
ZTT Compliance Rules on Cash Payment

CHAPTER I. General Provisions

Article 1. In order to mitigate compliance risk when utilizing cash payments for operating activities, Jiangsu Zhongtian Technology Co., Ltd. (hereinafter referred to as the **Company**) formulated this *Compliance Rules* in accordance with relevant Chinese laws, rules, and regulations as well as laws, rules, and regulations of **applicable laws** ZTT Compliance Guidelines and in consideration of the environments in which the Company operates

Article 2. The Rules apply to the operation activities of the Company and its foreign and domestic controlled subsidiaries (hereinafter referred to as **Subsidiaries**)

Article 3. The Rules apply to all Employees of the Company and its Subsidiaries

Article 4. Key terms used herein are defined as follows:

- (1) **Compliance** applicable laws, international conventions, Compliance Codes of International Organization, regulatory provisions, industrial standards, business practice, ethics and the and Subsidiaries in their regular course of business.
- (2) **Appropriate Compliance Department** responsible for the business operations refers to the Compliance Standard Department of the Company; or the Compliance Department or Compliance Officer(s) of the Subsidiaries
- (3) **Cash Payment** including anonymous, non-traceable check or money order.

CHAPTER II. Principles for Use of Cash Payments

Payments. However, in the event that the Company and Subsidiaries may conduct business with unreliable local banking sectors and financial institutions in certain countries and areas, small cash payment is allowed for purchase of local project equipment and materials, office supplies, and payment of wages to local employees in such countries or areas, except that Facilitation Payments are generally prohibited (The definitions and related provisions of Facilitation Payments are provided in Articles 10 to 13 of these Rules). While not prohibited *per se*, since Cash Payments present high compliance-related risk, the Company and Subsidiaries must take strict and effective precautions before engaging in any Cash Payments.

Article 7. The Company and Subsidiaries shall have detailed financial controls for authorizing and documenting Cash Payments. These financial controls shall, at the least:

1. The cashier shall only make the Cash Payment upon the approval by the supervisor of business unit, supervisor of financial unit and general manager or other authorized person for the reports signed and submitted by the direct responsible person;
2. Maintain contemporaneous written documentation of the Cash Payment made;
3. Establish and improve cash accounting system, where each cash payment and balance shall be recorded;
4. Arrange Employees other than cashier, to inspect the cash reserves at least monthly regarding the conformity between cash reserves and accounts, filling inspection record, and to report to supervisor of financial unit when discovering problems.

Article 8. In addition to those rules and controls in the Rules on Cash Payments set out the ethical and compliance-related principles that should govern all Cash Payments. The following key principles apply to all Cash Payments:

1. All Cash Payments must comply with the *ZTT Compliance Guidelines*, *ZTT Compliance Rules on Gifts and Hospitality*, *ZTT Compliance Rules on Donations and Sponsorship*, and *ZTT Compliance Rules for Due Diligence on Third Party*.
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 may not make a Cash Payment without obtaining such documentation (see Article 8 and Annex 1 Cash Payment Management Chart for more information).

4. Given the particular concerns in this area, the Company will have zero tolerance for inappropriate use of Cash Payments. When making a Cash Payment, Employees must use caution to ensure that 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 appropriately disciplined.

Article 9. In very limited situations, a receipt, invoice or internal purchase order or other internal supporting documents may not be available. In such circumstances, the Employee is permitted to make a Cash Payment only if the following conditions are met:

1. The amount does not exceed \$500 equivalent;

2. The Cash Payment is immediately (within one business day) reported to the local appropriate compliance office using the Cash Payment Reporting Form (Annex 2). 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 the Compliance Standard Department of the Company to record payments made that were not documented with a receipt or invoice using the Cash Payment Log (Annex 3), and Appropriate Compliance Departments shall report to the Compliance Standard Department of the Company on a monthly basis regarding payments made that were not documented with a receipt or invoice using the Cash Payment Log (Annex 3).

CHAPTER III. FACILITATION PAYMENTS

Article 10. Facilitation Payments are small payments made to public official who is responsible but has no discretionary authority for the routine official approval, to secure or expedite such routine official approval such as *payments to customs officials to accelerate the process of goods inspection or clearance, payments to officials of the company registration authority to accelerate company registration or permits issuance, payments to officials of the immigration authority to expedite the Visa approval, or payment to officials of the transportation authority to avoid or*

reduce fines and other expenses.

Article 11. In principle, the Company and subsidiaries are strictly prohibited from paying Facilitation Payments in any form, including cash, cash equivalents, bank transfers, or in kind, unless:

- (1) The law of the host country allows such payments; or
- (2) The personal health, freedom, or safety of the company's employees are under imminent threat and the Facilitation Payments could not be reasonably avoided under such circumstances;
- (3) Facilitation Payments are expressly permitted by other applicable international conventions or official documents of international organizations, and no corruption, fraud, collusion, coercion, obstruction or other improper conduct is involved in the payments.

Article 12. Even if the Facilitation Payments are allowed, the employee who makes such payments should truthfully fill out the Facilitation Payments Approval (or Filing) Form (Annex 4) prior to or after the payment (if the pre-approval prior to the payment is indeed impossible) and submit it to the Appropriate Compliance Department and the Financial Department. The Facilitation Payments Approval (or Filing) Form shall include the details such as the reason, purpose, recipient, location, amount and payment method of such Facilitation Payment and subject to the

Article 13. All Facilitation Payments must be fully and accurately recorded in the financial book and record.

CHAPTER IV. COMPLIANCE RECORDS AND DOCUMENTS MANAGEMENT

Article 14. Sufficient supporting documents should support each Cash Payment to ensure the payment is truthful, legitimate, and reasonable and the transaction amount is accurate. The appropriate cashier should record each transaction in the daily cash or bank deposit journal after completion of Cash Payment and should maintain the supporting documentation in accordance with the Company or Subsidiaries document retention policies.

Article 15. The Appropriate Compliance Department has the authority and shall audit the financial controls surrounding Cash Payments and Facilitation Payments periodically. Auditing includes steps to determine whether Cash Payments or Facilitation Payments are utilized only when necessary, are properly recorded, documented and accompanied by supporting documents, and comply with the

Compliance Guidelines, ZTT Compliance Rules on Gifts and Hospitality, ZTT Compliance Rules on Donations and Sponsorship, ZTT and Compliance Rules on Third Party Due Diligence, and where reasonable measures can be taken to avoid or limit the Cash Payments or Facilitation Payments

Article 16. The Appropriate 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 Payments in the Company or Subsidiaries comply with the applied laws and compliance policies

Article 17. Each audit will be accompanied by a report detailing any failures observed. Such reports will be maintained by the Appropriate Compliance Department and shared with the Compliance Standard Department of the Company upon its request.

CHAPTER V. DISCIPLINE

Article 18. Failure to comply with the Rules will be grounds for disciplinary action, up to and including termination of employment, consistent with the

Article 19. Employees and third parties who violate the anti-corruption laws and relevant regulations may face prosecution by the investigating agency, and may result in fines and/or imprisonment.

CHAPTER VI. SUPPLEMENTARY PROVISIONS

Article 20. Any questions concerning the Rules should be addressed to the appropriate compliance department.

Article 21. The Compliance Standard Department on behalf of the Company, exercises the supervision on the implementation of the Rules in its departments, and it has the ultimate right to instruct and interpret the implementation of this Rules

ANNEXES

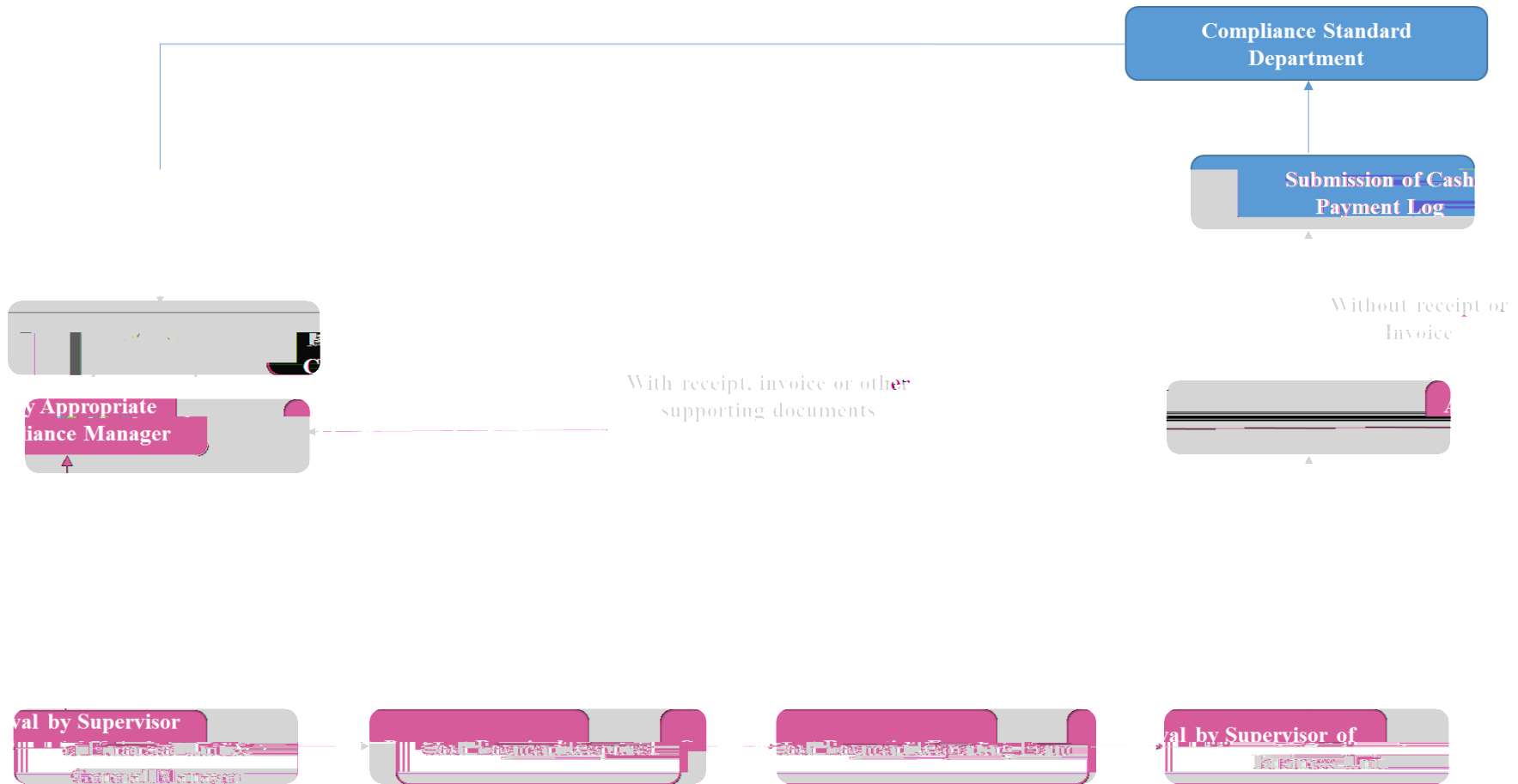
Annex 1: Cash Payment Management Chart

Annex 2: Cash Payment Reporting Form

Annex 3 Cash Payment Log

Annex 4 Facilitation Payments Approval (Filing) Form

Annex 1: Cash Payment Management Chart



Annex 2: Cash Payment Reporting Form

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|----------------------|--|
| Reporting Employee | |
| Employee Position | |
| Company & Department | |
| Date of Report | |

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| 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: Supervisor of Business Unit:
 Position: Supervisor of Financial Unit:
 Company/Dept.: General Manager
 Date: Date:

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Annex 4: Facilitation Payments Approval (Filing) Form

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|---------------------------|--|
| Applicant (Filing Person) | |
| Position | |
| Department | |

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|--|--|
| The Recipient of Facility Payments | |
| The Reason of Facility Payments | |
| The Purpose of Facility Payments | |
| The Location of Facility Payments | |
| The Payment Method of Facility Payments | |
| The Currency of Facility Payments | |
| The Amount of Facility Payments | |
| Amount in RMB (if applicable) | |
| Explanation of the reason why the application cannot be submitted prior to the Facilitation Payment was made (if applicable) | |

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|--|--|
| Explanation of missing supporting documents such as receipts (if applicable) | |
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|---|--|
| Applicant (Filing Person) Signature: Date | Appropriate Compliance Department Date: Supervisor of Financial Unit: Date: |
|---|--|