot be performed by a SINOCONST or its affiliated entities employee.

9. State whether other candidates were considered and rejected, and if so, the reasons for their rejection.

10. Number of employees of Third Party

11. Adequacy of physical facilities

12. Financial indicators and condition

13. Relevant industry and technical experience (attach a CV and/or any other relevant materials received)

14. State the detailed objects and services for which the Third Party is to be appointed and the deliverables to be provided (including payment milestones, if any).

- The Third Party shall provide *inter alia* the following support services, according to the following target and/or fixed milestones:

**III. REPUTATION/REFERENCES**

15. Who recommended this person/company? Please describe the circumstances by which the Third Party came to SINOCONST or its affiliated entities' attention, including if recommended by a customer or Public Official or relative thereto.

16. References and references' views on the Third Party's integrity (preferably confirmed in writing)

17. Is the Third Party, its owners, or managers, listed on the World Bank's publication of firms or individuals it has reprimanded or barred from participating in World Bank programs because of corruption, fraud, or collusion? (Go to [www.worldbank.org](http://www.worldbank.org) and search "All" for "World Bank List of Ineligible Firms")

Yes

No

18. Results of internet or other information and news database searches regarding the prospective Third Party's current and past activities

19. Other indicators of the prospective Third Party's general reputation for unethical or dishonest conduct through public information available in the country disclosed by Commercial Register and local press, etc.



**IV. COMPENSATION AND BANK DETAILS**

20. Proposed Compensation and/or Commission percentage.

21. Is the proposed compensation fair, reasonable, and within the normal range for the same country and services? Please explain and provide comparators, including from other companies if available and ethically obtained.

22. Proposed payment method and place of payment.

23. Account Holder's Name and Account Number and address of bank, if different from the information given in the Questionnaire.

24. If the bank is not in the territory or country where the Third Party is registered or domiciled, and in the country where the project is located and the services are to be performed, provide an explanation.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

PLACE \_\_\_\_\_

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Annex 4

**Red Flag and Risk Class Checklist**

<b>The Company should not cooperate with the Third Party</b>	<b>Concern Exists</b>	<b>Does Not Exist</b>
The Third Party or its parent company and affiliated companies is/are listed by the United Nations or local governments into the No Cooperation Black List.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party or its parent company and affiliated companies or persons is/are listed as a terrorist organization by the United Nations.	<input type="checkbox"/>	<input type="checkbox"/>
In the past 10 years, any former shareholder or senior management of the Third Party or its parent company or related company was an international/local wanted criminal.		
The Third Party does not cooperate in completing the Due Diligence Questionnaire.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class One</b>	<b>Concern Exists</b>	<b>Does Not Exist</b>
In the past 10 years, any former shareholder or senior management of the Third Party or its parent company or related company was an international/local wanted criminal.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party itself, any current shareholder or senior management of the Third Party or its parent company is the subject of allegations in any lawsuit regarding any illicit activity, including corruption, fraud, collusion, monopoly, tax evasion or money laundering, and such conduct is/has been disclosed by media.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party or its parent company or affiliated companies is listed by the SINOCONST or its affiliated entities into the No Cooperation Black List.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class Two</b>		
<i>Reputation</i>	<b>Concern Exists</b>	<b>Does Not Exist</b>

The country or region where the project or contract is to be performed is within that year's High Risk List disclosed by SINOCONST.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party has a bad reputation.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Ties to the Government/Public Officials</i>	<b>Concern Exists</b>	<b>Does Not Exist</b>
The Third Party, or any of its owners or managers, has been a Public Official within the last three (3) years, or has a close family connection or other personal or professional affiliation with the government or Public Officials in the project's country or that have a relationship to the project.	<input type="checkbox"/>	<input type="checkbox"/>
A Third Party's family member or relative is an official in the government or ruling political party, or is a Public Official, in the relevant country or otherwise involved in the relevant project or activity.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party has been designated or highly recommended to the Company by an official of the potential government customer, by another Public Official or an official from an international organization.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Capabilities</i>	<b>Concern Exists</b>	<b>Does Not Exist</b>
The Third Party is an individual (not a corporate entity).	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party is a corporation which has a weak corporate governance framework, is being operated temporary, or is managed by a single person.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party does not have the organizational resources or staff to undertake the scope of the work required by the Third Party Agreement, or at the other extreme, the Third Party involves or plans to involve unnecessary third parties (e.g. consultants, sub-contractors, or sub-agents) or multiple intermediaries to perform some of its activities or functions under the Third Party Agreement.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party lacks relevant industry/technical experience or has not been in business for very long.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Compensation</i>	<b>Concern</b>	<b>Does</b>

	<b>Exists</b>	<b>Not Exist</b>
The Third Party's request for fee or commission payments is excessive in light of the corresponding level of services or risk.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party requests payments in cash or cash equivalents	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party requests that the payments be made to banks located in foreign countries unrelated to the transaction or to undisclosed third parties.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party requests that the Company agree to pay for more than the actual amount of future expenses or refuses to adequately document expenses, that the Company extend an unusually large credit line, or that the Company provide a substantial upfront payment.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Questionable Circumstance</i>	<b>Concern Exists</b>	<b>Does Not Exist</b>
The Third Party does not submit the proposal regarding relevant work plans or specific scope of services / deliverables.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party refuses to sign representations, warranties, and covenants that he/she has not violated and will not violate anti-bribery laws.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party requests that his/her identity not be disclosed, refuses to disclose the identities of sub-agents, consultants, or contractors who will assist with the work, or suggests meeting venues outside its residence country.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party insists to avoid using written communications, including emails, fax, etc.	<input type="checkbox"/>	<input type="checkbox"/>
The Third Party implicitly or explicitly guarantees the success of the project (e.g. assured bid winning).	<input type="checkbox"/>	<input type="checkbox"/>
No other Third Party was considered for the particular project or contract by SINOCONST or its affiliated entities.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Approval Detail</b>		
Compliance officer of business unit/department	Signature:	
	Date:	
Person in charge of business	Signature:	

unit/department	Date:
Compliance Officer of SINOCONST or its affiliated entities' Compliance Department	Signature: Date:
Chief Compliance Officer of SINOCONST or its affiliated entities	Signature: Date:
Vice general manager in charge of SINOCONST or its affiliated entities' Business unit/department	Signature: Date:

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**Annex 5:**

**Additional Due Diligence**

Notes of Additional Due Diligence Efforts

Signature:

Date:

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**Annex 6**

**Interview Memorandum**

<b>Interview Memorandum</b>	
Interviewer:	Interviewee:
Time:	Location:
<p>Signature of the Interviewer:</p> <p>Date:</p>	

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# **PART IV. SINOCONST Compliance Rules on Cash Payment**

## **CHAPTER I. General Provisions**

**Article 1.** Taking into account China Machinery Industry Construction Group Inc. (“SINOCONST” or the “Company”) Compliance Code and other compliance requirements for business, the environments in which the Company operates, and relevant Chinese laws, rules, and regulations as well as laws, rules, and regulations of countries in which the Company operates (collectively “**applicable law**”), this Compliance Rules on Cash Payment have been formulated to mitigate compliance risk when utilizing cash payments for operating activities.

**Article 2.** The Rules apply to the business activities carried out by the SINOCONST and its affiliated entities. SINOCONST headquarters compliance department shall oversee the implementation of the Rules by the Company and its affiliated entities, and be responsible for the interpretation of the Rules.

**Article 3.** The rules apply to SINOCONST and its affiliated entities.

**Article 4.** The following definitions apply within the Rules:

1. “Compliance Department” / “compliance officer” means the Compliance Department or Compliance Officer for SINOCONST or a Subsidiary (as defined below), depending on whether SINOCONST or a Subsidiary is responsible for the relevant operations.

2. “Cash Payment” refers to any payment made in cash or cash equivalent, including anonymous, non-traceable check or money order.

## **CHAPTER II. Principles for Use of Cash Payments**

**Article 5.** Whenever possible, it is the policy of SINOCONST and its affiliated entities to avoid Cash Payments. However, SINOCONST and its affiliated entities conduct business in many countries with unreliable banking sectors and local financial institutions. Conducting business in such countries may require utilizing Cash Payments in the course of SINOCONST and its affiliated entities business, including for the purchase of local project equipment and materials, office supplies, and payment of wages to local employees. Nevertheless, any facilitation payments are prohibited (i.e. any Cash Payment to a Government officer in order to accelerate process of the regular administrative duties without discretion). While not prohibited *per se*, Cash Payments present high compliance-related risk and SINOCONST and its affiliated entities must take precautions before engaging in Cash Payments.

**Article 6.** SINOCONST and its affiliated entities shall have detailed financial controls for authorizing and documenting Cash Payments. These financial controls shall, at the least:

1. Require the review and approval of all cash payments by at least two employees (not including the employee proposing the cash payment);
2. Maintain contemporaneous written documentation of each Cash Payment made;
3. Create regular reports on the use of Cash Payments.

**Article 7.** In addition to those rules and controls, the Rules on Cash Payments set out the ethical and compliance-related principles that should guide all Cash Payments. The following key principles apply to all Cash Payments:

1. All Cash Payments must comply with the SINOCONST Compliance Code, SINOCONST Compliance Rules on Gifts and Hospitality, SINOCONST Compliance Rules on Donations and Sponsorship, and SINOCONST Compliance Rules on Third Party Due Diligence.

2. Cash Payments may only be made when absolutely necessary due to the limitations of the relevant banking sector. Employees must explain why a Cash Payment was necessary for any particular payment.

3. Cash Payments must be fully documented with complete supporting documents identifying the recipient of the payment, such as an invoice, receipt or internal purchase order, proof of the goods or services being purchased or the salaries being paid, or other internal supporting documentation. As a general rule, employees of SINOCONST and its affiliated entities may not make a Cash Payment without obtaining such documentation (see Article 8 for more information).

4. Given the particular concerns in this area, SINOCONST and its affiliated entities will have zero tolerance for in use of Cash Payments. When making a Cash Payment, employees must use caution to ensure that all relevant policies and rules are being carefully followed. Any Employee found to have made a Cash Payment in a manner that is inconsistent with the principles described herein will be ly disciplined

**Article 8.** In very limited situations, a receipt, invoice or internal purchase order or other internal supporting documents may not be available. In such circumstances, employees are permitted to make a Cash Payment only if the following conditions are met:

1. The amount does not exceed ¥300 equivalent;
2. The Cash Payment is immediately (within one business day) reported to the local compliance officer using the Cash Payment Reporting Form (Annex 1). The Employee making the payment must document the amount of the payment, the

recipient, and the reason that a receipt, invoice or internal purchase order or other internal supporting documents was not obtained.

It will be the responsibility of SINOCONST and its affiliated entities compliance officer to report to the superior compliance department on a monthly basis regarding payments made that were not documented with a receipt or invoice using the Cash Payment Log (Annex 2).

### **CHAPTER III. COMPLIANCE RECORDS AND DOCUMENTS MANAGEMENT**

**Article 9.** Sufficient supporting documents should support each Cash Payment to ensure the payment is truthful, legitimate, and reasonable and the transaction amount is accurate. The local cashier should record each transaction in the daily cash or bank deposit journal after completion of the Cash Payment and should maintain the supporting documentation in accordance with SINOCONST or subsidiary document retention policies.

**Article 10.** Compliance Department has the authority to audit the financial controls surrounding Cash Payments periodically as it considers necessary or prudent. Auditing includes steps to determine whether Cash Payments are utilized only when necessary, are properly recorded, documented and accompanied with supporting documents, and comply with the SINOCONST Compliance Code, SINOCONST Compliance Rules on Gifts and Hospitality, SINOCONST Compliance Rules on Donations and Sponsorship, and SINOCONST Compliance Rules on Third Party Due Diligence.

**Article 11.** The compliance department, in coordination with internal and external audit where necessary, *must* prepare a plan periodically and *must* utilize a risk-based approach to determine the location and frequency of the audits to ensure that the rules and regulations, the management process and implementation effect regarding Cash Payment in offices of SINOCONST and its affiliated entities comply with the applied laws and the SINOCONST compliance policies.

**Article 12.** Each audit will be accompanied by a report detailing any failures observed. Such reports will be maintained by SINOCONST or its affiliated entities' Compliance Department and shared with the SINOCONST headquarters Compliance Department upon its request.

### **CHAPTER IV. DISCIPLINE**

**Article 13.** Failure to comply with the Rules will be grounds for disciplinary action, up to and including termination of employment, consistent with disciplinary process of SINOCONST and its affiliated entities and any applicable laws.

## **CHAPTER V. QUESTIONS**

**Article 14.** Any questions concerning the Rules should be addressed to the SINOCONST headquarters compliance department.

### **ANNEXES**

Annex 1: Cash Payment Reporting Form

Annex 2: Cash Payment Log

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**Annex 1**

**Cash Payment Reporting Form**

Reporting Employee	
Employee Position	
Company & Department	
Date of Report	
Recipient of Payment	
Services or goods provided (or salary paid if applicable) and uses	
Reasons for Cash Payment	
Currency	
Amount	
Converted to RMB Amount	
Explanation for Lack of Supporting Documentation	
Reporting Employee: Position: Company/Dept.: Date:	Cashier: Date:  Compliance Officer: Date:

**Annex 2**

**Cash Payment Log**

Date	Amount	Name of Reporting Employee	Name of Recipient	Reason for Lack of Documentation

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# PART V. SINOCONST Compliance Rules on Gifts and Hospitality

## CHAPTER I. GENERAL PROVISIONS

**Article 1.** Taking into account China Machinery Industry Construction Group Inc. (“SINOCONST” or the “Company”) Compliance Code and other compliance requirements for business, the environments in which the Company operates, and relevant Chinese laws, rules, and regulations as well as laws, rules, and regulations of countries in which the Company operates (collectively “**applicable law**”), the Rules have been formulated to further standardize the management of gifts and hospitality related to its business.

All gifts, entertainment, meals, travel, and hospitalities given to or received from customers, suppliers, other Individual Business Associates (as defined below), and Public Officials (as defined below) in business operations shall comply with SINOCONST’s values, SINOCONST’s Compliance Code, and all applicable laws.

**Article 2.** The Rules apply to the business activities carried out by the SINOCONST and its affiliated entities. SINOCONST headquarters compliance department shall oversee the implementation of the Rules by the Company and its affiliated entities, and be responsible for the interpretation of the Rules.

**Article 3.** The rules apply to SINOCONST and its affiliated entities.

The rules’ general principles and prohibitions also apply to agents, distributors, consultants, joint venture partners, intermediaries, business promoters, sponsors, and any other third parties (whether an individual, partnership, corporation, or unincorporated entity) acting on any SINOCONST or its affiliated entities’ behalf (collectively, “**Third Parties**”), regardless of nationality of Employees and Third Parties or where they conduct business. To the extent that Employees themselves qualify as “Public Officials” (as defined below), the rules and limitations hereof control despite any government-to-government practices that might otherwise determine what gifts or hospitality is acceptable.

**Article 4.** The following definitions apply within the rules:

1. “Anything of Value or Advantage” includes anything that the recipient could possibly value, such as a financial or other advantage and including cash, gifts, gift cards, items with any SINOCONST’s logo, electronic and other equipment, physical or other assets including stocks, bonds and other securities, real or other property, clothing, meals, entertainment (for example, concert, theater, sport, or other similar event tickets or invitations), travel, lodging, transportation, loans, use of property or assets or equipment, charitable donations, political

contributions, medical treatment, job or internship offers or contracts, and employment of any kind.

2. “compliance department” / “compliance officer” means the Compliance Department or Compliance Officer for SINOCONST or a Subsidiary (as defined below), depending on whether SINOCONST or a Subsidiary is responsible for the relevant operations.

3. “Individual Business Associate” means a private, commercial business associate such as a current or potential customer, supplier, contractor, or vendor.

4. A “Public Official” should be broadly interpreted and includes the following:

(1) Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);

(2) Officials, employees, or representatives of public international organizations;

(3) Officials, employees, or representatives of political organizations, or members of royal families, who exercise public authority; and

(4) Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

## **CHAPTER II. GIFTS GIVEN OR RECEIVED; HOSPITALITY RECEIVED**

**Article 5.** Employees and Third Parties are permitted to give reasonable and customary gifts to Individual Business Associates or Public Officials (and to receive reasonable and customary gifts from Individual Business Associates or Public Officials), but only if all of the following conditions are met:

1. The value of the gift cannot be in excess of the guidelines stated herein. No gifts can be provided that are outside of or otherwise not in compliance with the Company’s policies and the rules;

2. When the value of the gift exceeds any limits imposed by local laws, rules, or regulations, regardless of whether or not the gift otherwise is in compliance with the rules, Employees should seek guidance from their respective compliance officers regarding any potentially applicable local limits;

3. The purpose of the gift is not to obtain an improper benefit or advantage;



4. The gift is a customary business gift given in connection with a recognized local gift-giving celebration or a legitimate business event;

5. The gift is not cash (or a cash-equivalent);

6. The gift is under the circumstances, transparent, and given in a manner that avoids any appearance of impropriety or embarrassment if publicly disclosed; and

7. The gift is not offered, given, or received at a critical time when important business decisions are being made, such as before or just after a bid is awarded or a contract is signed or renegotiated, or when a claim occurs.

8. Employees shall not use cash reimbursed for untruthful entries of expenses for gifts, cash or cash equivalents, or for falsified documents, for bribery purpose.

All gifts must be properly recorded and submitted using the Reimbursement Claim Compliance Form (Annex 2).

**Article 6.** Gifts to Individual Business Associates or Public Officials shall be strictly governed by the following limitations.

Limitation on gift-giving expenses

1. Limitation for senior managers giving gifts

Description		Limit
Giving gifts	Major business and foreign affairs occasions	No more than 600 yuan/person
	General business occasions	No more than 500 yuan/person

2. Limitation for other managers and employees giving gifts

Description	Limit
Giving gifts	No more than 500 yuan/person

If the gift exceeds 500 yuan per person, the Pre-Application Compliance Form shall be filled in then submitted for the approval of SINOCONST's Chief Compliance Officer before being handled by the relevant department.

**Article 7.** In all circumstances, offering, giving, or receiving the following categories of gifts is *forbidden*:

1. Personal discounts, commissions, or other forms of remuneration;

2. Cash, alcohol, tobacco, gratuities, payments of currency in any form, loans or advances, cash equivalents like gift certificates, gift vouchers, or shopping cards;

3. Equities, shares, bonds, payment vouchers and any similar form of ownership or debt interest in a company or other entity;

4. Free or discounted services like insurance, tuition fees, repair or improvement works, or similar preferential treatment; and;

5. Holiday or leisure packages, travel, lodging, or meals expenses (except as provided otherwise below).

**Article 8.** Employees and Third Parties should *avoid a pattern* of giving or receiving even modest value gifts, as this behavior may begin to take on the appearance of corruption or impropriety. Accordingly, the following rules will apply to annual gifts and hospitality amounts, which will be monitored by the Compliance Department of SINOCONST and its affiliated entities, as:

1. Gifts offered or given to a Third Party must remain exceptional. Up to four times a year is acceptable, for instance at the end or beginning of the year or on a major national holiday;

2. In general, employees shall not accept gifts from third parties, suppliers, or Individual Business Associates.

**Article 9.** Gifts and hospitality are provided on behalf of SINOCONST or its affiliated entities and are to be paid by SINOCONST or its affiliated entities. No Employee can pay personally for a gift or hospitality when the purpose relates to a business relationship.

### **CHAPTER III. TRAVEL, ACCOMMODATION and MEETINGS**

**Article 10.** Travel and accommodation for a Public Official may only be related to inspections associated with contract performance or inspections related to transit of goods, and only when such inspections are specifically required or allowed by contract. When arranging for travel or accommodation or covering travel or accommodation expenses for a Public Official, the following should be ensured:

1. *Prior approval* by the Compliance Department is always required. Prior approval should be sought and documented utilizing the Travel Expense Compliance Form (Annex 4);

2. Payments to cover expenses should, whenever possible, be paid directly to vendors (*e.g.*, hotels, airlines, and restaurants). If direct payment is not possible, reimbursement may be made only for expenses for which receipts are obtained;

3. Payments and reimbursements for travel or accommodation expenses are permissible only for the period of time directly related to SINOCONST or its affiliated entities;

4. All expenses must be reasonable in value. Extravagant hotels must be avoided;

5. Cash allowances, honoraria, travel allowances, or any other allowances are not permitted.

6. No payment or reimbursement is permitted for the expenses of family members or personal guests of a Public Official.

**Article 11.** Any travel or accommodation expense related to customers or other Individual Business Associates proposed to be paid or to be reimbursed by SINOCONST or its affiliated entities must be carefully recorded and approved in accordance with applicable policies and rules, and must conform to all applicable contracts between an Individual Business Associate and SINOCONST or its affiliated entities. No payment or reimbursement is permitted for the expenses of family members or personal guests of an Individual Business Associate.

**Article 12.** The scope of meeting expenses includes expenses paid for attending external meetings, accommodation, meals, conference room rentals, transportation (related to delegates' pick-ups and drop-offs, representatives' visits and inspections, etc.), document printing, and inter-city travel during internal meetings.

For expenses paid for attending external meetings, participants shall provide the conference notice and the approval by the vice general manager in charge of the participants' department for actual reimbursement; inter-city travel expenses shall be reimbursed as per the Travel Expense Management System of SINOCONST or its affiliated entities; business travel allowance shall not be made to participants having received uniformly arranged accommodations.

For internal meetings, the organizer shall develop relevant meeting agendas and create meeting budgets for approval before carrying out the implementation. Personnel outside SINOCONST and its affiliated entities, who are required to attend the meeting, shall bear their own expenses. The organizer shall promptly proceed the reimbursement procedures after the meeting concludes. The meeting notice, the attendee registration form, the expenses statement and invoices provided by the meeting service provider, and other supporting documents shall be submitted for the reimbursement.

## **CHAPTER IV. ENTERTAINMENT AND MEALS (HOSPITALITY GIVEN)**

**Article 13.** Reasonable business entertainment and meals expenses are permitted under the Rules generally if the entertainment or meal is given with the intent only to offer a normal courtesy. In many countries business entertainment and meals with clients can be a customary way to initiate goodwill and trust in a business relationship and help facilitate the exchange of information. Goodwill and trust nonetheless must be sustained through fair and honest dealings and not through frequent or lavish business entertainment or meals. To avoid the appearance of impropriety, Public Officials and Individual Business Associates may not receive any form of entertainment or meals before or soon after critical business award decisions are made.

**Article 14.** Entertainment and meals shall not be given with the intent of corruptly or improperly influencing a Public Official's or an Individual Business Associate's objectivity in making decisions involving SINOCONST or its affiliated entities. The rules also expressly forbid any entertainment of meals that would be perceived as lavish or indecent, or that could damage SINOCONST or its affiliated entities' reputation. Although whether entertainment or a meal is lavish or indecent is solely for the Compliance Department to determine, please always ensure that you would be comfortable having a leading newspaper write a story about the entertainment or meals that you plan to provide.

**Article 15.** The provision of business entertainment and meals shall be strictly governed by the Central Government's "Eight Point Regulation". Expenses outside the scope of business hospitalities or exceeding relevant monetary limitations shall not be allowed. When providing routine and reasonable business entertainment expenses (such as a business lunch or dinner, or theater or other event ticket), Employees should ensure the following:

1. The meal or entertainment costs must be reasonable;
2. The meal or entertainment cost must avoid the appearance of impropriety, must be modest, and must be infrequent;
3. There must be a proper business purpose for the expense;
4. The expense must be in line with local customs and comply with any local laws; and
5. The expense must be properly, accurately, and promptly documented.
6. The meal or entertainment shall preferentially be provided in the canteen or the contracted hotel restaurant of SINOCONST or its affiliated entities. Shark fins, bird's nests or other high-end dishes, cigarettes, or high-end beverages, i.e. alcohol of 500ml exceeding 500 yuan per bottle, shall not be allowed, neither high-end entertainment, leisure, fitness, health care and other activities at similar venues shall

be allowed. Employees from SINOCONST headquarters shall not participate in the business entertainment activities arranged by SINOCONST's affiliated entities.

7. Alcohol for business entertainment can be purchased in bulk by departments, yet high-end high-end beverage, i.e. alcohol of 500ml exceeding 500 yuan per bottle, shall not be allowed. Each department shall create a record for the purchase, storage, and consumption of such alcohol, which shall be retained for audit.

8. The number of employees attending business entertainments or meals shall be strictly limited as per the economicalness principle. As for business or foreign affairs occasions, if there are no more than 5 guests, the same number of employees can be allowed; if there are more than 5 guests, the number of employees shall not be more than 1/2 of that of the guests. As for other occasions, if there are less than 10 guests, the number of employees shall not be more than 3; if there are more than 10 guests, the number of employees shall not be more than 1/3 of that of the guests.

9. SINOCONST headquarters departments shall not pass on their business entertainment expenses to SINOCONST's affiliated entities, nor reimburse headquarters employees' private entertainment expenses and personal consumption expenses.

**Article 16.** Reimbursement is permitted only for expenses that are accompanied by receipts. The names of all the individuals entertained, including (i) the names, entities, and titles of the Employees who attended and (ii) for the guests, their names, employers, and titles should be included in the submitted Reimbursement Claim Compliance Form (Annex 2). Employees must be in attendance; otherwise, the expense is a gift rather than entertainment or a meal. All requests for reimbursement must include the specific business purpose for the expenditure. Employees cannot pay for entertainment or meals personally to avoid having to report it or seek approval.

**Article 17.** In addition to the above rules relating to meals and entertainment, Employees may provide meals and entertainment to Individual Business Associates and Public Officials, or accept meals or entertainment from Individual Business Associates only if all of the following conditions are met:

1. Limitation on hospitality expenses

a. Limitation for senior managers providing hospitalities

Description		Limit
providing hospitalities (including beverage)	Business Banquets	No more than 600 yuan/person
	Business Meals	No more than 500 yuan/person
	Working Meals	No more than 400 yuan/person

b. Limitation for other managers and employees providing hospitalitys

Description	Limit
providing hospitalitys (including beverage)	No more than 300 yuan/person

2. Employees may provide meals and entertainment to Public Officials, or accept meals or entertainment from Public Officials only if all of the following conditions are met:

1. Limits - The cost of meals or entertainment for Public Officials or Individual Business Associates should not exceed the specified amounts without prior approval, and should not exceed a frequency;

2. Meals provided by other managers and employees should not exceed ¥300 per person unless approved in advance using the Pre-Application Compliance Form (Annex 1) by the Employee's immediate Supervisor or Manager. Entertainment of Public Officials and Individual Business Associates by regular Employees is prohibited;

3. Meals or entertainment provided by Senior Management should be reasonable and for the business purpose after consultation with the Compliance Department. Entertainment of Public Officials should be considered only rarely and for a demonstrable business purpose.

4. Frequency – Meals and entertainment may not be given regularly or routinely, for example on a monthly basis, unless there is a demonstrable business purpose for doing so and only so long as that business purpose continues. Meals and entertainment for any specific Public Official must not exceed two times in any one year, and for any Individual Business Associate must not exceed five times in any one year, without the prior written approval of the compliance department.

5. Reporting - Employees must complete and submit the Reimbursement Claim Compliance Form (Annex 2) to the Compliance Department within 20 days of any meal or entertainment with a Public Official or Individual Business Associate. The Reimbursement Claim Compliance Form (Annex 2) must include the name, title, and employer of each Public Official, Individual Business Associate, and all Employees who attended the meal or entertainment event.

**Article 18.** Where relevant, related or other expenses incurred as a consequence of providing permitted meals or entertainment to Public Officials or Individual Business Associates (e.g., permitted travel expenses) are subject to processing and approval in accordance with the relevant Chapter of the rules.

## **CHAPTER V. COMPLIANCE RECORDS AND DOCUMENTATION MANAGEMENT**

**Article 19.** Sufficient supporting documents must be retained for all gifts, hospitality, travel, meals, and entertainment. These documents must be fairly and accurately recorded in the accounting and financial records. Simply providing an invoice or receipt is not sufficient; as required above, the names, titles, and employers of every participant or recipient (including SINOCONST Employees) is required. It is forbidden to create any false, misleading, or fraudulent records, including for the purpose of concealing the purpose or nature of the gift, hospitality, travel, meals, or entertainment. Such documents must be maintained according to the applicable Document Retention Policy of SINOCONST or its affiliated entities.

**Article 20.** Employees and Third Parties are prohibited from making false, misleading, incomplete, inaccurate, or artificial entries in SINOCONST's or its Affiliated entities' books and records.

**Article 21.** Employees and Third Parties should retain copies of all forms they submit and other documents they create under the rules for audit purposes.

## **CHAPTER VI. DISCIPLINE**

**Article 22.** Failure to comply with the rules will be grounds for disciplinary action, up to and including termination of employment, consistent with the disciplinary process of SINOCONST or its affiliated entities and any applicable laws.

**Article 23.** Employees and Third Parties violating anti-corruption and other applicable laws risk prosecution by relevant investigating authorities which may result in a personal fine and/or being held criminally liable.

## **CHAPTER VII. QUESTIONS**

**Article 24.** Any questions concerning the rules should be addressed to the compliance department at SINOCONST headquarters.

### **ANNEXES**

- Annex 1: Pre-Application Compliance Form
- Annex 2: Reimbursement Claim Compliance Form
- Annex 3: Gift or Hospitality Receipt Compliance Form
- Annex 4: Travel Expense Compliance Form

**ANNEX 1: Pre-Application Compliance Form**

**PRE-APPLICATION COMPLIANCE FORM**

*(Use this form to obtain prior approval for gifts or hospitality exceeding ¥500 per person, meals or entertainment sought by employees exceeding ¥300, and meals or entertainment sought by country or project management exceeding ¥500 per person.)*

<u>THE GIFT, HOSPITALITY, MEAL, OR ENTERTAINMENT</u>		
Description:		
Value: Total: _____ Per Person: _____ Converted into RMB: Total: _____ Per Person: _____		
Purpose / Occasion surrounding the expense, including specifically the business justification:		
Has the Gift already been Given or Received? <i>(Select and complete box on the right)</i>	Yes, Given or Received on the following Date:  (Please attach an explanation of the reasons justifying the absence of prior approval)	Dates of the most-recent past and next future bids before all recipients' or givers' employers, or names of ongoing projects in execution for or with the recipient or giver:
	No, it is to be Given on the following Date:	
<u>EXPECTED RECIPIENT(S)</u>		
Recipient Name, Telephone Number, and Email Address:		



Recipient Title / Position:
Recipient Employer Name:
<u>THE PROVIDER OF THE GIFT (complete only if different to the YOUR DETAILS section below)</u>
Provider Name & Contact Details:
Provider Title / Position:
Provider's Employer Details (name and address):
<u>OTHER KEY DETAILS</u>
<p>Is either the Recipient or the Giver a Public Official?</p> <p><b>Yes / No</b></p> <p>Is either the Recipient or the Giver related to or an associate of a Public Official?</p> <p><b>Yes / No</b></p> <p>(Please refer to the SINOCONST Compliance Rules on Gifts and Hospitality for the definition of "Public Official". If you do not know, consult with the compliance department.)</p> <p><i>If Yes, please provide full details and specify whether details relate to Recipient or Provider (use a second page if necessary):</i></p>
<p>Does any Giver, Recipient, or any Giver's or Recipient's Employer, currently have any business pending (e.g., a contract, application, tender, approval, etc.) with each other?</p> <p><b>Yes / No</b></p> <p><i>If Yes, please provide full details (use a second page if necessary):</i></p>

Has the Giver or Recipient received other gifts/hospitality from the same gift- or hospitality giver within the past twelve months?

**Y**

**es / No**

*If Yes, please describe each prior gift, its value and date received (use a second page if necessary):*

YOUR DETAILS

Your Signature:	Your Name:	Today's Date:
Your telephone number:		Your email address:
Your Business Unit:		Your Location:

APPROVAL DETAILS

(Where necessary. Please refer to the the SINOCONST Compliance Rules on Gifts and Hospitality.)

Compliance Officer of Department	Signature:	Name:	Approval Date:
Your Supervisor or Department Manager:	Signature:	Name:	Approval Date:
Compliance officer of Compliance Department	Signature:	Name:	Approval Date:

Chief Compliance Officer	Signature:	Name:	Approval Date:
Vice general manager in charge of the Department	Signature:	Name:	Approval Date:

Remember to:

(1) send a copy of all completed forms to the Compliance Department prior the Gift/Hospitality event; (2) following the Gift or Hospitality event send a copy of this form to your expense claim form if giving a gift; (3) send a copy of all completed forms to the Compliance Department within 20 days of the Gift or Hospitality event; (4) ensure that you keep the original copy form for your own records; and (5) that Annex 2 must be completed after the gift or hospitality, regardless of whether Annex 1 is required.

**ANNEX 2: Reimbursement Claim Compliance Form**

**REIMBURSEMENT CLAIM COMPLIANCE FORM**

*(Reporting form)*

*Use this form to report all gifts, hospitality, meals, and entertainment, regardless of whether a Pre-Approval Compliance Form was required.*

<u>THE EXPENSE</u>
Description:
Value: Total: _____ Per Person: _____
Converted into RMB: Total: _____ Per Person: _____
Purpose / Occasion surrounding the expense, including specifically the business justification:
Date the expense was incurred: DD/MM/YY
<u>THE RECIPIENT</u>
Recipient Name, Telephone Number, and Email Address:
Recipient Title / Position:
Recipient's Employer:
If pre-approval was required and there is any difference between the above and the recipient or recipients identified on the pre-approval form, please explain why there was a difference.
Dates of the most-recent past and next future bids before all recipients' employers:

<u>THE PROVIDER (complete only if different to the YOUR DETAILS section below)</u>
Provider Name & Contact Details:
Provider Title / Position:
Provider's Employer Details (name and address):
<u>OTHER KEY DETAILS</u>
<p>Is either the Recipient or the Giver a Public Official? <b>Yes / No</b></p> <p>Is either the Recipient or the Giver related to or an associate of a Public Official? <b>Yes / No</b></p> <p>(Please refer to the SINOCONST Compliance Rules on Gifts and Hospitality for the definition of "Public Official". If you do not know, consult with the compliance department.)</p> <p><i>If Yes, please provide full details and specify whether details relate to Recipient or Provider (use a second page if necessary):</i></p>
<p>Does any Giver, Recipient, or any Giver's or Recipient's Employer, currently, have any business pending (e.g., a contract, application, tender, approval, etc.) with each other? <b>Yes / No</b></p> <p><i>If Yes, please provide full details (use a second page if necessary):</i></p>

Has the Giver or Recipient received other gifts/hospitality from the same gift- or hospitality giver within the past twelve months?

*If Yes, please describe each prior gift, its value and date received (use a second page if necessary):*

<u>YOUR DETAILS</u>		
Your Signature:	Your Name:	Today's Date:
Your telephone number:		Your email address:
Your Business Unit:	Your Location:	
<u>APPROVAL DETAILS</u>		
Your Supervisor or Manager:	Signature:	Name:

Remember to: (1) send a copy of all completed forms to the Compliance Department within 20 days of the Gift or Hospitality event; (2) attach a copy of this form to your expense claim form if giving a Gift or Hospitality; and (3) ensure that you keep the original copy form for your own records.

**ANNEX 3: Gift or Hospitality Receipt Compliance Form**

**GIFT OR HOSPITALITY RECEIPT COMPLIANCE FORM**

*(Reporting receipt of gifts or hospitality)*

<u>THE GIFT OR HOSPITALITY</u>	
Description:	
Value (per person):	Converted into RMB (per person):
Date received:	
Name, title, and employer of person from whom the gift or hospitality was received:	
Name, title, and employer of person on whose behalf the gift or hospitality was received (if different than above):	
Dates of the most-recent past or next future bids before the provider or the provider's employer, or of any ongoing projects with the employer:	
Have you or your business unit received other gifts or hospitality from the same provider within the past twelve months? <b>Yes / No</b>	
<i>If Yes, please describe each prior gift or hospitality, the per-person value, and date received (use a second page if necessary):</i>	
<u>YOUR DETAILS</u>	
Your Signature	Your Name: Today's Date:
Your telephone number:	Your email address:
Your Business Unit:	Your Location:

<u>APPROVAL DETAILS</u>			
Your Supervisor or Manager:	Signature:	Name:	Approval Date: DD/MM/YY
Compliance Officer: (If required in addition to Supervisor/Manager Approval)	Signature:	Name:	Approval Date: DD/MM/YY
Compliance Officer's Comments on Receiving Gifts or Hospitality of Greater than ¥300: <div style="text-align: right; margin-top: 20px;">             Signature:              Name:              Approval Date: DD/MM/YY           </div>			

Remember to: (1) send a copy of all completed forms to the Compliance Department within 20 days of the Gift or Hospitality event; (2) ensure that you keep the original copy form for your own records.



**ANNEX 4: Travel Expense Compliance Form**

**TRAVEL EXPENSE COMPLIANCE FORM**

*(Seeking pre-approval to purchase travel for a Public Official)*

<u>THE TRAVEL REQUESTED</u>	
Description (e.g., means of transportation, fare class, room type)	
Value: Total: _____ Per Person: _____	
Converted into RMB: Total: _____ Per Person: _____	
Dates of proposed travel:	
Name, title, and employer of person who will travel:	
Dates of the most-recent past or next future bids before the traveler or the traveler's employer; or of any ongoing projects with the employer:	
Please describe the business purpose of the proposed travel:	
Please attach a proposed travel itinerary and a proposed agenda for the duration of the trip:	
Has this person taken other travel at our expense over the last 12 months? <b>Yes / No</b> <i>If Yes, please describe each prior travel itinerary, cost, and purpose:</i>	
<u>YOUR DETAILS</u>	

Your Signature:	Your Name:	Today's Date:	
Your telephone number:	Your email address:		
Your Business Unit:	Your Location:		
<u>APPROVAL DETAILS</u>			
Your Supervisor or Manager:	Signature:	Name:	Approval Date: DD/MM/YY
Compliance Officer:	Signature:	Name:	Approval Date: DD/MM/YY

Remember to: (1) send a copy of all completed forms to the compliance department; (2) ensure that you keep the original copy form for your own records.

# **PART VI. SINOCONST Compliance Rules on Donations and Sponsorships**

## **CHAPTER I. GENERAL PROVISIONS**

**Article 1.** For the purpose of promoting philanthropy, creating enterprise culture of China Machinery Industry Construction Group Inc. (hereinafter referred to as “SINOCONST” or “Company”), and ensuring that donations and sponsorships are not in violation of anti-corruption laws and other applicable laws, SINOCONST formulates the rules in accordance with the relevant Chinese laws, rules, and regulations and laws, rules, and regulations of countries in which the Company operates (collectively “**applicable law**”), as well as SINOCONST Employees’ Compliance Code and other requirements, taking into account the environment in which the Company operates.

**Article 2.** The Rules apply to the business activities carried out by the SINOCONST and its affiliated entities. SINOCONST’s Compliance Department at its headquarters, on behalf of SINOCONST, supervises all its affiliated entities in the implementation of the rules, and is responsible for the explanation of the rules.

**Article 3.** The rules apply to all employees of SINOCONST and its affiliated entities.

### **Article 4.** Definitions:

1. “Compliance Department”/“Compliance Officer” means the Compliance Department/Compliance Officer for SINOCONST or a Subsidiary, depending on whether SINOCONST or a Subsidiary is responsible for the relevant operations.

2. “Donations” are grants of funds, goods, or services for a charitable purpose. The donation can be made in currency, in kind, or by providing services. Donations shall be associated with legitimate environmental, cultural, educational, welfare, or other non-profit activities.

3. “Sponsorships” are grants of funds, goods, or services that pay all or part of the cost for commercial activities—such as seminars, conferences, sporting, artistic, or entertainment events—in exchange for commercial interests. Sponsorships are part of the marketing and communication strategy of SINOCONST and its affiliated entities.

4. “Political Contributions” are any payment, gift, loan, subscription advance, money deposit given or made to a political party or organization, or to a politician or candidate; and funding, goods, services, or anything of value given or made to political meetings, events or advertising campaigns. “Political organizations” include political parties, political campaigns, politicians, political candidates, or any

of their affiliated organizations, like for instance “think tanks” or charitable or non-governmental organizations managed by politicians or associated with a political party.

5. A “Public Official” should be broadly interpreted and shall include at least the following:

i. Officials, employees, representatives of governments, and any other person authorized to act under official right;

ii. Officials, employees, or representatives of public international organizations;

iii. Officials, employees, or representatives of political organizations, or members of royal families, who exercise public authority; and

iv. Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

## **CHAPTER II. POLITICAL CONTRIBUTIONS PROHIBITED**

**Article 5.** Political Contributions are subject to national laws which vary from country to country. Even when legally permitted in a country, such contributions can be a source of corruption or otherwise perceived as a questionable practice. The SINOCONST headquarters Compliance Department prohibits all Political Contributions on behalf of SINOCONST or its affiliated entities, whether financial or in kind and whether made to political organizations, parties, or individual politicians.

**Article 6.** Individual shall only participate in local political processes in his/her name, on his/her own time, at his/her own expense, and consistent with applicable laws and regulations, and cannot in any way reference SINOCONST or its affiliated entities or his/her employment with SINOCONST or its affiliated entities.

## **CHAPTER III. DONATIONS AND SPONSORSHIPS REVIEW PROCESS**

**Article 7.** Donations and Sponsorships made on behalf of a SINOCONST or its affiliated entities, must be reported to and pre-approved by the Compliance Department of SINOCONST or its affiliated entities using the attached Donations and Sponsorships Compliance Pre-Approval Form (see Annex).

**Article 8.** Any Donation or Sponsorship shall conform to the following

principles:

(a) clearly and unequivocally reflect and promote the SINOCONST and its affiliated entities' ethical and social commitments;

(b) demonstrate the SINOCONST and its affiliated entities' commitment to the community. Whenever possible, Donations must be made "in-kind," i.e., in the form of goods or services. The reasons why an in-kind Donation is not possible must be provided in the Pre-Approval Form whenever a cash Donation is made.

(c) do not use financial means, in the name of donation or sponsorship, to bribe recipients for commercial purposes;

(d) do not make monetary donations to charities proposed by influential officials for commercial purposes;

(e) do not associate donations or sponsorships with commercial activities, or pursue business opportunities through donations or sponsorships;

(f) do not pay for recipients' expenses by making false donations or sponsorships;

(g) do not provide hospitalities to recipients by making false donations or sponsorships;

(h) do not make donations or sponsorships to a third party for such third party to transfer benefits to relevant political parties or interested parties;

(i) all donations and sponsorships shall be publicly disclosed unless confidentiality is legally required.

**Article 9.** Recipients should be: (a) not-for-profit institutions; (b) for-profit organizations which are legally established and that are not political organizations. Donations or Sponsorships proposed by a Public Official must be reviewed with caution and must never be given, directly or indirectly, to an individual Public Official who is able to influence the awarding of business to SINOCONST or its affiliated entities and without the express prior written approval of the Compliance Department of SINOCONST or its affiliated entities; (c) nonpolitical.

**Article 10.** The Compliance Department of SINOCONST or its affiliated entities shall review in advance of any offer or promise of Donation or Sponsorship, information about the proposed recipient, its legitimacy, and purpose (including government affiliations), as well as details regarding the use of the funds and the impetus for the Donation or Sponsorship.

## **CHAPTER IV. EMPLOYEES' PRIVATE DONATIONS AND SPONSORSHIPS**

**Article 11.** The rules do not prohibit Employees to make Donations or Sponsorships in their private capacity with their own funds. All Employees should note, however, that they or the Company could be held liable under applicable anti-corruption laws or other applicable laws, and Employees could be subject to discipline from the Company, if these Donations or Contributions are made with a corrupt or improper intent to obtain or retain business or to secure an improper benefit or advantage.

**Article 12.** Employees are not required to complete the Donations and Sponsorships Compliance Pre-Approval Form for Donations or Sponsorships made in their own name, but before making the Donation or Sponsorship should consider the following principles:

1. The Donation or Sponsorship shall not be made under the request or suggest of a Public Official or Individual Business Associate (as defined in Compliance Rules on Third Party Due Diligence)?

2. The Donation or Sponsorship shall not be made to an entity or individual affiliated with a Public Official, government entity, or Individual Business Associate with whom SINOCONST or its affiliated entities conducts business?

3. The Donation or Sponsorship shall not affect a Political Contribution, in whole or in part?

4. The Donation or Sponsorship shall not influence SINOCONST's or its affiliated entities' ability to obtain or maintain business with a Public Official, government entity, or Individual Business Associate?

5. SINOCONST or its affiliated entities shall not be mentioned when employees make donations or sponsorships in their personal name and with their personal funds.

If any of the forementioned principles is not followed, then the Employee should seek guidance and suggestion from the Compliance Department before making the Donation or Sponsorship.

## **CHAPTER V. COMPLIANCE VERIFICATION, RECORDS AND DOCUMENTATION MANAGEMENT**

**Article 13.** Sufficient supporting documents must be retained for all Donations and Sponsorships. These documents must be accurately recorded in the appropriate accounting and financial records. It is forbidden to create any false, misleading, or fraudulent records, including (but not limited to) for the purpose of concealing the purpose or nature of the Donation or Sponsorship.

**Article 14.** The Compliance Department must take reasonable steps to independently verify that the requested Donation or Sponsorship did, in fact, occur.

**Article 15.** Employees are prohibited from making or causing to be made false, misleading, incomplete, inaccurate, or artificial entries in SINOCONST's or its affiliated entities' books and records.

**Article 16.** Employees must retain copies of all Forms and documents they create and submit, in accordance with SINOCONST's and its affiliated entities' document management policies.

## **CHAPTER VI. DISCIPLINE**

**Article 17.** Failure to comply with the rules will be grounds for disciplinary action, up to and including termination of employment, consistent with the relevant Company's rules and any applicable laws.

**Article 18.** Employees violating anti-corruption laws or other applicable laws risk prosecution by relevant investigating authorities which may result in a personal fine and/or imprisonment.

## **CHAPTER VII. QUESTIONS**

**Article 19.** Any questions concerning the rules should be addressed to the SINOCONST headquarters Compliance Department.

Annex: Donations and Sponsorships Compliance Pre-Approval Form

**ANNEX : Donations and Sponsorships Compliance Pre-Approval Form**  
**DONATIONS AND SPONSORSHIPS**  
**COMPLIANCE PRE-APPROVAL FORM**

Use this form to obtain prior approval for any donations or sponsorships.

<u>THE DONATION OR SPONSORSHIP</u>	
Description (including the date when the donation or sponsorship is to be made ):	
Cost:	Converted in to RMB:
If the donation or sponsorship is to be made in cash or cash equivalent, please explain why an in-kind donation or sponsorship was not possible:	
How and from whom did we learn of the donation or sponsorship opportunity?	
Purpose / occasion surrounding the donation or sponsorship:	
<u>OTHER KEY DETAILS</u>	
Is the recipient of the donation or sponsorship owned by, controlled by, or affiliated with a Public Official? <b>Yes / No</b>	
Is the recipient of the donation or sponsorship owned by, controlled by, or affiliated with a relative, friend, or associate of a Public Official? <b>Yes / No</b>	
Is the recipient of the donation or sponsorship owned by, controlled by, or affiliated with a political organization? <b>Yes / No</b>	
<i>(Please refer to SINOCONST Compliance Rules on Donations and Sponsorship for above information. If you do not know, you must consult with the Compliance Department (as defined in the same Rules).)</i>	
<u>YOUR DETAILS</u>	
Signature:	Name: _____ Date: _____
Telephone Number: _____	Email Address: _____
Business Unit: _____	Location: _____



<u>APPROVAL DETAILS</u>			
Supervisor or Manager:	Signature:	Name:	Approval Date:
Compliance Officer of Business Unit:	Signature:	Name:	Approval Date:
Compliance Officer of the SINOCONST And its affiliated entities:	Signature:	Name:	Approval Date:

Remember to: (1) send a copy of all completed forms to the Compliance Department prior to promising to offer, or making the Donation or Sponsorship; and (2) ensure that you keep the original copy form for your own records.

SINOCONST

# PART VII. SINOCONST Compliance Rules on Bidding

## CHAPTER I. GENERAL PROVISIONS

**Article 1.** In order to enhance the compliance management over bidding activities, China Machinery Industry Construction Group Inc. (hereinafter referred to as “SINOCONST” or “Company”) formulates the rules in accordance with the relevant Chinese laws, rules, and regulations and laws, rules, and regulations of countries in which the Company operates (collectively “applicable law”), as well as SINOCONST Employees’ Compliance Code and other requirements, taking into account the environment in which the Company operates.

**Article 2.** The Rules apply to the business activities carried out by the SINOCONST and its affiliated entities.

**Article 3.** The rules apply to all employees of SINOCONST and its affiliated entities.

**Article 4.** Definitions:

1. “Compliance Department”/“Compliance Officer” means the Compliance Department/Compliance Officer for SINOCONST or a Subsidiary (as defined below), depending on whether SINOCONST or a Subsidiary is responsible for the relevant operations.

2. “Bidding” refers to all the bidding activities of SINOCONST and its affiliated entities.

3. “Government Organizations” include but not limited to state or local government departments, or the enterprises (*e.g.* state-owned resources companies or developers) that are owned or controlled by the State.

4. “International Organizations” include but not limited to the United Nations, International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD); Multilateral Development Banks (“MDBs”) such as the African Development Bank and the World Bank, and the World Trade Organization (WTO).

5. A “Public Official” should be broadly interpreted and shall include at least the following:

- i. Officials, employees, representatives of governments, and any other person authorized to act under official right;
- ii. Officials, employees, or representatives of International Organizations;

iii. Officials, employees, or representatives of political organizations, or members of royal families, who exercise public authority; and

iv. Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

**Article 5.** All personnel participating in bidding must strictly comply with the Company's confidentiality provisions. Disclosure of any bidding-related confidential information is strictly prohibited.

## **CHAPTER II. ADMINISTRATIVE DEPARTMENTS AND RESPONSIBILITIES**

**Article 6.** SINOCONST and its affiliated entities shall finalize the compliance management responsibilities of the business units and the business management departments to ensure that the bidding processes are followed in compliance with applicable Chinese and local laws, rules, and regulations (e.g., Law of the People's Republic of China on Tenders and Bids) and other requirements (e.g., the requirements of any bidding qualification or bidding process). Specific responsibilities of the business units include:

1. Collecting, administrating and screening projects information;
2. Compiling pre-qualification documents;
3. Performing pre-qualification compliance review on projects;
4. Compiling quotations for bids;
5. Preparing, reviewing, and amending bidding documents;
6. Organizing and coordinating bidding activities; and
7. Leading and arranging business negotiations.

Specific responsibilities of the business management departments include:

1. Adopting reasonable supervision measures to ensure that only one entity within the Company bids on any contract;
2. Performing bidding filing management;
3. Maintaining and updating as necessary the black list of the tenderers; and
4. Organizing contracts review.

**Article 7.** The Compliance Department of SINOCONST or its affiliated entities will supervise the whole process in bidding activities, and its key responsibilities include:

1. Performing pre-qualification compliance reviews for bidding activities;
2. Identifying any conflict of interests between the working staffs involved in the bidding activities and the tenderee or other bid competitors;
3. Investigating any suspected or alleged violation of SINOCONST Employees' Compliance Code, the rules, or applicable Chinese or local laws regarding the bidding process;
4. With other relevant departments, investigating possible compliance violations during the bidding process; and
5. Undertaking other supervisory and preventive reviews.

**Article 8.** If there is any conflict of interests between the staff participating in bidding and the tenderee or other bid competitors, the conflicting staff shall withdraw.

### **CHAPTER III. Pre-Qualification Compliance Review**

**Article 9.** A pre-qualification compliance review is mandatory in advance of bidding for a project.

**Article 10.** Pre-qualification compliance review includes but is not limited to assessing:

1. Whether a third party is assisting with, or participating in, the project bidding, or otherwise acting on behalf of SINOCONST or its affiliated entities;
2. Whether the project is related to any Government Organizations or International Organizations;
3. The business environment in the country or region where the tenderee is located (see current year's list of high-risk country or region released by SINOCONST);
4. The tenderee's background, including ultimate beneficiary, directors, senior management, etc.
5. Information relating to the project referrer (internal or external);
6. Whether there is risk of being viewed as a person acting in concert with other bid competitors;
7. The tenderee's credibility and integrity, specifically including: (i) the tenderee's compliance information in the databases of international organizations, the relevant local government, and the Company; (ii) the tenderee's history of settled, unsettled, and potential litigation cases in the past decade; (iii) the tenderee's relationships with the local government and relevant International

Organizations; (iv) whether the tenderee has been charged or investigated for fraud, corruption, collusion, or similar misconduct; and (v) the market reputation of the tenderee.

**Article 11.** According to the information collected from the pre-qualification compliance review, the business units in connection with the Compliance Department shall undertake a compliance risk assessment and classification (See Annex 2 Risk Class List and Approval Form). Tenderee Risk Classes are categorized as follows:

1. Risk Class One, refers to a bidding project in any of the following circumstances:

i. Any current shareholder or senior management of the tenderee, its parent entity, or any affiliated entity is or has been internationally or locally wanted on a criminal conviction in the past decade;

ii. The tenderee, its current shareholder or senior management, parent entity, affiliated entity, is involved in, suspected of, or charged for any illegal conduct (*e.g.* corruption, fraud, monopoly, collusion, tax evasion, money laundering);

iii. The tenderee, its parent entity, affiliated company, is listed on the blacklist or debarred list of SINOCONST or its affiliated entities;

iv. The tenderee, the host country of the project, or other relevant Public Official, Government Organization or International Organization designates or strongly recommends to engage third parties to participate in the project bidding.

2. Risk Class Two, refers to any of the following circumstances:

i. Any third party assists with, or participates in the bidding process or otherwise acts on behalf of SINOCONST or its affiliated entities;

ii. The country or region where the tenderee is located is listed on the current year's list of high-risk country or region released by SINOCONST.

iii. The tenderee, its parent entity, affiliated person or entity is related to or affiliated with a Public Official.

3. Risk Class Three, refers to bidding projects which do not fall within any of the above-listed circumstances in Risk Classes One and Two.

**Article 12.** For any compliance risk in Risk Class One, project bidding shall be prohibited in principle, and any initiation of project bidding in this class must be approved by the vice president in charge of the business unit of SINOCONST or its affiliated entities, the Chief Compliance Officer of SINOCONST and of its affiliated entities. For any compliance risk in Risk Class Two, bidding for the project is allowed, however it must be approved by the vice president in charge of the business unit of the SINOCONST or its affiliated entities, the head of the

compliance department of SINOCONST or of its affiliated entities and the Chief Compliance Officer of SINOCONST or of its affiliated entities. For any compliance risk in Risk Class Three, it is deemed as normal bidding, and project bidding is generally permitted subject to approval by the compliance department of SINOCONST or its affiliated entities.

**Article 13.** The SINOCONST and its affiliated entities shall not engage in project bidding in any of the following circumstances:

1. The tenderee, its parent entity, or any affiliated entity is listed on the blacklist or debarred list of the United Nations or local government;

2. The tenderee, its parent entity, or any affiliated entity or person has ever been listed as terrorist organizations by the United Nations or other international organizations;

3. Any current shareholder or senior management of the tenderee, its parent entity, or any affiliated entity is or have been internationally or locally wanted on a criminal conviction in the past decade;

**Article 14.** SINOCONST and its affiliated entities shall submit materials in relation to compliance review to the Business Management Department at the stage of bidding filing. Bidding for any project without compliance review and tenderee risk classification shall be prohibited. And bidding for any project that does not comply with the compliance requirements of SINOCONST or its affiliated entities shall be prohibited, even if the project otherwise fulfills all of the other requirements.

**Article 15.** SINOCONST and its affiliated entities shall, based on the Company's tenderee blacklist management and the results of the the pre-qualification compliance review, add the tenderee of the project who is in Risk Class One, and who fails the compliance review into such blacklist, and strengthen the dynamic management of such blacklist. That is, if a tenderee meets the compliance requirements, such tenderee can be removed from the blacklist with the approval of the senior management of the SINOCONST or its affiliated entities, the Chief Compliance Officer of SINOCONST and that of its affiliated entities.

## **CHAPTER IV. SUPERVISION ON BID COMPLIANCE**

**Article 16.** Supervision on bid compliance shall conform to the principles of fair competition and good faith.

**Article 17.** The following behaviors are prohibited in Bidding:

1. Joining together with any potential competing bidders to collude, threaten, or discriminate against other bidders to the prejudice or potential prejudice of the legitimate rights and interests of the tenderee or other bidders;

2. Colluding with the tenderer in the bid to harm national interests, social and public interests, or the legitimate rights and interests of others;

3. Taking unethical or corrupt approaches such as offering bribes to the tenderer or members of the bid assessment committee in order to win the bid;

4. Competing for a bid at a price below cost, bidding in the name of another person, or resorting to any fraudulent means;

5. Communicating with tenderer or other bidders to gain improper or confidential information in order to gain an advantage in the bid;

6. Sharing confidential bidding information with other bidders or providing anything of value or benefits to other bidders or the tenderer that violates compliance rules and applicable Chinese and local laws;

7. Concealing or destroying bidding documents that are required to be maintained, or forging, counterfeiting or falsifying bidding documents and other documents included with the bid submission, such as references;

8. Offering, promising, accepting, or receiving bribes, rebates, commissions or any other thing of value in connection with business dealings; and

9. Obstructing or refusing to comply with bidding supervision and inspection.

10. Engaging a third party in the bidding process and providing valuables or benefits to the tenderer through such third party in order to win the bid.

**Article 18.** The Compliance Department of SINOCONST or its affiliated entities should review respective compliance risks when following circumstances occurs:

1. The tenderer abandons the bid and re-invites bidders to tender;

2. The tenderer rejects the bid or disqualifies the bidder for non-compliance with the bid requirements; or

3. SINOCONST or its affiliated entities learn of any project- or contract-related allegation or evidence of misconduct (including potential violations of applicable laws or SINOCONST Employees' Compliance Code)

**Article 19.** Upon receipt of any report or allegation of any violation of compliance requirements by the bidding staff, the Compliance Department of SINOCONST or its affiliated entities should promptly notify the vice general manager in charge of the Compliance Department and the Chief Compliance Officer of SINOCONST or its affiliated entities. If relevant departments come forward to terminate the bidding process, corresponding investigations should be conducted

## **CHAPTER V. DOCUMENTATION AND FOLLOW-UP MANAGEMENT**

**Article 20.** Compliance Department of SINOCONST or its affiliated entities shall promptly and systematically record, classify, number, and archive all the processes and results of the pre-qualification compliance review, and maintain a project bidding supervisory file.

**Article 21.** The Chief Compliance Officer of SINOCONST or its affiliated entities shall regularly review the project bidding supervisory file to ensure the pre-qualification compliance review process is effective and reliable. Key review areas include: whether the pre-qualification compliance review process and the follow-up management of winning bids meet the compliance requirements; whether approvals were properly granted, and whether sufficient supporting documents were filed.

## **CHAPTER VI. DISCIPLINE**

**Article 22.** Failure to comply with the rules will be grounds for disciplinary action, consistent with the Company rules and any applicable laws.

## **CHAPTER VII. QUESTIONS**

**Article 23.** Any questions concerning the rules can be addressed to the Compliance Department at SINOCONST headquarters.

### **Annex:**

1. Explanation on Pre-Qualification Compliance Review of Project and Tenderer by Business Unit
2. Risk Class List and Approval Form



## Annex 1

### Explanation on Pre-Qualification Compliance Review of Project and Tenderer by Business Unit

#### Explanation on Pre-qualification Compliance Review

1. Whether a third party is assisting with, or participating in, the project bidding, or otherwise acting on behalf of SINOCONST or its affiliated entities; if yes, please explain.

2. Whether the project is related to any Government or International Organizations; if yes, please explain.

3. Please specify the business environment in the country or region where the tenderer is located (see current year's list of high-risk country or region released by SINOCONST).

4. Please specify the tenderer's background, including ultimate beneficiary, directors, senior management, etc.

5. Please specify the information relating to the project referrer (internal or external).

6. Whether there is risk of being viewed as a person acting in concert with other bid competitors; if yes, please explain.

7. Please explain on the tenderer's credibility and integrity, including:

(1) The tenderer's compliance information in the databases of International Organizations, the relevant local government, and the Company;

(2) The tenderer's history of settled, unsettled, and potential litigation cases in the past decade;

(3) The tenderer's relationships with the local government and relevant International Organizations.

(4) Whether the tenderer has been charged or investigated for fraud, corruption, collusion, or similar misconduct;

(5) The market reputation of the Tenderer.

In conclusion, the comprehensive evaluation for the pre-qualification compliance review of project and tenderer by business unit is:

Signature by person in charge of business unit::

Date:

**Annex 2**

**Risk Class List and Approval Form**

<b>No Bidding</b>	<b>Yes</b>	<b>No</b>
The tenderee, its parent entity, or any affiliated entity is listed on the blacklist or debarred list of the United Nations or local government.	<input type="checkbox"/>	<input type="checkbox"/>
The tenderee, its parent entity, or any affiliated person or entity is listed as terrorist organizations by the United Nations or other international organizations.	<input type="checkbox"/>	<input type="checkbox"/>
Any current shareholder or senior management of the tenderee, its parent entity, or any affiliated entity is or has been internationally or locally wanted on a criminal conviction in the past decade;	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class One</b>	<b>Yes</b>	<b>No</b>
Any former shareholder or senior management of the tenderee, its parent entity, or any affiliated entity is or has been internationally or locally wanted on a criminal conviction in the past decade.	<input type="checkbox"/>	<input type="checkbox"/>
The tenderee, its current shareholder or senior management, parent entity, affiliated entity, is involved in, suspected of, or charged for any illegal conduct (e.g. corruption, fraud, monopoly, collusion, tax evasion, money laundering)	<input type="checkbox"/>	<input type="checkbox"/>
The tenderee, its parent entity, affiliated entity, is listed on the blacklist or debarred list of SINOCONST or its affiliated entities;	<input type="checkbox"/>	<input type="checkbox"/>
The tenderee, the host country of the project, or other relevant Public Official, Government Organization or International Organization designates or strongly recommends to engage any third party to participate in the project bidding.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class Two</b>	<b>Yes</b>	<b>No</b>
Any third party assists with or participates in	<input type="checkbox"/>	<input type="checkbox"/>

the bidding process or otherwise acts on behalf of the SINOCONST or its affiliated entities.		
The country or region where the tenderer is located is listed on the current year's list of high-risk country or region released by SINOCONST.	<input type="checkbox"/>	<input type="checkbox"/>
The tenderer, its parent entity, affiliated person or entity is related to or affiliated with a Public Official.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Approval Details</b>		
Compliance officer of business unit/department	Signature: Date:	
Person in charge of business unit/department	Signature: Date:	
Compliance officer of compliance department of SINOCONST or its affiliated entities	Signature: Date:	
Chief Compliance Officer of SINOCONST or its affiliated entities	Signature: Date:	
Vice general manager in charge of business unit of SINOCONST or its affiliated entities	Signature: Date:	

# PART VIII. SINOCONST Compliance Rules on Contracts

## CHAPTER I. GENERAL PROVISIONS

**Article 1.** Taking into account China Machinery Industry Construction Group Inc. (“SINOCONST” or the “Company”) Employees’ Compliance Code and other compliance requirements for business, the business environments in which the company operates, and relevant Chinese laws, rules, and regulations as well as laws, rules, and regulations of countries in which the company operates (collectively “applicable law”), this Rule has been formulated to further standardize the compliance controls over business-related contracts. The Company can be held responsible for the conduct of parties with whom we contract, and the Company must take all reasonable steps to ensure that our written agreements with other parties include express contractual obligations, remedies, and penalties designed to mitigate the risks of fraud, corruption, collusion, coercion, or other improper conduct. The Company also must ensure that our contracting processes mitigate these risks.

**Article 2.** The rules apply to the business activities carried out by the SINOCONST Group and the foreign and domestic units and entities under its control. All above units and entities are referred to herein collectively, as the context requires, as “SINOCONST and its affiliated entities.”

**Article 3.** This Rule applies to all employees of SINOCONST and its affiliated entities.

### **Article 4. Definitions**

- “Compliance Department”/” Compliance Officer” means the compliance department/compliance officer for SINOCONST(acting through the SINOCONST Legal and Compliance Department) or a subsidiary (as defined below), depending on whether SINOCONST or a subsidiary is responsible for the relevant operations.

- “Third Party” means any agent, consultant, intermediary, business promoter, business sponsor, or any other representative (whether an individual, partnership, corporation, or unincorporated entity) such as sales consultants, sales agents, public relations consultants, custom clearing agents, financial consultants, legal advisors, and joint ventures / business partners, logistics and customs affairs agents, or marketing agents or third parties providing intermediary services for the business transactions of the Company, retained or engaged (in any form or capacity) by SINOCONST or its affiliated entities.

- “Public Official” is broadly interpreted, but at least include:

- Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);

- Officials, employees, or representatives of public international organizations;

- Officials, employees, or representatives of political organizations, or members of royal families, who exercise public authority; and

- Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

## **CHAPTER II. COMPLIANCE MANAGEMENT ON CONTRACTS**

**Article 5.** SINOCONST and its affiliated entities shall designate contracts management departments, allocate staff, specify responsibilities, and carry out contracts management effectively. Compliance management on contracts shall be implemented throughout the following contract management process:

- (1) Contract drafting;
- (2) Contract review and signing;
- (3) Contract supervision and implementation; and
- (4) Contract documentation management.

**Article 6.** SINOCONST and its affiliated entities shall specify responsibilities of relevant departments, and carry out contract management effectively.

• Responsibilities of business units:

- (1) Contract drafting;
- (2) Contract negotiating and signing; and
- (3) Implementing contract pursuant to responsibilities specified.

• Responsibilities of Business Management Department

(1) Reviewing contracts in which the Company is as the provider of goods and services; and

- (2) Contract documentation management.

• Responsibilities of Project Management Department:

- (1) Supervising contract execution; and

(2) Reviewing contracts in which the Company is as the receiver of goods and services.

- Responsibilities of Compliance Department:

(1) Participating in the review of contracts in which the Company is as the provider of goods and services; and

(2) Participating in the review of contracts in which the Company is as the receiver of goods and services

### **CHAPTER III. CONTRACT DRAFTING**

**Article 7.** This Rule regulates contract drafting according to whether SINOCONST or its affiliated entities is the party obtaining goods or services (“Party A”) or whether SINOCONST or its affiliated entities is the party providing goods or services (“Party B”).

**Article 8.** All business contracts signed by SINOCONST or its affiliated entities where SINOCONST or its affiliated entities acts as Party A and engages a Third Party must incorporate the “Standard Terms of Compliance Protection” (Annex 1). For all business contracts where we act as Party B, we must make, and document, our best efforts to incorporate the Standard Terms of Compliance Protection. The Standard Terms of Compliance Protection include:

(1) Applicable anti-corruption laws and norms, as well as SINOCONST Employees’ Compliance Code;

(2) Representations and warranties regarding relationships with public officials and prohibiting the employment of public officials;

(3) The definition of public officials set forth above;

(4) Termination rights in the case of suspected or proven misconduct;

(5) Access to any whistleblower hotline established;

(6) Audit rights over contract preparation and performance; and

(7) An indemnification provision for a contracting party’s misconduct.

### **CHAPTER IV. COMPLIANCE ON CONTRACT REVIEW AND SIGNING**

**Article 9.** All contracts must be approved prior to execution by the Compliance Department of SINOCONST or its affiliated entities signing the contract.

**Article 10.** The compliance review of contracts by the Compliance Department of SINOCONST or its affiliated entities must include the following:

(1) For contracts with Third Parties, whether the SINOCONST Compliance Rules on Third Party Due Diligence has been completed. No contract may be signed with a Third Party unless and until the process prescribed by the SINOCONST Compliance Rules on Third Party Due Diligence has been completed and the appropriate compliance officer agrees that all “Red Flags” identified through due diligence have been reasonably explained, documented, and mitigated.

(2) Whether or not the scope of business stated in the proposed contract is consistent with the real situation (e.g., whether or not the scope of services and deliverables are actually required for the project);

(3) Whether or not the scope of business stated in the proposed contract violates the Company’s Compliance Policies;

(4) Whether or not the proposed contract incorporates the “Standard Terms of Compliance Protection”; and

(5) Whether or not the proposed contract amends the “Standard Terms of Compliance Protection” (and, if so, why).

A sample Compliance Officer’s Contract Review Form is attached (Annex 2).

**Article 11.** The Standard Terms of Compliance Protection shall not be amended without prior authorization. Only the Chief Compliance Officer of SINOCONST has the authority to authorize any amendment to the Standard Terms of Compliance Protection.

**Article 12.** According to the result of contract review, the Compliance Department of SINOCONST or its affiliated entities shall assess the potential compliance risks in the contract, require any additional preventative measures, propose any modifications deemed necessary, and notify the business unit of the Compliance Department’s advice and decisions. If the business unit refuses or fails to take the advice or to follow any decision for any reason, the Compliance Officer shall promptly report this refusal or failure to the Chief Compliance Officer(s) and the person in charge of the business unit.

**Article 13.** Contract compliance review under this Rule is parallel to the rules regarding contract review and signing already required under other company business, legal, and Compliance Policies.

## **CHAPTER V. CONTRACT SUPERVISION AND PERFORMANCE**

**Article 14.** Signed contracts are legally binding after taking effect. All

obligations under the contract must be strictly performed, and rights under the contract must also be exercised proactively by the business units of SINOCONST or its affiliated entities.

**Article 15.** After the contract has been signed and come into effect, the Compliance Department of SINOCONST or its affiliated entities should reasonably monitor the contract execution on a regular basis, through sampling or another appropriate methodology of review as determined by the Compliance Department in consultation with the Chief Compliance Officer of SINOCONST or its affiliated entities . Any compliance issues found in contract implementation and performance must be promptly reported to the Vice General Manager in charge of the business units of SINOCONST or its affiliated entities, its Chief Compliance Officer.

**Article 16.** Before sending any objection letter or notification associated with compliance management to the other party or parties to a contract, or responding to any objections received from the other party or parties, the drafted objection or response must be reported to the project management department and the Compliance Department of SINOCONST or its affiliated entities.

**Article 17.** If the contract is unable to be fulfilled completely or partially, the project management department of SINOCONST or its affiliated entities shall promptly report such circumstances to the Compliance Department, and the person in charge of such project management department. Remediation measures should be discussed and taken, as necessary or appropriate, in order to reduce losses or other harm to SINOCONST or its affiliated entities and to the company as a whole.

**Article 18.** No amendment or modification of the contract is permitted without the prior approval of the Compliance Department of SINOCONST or its affiliated entities, except those that need to be modified or supplemented due to changes in national laws, regulations, policies and time limit.

## **CHAPTER VI. RECORDS AND DOCUMENTATION MANAGEMENT**

**Article 19.** Contracts will be maintained and recorded in the manner prescribed and for company contracts under company policies and rules.

**Article 20.** The Compliance Department of SINOCONST or its affiliated entities shall review the contract files and contract ledgers on a regular basis, no less than annually, to ensure the completeness and effectiveness of contract documentation management. Compliance officers also shall review contract files to identify any common problems or gaps that are identified through experience and that need to be amended through re-drafting or which should be communicated to responsible departments through internal communications or training.

**Article 21.** Employees are prohibited from making false, misleading,



incomplete, inaccurate, or artificial entries in SINOCONST or its affiliated entities' books and records.

**Article 22.** Employees should retain copies of all forms they submit and other documents they create under this Rule for audit purposes.

## **CHAPTER VII. DISCIPLINE**

**Article 23.** Failure to comply with this rule will be grounds for disciplinary action, consistent with the company's disciplinary process and any applicable laws.

## **CHAPTER VIII. QUESTIONS**

**Article 24.** Any questions concerning this Rule should be addressed to the Compliance Department at SINOCONST headquarters.

### **Annex:**

Annex 1.1: Standard Terms of Compliance Protection (SINOCONST as Party A)

Annex 1.2: Standard Terms of Compliance Protection (SINOCONST as Party B)

Annex 2: Compliance Officer's Contract Review Form

## **Annex 1.1: (SINOCONST as Party A)**

### **Standard Terms of Compliance Protection**

The parties agree that this Standard Terms of Compliance Protection constitutes an important part of the contract between the parties and the parties shall abide by this Standard Terms of Compliance Protection.

#### **1. Definition of Public Official**

“Public Official” is broadly interpreted in this Standard Terms of Compliance Protection, but at least include:

A. Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);

B. Officials, employees, or representatives of public international organizations;

C. Officials, employees, or representatives of political organizations, or members of royal families, who exercise public authority; and

D. Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

#### **2. Compliance with Anti-Corruption Laws**

Party B represents, warrants, and covenants that, in relation to the activities or transactions contemplated by this Agreement Party B and Party B’s affiliates, subsidiaries, directors, officers, employees, agents, consultants, contractors, designees, ultimate beneficial owners, and shareholders, and all other persons or parties acting on Party B’s behalf, directly or indirectly, have not violated and will not violate, or cause Party A to violate, the prohibitions of the Criminal Law of the People’s Republic of China, the United Nations Convention Against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (as implemented by its signatories), or any other applicable anti-corruption, anti-fraud, anti-collusion or fair competition laws, regulations and rules (collectively, the “Anti-Corruption Laws.”). Specifically, Party B represents, warrants, and covenants that neither Party B nor any of Party B affiliates, directors, officers, employees, agents, consultants, contractors, designees, ultimate beneficial owners and shareholders, nor any other person or party acting on Party B’s behalf, directly or indirectly, have made and will make the following activities:

A. To any public official or to any other person or entity if such payments or transfers would have the purpose of:

- i. Improperly influencing any act or decision of a public official;
- ii. Inducing any public official to do or omit to do an act in violation of that public official's lawful duty;
- iii. Inducing any public official to use his or her influence directly, or with a domestic or foreign government or instrumentality thereof, to affect or influence any act or decision of such government or instrumentality; or
- iv. Improperly assisting Party A or Party B to obtain or retain business or otherwise to secure any improper advantage; or

B. To any person, whether or not a public official, if such payments or transfers would have the purpose of:

- i. With the intention to bring about or reward the improper performance of a duty or obligation to which the person is subject; or
- ii. With the knowledge or belief that the acceptance of the payment or thing of value in itself constitutes the improper performance of the person's duty or obligation.

### **3. Continuing Obligations**

Party B represents and warrants that Party B and Party B's [affiliates, directors, officers, employees, agents, consultants, contractors, designees, ultimate beneficial owners and shareholders], and all other persons or parties acting on Party B behalf are and will remain in compliance with the Anti-Corruption Laws for the duration of this agreement.

### **4. Public Official Involvement**

Other than those disclosed to Party A, Party B does not have any current officers, directors, ultimate beneficial owners, shareholders (excluding for purposes of this section shareholders of a publicly traded company) or employees who are, or whose immediate family members are, public officials, and should it become aware of any such officers, director, ultimate beneficial owner, shareholder or employee becoming a public official, it shall inform Party A within a reasonable time.

### **5. No Secret Funds**

Party B does not have and shall not create or maintain any secret or unrecorded fund, account, or asset in connection with the transactions contemplated by this agreement or in connection with any other business transactions for the purpose of taking or facilitating any prohibited payment or other action under the Anti-Corruption Laws, or any other similar applicable laws, throughout the term of this agreement.

### **6. Compliance Statement**

From the date of signing this agreement, Party B shall provide its annual compliance certificate in compliance with the Anti-Corruption Laws within 30 days prior to the expiration of one year.

### **7. Compensation**

Party B promises that Party A and its representatives, officers, directors, employees and shareholders shall not be liable for the losses and consequences caused by Party B's violation of the anti-corruption statements, guarantees and commitments under this Annex, including but not limited to fines, damages or the economic loss of the above individuals or related parties.

### **8. Termination Right**

According to reliable sources, including but not limited to Party B's statements or news reports with legitimate sources, if Party A believes that Party B has materially violated its relevant statements, guarantees and commitments in complying with the Anti-Corruption Laws in this annex, it shall be deemed as Party B is in substantial violation of this Agreement. Whether Party B is convicted or otherwise punished for violating the Anti-Corruption Laws, Party A has the right to terminate this agreement without paying a fine or paying compensation to Party B.

### **9. Audit Rights:**

Party B shall maintain all records necessary to confirm compliance with this Agreement. Upon receiving notice, Party B agrees to provide reasonable access to all of its accounts, books, and records related to this agreement, either to Party A or to an internationally recognized audit firm appointed by Party A, for the purpose of allowing Party A or such audit firm to review and audit such accounts, books and records. Access to the aforesaid accounts, books and records and any such review or audit generally are deemed to be strictly limited to the scope of work as stated in this agreement for the purpose of compliance audit only. The price of any audit under this clause shall be at the sole cost of Party A.

### **10. Expenses**

Any costs and expenses incurred by Party B in the course of performing work for as contemplated under this agreement shall be borne entirely by Party B unless approved by Party A in advance.

### **11. Investigation Notification**

Party B agrees to immediately notify Party A should it become aware that it is under investigation by any enforcement or regulatory agency, government body, international institution, securities exchange, or non-governmental organization related to any activities under this agreement; moreover, Party B will immediately inform Party A should it become aware of any investigation by any enforcement or regulatory agency, government body, international institution, securities exchange,

or non-governmental organization related to Anti-Corruption Laws regardless of whether the conduct relates to this agreement.

Consultation and Reporting Hotline: 010-86474646

Consultation and Reporting E-mail address: [legal@sinoconst.com.cn](mailto:legal@sinoconst.com.cn)

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## **Annex 1.2: (SINOCONST as Party B)**

### **Standard Terms of Compliance Protection**

The parties agree that this Standard Terms of Compliance Protection constitutes an important part of the contract between the parties and the parties shall abide by this Standard Terms of Compliance Protection.

#### **1. Definition of Public Official**

“Public Official” is broadly interpreted in this Standard Terms of Compliance Protection, but at least include:

- A. Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);
- B. Officials, employees, or representatives of public international organizations;
- C. Officials, employees, or representatives of political organizations, or members of royal families, who exercise public authority; and
- D. Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

#### **2. Compliance with Anti-Corruption Laws**

Party A represents, warrants, and covenants that, in relation to the activities or transactions contemplated by this agreement Party A and Party A’s affiliates, subsidiaries, directors, officers, employees, agents, consultants, contractors, designees, ultimate beneficial owners, and shareholders, and all other persons or parties acting on Party A’s behalf, directly or indirectly, have not violated and will not violate, or cause Party B to violate, the prohibitions of the Criminal Law of the People’s Republic of China, the United Nations Convention Against Corruption, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or any other applicable anti-corruption, anti-fraud, anti-collusion or fair competition laws, regulations and rules (collectively, the “Anti-Corruption Laws.”). Specifically, Party A represents, warrants, and covenants that neither Party A nor any of Party A affiliates, directors, officers, employees, agents, consultants, contractors, designees, ultimate beneficial owners and shareholders, nor any other person or party acting on Party A’s behalf, directly or indirectly, have made and will make the following activities:

- A. To any public official or to any other person or entity if such payments or transfers would have the purpose of:
  - i. Improperly influencing any act or decision of a public official;

ii. Inducing any public official to do or omit to do an act in violation of that public official's lawful duty;

iii. Inducing any public official to use his or her influence directly, or with a domestic or foreign government or instrumentality thereof, to affect or influence any act or decision of such government or instrumentality; or

iv. Improperly assisting Party A or Party B to obtain or retain business or otherwise to secure any improper advantage; or

B. To any person, whether or not a public official, if such payments or transfers would have the purpose of:

i. With the intention to bring about or reward the improper performance of a duty or obligation to which the person is subject; or

ii. With the knowledge or belief that the acceptance of the payment or thing of value in itself constitutes the improper performance of the person's duty or obligation.

### **3. Continuing Obligations**

Party A represents and warrants that Party A and Party A's [affiliates, directors, officers, employees, agents, consultants, contractors, designees, ultimate beneficial owners and shareholders], and all other persons or parties acting on Party A behalf are and will remain in compliance with the Anti-Corruption Laws for the duration of this agreement.

### **4. Public Official Involvement**

Other than those disclosed to Party B, Party A does not have any current officers, directors, ultimate beneficial owners, shareholders (excluding for purposes of this section shareholders of a publicly traded company) or employees who are, or whose immediate family members are, public officials, and should it become aware of any such officers, director, ultimate beneficial owner, shareholder or employee becoming a public official, it shall inform Party B within a reasonable time.

### **5. No Secret Funds**

Party A does not have and shall not create or maintain any secret or unrecorded fund, account, or asset in connection with the transactions contemplated by this agreement or in connection with any other business transactions for the purpose of taking or facilitating any prohibited payment or other action under the Anti-Corruption Laws, or any other similar applicable laws, throughout the term of this agreement.

### **6. Indemnity**

Party A undertakes to hold Party B, its representatives, officers, directors, employees, and shareholders harmless in respect of all damages and consequences,

including without limitation any penalties, damages, or pecuniary consequences which could affect any such person or party as a result of the violation or breach of any of the obligations subscribed by Party A under this agreement's anti-corruption representations, warranties, and covenants provisions.

### **7. Expenses**

Any costs and expenses incurred by Party A in the course of performing work for as contemplated under this agreement shall be borne entirely by Party A unless approved by Party B in advance.

### **8. Investigation Notification**

Party A agrees to immediately notify Party B should it become aware that it is under investigation by any enforcement or regulatory agency, government body, international institution, securities exchange, or non-governmental organization related to any activities under this agreement; moreover, Party A will immediately inform Party B should it become aware of any investigation by any enforcement or regulatory agency, government body, international institution, securities exchange, or non-governmental organization related to the Anti-Corruption Laws regardless of whether the conduct relates to this agreement.

Consultation and Reporting Hotline: 010-86474646

Consultation and Reporting E-mail address: [legal@sinoconst.com.cn](mailto:legal@sinoconst.com.cn)



**Annex 2**

**COMPLIANCE OFFICER’S CONTRACT REVIEW FORM**

The contract reviewing Business Unit:

Business Unit [Person in Charge’s] signature:

Business Unit [the Vice General Manager’s] signature:

Date:

The date of Compliance Officer reviewing:

Compliance Officer Name and Title:

Compliance Officer Signature:

Contract title			
Contract parties	Party A		
	Party B		
	Others		
Contract type (Please choose appropriately)	Provider of goods or services ( )	Receiver of goods or services ( )	
Comment form Compliance Officer	Day Month Year		
Remarks	Day Month Year		

Abnormities or not	Abnormities description	Planned mitigating measures to be taken	Remarks

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# **PART IX. SINOCONST Compliance Rules on Procurement**

## **CHAPTER I. GENERAL PROVISIONS**

**Article 1.** Taking into account China Machinery Industry Construction Group Inc. (“SINOCONST” or the “Company”) Compliance Code and other compliance requirements, and relevant Chinese laws, rules, and regulations as well as laws, rules, and regulations of countries where the Company operates (collectively “applicable law”), the rules has been formulated to enhance the management of overseas procurement and to strengthen the compliance controls over overseas business-related procurement activities.

**Article 2.** The rules apply to the business activities carried out by the SINOCONST and its affiliated entities.

**Article 3.** The rules apply to all employees of SINOCONST and its affiliated entities.

**Article 4.** Definitions under this provision:

I. “Compliance Department”/“Compliance Officer” means the Compliance Department/Compliance Officer for SINOCONST or its affiliated entities (as defined below), depending on whether SINOCONST or a Subsidiary is responsible for the relevant operations.

II. “Procurement” refers to procurement in the broad sense including but not limited to:

1. Purchase of materials and equipment from suppliers;
2. Subcontracting projects and services;
3. Rental of housing and equipment;
4. Purchase of insurance such as project all-risk insurance, equipment insurance, and third party liability insurance; or
5. Purchase or license of consultancy services in technology, management, operating methods and practices, etc. that do not involve below circumstances: the engagement of any third party, whatever its form or title, to act on behalf of SINOCONST or its affiliated entities, is governed by the Compliance Rules for Due Diligence on Third Parties.

III. “Government Organizations” indicated in the rules include but are not limited to state or local government departments or public enterprises owned and controlled by government (e.g. State-owned resources companies or developers).

IV. “International Organizations” indicated in this policy include but are not limited to the United Nations; International Monetary Fund (IMF); Organization for Economic Cooperation and Development (OECD); Multilateral Development Banks (“MDBs”) such as the African Development Bank and the World Bank; and the World Trade Organization (WTO).

## **CHAPTER II. PROCUREMENT COMPLIANCE MANAGEMENT PRINCIPLES**

**Article 5.** SINOCONST or its affiliated entities shall have the ultimate responsibility to designate the appropriate centralized management department for each of their procurement activities.

**Article 6.** SINOCONST or its affiliated entities shall set up its own Procurement Supervisory Group (as circumstances warrant) for each of their respective overseas business-related procurement activities, which may consist of members from the relevant Procurement Management Department and other appropriate departments as decided by senior management in consultation with the Compliance Department and other relevant officers and staff. These Procurement Supervisory Teams shall be independent of the Tendering Teams established pursuant to Article 10 below and will have responsibility for supervising overall procurement activities. The Procurement Supervisory Team(s)’ major responsibilities are to:

1. Conduct compliance reviews in procurement activities;
2. Receive and deal with suspicions of procurement errors or misconduct, and reports on compliance during the procurement process, from employees and also the suppliers of equipment, materials, and services (hereinafter referred to as the “Supplier(s)”);
3. Conduct compliance reviews of bidding processes and results;
4. Suspend or terminate the bidding process or bid result as appropriate to the circumstances if any violation of applicable law or of SINOCONST and its affiliated entities procurement rules or requirements is found; inspect for any behavior that violates the SINOCONST Compliance Code or SINOCONST Compliance Implementing Procedures; and decide on any remedial or disciplinary actions to be taken; and
5. Undertake other preventative and supervisory reviews as directed by the SINOCONST Chief Compliance Officer or Subsidiary Chief Compliance Officer, as applicable.

**Article 7.** If a Procurement Supervisory Team identifies any violation of laws or compliance requirements of SINOCONST or its affiliated entities in procurement

activities, it shall report promptly to the relevant business organization's Vice General Manager(s) and the Compliance Department of SINOCONST or its affiliated entities.

**Article 8.** SINOCONST and its affiliated entities shall adopt appropriate procurement methods based on relevant market circumstances and procurement plans. Bulk purchases shall be made by competitive tendering wherever possible and any instances of sole-sourcing shall have documented justification for the sole-sourcing; ordinary materials or labor services may be purchased by enquiry or direct procurement; odd-lot goods or labor services may be directly purchased.

**Article 9.** Procurement Supervisory Teams and their staff shall comply with the Company's rules and regulations on confidentiality, protect the Company's and the respective department's interests, and keep confidential the Company's and Operation's trade secrets in accordance with respective confidentiality provisions of the Company.

### **CHAPTER III. PRINCIPLES OF TENDERING FOR PROCUREMENT**

**Article 10.** SINOCONST and its affiliated entities shall set up a Tendering Team that is responsible for tendering procurement. The Tendering Team shall be responsible to SINOCONST or its affiliated entities' senior management and be subject to supervision from the relevant Procurement Supervisory Team. Each Tendering Team's main responsibilities should include ensuring the maintenance of an information system regarding Suppliers with whom the SINOCONST or its affiliated entities do business, including any compliance concerns raised during the tendering, awarding, or execution of any particular Supplier contract.

**Article 11.** All tendering activities shall comply with applicable laws (including the "Civil Code of the People's Republic of China", "Bidding Law of the People's Republic of China" and procurement laws, rules, or regulations in the country in which the tender or relevant project is to be awarded) and any other tender requirements (such as those of MDBs). The Tendering Team is empowered to disqualify any bidder who violates SINOCONST or its affiliated entities tendering, compliance, or other rules stated as tendering conditions or requirements under applicable tendering documents.

**Article 12.** The best, most qualified bidder shall be nominated as the winning bidder.

**Article 13.** Procurement information such as tendering (including negotiation) proposals, base prices of bids, names and numbers of bidders that submitted bid documents, names of bid evaluation team members, and evaluation reports and results, are all confidential information of the Company and must be strictly

maintained in accordance with the Company's confidentiality requirements.

**Article 14.** Any Employee who has any personal, business, or financial relationship with a bidder must not participate in the tendering or bid evaluation process. Even if a bidder alleges that the Employee who is involved in tendering or bid evaluation on behalf of SINOCONST or its affiliated entities does not have a conflict of interest with other bidders, such Employee shall recuse himself or herself absent a documented determination by the relevant Procurement Supervisory Team that the alleged conflict of interest does not exist.

**Article 15.** The relevant Procurement Supervisory Team shall monitor the entire tendering activities and conduct a compliance review on the following:

1. Whether or not any member of the Tendering Team, or any separate bid evaluation team established by SINOCONST or its affiliated entities has any interest in the respective tender or has any conflict of interest;
2. Whether or not the composition of the Tendering Team or any bid evaluation team is reasonable, and whether or not the bid evaluation process is fair and impartial; and
3. Strict review of sole-sourced or sole-bidder contracts.

If any compliance red flags are identified at any stage of a tender, they shall be reported to the local Compliance Department for review, investigation, and redress as appropriate.

**Article 16.** The following activities are strictly prohibited in SINOCONST or its affiliated entities tendering:

1. Avoiding bidding by means of changing bidding plans or procedures (unless otherwise permitted under applicable laws and tendering procedures) applicable to a project which is subject to being tendered under the rules;
2. Interrupting or interfering in tendering activities by improper means, such as:

(a) any unauthorized provision of confidential information to a bidder's personnel (including the status of any bidder's, including a winning bidder's, submission) prior to SINOCONST or its affiliated entities' formal announcement of the award of the tender to the winning bidder (and then only that release of any bid information to a third party as is needed to carry out the relevant tender or project);

(b) forcing or inducing relevant SINOCONST unit and department personnel to select some bidder as the winning bidder who is not the best qualified bidder as determined under the bid evaluation process;

3. Suggesting that one or more bidders form a consortium or association to make a joint bid, or otherwise act to restrict competition among bidders (regardless of whether or not such activity violates applicable laws);

4. Discriminating against certain bidders or treating bidders differently for any improper reason;

5. Disclosing the names and contact information of potential bidders who have already received the tendering documents, or any other behavior which may adversely influence fair competition;

6. Providing any information gained regarding a bidder during bid evaluation to another bidder or potential bidder;

7. Requesting or permitting any bidder to modify its bidding documents after the deadline of tendering, or requesting any post-bid discount;

8. Negotiating secretly or colluding with one or more of the bidders;

9. Disclosing the names of Tendering Team or bid evaluation team members, any internal minimum bid price determination, and any other confidential information before bid opening (and then only if needed to carry out the relevant tender or project);

10. Threatening or suggesting to a bidder to subcontract any portion of the project to a designated subcontractor or Supplier in order to win the bid;

11. Receiving bribes or obtaining other improper benefits, or soliciting them from a bidder, or any other behavior which may adversely influence fair competition;

12. Concealing or destroying bid-invitation and other tender documents that ought to be preserved, or forging or fabricating bid documents;

13. Impeding or refusing the supervision or inspection from the Procurement Supervisory Team or SINOCONST and its affiliated entities compliance department; and

14. Using the right to issue contract, the employer forces the bidders to sign “dual contracts”, and seeks improper benefits privitly; and

15. Any member of the Tendering Team has a direct conflict of interest with the bidder; and

16. Other non-compliant or illegal activities.

## **CHAPTER IV. PRE-QUALIFICATION COMPLIANCE REVIEW**

**Article 17.** SINOCONST and its affiliated entities shall, according to the ISO9001-2008 Standard, implement Supplier review policies and set up a list of Qualified Suppliers.

**Article 18.** Qualified Suppliers shall have basic qualifications, capabilities, and resources and be in a stable financial status to execute the tendered contract, and shall also comply with the Company's Compliance Code.

**Article 19.** The relevant Tendering Team must conduct a pre-qualification compliance review of all Suppliers (including Qualified Suppliers) in accordance with this Chapter IV (see Annex) to ensure that they comply with SINOCONST and its affiliated entities Procurement and Compliance requirements.

**Article 20.** For bulk procurement involving services from third parties, project subcontracting, equipment and materials, pre-qualification compliance review on the Suppliers shall be conducted in accordance with Article 22. The engagement of any third party, whatever its title, to act on behalf of SINOCONST or its affiliated entities is also governed by the International Procedure for Due Diligence on Third Parties.

**Article 21.** The pre-qualification compliance review shall include but not be limited to obtaining information relating to:

1. Business environment in the Supplier's country or region and the country where the contract or project is to be performed (referring to the list of high-risk countries or districts issued by SINOCONST);
2. Supplier background, including ultimate beneficiary, directors, senior management, etc.
3. Supplier's referral (internal and external) information (including banks and governmental authorities) ;
4. Relevant compliance information regarding the supplier in the databases of international organizations, local governments (if publicly available), and the Company;
5. Any pending or potential litigation cases of the Supplier in the past decade;
6. Ownership or other relationships between local Government Organizations or Public Officials and the Supplier (including existing or previous contracts undertaken on behalf of the government over the last ten years);
7. Whether the Supplier has been charged or investigated for corruption, fraud, collusion, or other offences; and



8. Market reputation of the Supplier (based on public information, Embassy or Consulate information if any, Supplier references, and past experience with the Supplier if any).

**Article 22.** Compliance risk of the Supplier shall be evaluated and classified by the Tender Group based on the information collected from the pre-qualification compliance review. Under no circumstances may a Supplier be awarded a contract if any of the following circumstances are present (for detail, see Annex 4):

1. The Supplier, its parent company, or any affiliated companies or persons have ever been listed as terrorist organizations by the United Nations or other Public International Organizations;

2. The Supplier, its parent company, or any affiliated companies or persons, have been listed on a Public International Organization's, or local Government Organization's blacklist or debarred list;

3. The current shareholder or senior management of the Supplier, its parent company or any affiliated companies is currently or was criminally wanted internationally or locally in past 10 years.

4. The Supplier does not cooperate in completing the compliance review.

Otherwise, Supplier Risk Classes are categorized as follows:

1. Risk Class One, refers to the Suppliers in any of the following circumstances:

a. Any former shareholders, or senior management of the Supplier or of its parent or an affiliate entity has/have been internationally or locally wanted for a criminal conviction in the past decade; or

2. Any current shareholders, or senior management of the Supplier or its parent or an affiliate entity is/are suspected of being involved in any litigation arising from charges of corruption, fraud, monopoly or collusion, tax evasion, or money laundering;

c. The Supplier, its parent entity, or any of its affiliate entities, is listed on the restricted Supplier blacklist by SINOCONST.

2. Risk Class Two, refers to any of the following circumstances:

a. The Supplier is a natural person;

b. The Supplier is "operating temporarily" or "managed by a single person";

c. The Supplier has been newly incorporated or organized for the purpose of the specific tender or less than 2 years;

d. The country or region where the Supplier is to perform its contract is on the list of high-risk countries or districts issued by SINOCONST;

5. The Supplier or its parent or an affiliate entity has an economic or financial interest in, or a business relationship with, Government Organizations or Public Officials or employees of International Organizations, whether or not those agencies, officials, or organizations are involved in the relevant contract or tender;

6. The Supplier insists to avoid using any written communications, including emails, fax, etc.

7. The Supplier has been designated or strongly recommended by an employee from a Government Organization or International Organization; or

8. The Supplier requires cash settlement or overseas payment for its compensation or reward.

9. Other situations that are listed as Risks Class Two after compliance review, such as the difference between the paid-in capital of the supplier and the the amount of the sub-supply contract.

Risk Class Three, refers to Suppliers not related to any of the above-mentioned circumstances and can be normally engaged with.

**Article 23.** For any Supplier having a compliance risk in Risk Class One, a contract or other business cooperation shall be prohibited in principle. If cooperation or a contract is nonetheless determined to be necessary, approvals must first be obtained from the procurement Vice General Manager responsible for procurement of SINOCONST or its affiliated entities, the Chief Compliance Officer of SINOCONST or its affiliated entities. For any Supplier having a compliance risk in Risk Class Two, a contract or other business cooperation is allowed but approval must be obtained first from the relevant Supervisor of Procurement of SINOCONST or its affiliated entities and the Compliance Department. For any risks in Risk Class Three, contracts and business cooperation are generally permitted.

**Article 24.** Only Suppliers who pass the pre-qualification compliance review can be considered for a contract or other form of cooperation. Otherwise, Suppliers will not be allowed to bid or cooperate even if all other qualifications have been met.

**Article 25.** Based on the results of the due diligence review, any Supplier which obviously fails to meet the compliance requirements, after approval from the SINOCONST Chief Compliance Officer and the relevant Vice General Manager, will be blacklisted and prohibited from contracting and cooperation. SINOCONST and its affiliated entities shall consult this blacklist before awarding a contract to a Supplier. Any Supplier on the blacklist shall not be awarded any contract, subject to circumstance under Article 27 to regain the qualification below.

**Article 26.** The Procurement Supervisory Teams and Tendering Teams shall systematically record, classify, file, and archive the due diligence process and

results promptly, establish a procurement control file, and regularly maintain and update the files. The Compliance Department of SINOCONST and/or its affiliated entities shall have access to such files upon request.

**Article 27.** For Suppliers listed on any internal blacklist, the Compliance Department of SINOCONST or its affiliated entities will assess whether the Supplier can be reconsidered for any future procurement before the Supplier can be reinstated.

## **CHAPTER V. COMPLIANCE RECORDS AND DOCUMENTATION MANAGEMENT**

**Article 28.** Sufficient supporting documents must be retained for all procurement-related activities, including due diligence on Suppliers. These documents must be fairly and accurately recorded in the appropriate accounting and financial records. It is forbidden to create any false, misleading, or fraudulent records, including (but not limited to) for the purpose of concealing potential Red Flags regarding any current or proposed Supplier. Such documents must be maintained according to the applicable Company document retention policy.

## **CHAPTER VI. DISCIPLINE**

**Article 29.** Failure to comply with the rules will be grounds for disciplinary action, consistent with the Company's disciplinary process and any applicable laws.

## **CHAPTER VII. QUESTIONS**

**Article 30.** Any questions concerning the rules should be addressed to the Compliance Department at SINOCONST headquarters.

### **Annexes:**

1. Supplier Questionnaire
2. Declaration of Compliance
3. Supplier Assessment
4. Risk Class Checklist and Form of Approval

## Annex 1

### Supplier Questionnaire

In order to comply with international and Chinese anti-corruption, fair competition laws and principles, \_\_\_\_\_ (name of the company) (hereinafter referred to as “SINOCONST and its affiliated entities” or “the Company”) hereby provides this *Questionnaire*. The above laws and principles include “*the United Nations Convention against Corruption*”, “*the World Bank Group Integrity Compliance Guidelines*”, “*the Criminal Law of PRC*”. SINOCONST and its affiliated entities would use this *Questionnaire* to conduct legal analysis, to evaluate legal risk relating to the Suppliers and uncover potential red flags.

This *Questionnaire* has been tailored to satisfy relevant requirements for the protection of privacy and secret information, and would only be used for compliance purposes by SINOCONST and its affiliated entities. Should any potential red flags be identified, the information collected may be transmitted to SINOCONST and its affiliated entities, SINOCONST or the Company’s external legal counsel. SINOCONST affiliated unites & departments will store and retain the information in accordance with Company policies and procedures.

The completion of this *Questionnaire* is mandatory, but you may amend relevant information after submission. If you have any questions or concerns regarding the above, please consult with your local representative office of SINOCONST affiliated unites & department.

*NOTE:* If the Supplier has submitted the *Questionnaire* within the past twelve months, there is no need for the Supplier to fill out the *Questionnaire* again. Nevertheless, the Supplier shall still update relevant changes of circumstances (e.g., change in ownership, address, etc.) and guarantee continued compliance with applicable laws and regulations.

The term “Public Official” should be broadly interpreted in this *Questionnaire*. Nevertheless, this term, at least, should refer to:

1. Government officials, employees, representatives and any other person acting on behalf of government or being authorized to exercise public authority;
2. Officials, employees, or representatives of international organizations;
3. Officials, employees, representatives of political organizations delegated with public authority, or members of royal families;
4. Officials and employees of public enterprises, namely enterprises over which a government has direct or indirect control, or could exert dominant influence;

If necessary, additional paper may be attached.

#### **I. CONTACT INFORMATION**

1. Officially registered name and Unified Social Credit Identifier, or personal name in case of sole proprietorship.

2. County/ region of the Supplier’s principal place of business

3. Telephone Number of the Main Office \_\_\_\_\_

Fax Number \_\_\_\_\_

4. E-mail Address \_\_\_\_\_

Website \_\_\_\_\_

**II. OWNERSHIP STRUCTURE of the SUPPLIER**

5. Business Type (Please choose the business type with “ √ ” )
- Corporation (company limited by shares, limited liability company, etc.)
  - Individually owned (proprietorship)
  - Partnership
  - Other

6. If the entity is a corporation:
- (1) Where was it incorporated \_\_\_\_\_
  - (2) When was it incorporated \_\_\_\_\_

7. If the entity is a partnership or other types of business:
- (1) Where was it founded \_\_\_\_\_
  - (2) When was it founded \_\_\_\_\_
  - (3) By whom was it founded \_\_\_\_\_

8. Please list all individuals or entities with a stake in your company. This should include all owners or beneficiaries as defined by applicable law, such as individuals or entities who are entitled to or who are intended or expected to receive any portion of the fees or commission payable from your company. Note: if your company is already listed, please identify all those who currently holds, directly or indirectly, more than 5% shares of your company. (Please note that the shareholder list filled in shall be consistent with the checking results of <https://www.tianyancha.com/> or other official website inquiries. )

1.	11.
2.	12.
3.	13.
4.	14.
5.	15.
6.	16.
7.	17.
8.	18.
9.	19.
10.	20.

9. Please list all individuals or entities who have management power over your company's business. Please attach to this *Questionnaire* an organizational chart or a detailed description, demonstrating your company's managerial structure in detail.

10. Identify any individuals or entities listed in response to questions 8 and 9 who are public officials (as defined in this *Questionnaire* above). Please describe the nature of their interests in your company and their control over your business. If any individuals or entities listed are not public officials, please fill in "None".

11. Identify any individuals or entities listed in response to question 8 to 9 that are related to any public official or otherwise have a close relationship (personally and professionally) with a public official (as defined in this *Questionnaire* above). Please describe the nature of their interest in your company and their control over your business. If any individuals or entities listed have no close relationship (personally and professionally) with a public official, please fill in "None".

12. For any individuals or entities listed in response to questions 8 and 9, if they are officers, directors, shareholders, partners, beneficiaries of any other companies, please provide relevant information. If any individuals or entities listed are not managers, directors, shareholders, partners, beneficiaries of any other companies, please fill in "None".

### III. COMPANY OVERVIEW

13. Please provide a brief description of your business activities, including the past performance of your product or service, the capacity of facilities relevant to the proposed relationship (or attach a copy of a current brochure or other publication that provides such a description). If possible, please attach copies of current sales brochures, annual reports, or similar documents.

14. Please state:

The number of years the company/entity has been in the business

\_\_\_\_\_

Number of employees \_\_\_\_\_

Approximate annual income (if any) for each of the last five years \_\_\_\_\_

Primary market \_\_\_\_\_

Prior contractual relationships (if any) with SINOCONST or its affiliated entities

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### IV. REFERENCES

15. Please list the names, addresses, telephone numbers and contact person's names of at least three commercial references (other than the banker at your service), including clients, who can discuss your qualifications and experience. (The following can be referenced to your Performance Reference's clients)

(1) Reference Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_



Reference's Phone Number: \_\_\_\_\_

Reference E-mail: \_\_\_\_\_

(2) Reference Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Reference's Phone Number: \_\_\_\_\_

Reference E-mail: \_\_\_\_\_

(3) Reference Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Reference's Phone Number: \_\_\_\_\_

Reference E-mail: \_\_\_\_\_

16. Please provide one of the following:

(1) Latest audited financial report;

(2) Financial information regarding your financial position and your transactions over the past three years.

#### **V. Disclosure**

17. Have you or your enterprise, or any of your directors, officers, owners, or employees ever been found by a court or government agency of any country to have violated a law prohibiting fraud, bribery, collusion, or other corruptive conducts?

\_\_\_ Yes

\_\_\_ No

If yes, please provide details:

18. Have you or your enterprise, or any of its directors, officers, owners, or employees:

(a) Ever been found by a court or government agency of any country to have violated any applicable civil or criminal false statement, bribery, corruption,

securities, or anti-competition law?

Yes

No

(b) Been under investigation or subject to a lawsuit (now or within the last five (5) years), facing charges of fraud, bribery, collusion, or other corruption?

Yes

No

If your answer to (a) or (b) is yes, please provide details:

## VI. COMPENSATION

19. According to the region/country where your products would be provided or your services will be performed, please describe the quotation that you think is standard and appropriate.

20. For payment of your products and/or services, please describe your bank's name and address, as well as the account name and number (Only bank account information for accepting payments from SINOCONST or its affiliated entities is filled in here).

## VII. REQUIRED DOCUMENTATION

Along with the completed *Questionnaire*, please provide the documents requested below. Failure to provide as required may delay this due diligence process and your retention by SINOCONST or its affiliated entities;

(1) Identification of the signatory to the agreement with SINOCONST, such as a copy of ID card and passport;

(2) Documentation verifying your business address or addresses where any work under the Supplier Agreement will be undertaken, such as the company's letterhead;

(3) Documentation evidencing your legal and beneficial ownership, such as registry documents of the company in its country of incorporation;

(4) Documentation evidencing your incorporation, registration, or other legal establishment, such as a certificate of incorporation or registration;

(5) Any required registrations or other documentation authorizing you to carry on the business within the specified country/region, as required by local law;

(6) Documentation confirming your bank of deposit, the name of your bank account, and relevant authorization documents, such as confirmation letter from the bank or relevant bank statement. All monetary details can be blanked out; and

(7) All written codes, procedures, policies, or communications publicized by your board of directors or senior officers addressing business ethic issues including anti-corruption, fair competition, payments of commission, entertainment or gifts for customers or public officials, etc.

## Guarantee

On behalf of \_\_\_\_\_ (the name of the commercial entity that has signed the agreement with SINOCONST or its affiliated entities), I hereby guarantee the above information truly, accurately and fully reflects all affiliated relationships between \_\_\_\_\_ (the name of the business entity entering into the agreement with SINOCONST or its affiliated entities) and public officials.

In accordance with the relevant local laws and regulations, I hereby promise to inform the individuals mentioned in the *Questionnaire* of the purpose and methods for collecting and processing relevant information by the SINOCONST or its affiliated entities.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Address: \_\_\_\_\_

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## Annex 2

### Declaration of Compliance

The undersigned (the “Supplier”) hereby represents and warrants to SINOCONST or its affiliated entities as follows:

1. The Supplier has received a copy of, and been informed about, the SINOCONST Compliance Code. The Supplier is familiar with and understands the provisions of the United Nations Convention against Corruption and other relevant anti-corruption principles, as well as all applicable laws in \_\_\_\_\_ (the name of the countries in which the product is to be manufactured and delivered, or service is to be performed) relating to fair competition, bidding, and procurement.

2. While providing \_\_\_\_\_ (Please fill in the name of product or service to be provided) for SINOCONST or its affiliated entities, the Supplier agrees to abide by the SINOCONST Compliance Code. Specifically, the Supplier has not and will not offer, promise, arrange for, or pay, either directly or indirectly, anything of value to a public official (as defined in the *Questionnaire*) for the purpose of inducing a public official to perform or fail to perform his official duties to assist the Supplier or SINOCONST or its affiliated entities in obtaining business, retaining business, or securing any improper advantage. The Supplier has not and will not, through any act, omission, or misrepresentation, knowingly or recklessly mislead or attempt to mislead another party to obtain a financial or other benefit or to avoid an obligation for itself or SINOCONST. The Supplier has not and will not engage in any arrangements with other parties designed to achieve an improper purpose, including colluding with another party to improperly influence a bid process for SINOCONST.

3. The Supplier is also familiar with and understands the provisions of all applicable anti-bribery, anti-corruption, fair competition, bidding and procurement laws of the countries in which it does business related to SINOCONST or its affiliated entities. The Supplier has not engaged in any conduct that violates any such laws of these countries and will perform his duties in full compliance with such legislation.

4. The Supplier declares that neither the company itself or other enterprises it represents, nor any of its executives or employees, is under current criminal investigation or has been subject to any civil or criminal enforcement actions, both at home and abroad, for improper conduct relating to bribery, corruption, collusion, false statements in bidding or procurement, or violation of the laws governing business entities.

5. The Supplier does not have any other undisclosed owners or beneficiaries in the *Questionnaire* (except for beneficiaries of public companies who hold less than 5% shares).

6. The services the Supplier is providing or will provide to SINOCONST or its affiliated entities do not violate any commitments the Supplier has to any other clients, including, but not limited to any confidentiality or exclusivity agreements the Supplier has with other clients.

The Supplier agrees that if at any time the representations, warranties, and certifications herein are no longer accurate and complete, the Supplier will immediately notify the SINOCONST or its affiliated entities and provide a supplementary report detailing such change.

If the supplier engages in any non-compliance activities during the cooperation with SINOCONST or its affiliated entities, SINOCONST or its affiliated entities have the right to terminate this contract.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**Annex 3**

**Supplier Assessment**

**I. GENERAL BUSINESS PROFILE**

1. The official name and Unified Social Credit Identifier of the Supplier

2. Contact Information, namely the address and telephone number of the Supplier and the Supplier's contact person.

3. Place of Incorporation and principal place of business

4. Nature of product or service to be provided to the Company; the place of manufacture and delivery for the products; and the place where the services is to be performed.

5. Principal clients

6. Principal contact person of SINOCONST or its affiliated entities

## II. BUSINESS JUSTIFICATION AND QUALIFICATIONS

7. Overview of the project, includes the quotation of the project and the execution period.

8. Please provide a detailed explanation for why the product or the service of the Supplier are needed, and why such product or service cannot be manufactured or performed by a SINOCONST affiliated units & department.

9. State whether other candidates were considered and rejected, and if so, the reasons for their rejection.

10. Number of employees of Supplier



11. Capacity of facilities

12. Financial indicators and situation

13. Relevant industry and technical experience. Please attach CV and/or any other relevant materials received.

14. State in detail the products or servers provided by the Supplier, including the object of the service to be performed, and whether there are milestones payment arrangements.

According to the following target and/or fixed milestones, the Supplier shall provide the following products or services:

**III. REPUTATION/REFERENCES**

15. Who recommended this person/company? Please describe the circumstances by which the Supplier came to SINOCONST or its affiliated entities' attention, including recommendation by a customer or a public official or their relatives.

16. References and references' views on the Supplier's integrity (preferably confirmed in writing)

17. Has the Supplier, its owners, or members of its management ever been listed on the blacklist publicized by the World Bank, and are reprimanded or barred from participating in World Bank programs as a result of its corruptive, collusive, fraudulent conducts? (Log onto [www.worldbank.org](http://www.worldbank.org) and search "All" under "World Bank List of Ineligible Firms")

Yes

No

18. Information regarding the Supplier's current and past activities obtained from the internet, the news reports, databases, etc.

19. Other unethical or dishonest conducts of the Supplier uncovered through public available information from sources such as commercial register, local media, etc.

#### **IV. COMPENSATION AND BANK DETAILS**

20. Payment method and place of payment.

21. If inconsistent with the *Questionnaire*, please provide name of the bank of deposit, the account number and the address of the bank.

22. If the bank is not in the region or country where the Supplier is registered or domiciled, neither is it located in the country where the project and the services are to be performed, please explain.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

**Annex 4**

**Risk Class Checklist and Form of Approval**

<b>The Company should not cooperate with the following Suppliers</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The Supplier, its parent company, its affiliated enterprises or persons is/are listed as a terrorist organization or terrorist by the United Nations or other international organizations.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier or its parent company and affiliated enterprise is/are listed in the blacklist, or is subject to disqualification sanctions by international organization or local government.	<input type="checkbox"/>	<input type="checkbox"/>
In the past ten years, any former shareholder or senior management of the Supplier or its parent company, affiliated enterprise was an international/local wanted criminal.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier does not cooperate with the Due Diligence review.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class One</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
In the past ten years, any former shareholder or senior management of the Supplier or its parent company, affiliated enterprise was an international/local wanted criminal.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier itself, any current shareholder or senior management of the Supplier or its parent company is the subject of allegations in any lawsuit regarding any illicit activity, including corruption, fraud, monopoly, collusion, tax evasion or money laundering.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier or its parent company or affiliated companies is listed by the SINOCONST into the No Cooperation Black List.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class Two</b>		
<b>Reputation</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The country or region where the project or contract	<input type="checkbox"/>	<input type="checkbox"/>

is to be performed is included in the high risk country/region list publicized by SINOCONST.		
The Supplier has bad Reputation.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Government/ Public Official Relationship</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The Supplier, or any of its owners or managers, has been a public official within the last three (3) years, or has a close family or other personal/professional relationship with the government or public officials in the place of the project or who are related with the project.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier's family members or relatives are officials or public officials of the government/ruling party of relevant countries, or officials/public officials of the government/ruling party associated with this projects or activities.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier is designated or strongly recommended by government (who are potential clients) officials, public official, or officials of international organizations.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Capacity</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The Supplier is a natural person (not legal entity).	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier is an company or organization newly established for the purpose of this specific tender;		
The Supplier, as an enterprise, has a short term of operation, is not well-managed, is only operating temporarily, or is managed by a single person.	<input type="checkbox"/>	<input type="checkbox"/>
The supplier does not have organizational resources or is understaffed to deliver the products or services required in the agreement.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier lacks relevant industry / technical experience or has not engaged in business for a long time.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Compensation</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The Supplier's request for fee or commission payments is excessive in light of the services or products it provides or the corresponding level of risk it	<input type="checkbox"/>	<input type="checkbox"/>

undertakes.		
The Supplier requests payments in cash or cash equivalent for its compensation	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier requests payment (1) to a country or region other than its place of registration, place of business and place of performance of the service, or (2) to a bank or third-party not involved in the transaction, or in the currency of a third country, or (3) to an individual even if the service is provided by a company, or (4) for purposes of circumventing the law (e.g. tax avoidance).	<input type="checkbox"/>	<input type="checkbox"/>
SINOCONST or its affiliated entities are required to provide a large sum of advance payment; or to increase its Line of Credit significantly.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other issues</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
SINOCONST or its affiliated entities for the particular project or contract have not considered other Supplier.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier insists on avoiding the use of written communications, including emails, fax, etc.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Approval Details</b>		
Compliance officer of business unit/department	Signature: Date:	
Person in charge of business unit/department	Signature: Date:	
Compliance officer of Compliance Department	Signature: Date:	

Chief Compliance Officer	Signature: Date:
Vice general manager of the Business unit	Signature: Date:

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# **PART X. SINOCONST Compliance Rules on Compliance Audit**

## **CHAPTER I. General Provisions**

**Article 1.** To better promote the Compliance system construction and compliance implementation management, to facilitate the company's legitimate and compliant business operation with integrity, and to prevent and reduce compliance risk, China Machinery Industry Construction Group Inc. ("SINOCONST" or the "Company") hereby issues this SINOCONST Compliance Rules on Compliance Audit so as to carry constant audit to the compliance of business of SINOCONST and its affiliated entities, aiming to improve the compliance of SINOCONST.

**Article 2.** The rules apply to the business activities carried out by SINOCONST or its affiliated entities. SINOCONST Compliance Department will, on behalf of SINOCONST and led by the SINOCONST Compliance Committee, organize and supervise SINOCONST or its affiliated entities to implement this plan.

**Article 3.** The Compliance Department shall make annual compliance audit plan each year, and shall organize compliance officers at each level to conduct internal compliance audit, as well as cross-audit (such as cross-region or cross-entity compliance audit), on the SINOCONST business units, ensuring that a full round compliance audit of SINOCONST or its affiliated entities will be carried out every two years. In addition to the above regular audits, the SINOCONST and the subsidiaries' compliance department may, upon the creditable report from employees or others reports showcasing material compliance risk of SINOCONST or its affiliated entities, conduct extra compliance audit as needed.

### **Article 4. Definitions**

(1) "Internal audit" refers to the compliance audit conducted by the SINOCONST and the subsidiaries' compliance department personnel on the implementation of the SINOCONST Compliance Rules, the SINOCONST Employees' Compliance Code, and the relevant rules and regulations of the internal organization.

(3) "Cross-audit" refers to the compliance audit conducted by SINOCONST and its subsidiaries' compliance department personnel on the implementation of the SINOCONST Compliance Rules, the SINOCONST Employees' Compliance Code, and the relevant rules and regulations of the external organization. Compliance audit personnel can also be selected from its affiliated entities.



## CHAPTER II. Compliance Audit Rules

**Article 5.** All subsidiaries' compliance department shall make its annual compliance audit plan based on actual situation of its business as well as the principle of "a full round of audit over key operations and key projects every two years", and submit the plan to its Chief Compliance Officer for approval and the SINOCONST Compliance Department for record; the SINOCONST Compliance Department will, in consideration of all submitted plans and holistic development of SINOCONST's business, determine the deployment of annual internal audit and cross-audit within SINOCONST and its affiliated entities and submit the same to the SINOCONST Compliance Committee for record.

**Article 6.** The SINOCONST and the subsidiaries' compliance department shall select multi-tier compliance officers, compliance personnel, and related business personnel for the establishment of a compliance audit group (at least 2 members) who shall conduct prescribed internal audit and cross-audit over the subsidiaries. The internal audit could be concurrently processed with SINOCONST's internal financial auditing plans and inspection plans, ect...

**Article 7.** The SINOCONST and the subsidiaries' compliance departments are responsible to organize and perform compliance audit. The compliance officers and compliance staffs of the audited entities shall actively cooperate with the audit group.

**Article 8.** Article 8 Compliance audit shall be an on-site audit adhering to the principles of independence, reasonableness, and efficiency, and shall focus on the interview and inspection of internal control situations such as compliance management system, implementation of compliance rules, and implementation of Compliance Management Manual (see Annex 1 and Annex 2). During the audit over the training and performance of compliance officers and compliance personnel, the audited personnel shall require recusal as per related provisions (see audit issues in Annex 3).

**Article 9.** After the completion of compliance audit, the group shall prepare a written audit report in light of the audit goals. The audit report shall include problems and flaws discovered during the audit and corresponding solution opinions, improvement direction and primary measures. The internal audit report of subsidiaries shall be duly reviewed and signed by its Chief Compliance Officer, while the Chief Compliance Officer of SINOCONST shall be responsible to review and sign the cross-audit report (see Annex 4). For the problems found in the compliance audit, an internal investigation shall be conducted in accordance with the relevant provisions of the SINOCONST Compliance Rules on Internal Investigation. All the illegal and undisciplined issues spotted in the audit shall be submitted to SINOCONST's supervision department for handling. All the compliance work issues spotted in the audit shall be submitted to the SINOCONST headquarters Compliance Department and the Compliance Committee.

**Article 10.** All the subsidiaries shall accordingly rectify its operation term by term according to the solution opinions in the audit report issued by compliance audit group, and shall submit the corresponding rectification report to the SINOCONST and the subsidiaries' compliance departments within 90 days after the issuance of audit report.

**Article 11.** To ensure the actual implementation of corrective measures, the SINOCONST and the subsidiaries' compliance departments should sustain a continuing follow-up and supervision over the rectification of audited organization and projects.

**Article 12.** The SINOCONST Compliance Department shall, in consideration of feedbacks and advices received during compliance audit as well as the situation of business, timely summarize its practical experiences and periodically analyze the suitability and effectiveness of compliance system, and further revise or supplement Compliance Policies if necessary (see Annex 5).

**Article 13.** The SINOCONST and the subsidiaries' compliance departments must properly keep all records, audit reports, and documents during the compliance audit, and maintain the aforesaid pursuant to SINOCONST document retention policy for borrow.

Annexes:

1. Compliance Interview Record Form
2. Compliance Interview Content Form
3. Compliance Audit Evaluation Form
4. Compliance Audit Disposition Form
5. Annual Adjustment Application and Rectification Form of Compliance Issues

**Annex 1**

**Compliance Interview Record Form**

<b>Interview Record Form</b>	
<b>Interviewing Matters:</b>	
Team Members:	
Audited Organization:	
Interviewee 1:	Time:
Interviewee 2:	Time:
Interviewee 3:	Time:
Interviewee 4:	Time:
Interviewee 5:	Time:
Interviewee 6:	Time:
Interviewee 7:	Time:

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**Annex 3**

**Compliance Audit Evaluation Form**

Name of the unit under review:

Review Date: Month \_\_ Day \_\_ Year \_\_\_\_ to Month \_\_ Day \_\_ Year \_\_\_\_

Head of Working Team:

Members of Working Team:

Reviewed Items	Reviewed Contents	Results	Please provide brief description of noncompliance	Recommended measures	Notes
Compliance Organization; Compliance Personnel; Performance	1.1 Is there a compliance unit?				
	1.2 Are the responsibilities of personnel in compliance departments clear?				
	1.3 Are there full-time compliance officers and personnel, and what is the number of personnel?				
	1.4 Are there any part-time compliance officers and personnel and what is the number of personnel?				
	1.5 Compliance Promotion and Records of Compliance Officers and Personnel				
	1.6 Compliance Training and Records of Compliance Officers and Personnel				
	1.7 Compliance Coverage and Local Staff's Understanding				

	of Compliance				
	1.8 Have employees signed compliance statements and conducted high-risk job background surveys?				
Implementation of Compliance System	2.1 When will the compliance work start?				
	2.2 Are the implementation steps of the compliance work procedure completed?				
	2.3 Is the compliance approval process completed?				
	2.4 Are the financial approval procedures of the compliance business process completed?				
	2.5 Is the compliance business process recording and filing completed?				
	2.6 Is the compliance process account registration completed?				
	2.7 Is the statistical report of compliance process (monthly report, annual report, etc.) completed?				
	2.8 Is the compliance supervision process completed?				
	2.9 Are the answers and records of internal consultation				

	completed?				
Response to Compliance Risk Assessment	3.1 Are compliance risk assessments conducted regularly?				
	3.2 Are effective measures taken against the results of compliance risk assessment?				
	3.3 What measures should be taken to deal with the risks?				
	3.4 Are internal violations investigated?				
	3.5 Investigation Report and Result Report on Internal Violations				
	3.6 What measures should be taken to deal with internal reporting?				
Compliance Training Promotion	4.1 Is the annual compliance training plan in accordance with the requirements of the higher authorities?				
	4.2 Are the training tasks completed on time?				
	4.3 Is the compliance training record complete?				
	4.4 Does compliance training achieve the desired results?				
	4.5 Supervisor's comments towards compliance implement.				

	4.6 Compliance training towards partners and third-party.				
Assessment of Compliance Work	5.1 Annual Assessment of Compliance Work				
	5.2 Whether to carry out the annual compliance assessment and the results of the assessment				

Signature of Compliance Examination Agent:

Signature of the person in charge of the unit under review:

Signature of the Compliance Officer of the Unit under review:

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**Annex 4:**

**Compliance Audit Disposition Form**

Name of the unit under review:

Review Date: Month\_\_Day\_\_Year\_\_\_\_ to

Month\_\_Day\_\_Year\_\_\_\_ Head of Working Team:

Members of Working Team:

Case Number	Violations Details	Principal Responsible Person	Consequences/Results	Rules and Regulations for the Violations	Evidence and Records (please specify if attached)	Opinions	Remedy and Rectification Measures

Signature of the Compliance Review Agent:  
 Signature of Chief Compliance Officer:

Note: The internal review shall be signed by the chief compliance officer of each subsidiary, and the cross-examination shall be signed by the chief compliance officer of SINOCONST.

**Annex 5:**

**Annual Adjustment Application and Rectification Form of Compliance Issues**

Problems	Causes	Suggestions for Adjustment and Improvement	Reasons for Adjustment and Improvement	Suggested Improvement Measures	Timeline for Improvement

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Signature of Compliance Officer

Name:

Date:

# **PART XI. SINOCONST Compliance Rules on Risk Evaluation**

## **CHAPTER I. The Responsibilities of Compliance Department**

**Article 1.** In accordance with the implementation plan and staff requirements of the compliance management system, China Machinery Industry Construction Group Inc. (hereinafter as “SINOCONST” or the “Company”) shall evaluate the business compliance risks of the Company and its affiliated entities. SINOCONST Compliance Department shall be responsible for conducting risk assessments in accordance with the provisions of the rules under the supervision of the SINOCONST Compliance Committee.

**Article 2.** SINOCONST Compliance Department may, at the request of the Compliance Committee, conduct a risk assessment as appropriate in the following cases:

1. Any changes in SINOCONST’s or its affiliated entities’ business, which SINOCONST Compliance Committee or Compliance Department believes will affect the company’s risk assessment, including but not limited to the following situations:

(1) Mergers and acquisitions by SINOCONST or its affiliated entities;

(2) SINOCONST or its affiliated entities enters new industries or new markets;

(3) Any political changes have taken place in the region where SINOCONST’s or its affiliated entities’s operating projects are located;

2. Any reports, from employees or anyone with information, reflect that compliance risks in a given area are not properly addressed.

**Article 3.** The definitions in the rules are as follows:

1. “Third Party” means any agent, consultant, intermediary, business promoter, business sponsor, or any other representative, such as sales consultants, sales agents, public relations consultants, custom clearing agents, financial consultants, legal advisors, and joint ventures / business partners, logistics and customs affairs agents, or marketing agents ,or marketing agents or third parties providing intermediary services for the business transactions of the Company, retained or engaged (in any form or name) by any SINOCONST or its affiliated entities in respect of business, whether an individual, partnership, corporation, or unincorporated entity.

2. “Public Official” is broadly interpreted and includes at least the followings:

(1) Officials, employees, representatives of governments, and any other person

acting on behalf of a government or otherwise authorized to act under official right;

(2) Officials, employees, or representatives of public international organizations;

(3) Officials, employees, or representatives of political organizations or members of royal families, who exercise public authority; and

(4) Officials and employees of public enterprises, which are enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

## **CHAPTER II. Risk Assessment procedure**

**Article 4.** Risk assessment procedure consists of the following three parts: 1. collecting company information in the *Risk Assessment Form* (see Annex 1); 2. discussing the issues listed in the *Risk Assessment Questionnaire* and interviewing with managing staffs selected by SINOCONST and its affiliated entities (see Annex 2); 3. Analyzing the information collected above.

**Article 5.** SINOCONST Compliance Department shall cooperate with the Compliance Department of the Subsidiary to obtain sufficient information to complete the *Risk Assessment Form*. When necessary, SINOCONST Compliance Department shall complete this work cooperating with other business departments, including Asset Finance Department(s), Human Resources Department(s), Market Development Department(s), and Compliance Department of the Subsidiary. SINOCONST Compliance Department shall fill in company information within 60 days after starting the risk assessment, and shall notify the Compliance Committee of the progress of the work at any time.

**Article 6.** SINOCONST Compliance Department shall, in coordination with the Compliance Department of its affiliated entities, conduct regular interviews with risk assessment management personnel. 3-4 business leaders shall be selected from SINOCONST and each unit to answer the relevant questions concerning compliance risks in the region or country where the business is located. SINOCONST Compliance Department shall select managers based on the following criteria:

(1) The personnel should be the person in charge of the regional, national or large-scale project;

(2) The interviewers should be selected from different regions as much as possible;

(3) There should be at least three personnel from SINOCONST and its affiliated entities key business areas and other related business areas.

The list of people interviewed shall be finally confirmed by the SINOCONST Compliance Department after consultation with the Compliance Committee. The selected person shall answer the questions in the *Risk Assessment Questionnaire*. The Compliance Officer of the SINOCONST and the Compliance Officer of the Subsidiary shall ask the selected person in face-to-face or network video form, and record their interview contents in detail. If the interviewees are unable to participate in face-to-face interview or video interview, the *Risk Assessment Questionnaire* can be sent to them and let them complete it.

**Article 7.** After collecting relevant risk information, SINOCONST Compliance Department shall review the contents of company information and questionnaires, and assess the compliance risks faced by the company according to relevant contents, especially paying special attention to the changes of the risks after each evaluation. SINOCONST Compliance Department shall issue a risk statement to the compliance committee to disclose the risks identified or discovered, and evaluate them according to the scope and level of the risks, and propose a preliminary solution to the risks.

**Article 8.** After receiving the advice of the Compliance Committee, SINOCONST Compliance Department shall, in cooperation with the Compliance Department of the Subsidiary, use other internal and external experts to ensure the effective implementation of the risk solutions.

### **CHAPTER III. Document Management**

**Article 9.** SINOCONST Compliance Department shall maintain all important documents for each risk assessment (including a complete *Risk Assessment Questionnaire*, a *Risk Assessment Form* and a report submitted to the Compliance Committee). All documents shall be kept for at least 24 months.

Attachment:

1. Risk Assessment Form
2. Risk Assessment Questionnaire

## **Attachment 1**

### **Risk Assessment Form Company information**

#### **1. Company address and Company business (can be obtained from the group company)**

- (1) List the countries in which the Company has offices.
- (2) What are the country offices where staff or managers have actual operations?
- (3) How many formal employees are there in each office?
- (4) The name, resume and direct leader in charge of each office.

#### **2. Cooperative enterprise and joint ventures**

- (5) Does the Company have joint venture partners?

A. If yes, please provide the name and shares of the joint venture company, the number of positions in the joint venture management position and the name and position of the specific personnel, the names of other legal or beneficial owners or business operators (including their nationality and company address), the date that the Company establishes the joint venture and the business scope of the joint venture.

(6) List the names of the Subsidiary or affiliated company (ie, legally established entities) of the Company's business operations, the Company's shares, and the names of other legal or beneficial owners and their shares and rights, nationality and company address.

1. Collect the organizational chart of the Company that explains the ownership structure.

(7) Have the directors or senior management of these entities recently held a government position or a public office? (Confirmed with the Human Resources Department or other internal business units if necessary).

#### **3. Customers and operation income (can be obtained from the group company)**

(8) Based on the contract amount in the past two years, which regions are the five largest customers of the Company?

(9) According to the assessment of the contract amount in the past two years, what are the five regions with the highest Contract value of the company?

(10) According to the contract amount assessment, what are the five regions with the highest cumulative contract amount so far?

**4. Financial control (can be obtained from the Asset Finance Department(s))**

(11) How many bank accounts does the Company have? (the number of bank accounts shall be calculated according to the number of projects)

(12) In the past two years, what are five offices and projects that have requested the most frequent withdrawals of cash?

(13) In the past two years, which five regions (offices, project departments) use the most cash?

(14) In the past two years, has the Company paid cash to an agent or sales consultant?

(15) In the past two years, has the Company incurred the travel expenses of any foreign government officials<sup>1</sup>?

1. If happened, please list the name and position of the government official, the travel destination, the date of travel and the purpose of the trip, and the total cost of the Company.

**5. Gifts and Hospitality**

(16) Which regions have more than 4 requests for gifts or hospitality above Category 2 in the past two years?

(17) How many Category 4 of the gifts have been approved in the past two years?

(18) List the gifts, recipients, addresses and gift-giving purposes.

(19) How much money has the Company spent on charitable donations in the past two years?

1. What charities do companies donate to?

**6. Third Party**

(20) How many agents or consultants are currently used by the Company?

(21) How many new agents or consultants has the Company employed in the past two years?

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1. How many agents or consultants have been assessed as high risk, medium risk and low risk after due diligence by third party?

(22) How many agents or consultants have been recommended or rejected in the past two years?

(23) List the names of the five largest agents or consultants in the past two years, and explain separately the amount paid to each person?

## **7. Investigations and Audits**

(24) How many allegations/reports of misconduct have the Company received through the reporting system in the past two years? How many allegations/reports received through other channels?

1. How many reports have been conducted an internal investigation? And how many reports have been conducted an external investigation?

(25) Has the Company conducted an investigation in corruption or complicity in the past two years?

1. If happened, please provide a brief description of the allegations for each investigation (e.g. bribery of officials of the Ministry of the Interior; serial or bargaining with XYZ company), the starting date of the charge and the final decision (or, if the investigation is ongoing, provide a brief description of the status of the investigation).



## Attachment 2

### Risk Assessment Questionnaire

1. Please list the main government agencies, departments and other entities related to the business in your region/country or project.

(1) Are you aware of allegations of fraud, corruption or conspiracy by the above-mentioned government agencies, departments and other entities? If you are aware, please describe these allegations.

2. What do you think are the three major difficulties faced by companies in developing anti-corruption compliance in your region/country or project?

(Please specify in detail, for example, extortion from all parties (army, police, tax, customs, Ministry of Mines, Ministry of Environment, trade unions, labor offices, local residents), normal office acceleration fees (Customs, taxation, immigration, engineering, contract, Labor, Social Security, Ministry of Finance, various clerks, secretaries, etc.), lack of actual access to information, etc.)

3. Please describe the role of gifts and hospitality for your business in your region/country or project.

(1) The frequency of gifts and hospitality in your region/country or project.

(2) What is the purpose of gifts and hospitality?

(3) What is the target of gifts and hospitality?

(4) What is the most expensive gift you have provided in the past year?

(5) How often do you eat with government officials?

A. How much does it generally cost? (Per person/USD)?

(6) How often are other types of hospitality or recreational activities?

(7) What hospitality and recreational activities have you provided to foreign government officials in the last year?

4. In last year, how many times has the Company been required to pay for customers (including government officials) for domestic or international departing travel from your region/country/project?

5. Please describe the cash payments for conducting business activities in your region/country or project (including business activities with business partners such as suppliers, lawyers and other service agencies).

6. How many petty cash payments have been made to local government officials, police and soldiers in your region/country or project in the last year?

7. What measures do you think the Company can take to enhance the

compliance culture of business partners, subsidiaries or joint ventures in your region/country or project?

8. What do you think is the most serious risk that the corruption poses to the Company at the moment?

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## **PART XII. SINOCONST Compliance Rules on Internal Investigation**

### **CHAPTER I. Duties and Responsibilities of Compliance Department**

**Article 1.** To better deal with allegations of misconduct, China Machinery Industry Construction Group Inc. (hereinafter “SINOCONST” or the “Company”) shall launch internal investigation into allegations against business of the Company and its affiliated entities. The Compliance Department of SINOCONST is in charge of assessing and responding to such allegations.

**Article 2.** Findings of internal investigation can be used as the basis for preparing formal Investigation Report. As an official record of investigation findings, the Investigation Report shall be comprehensive and detailed. Main facts and findings of the investigation shall still be available through the Investigation Report even years after the end of the investigation. The Compliance Department of SINOCONST is responsible for preserving the whole set of investigation reports and relevant documents in each stage of the investigation.

**Article 3.** The rules set out the procedures for the Company to investigate allegations of misconduct. In view of different facts and circumstances involved in each investigation, it is necessary for the Company and the Compliance Department personnel to estimate and deal with the external circumstances involved in each investigation according to the actual situation.

**Article 4.** The rules apply to the business activities carried out by SINOCONST Group and its affiliated entities. SINOCONST Compliance Department, on behalf of SINOCONST, supervises the implementation of the rules by SINOCONST and its affiliated entities and has the final right of guidance and interpretation of the rules.

**Article 5.** The Rules shall apply to all official and temporary managers, directors and employees (collectively referred to as “employees”) of SINOCONST Legal and Compliance Department.

#### **Article 6. Definitions**

1. “Compliance Department/ Compliance officer” refers to Compliance Department/ compliance officer of SINOCONST or its affiliated entities (as defined below) depending on whether the entity in charge of the operation is SINOCONST or its affiliated entities.

2. “Third Party” means any agent, consultant, intermediary, business promoter, business sponsor, or any other representative, such as sales consultants, sales agents,

public relations consultants, custom clearing agents, financial consultants, legal advisors, and joint ventures / business partners, logistics and customs affairs agents, or marketing agents ,or marketing agents or third parties providing intermediary services for the business transactions of the Company, retained or engaged (in any form or name) by any SINOCONST or its affiliated entities in respect of business, whether an individual, partnership, corporation, or unincorporated entity.

3. A “Public Official” should be broadly interpreted and includes the following at least:

(1) Officials, employees, representatives of governments, and any other person acting on behalf of a government or otherwise authorized to act under official right;

(2) Officials, employees, or representatives of public international organizations;

(3) Officials, employees, representatives of political parties, or members of royal families who exercise public authority; and

(4) Officials and employees of public enterprises, namely enterprises over which a government or governments exercise, directly or indirectly, a controlling or dominant influence.

## **CHAPTER II. Preliminary Investigation**

**Article 7.**When allegations of misconduct arise within SINOCONST or its affiliated entities, relevant Compliance Department personnel should make a preliminary assessment ,then submit it to SINOCONST Legal and Compliance Department. The preliminary investigation is an informal investigation and does not require a formal investigation report.

**Article 8.**Unless there is a conflict of interest or the objectivity of a preliminary investigation is being questioned, compliance personnel shall conduct a preliminary investigation. The purpose of preliminary investigation is to initially assess the allegations, gather sufficient information.

**Article 9.**Although there are no hard and fast rules for preliminary investigation methods, investigations shall be conducted against allegations. In general, the period of preliminary investigation shall not exceed 5 working days, and the preliminary investigation report shall be in writing (“Preliminary Investigation Report”) with two to three paragraphs in length. See Annex 1 for Preliminary Investigation Report Template.

**Article 10.** Upon completion of the Preliminary Investigation Report, the subsidiary’s Compliance Department shall submit allegations of misconduct to the company compliance department.

If any of the above allegations are made by public Official and verified by the company compliance department, it will be handed over to discipline inspection department for processing.

**Article 11.** The most critical aspect of preliminary investigation is to identify the direct witnesses and documents at an early stage, and preserve relevant evidence and documents for subsequent investigation.

#### **CHAPTER IV. Audit after Submission**

**Article 12.** After the allegations are submitted to SINOCONST Compliance Department, the person in charge of Compliance Department is responsible for auditing the Preliminary Investigation Report. The person in charge of Compliance Department shall take measures according to the audit results as follows:

- 1.Registrate allegations of misconduct;
- 2.Instruct that no further investigation is required. If the preliminary investigation is able to satisfactorily and reasonably resolve the issues in the allegations and the reporting procedures have been accomplished according to the nature of the matter, under such circumstance, the person in charge of Compliance Department shall make a short written statement that no further investigation is required.
- 3.Launch an official investigation and preserve original or supplementary documents.

#### **CHAPTER V. Official Investigation**

**Article 13.** Investigation Report shall be prepared for all SINOCONST's official investigations according to prescribed format and procedures (see Annex). For investigations conducted by external legal advisor employed, the report may not follow the given format. The Investigation Report analyzes and records investigations of allegations or misconduct. The main facts, opinions and suggestions in the Investigation Report are the basis for the Company to take various actions, including timely termination, disciplinary action, determination of the fundamental cause, remedial measures and improvement of the Company's operation and management level after the discovery of illegal or improper behaviors

Individuals who take part in non-compliance activities but take the initiative to report or confess shall be given a lighter or mitigated punishment according to the circumstances.

**Article 14.** SINOCONST Compliance Department shall set up an investigation team consisting of 2 to 3 members, including compliance officers and,

if necessary, members of Compliance Department or Internal Audit Department. The composition of the investigation team shall depend on the nature and scope of the allegations. The members of the investigation team can be selected from SINOCONST or its affiliated entities. The composition of the investigation team shall ensure the independence of the investigation. Therefore, as part of the investigation team, the individuals involved in and responsible for this investigation have no right to update or obtain relevant investigation documents or information, or change the investigation progress before the end of the investigation. The appointment of the investigation team shall be in the form of a written “Memorandum of Appointment”, which shall provide a brief introduction of the matter to be investigated and require the investigation team to carry out the investigation in accordance with these provisions. The Memorandum of Appointment provides that the preparation time for an Investigation Report is normally 30 days and may be extended if necessary.

**Article 15.** The process of conducting a formal investigation and preparing an Investigation Report shall include the authentication and examination of documents and witnesses related to the matter. Investigation Report Checklist (see Annex 2) sets out the key steps to be accomplished in the investigation. In order to ensure the integrity of the investigation, the investigation team should make every effort to ensure the confidentiality of the nature, content, documents and information of the investigation. During the investigation, the identity of the witness and the findings from the witness interview shall not be disclosed to any third party other than the investigation team, SINOCONST Compliance Department and SINOCONST Compliance Committee. In order to prevent improper influence, the contents of the investigation shall not be disclosed to the witness of the investigation or the supervisor of the investigation target, unless otherwise indicated by SINOCONST Compliance Department in Memorandum of Conclusion (see Article 19). Every effort shall be made to protect the whistleblower or the witness providing the investigation information.

**Article 16.** The Investigation Report shall include the following main components: 1. Preliminary Report; 2. summary of allegations of misconduct being investigated; 3. background information of the investigation target; 4. description of relevant evidence and interviews with witnesses during the investigation; 5. analysis of allegations of misconduct based on facts obtained in the evidence; 6. conclusions, including whether the allegations are true and, if not, what the reasons are; 7. evaluating whether there is any violation of laws or regulations (including SINOCONST Compliance Code).

**Article 17.** The Investigation Report shall contain all necessary information to explain relevant facts and to support the official investigation conclusion. See Annex 3 for Investigation Report Template. Furthermore, the Investigation Report shall contain the Preliminary Investigation Report and all relevant evidence for the conclusion, for example, interview of witnesses (see Annex 2), emails, letters or

other evidence.

## **CHAPTER VI. Investigation Audit**

**Article 18.** Upon the completion of official investigation, the investigation team shall submit the Investigation Report to the person in charge of SINOCONST Compliance Department and Chief Compliance Officer. The person in charge of SINOCONST Compliance Department shall preserve the Investigation Report according to the Document Preservation Regulations of SINOCONST, and the Investigation Report shall be preserved for at least three years from the date of receipt.

**Article 19.** SINOCONST Compliance Department is responsible for auditing the conclusions in the Investigation Report, and accordingly prepares a brief Memorandum of Conclusion to highlight the conclusions of the Investigation Report and the following related issues:

1. Potential risks: Memorandum of Conclusion shall identify potential risks that may arise from misconduct not found through the investigation.

2. Fundamental cause analysis: Memorandum of Conclusion shall identify the fundamental cause of problematic misconduct or recommend further analysis. Under most circumstances, Investigation Report is sufficient to determine the fundamental cause of misconduct, but in some cases additional analysis may be necessary so as to determine the fundamental cause. If the Memorandum of Conclusion recommends a further analysis of the fundamental cause, it shall illustrate why further analysis is to be made and provide a work plan for the analysis.

3. Assessment and mitigation measures: Memorandum of Conclusion shall include an assessment of whether there is any violation of laws or relevant regulations (including SINOCONST Compliance Code) and suggestions on whether such violation shall be disclosed to relevant departments (SINOCONST Discipline Committee, Chinese government, local government or other relevant institutions, multilateral development banks, etc.). Under most circumstances, Memorandum of Conclusion shall identify mitigation measures to be taken, so as to address the source of problematic misconduct.

**Article 20.** Approved by SINOCONST Chief Compliance Officer, Memorandum of Conclusion shall be submitted for discussion to the next Compliance Committee meeting. The Compliance Committee shall decide whether to accept the recommendations made in the Memorandum of Conclusion and instruct SINOCONST Compliance Department for the implementation. If the recommendations are not accepted, the Compliance Committee shall briefly provide the reasons. The Compliance Committee may decide whether to submit the

Memorandum of Conclusion and the Investigation Report separately or together to the senior management or the board of directors.

**Article 21.** SINOCONST Compliance Department shall timely consolidate feedbacks and suggestions collected in the compliance investigation, incorporate the actual situation of business development, summarize the practical experience, regularly analyze the suitability and effectiveness of Compliance Policies, and revise and supplement the Compliance Policies if necessary (See Annex 4).

Annex:

1. Preliminary Investigation Report Template
2. Investigation Report Checklist
3. Investigation Report Template
4. Annual Adjustment Application and Rectification Form of Compliance Issues

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## Annex 1

### Preliminary Investigation Report Template

#### Preliminary Investigation Report

**To:** (name of compliance officer in charge)

**From:** (name of employee conducting preliminary investigation)

**Date:** year/month/day

**Re: Preliminary Investigation – (target of preliminary investigation)**

On (year) (month) (day), your Company appointed me to conduct a preliminary investigation into the matter stated above. The findings of this investigation are documented in this Report.

**Allegations:** This section shall describe the nature of the allegations, identify the alleged target, namely the employee, the alleged misconduct, and the time period in which the alleged misconduct occurred. (This section shall not exceed one paragraph.)

**Conduct and findings of the investigation:** This section shall briefly describe the investigation method (interviewing witnesses, reviewing documents and receiving assistance from other operational agencies) and facts revealed through preliminary investigation. (This section shall be one or two paragraphs.)

**Decision:** This section shall indicate whether the employee in charge of the preliminary investigation considers the allegations to be true. (This section is usually a one-sentence conclusion.)

## Annex 2

### Investigation Report Checklist

#### 1. Initiation

SINOCONST Compliance Department shall appoint investigators in writing.

If you learn that you have been appointed, whether or not you have received a written appointment, you should immediately initiate the investigation.

Read the letter of appointment carefully and determine the scope of the investigation.

Determine when the Investigation Report is to be accomplished.

If the deadline cannot be met, you shall ask for an extension.

Review all instructions related to the investigation and refer to the Internal Investigation Rules

Speak to personnel of SINOCONST Compliance Department.

Determine the purpose and methods of your investigation.

Where does the evidence come from and how is it obtained and preserved? (Photocopying of documents, material evidence and electronic records)

#### 2. Contact the Witnesses

Make a list of all possible witnesses. This list may change as the investigation progresses.

Determine whether the witness will leave the investigation area before completion of the investigation for reasons such as transfer, vacation and hospitalization.

SINOCONST corresponding compliance department shall be informed immediately if the important witness may leave before the investigation.

Interview a wide range of witnesses and gather as much information as possible from each witness, including names, places, dates, and related events.

The witness statement shall be complete and true. If the statement is vague, try to ascertain the facts.

If the witness is not available for interview, the interview can be conducted through phone call.

Detailed notes should be taken during the interview of each witness.

Minimize the content of each witness statement to form a complete and

accurate statement (“Memorandum of Interview”).

If the witness is an employee of the Company, stress that he/she shall not tell others about the testimony. If the witness is not an employee, ask him/her not to discuss the testimony with others.

### **3. Documents**

List all documents involved, including:

- Copies of relevant acts, regulations, instructions and standard operating procedures;
- Relevant correspondence and information;
- Personnel files;
- Official journals and reports;
- Various forms.

Check your document checklist to ensure that the documents you have obtained are available and effective to you.

Obtain originals of the existing files if possible.

### **4. Other Evidence**

- Make a list of other documents (objects, physical locations, maps, charts, photographs, and your personal observations, etc.) that will assist in auditing the Investigation Report.

- Check your information checklist to ensure that the information you have obtained is available and effective to you.

- Take measures to ensure that evidence collected in the course of an investigation is preserved in a safe place, free from tampering, loss, theft and damage for investigation and audit.

## Annex 3

### Investigation Report Template

#### Investigation Report

**To:** (name of SINOCONST compliance officer)

**From:** (name of investigator)

**Date:** year/month/day

**Re:** Investigation Report – (list the names of the people and events being investigated)

**Preliminary Statement:** This section describes issues related to procedures of the investigation. This section of the Investigation Report shall also describe all evidence on which the Report is based and all witnesses interviewed during the investigation.

**Preliminary Allegations:** This section shall normally describe the nature of allegations under investigation.

**Background Information:** This section shall provide the resume of the investigation target and general nature of the work being conducted by the individual and/or his/her department or team during the relevant time frame.

**Findings, Analysis and Suggestions:** This section usually contains the main content of the Investigation Report. The investigation team shall hereby describes the allegations and evidence supporting or contradicting them, state the findings of the investigation team and make a reasonable and detailed analysis of whether the allegations are true (by referring to evidence supporting each investigation finding).

**Conclusion:** This Report shall briefly state the findings of the investigation team, i.e. whether the allegations are true (and if not, what the reasons are), and assess whether there is any violation of laws or regulations (including SINOCONST Compliance Code) or any compliance or relevant issue to be further analyzed or discussed by SINOCONST Compliance Department.

**Names and titles of members of the investigation team:**

**Annex 4**

**Annual Adjustment Application and Rectification Form of Compliance Issues**

Non-compliance Discovered	Reason for Non-compliance	Issues to Be Adjusted or Rectified	Reason for Adjustment	Rectification Suggested	Time Limit for Rectification

Adjusted and Rectified by:  
Signature of Compliance Officer:  
Name:  
Date:

# **PART XIII SINOCONST Compliance Rules on Employees Training**

## **CHAPTER I. General Provisions**

**Article 1.** The rules are formulated in order to ensure that employees of China Machinery Industry Construction Group Inc. (hereinafter referred to as "SINOCONST" or "Company") have a better understanding of the applicable laws and regulations at home and abroad, the Compliance Code for employees, and the implementation rules for business compliance. The purpose of the rules is to standardize the training methods, the training personnel, the frequency of training, as well as the supervision and guidance for SINOCONST compliance.

**Article 2.** SINOCONST Compliance Department supervises the implementation of the rules by its affiliated entities, and is responsible for interpreting the implementation rules.

**Article 3.** SINOCONST Compliance Department and its affiliated entities shall be responsible for formulating and implementing the compliance training plans, supervising the staff to complete the compliance training tasks.

**Article 4.** SINOCONST Compliance Department shall conduct on-site training with subsidiaries and overseas agencies to enable employees to fully understand the compliance policies in addition to online training.

**Article 5.** The rules shall apply to all employees of SINOCONST and its affiliated entities .

## **CHAPTER II. Training Organization and Training Objects**

**Article 6.** Compliance departments shall draw up compliance training plans, organize and implement them jointly with Human Resources Department. Compliance training courses can be divided into regular and ad hoc trainings in accordance with actual needs.

**Article 7.** According to various training purposes, compliance training objects are divided into staff compliance training and compliance officer training.

(1) The purpose of employee compliance training is to enable employees to fully and accurately understand compliance-related laws, regulations, requirements, company compliance systems and processes; be familiar with compliance management practices and experience; understand the consequences, penalties and responsibilities of violations through systematic training.

(2) The purpose of training compliance officers is to enable compliance officers to fully and accurately understand compliance functions and responsibilities through professional training, to be familiar with relevant laws and regulations and other requirements, company compliance systems and processes, to be familiar with compliance management practices and experience, and to have the expertise and skills required for compliance risk management positions.

**Article 8.** Compliance training for employees may be performed by compliance officers or external professionals; training for compliance officers may be performed by higher-level compliance officers or external professionals.

## **CHAPTER III. Staff Compliance Training**

### **SECTION I. Initiation/Induction Training**

**Article 9.** When new employees start their work, SINOCONST and its affiliated entities shall issue the *SINOCONST Employees' Compliance Code* to each new employee, organize and complete online compliance training within 30 days after the new employee assumes position. In addition, new employees in the marketing, asset finance and material procurement department(s) will receive further compliance training related to their duties.

### **SECTION II. Online Training**

**Article 10.** Online compliance training is the basis of SINOCONST compliance training. SINOCONST Compliance Department is responsible for the development, upgrading and maintenance of online compliance training courses.

**Article 11.** The online basic compliance training course aims at providing employees with a basic understanding of the implementation rules of the company's compliance policies and the types of compliance risks faced by the company's operations. The course helps employees who are not directly exposed to major compliance risks in their work understand the importance of compliance management and be alert to compliance problems that may arise from non-compliance operation. After completing the online training, employees need to complete the online questions and answers to ensure that they have a good grasp of the training content.

**Article 12.** All SINOCONST employees must complete online basic compliance training courses. Existing employees must complete the training within three months after the launch of the online basic compliance training course, all new employees must complete the training within 30 days after entry, and all employees must complete the follow-up education training in two years.

**Article 13.** Market/business development employees should complete advanced compliance training courses to ensure that they have a thorough

understanding of the implementation rules of compliance business and the types of compliance risks faced in the process of market development. The main contents of advanced training courses are as follows:

(1) Gifts and hospitality: the main training contents are the implementation rules of gifts and hospitality, including the situation of whether accepting gifts, the recording requirements of various gifts, the approval procedures of gifts within different amounts, as well as the regulations of travel, accommodation, entertainment and catering, etc. The aim is to help employees understand the potential risks of gifts and hospitality and to ensure compliance with company rules and applicable laws.

(2) Donation, sponsorship and political donation: the main training contents are the potential corruption risk of donation, sponsorship and political donation, the procedure stipulation of prohibiting political donation and donation and sponsorship, and the compliance documentation that employees should keep when they engage in the above activities.

(3) Third party: the main training contents are compliance risk related to third party, due diligence process of third party, due diligence and approval process of high-risk third party. The purpose is to make relevant employees understand the importance of third-party compliance and ensure that due diligence is carried out effectively.

(4) Bidding: the main training contents are the compliance risks related to tendering new projects and to the provisions of relevant laws and regulations at home and abroad, with particular emphasis on prohibitions in the bidding process.

**Article 14.** All market/business development employees must complete online advanced compliance training courses. SINOCONST Compliance Department needs to work with the subsidiary compliance department to determine the number of market/business development employees. All market developers must complete the training within three months after the launch of the online advanced compliance training course. New employees transferred to the marketing department(s) must complete the training within 30 days after their transfer. Market/business development employees must complete the follow-up education training in two years.

### **SECTION III. On-site Training**

**Article 15.** In addition to online training, SINOCONST regularly conducts on-site compliance training for personnel of the Market/Business Development Department(s), Asset Finance Department(s), and Procurement Department(s).

**Article 16.** In view of the fact that the personnel of the Market/Business Development Department(s), Asset Finance Department(s), and Procurement Department(s) often encounter compliance risks related to business in their daily



work, in order to reduce risks, SINOCONST and its affiliated entities needs to carry out on-site compliance training for the above employees, and deepen the concept and ethics of compliance management into the hearts of the people, and into the dribs and drabs of their daily work. On-site training should be based on online training mode, and further explain applicable anti-corruption laws, regulations and implementation compliance rules of SINOCONST. On-site training should include interactive activities, and organize staff to discuss the risks they may encounter in their business activities. On-site training should be based on specific risks faced by employees in different business areas and related compliance requirements.

**Article 17.** The on-site training targets include the employees of the Market/Business Development Department(s), Asset Finance Department(s), and Procurement Department(s) and Human Resources Departments. SINOCONST Compliance Department needs to work with the subsidiary compliance department to determine the number of the above-mentioned personnel. The above employees must complete the training within six months after the onsite training is launched. New employees and newly recruited employees in the aforementioned business areas should receive on-site training within six months after their entry or transfer, and complete follow-up education training after two years. SINOCONST Compliance Department and subsidiary compliance department may also carry out other necessary on-site training according to their business conditions. Compliance Department needs to assess the training needs of employees according to the completion rate of online training, the new business areas of the company and the development situation of external anti-corruption laws and regulations.

**Article 18.** The objects and contents of on-site training are as follows:

(1) Market/Business Development Department: on-site training for Market/Business Development Department employees should be based on the online advanced compliance training course, explain in detail the relevant provisions of gifts and hospitality, donation, sponsorship and political donation, third party and bidding; as a supplement to the online training course, on-site training should organize staff and relevant compliance personnel to discuss together by reproducing real situation assumptions. On these topics, training staff can fully understand the compliance risks related to their responsibilities.

(2) Finance Department: on-site training of financial personnel should focus on gifts and hospitality, donation, sponsorship and political donation, implementation rules and compliance risks of cash payment. On-site training should focus on training financial personnel to supervise compliance risks and prevent companies from financial risks.

(3) Procurement Department: on-site training of procurement personnel should focus on the implementation rules and compliance risks of procurement chapters, especially on the handling of high-risk situations in procurement process.

(4) Human Resources Department: on-site training of human resources managers should focus on the functions of human resources departments in the company's compliance work, especially the role of background checks, compliance performance assessment and compliance certificates.

**Article 19.** Compliance Department of SINOCONST and its affiliated entities shall formulate and improve on-site training courses based on the assessment of staff's needs. The Compliance Department shall, on the basis of communication and consultation with employees of other departments and external consultants, formulate and improve the existing training courses. The Compliance Department should keep a complete set of training materials, and make every effort to keep the training materials up-to-date, especially the updating and perfection of training materials for follow-up education.

#### **CHAPTER IV. Training of Compliance Officers**

**Article 20.** Compliance officers must receive professional training before performing their duties in order to fully and accurately understand the functions and responsibilities of compliance, to be familiar with relevant laws and other requirements, to be familiar with industry best compliance management practices and experience, and to have the professional knowledge and skills required for the position of compliance risk management. Compliance officers must regularly complete relevant professional training and pass examinations.

**Article 21.** The superior compliance officers are responsible for training compliance personnel at lower levels, and compliance officers/ are responsible for training personnel at all levels of the company. Compliance officers should receive training before training other employees.

**Article 22.** SINOCONST Compliance Department shall, in collaboration with the compliance departments of subsidiaries, organize internal and external professionals to regularly or occasionally train compliance officers/compliance personnel so as to enable them to continuously learn and improve their knowledge of compliance risk management and ability to perform their duties. Compliance officers/compliance personnel must complete follow-up education training once a year.

#### **CHAPTER V. Follow-up Supervision of Compliance Training**

**Article 23.** SINOCONST Compliance Department shall, in collaboration with subsidiaries, supervise and record the process of employees' participation in online and on-site compliance trainings. Employees who fail to complete compliance training tasks in time should receive targeted compliance remedial training. Employees who fail to complete compliance training repeatedly should be given

appropriate disciplinary sanctions in accordance with the company's relevant human resources management regulations.

**Article 24.** After the completion of the training, the trainees shall be tested. The results of the examination shall be recorded in the Human Resources Department and incorporated into the annual compliance performance appraisal.

**Article 25.** Compliance training shall be well documented and all records shall be subject to periodic review by compliance officer.

Enclosure:

1. Online Training Schedule
2. On-site training Schedule
3. Compliance Training Records
4. Compliance Training Schedule for SINOCOST Legal and Compliance Department in XXXX

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**Annex. 1**

**Online Training Schedule**

Course	Attendees	Frequency
<p><b>Basic Compliance Training</b></p>	<ul style="list-style-type: none"> <li>• All Employees</li> </ul>	<ul style="list-style-type: none"> <li>• New Employees: within 30 days of starting</li> <li>• Current Employees: within 3 months after the launch of the online basic training courses</li> <li>• Follow-up education: one every two years</li> </ul>
<p><b>Advanced Compliance Training</b></p>	<ul style="list-style-type: none"> <li>• Market/Business Development Employees</li> </ul>	<ul style="list-style-type: none"> <li>• New Employees: within 30 days of starting</li> <li>• Current Employees: within 3 months after the launch of the online advanced training courses</li> <li>• Follow-up education: one every two years</li> </ul>

Annex 2

**On-site training Schedule**

Course	Attendees	Frequency
<b>Compliance Advanced Training</b>	<ul style="list-style-type: none"> <li>• Compliance Officer / Compliance personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance Officer / Compliance personnel: before onboarding</li> <li>• Follow-up education: one per year</li> </ul>
<b>Market/Business Development Department</b>	<ul style="list-style-type: none"> <li>• Market/Business Development Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Current Employees: within 6 months after the launch of on-site training</li> <li>• New Employees: within 6 months after onboarding or transfer</li> <li>• Follow-up education: one every two years</li> </ul>
<b>Finance Department</b>	<ul style="list-style-type: none"> <li>• Finance Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Current Employees: within 6 months after the launch of on-site training</li> <li>• New Employees: within 6 months after onboarding or transfer</li> <li>• Follow-up education: one every two years</li> </ul>
<b>Procurement Department</b>	<ul style="list-style-type: none"> <li>• Procurement Department Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Current Employees: within 6 months after the launch of on-site training</li> <li>• New Employees: within 6 months after onboarding or transfer</li> <li>• Follow-up education: one every two years</li> </ul>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>• Human Resources Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Current Employees: within 6 months after the launch of</li> </ul>

<b>Department</b>		on-site training <ul style="list-style-type: none"><li>• New Employees: within 6 months after onboarding or transfer</li><li>• Follow-up education: one every two years</li></ul>
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**Annex 3**

**Compliance Training Records**

Course Name \_\_\_\_\_

Date \_\_\_\_\_ Training Hours \_\_\_\_\_

Location \_\_\_\_\_ Training Speaker/Company \_\_\_\_\_

Attendee	Company/Department	Training content	Attendee Signature	Reasons for Absence	Remedial Procedure for Absence

Comments on the training:

**Annex 4**

**Annual Compliance Training Schedule**

Courses	Attendees	Date & Time

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