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# ZTT Compliance Rules on Procurement

## CHAPTER I. General Provisions

**Article 1.** In accordance with relevant Chinese laws, rules and regulations, and those of countries where Jiangsu Zhongtian Technology Co., Ltd. (hereafter as “**Company**”) operates its business (hereafter as “**applicable laws**”) as well as the *Compliance Guidelines, Employee’s Code of Conduct of Conduct* and other compliance regulations and requirements of the Company (hereafter as “**ZTT Compliance Rules**”) and the environments where these Rules operate, these Rules have been hereby formulated to enhance the compliance management of procurement activities.

**Article 2.** These Rules apply to the business activities such as compliance qualifications review carried out by the Company and its domestic and foreign controlled subsidiaries (hereinafter as “**Subsidiaries**”) with the Suppliers during the procurement process. For business activities such as compliance due diligence towards other Third Parties, the Company and Subsidiaries shall apply *ZTT Compliance Rules for Due Diligence on Third Parties*. For definitions of "Procurement", "Suppliers", "Third Parties", etc., please refer to Article 4 below. The Compliance Standard Department of the Company will supervise the implementation of these Rules by the Company and its subsidiaries with the final right of interpretation.

**Article 3.** These Rules apply to all employees of the Company and Subsidiaries.

**Article 4.** Definitions:

1. “**Compliance**” means the adherence of the requirements of applicable laws, international conventions, Employee’s Code of Conducts of International Organization, regulatory provisions, industrial standard, business practices, ethics and the Company’s articles of association and rules and regulations by the Company and its Subsidiaries in their regular course of business.

2. “**Compliance Risks**” refers to the possible negative impacts caused by legal sanctions, administrative penalties, significant loss of property or reputation occurs to the Company and its Subsidiaries or Employees as a result of their Non-compliance Conducts.

3. “**Appropriate Compliance Department**”, depending on the entities responsible for the business operations, refers to Compliance Standard Department of the Company; or Compliance Department or Compliance Officers of the Subsidiaries.

4. “**Procurement Management Department**”, refers to the department or organization of the Company or Subsidiaries which undertakes the procurement task. The Procurement Management of the Company is the Purchase & Supply Division of the Company; the Procurement Management Departments of Subsidiaries are Purchase Division of each Subsidiaries.

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5. “**Functional Department**”, refers to Two-Place-Three-Person team, product company and purchase division of the factory of the Company or its Subsidiaries.

6. “**Bid Management Institution**”, depending on the entities responsible for the business operations, refers to the Bid Evaluation Center of the Company (include Purchase & Supply Division, Bid Evaluation Team and Functional staffs) and Bid Evaluation Team and Purchase Department, etc.

7. “**Procurement**” refers to activities including but not limited to:

- i. Procurement of materials and equipment;
- ii. Project and labor service subcontracting (tendering);
- iii. Rental of houses, equipment and turnover materials; and
- iv. Purchasing or accepting licenses for consulting services regarding technology, management, operation methods and practices.

8. “**Suppliers**” refers to natural persons, partnerships, legal persons or unincorporated entities that provide materials, equipment, labor services, leasing services, or consulting services such as technology, management, operation methods and practices, or accept licenses to stock companies or subsidiaries.

9. “**Third Parties**” refers to all entities such as agents, advisers and other intermediaries, consultants, representatives, distributors, contractors, consortia and joint venture partners, as well as other kind of third parties with whom it has business relationships or with whom it works to obtain orders or permits (whether an individual, partnership, corporation or unincorporated entity) engaged by the Company or any Subsidiaries in any forms or under any titles.

10. “**Related Enterprise/Related individual**” refers to legal persons or individuals who directly or indirectly control, are under controlled by or having significant influence on third parties.

11. “**Government Organizations**” include but are 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.

12. “**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).

13. “**Public Official**” includes but not limited to:

- v. Officials, employees, representatives of governments, and any other person acting on behalf of a government (or otherwise authorized to act under official right);
- vi. Officials, employees, or representatives of public international organizations;
- vii. Officials, employees, or representatives of political organizations or members of royal families, who exercise public authority; and

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

14. “**Conflict of Interest**” means the companies or persons who participate the bid has a collusion or competition of interest with the tenderer or other bidders, including but not limited to following circumstances:

1. The person who participate the bid holds or used to hold a position in the tenderer or other bidders, or had a close relationship with employees of the tenderer or other bidders;

2. The person who participate the bid has economic interest such as stocks or bonds in the tenderer or other bidders;

3. The participating company has a relationship at the level of equity, business, or economy with the tenderee that may interfere with the fairness of bidding activities.

4. Other circumstances which might affect the objective judgment of the tenderer on procurement matters.

**Article 5.** The Rules is effective simultaneously with valid regulations on procurement, such as ZTT Group Supplier Management Policy and ZTT Group Procurement & Bidding Policy. After the enactment of this Rules, other regulations on procurement continues to take effect, and this Rules shall prevail if there is any contradiction among them.

## **CHAPTER II. Department and Duty**

**Article 6.** The Procurement Management Department and Tendering Management Institution of the Company and Subsidiaries shall implement the compliance management in the process of procurement to ensure the compliance of purchase and bidding. The Appropriate Compliance Department shall guide, supervise and inspect whether the procurement activities complied with the above rules.

**Article 7.** The responsibility on compliance management of the procurement of the Procurement Management Department of the Company and Subsidiaries includes but not limited to the following:

1. In accordance with applicable laws and compliance rules of the Company, further developing the rules and regulations on procurement, issuing the corresponding rules on implementation for procurement, as well as supervising the execution of such rules;

2. Participating in the review of suppliers, evaluation on bids, contract negotiation; choose and review the qualified suppliers with the Appropriate Compliance Department together; issuing *Qualified Suppliers List* periodically;

3. Collecting compliance risk information related to the procurement in the

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process of preview of qualification of suppliers, and hand out *Supplier Questionnaire* to suppliers (see Annex 2 Supplier Questionnaire) and *Declaration of Compliance* (see Annex 3 Declaration of Compliance);

4. Assessing the risks and completing the *Supplier Assessment Form* (see Annex 4 Supplier Assessment Form);
5. Other responsibilities provided by ZTT Compliance Rules.

**Article 8.** The responsibility on compliance management of the procurement of the Functional Department of the Company and Subsidiaries includes but not limited to the following:

- I. Making the annual, seasonal and monthly report and plan for procurement project and review the compliance of procurement project and plan;
- II. Reviewing the procurement plan and filing to the Procurement Management Department;
- III. Preparing the Tendering projects, arranging the opening of bids, preparing tendering requirements, and preview the qualification of bidders; and
- IV. Arranging meeting, process, documentation and archive of the tendering activities.

**Article 9.** The responsibility on compliance management of the procurement of the Appropriate Compliance Department of the Company and Subsidiaries includes but not limited to the following:

- I. Drafting and revising the plan, rules and process of compliance management on procurement;
- II. Organizing and coordinating the qualification review of procurement and examining and reviewing the compliance of tendering of the Procurement Management Department;
- III. Reviewing compliance risks, completing Red Flags Check List, and approving, filing and reporting the relevant risky procurement;
- IV. Identifying the conflict of interest between the Company, its Subsidiaries, or the staffs and the bidders involved in the procurement;
- V. Investigating the noncompliance activities in the procurement and transferring the case to public authorities;
- VI. Reviewing the supervision file of procurement periodically to ensure the effectiveness and reliability of the review process of qualification;
- VII. Other responsibilities provided by ZTT Compliance Rules.

**Article 10.** The Company and its Subsidiaries shall set up its own Procurement Supervisory Group or department (as circumstances permit) which may consist of

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members from the Procurement Management Department and Appropriate Compliance Departments as decided by senior management in consultation with the Appropriate Compliance Department and other relevant officers and staff.

These Procurement Supervisory Groups shall be independent of the Tendering Management Institution established pursuant to Chapter III below and will have responsibility for supervising overall procurement activities.

**Article 11.** The Procurement Supervisory Group(s)' major responsibilities are to:

1. Conduct compliance reviews in procurement plans and activities;
2. Receive and deal with suspicions of procurement errors or misconduct, and reports on noncompliance conduct during the procurement process, from employees and also the suppliers;
3. Conduct compliance reviews on tendering processes and results;
4. Review the procurement to ensure it comply with ZTT Employees' Code of Conduct and other ZTT Compliance Rules;
5. Undertake other preventative and supervisory reviews as directed by the Company Chief Compliance Officer, as applicable.

**Article 12.** If a Procurement Supervisory Group identifies any violation of laws or compliance requirements of ZTT Compliance Rules in procurement activities, it shall report promptly to the Person in charge responsible for procurement and the Appropriate Compliance Department(s) of the Company and its Subsidiaries. The Person in charge and the Appropriate Compliance Department shall decide to suspend or terminate the tendering process, or renounce the award, subject to conditions; if it is necessary, they may decide to take measures of remedy or discipline against the noncompliance conduct.

**Article 13.** The Company and its Subsidiaries shall adopt appropriate procurement methods based on relevant market circumstances and procurement plans. The range of competitive tendering is provided by Article 4 "Items subject to tender in accordance with this regulation" of *the Procurement & Bidding Policy of ZTT Group*.

Within the range of application of tendering, if the Procurement Management Department choose not to purchase through non-tendering, the approval process of Article 11 of *the Procurement & Bidding Policy of ZTT Group* must be fulfilled.

**Article 14.** Procurement Supervisory Groups 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.

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### CHAPTER III. Principles of Tendering For Procurement

**Article 15.** The Company and its Subsidiaries shall set up a Tendering Management Institution that is responsible for tendering procurement. The Tendering Management Institution shall always include the Appropriate Compliance Department. The Tendering shall be responsible to the Company and its Subsidiaries' senior management and be subject to supervision from the Procurement Supervisory Group.

**Article 16.** All tendering activities shall comply with applicable laws (including the "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 Management Institution is empowered to report to the Person in charge responsible for procurement and Appropriate Compliance Department to be approved to disqualify any bidder who violates the tendering rules of the Company and its Subsidiaries, ZTT Compliance Rules, or other rules stated as tendering conditions or requirements under applicable tendering documents.

**Article 17.** The best, most qualified bidder shall be nominated as the winning bidder. The specific rules is either provided by *the Procurement & Bidding Policy of ZTT Group* or to be formulated based on *the Procurement & Bidding Policy of ZTT Group* by the Tendering Management Institution.

**Article 18.** 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 personnel, 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 19.** 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 the Company and its Subsidiaries 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 Group that the alleged conflict of interest does not exist.

**Article 20.** The relevant Procurement Supervisory Group shall monitor the entire tendering activities and conduct a compliance review on the following:

1. Whether or not any member of the Tendering Management Institution, or any separate bid evaluation group established by the Company and its Subsidiaries has any interest in the respective tender or has any conflict of interest;
2. Whether or not the composition of the Tendering Management Institution or any bid evaluation group is reasonable, and whether or not the bid evaluation process is fair and impartial;

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3. Strict review of sole-sourced or sole-bidder contracts; and
  4. If the tendering-related might involve subcontracting of projects of the Company, it should be based on applicable laws and contract provisions to decide if the subcontracting is permitted or if such subcontracting had been disclosed to owner.

If any compliance red flags are identified at any stage of a tender, they shall be reported to the Appropriate Compliance Department for review, investigation, and redress as appropriate.

**Article 21.** The following activities are strictly prohibited in the Company and its Subsidiaries tendering:

1. Avoiding tendering by means of changing tendering plans or procedures (unless otherwise permitted under applicable laws, the Procurement and Bidding Policy of ZTT Group, and Article 13, Paragraph 2 of this Rules) applicable to a project which is subject to being tendered under applicable laws and the this Rules;
2. 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);
3. Negotiating secretly or colluding with one or more of the bidders;
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 tendering documents after the deadline of tendering, or requesting any post-bid discount;
8. Disclosing the names and contact information (except for open contact information in tendering document) of Tendering Management Institution or bid evaluation group 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); disclosing bidding documents or content of negotiation before the signing of contract;
9. 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;
10. Receiving bribes or obtaining other improper benefits, or soliciting them, from a bidder; receiving gifts, money, banquet from bidders or tenderer, or involving in any relationship that could affect the impartiality of the tendering;

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11. Concealing or destroying bid-invitation and other tender documents that ought to be preserved, or forging or fabricating bid documents;
  12. Conducting tendering activities in violation of the approved tender;
  13. Signing contract with provisions against the provisions in the tendering document;
  14. Impeding or refusing the supervision or inspection from the Procurement Supervisory Group or the Appropriate Compliance Department of the Company and Subsidiaries; and
  15. Other non-compliant or illegal activities leading to disrupting the bidding process and affecting fair competition with unfair measures.

#### **CHAPTER IV. Pre-qualification Compliance Review**

**Article 22.** The Company and its Subsidiaries shall, according to applicable and valid National Standard and requirements of regulations of the Company, implement Supplier review policies and set up a Qualified Suppliers List.

**Article 23.** 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 requirements of ZTT Compliance Rules.

**Article 24.** For tendering activities of bulk procurement involving services contracts, project subcontracting, equipment and materials, Third Parties except for Suppliers shall be governed by *ZTT Compliance Rules for Due Diligence on Supplier*.

**Article 25.** The Procurement Management Department shall, according to the provisions of this Chapter, conduct compliance qualification review on all suppliers including compliant suppliers, to ensure they complies with the requirement of the Appropriate Compliance Department.

The Procurement Management Department shall hand out Supplier Questionnaire and Declaration of Compliance to suppliers, collect relevant compliance information from suppliers, and complete Supplier Assessment, all of which shall be submitted to the Appropriate Compliance Department together with the procurement plan for approval.

**Article 26.** 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 the Company and its Subsidiaries or State Commercial Department);
2. Supplier background, including ultimate beneficiary, directors, senior management, etc.

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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 27.** Compliance risk of the Supplier shall be evaluated and classified by the Appropriate Compliance Department based on the information collected from the pre-qualification compliance review. (See Annex 5. Red Flag Check List):

The Compliance Risks of procurement are categorized as follows:

I. Critical Risk Level which is prohibited to cooperate

Certain risks preclude any use of the suppliers under any circumstances. Such risks are:

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, 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 criminally wanted internationally or locally.
4. The Supplier refuse to cooperate in completing the compliance qualification review.
5. Any other risks in equivalent with the degree of above-mentioned risks.

II. Risk Class One refers to circumstances in which the supplier may seriously violate the applicable laws or regulations, and cooperation with such Supplier may lead to sanctions, penalty, loss of property or reputation and other negative effect, including but not limited to:

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1. 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;
  3. The Supplier, its parent entity, or any of its affiliate entities, is listed on the restricted Supplier blacklist by the Company and its Subsidiaries.
  4. Any other risks in equivalent with the degree of above-mentioned risks.

III. Risk Class Two refers to circumstances in which although the supplier doesn't violate the applicable laws or regulations, and cooperation with such supplier may possibly lead to sanctions, penalty, loss of property or reputation and other negative effect, including but not limited to:

**Reputation:**

1. The country or region where the project or contract involving suppliers to be performed is listed in List of High-Risk Countries/regions published by the Company or State Commerce Department for the current year;
2. The prospective supplier has a poor reputation;

**Relationship with government and public officials:**

3. The prospective Supplier, its parent, or any affiliated entity, or any of their owners (including beneficial owners), shareholders, or management personnel used to be a public official in the last three years or has a contractual, personal or family relationship with a government agency or public officials in the location of or involved in any way with the project or business for which the Supplier is proposed to be retained;
4. The family members or relatives of prospective Supplier, its parent, or any affiliated entity, or any of their owners (including beneficial owners), shareholders, or management personnel are public officials of government or ruling party where the project or business operate or in connection with the project or business.
5. The Supplier is designated or strongly recommended to be retained by the Company and its Subsidiaries by government agency, international organization or public officials involved in any way with the project or business;

**Business capability:**

6. The Supplier is a natural person;
7. The supplier is a newly established company or organization for the purpose of bidding;
8. The Supplier 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;

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9. The Supplier is not equipped with corresponding resources, employees to undertake the service in the Supplier Agreement, or the Supplier engages or plans to engage an unnecessary subcontractor (e.g. consultant, distributor, and sub-agent) or multiple agencies to perform the agreement;

10. The Supplier lacks relevant business or technique experience, or it hasn't conducted such business for a long time.

**Payment:**

11. The Supplier demands payment or commission fee which is far beyond the service it provides or the risks it bears;

12. The Supplier requires a one-time payment in cash or cash equivalents;

13. The Supplier requires an irregular payment terms, e.g. payment made to countries or regions other than place of registration, business or providing service, or payment made to banks or Third Parties irrelevant with this transaction, or payment made in a third world currency, or payment made to individuals when a company provide services, or payment in the purpose of avoiding laws (e.g. tax avoidance);

14. The Supplier refuses to record the expenditure properly;

**Other circumstances:**

15. The Supplier refuses to sign the Declaration of Compliance regarding the anti-corruption laws (see Annex 3)

16. The Supplier insists to avoid using written communications, including emails, fax, etc.

17. No other supplier was considered by the Company and its Subsidiaries for the particular project or contract;

18. Any other risks in equivalent with the degree of above-mentioned risks.

IV. Risk Class Three refers to circumstances in which cooperation with such supplier may possibly lead to sanctions, penalty, loss of property or reputation and other negative effect, but the risk is lower than the above Critical Level, Class One and Class Two.

**Article 28.** With regard to different levels of compliance risks on procurement, the Company and Subsidiaries may exercise the following approval process:

I. If the compliance risk of the supplier is Critical Risk Level which prohibits the cooperation, the Company and its Subsidiaries should not enter into contract or cooperate with such supplier;

II. For Risk Class One, a contract or other business cooperation of the Company and its Subsidiaries shall be prohibited in principle. If cooperation or a contract is nonetheless determined to be necessary, the compliance risk posed by the proposed supplier must be sufficiently mitigated (e.g. by severing its relationship with the individual or affiliate which caused the supplier to be categorized in Risk Class One, or the Company and its Subsidiaries will limit the relationship with such supplier in a certain range) and advance and joint approvals must first be obtained from the

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Appropriate Compliance Department of the Company or its Subsidiaries, the Person in charge responsible for procurement of the Company and its Subsidiaries, and the Chief Compliance Officer of the Company.

III. For Risk Class Two, approvals from the Appropriate Compliance Department of the Company and its Subsidiaries are required before entering into contract or cooperation with the Company or Subsidiaries;

IV. For Risk Class Three, the Company and its Subsidiaries may directly enter into contract or cooperate with such suppliers, provided that the Appropriate Compliance Department still needs to file and record the supplier.

**Article 29.** 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 30.** Based on the results of the compliance qualification review, any Supplier which obviously fails to meet the compliance requirements, after approval from the Chief Compliance Officer of the Company and the Person in charge responsible for procurement, will be blacklisted and prohibited from contracting and cooperation. The Company and its Subsidiaries 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 32 to regain the qualification below.

**Article 31.** The Procurement Management Department and Tendering Management Institutions shall systematically record, classify, file, and archive the tendering review process and results promptly, establish a procurement control file, and regularly maintain and update the files. The Appropriate Compliance Department shall have access to such files upon request.

**Article 32.** For Suppliers listed on any internal blacklist, the Appropriate Compliance Department of the Company and its Subsidiaries 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 33.** Sufficient supporting documents must be retained by the Company and its Subsidiaries for all procurement-related activities, including compliance review 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.

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## **CHAPTER VI. Discipline**

**Article 34.** The employees of the Company and its Subsidiaries fail to comply with the this Rules, given the seriousness of the circumstance, will be subject to disciplinary actions from public notice to termination of job, consistent with applicable laws and internal rules of the Company, provided that they will also be pursued for liability.

## **CHAPTER VII. Miscellaneous**

**Article 35.** Any questions concerning this Rules should be addressed to the Appropriate Compliance Department.

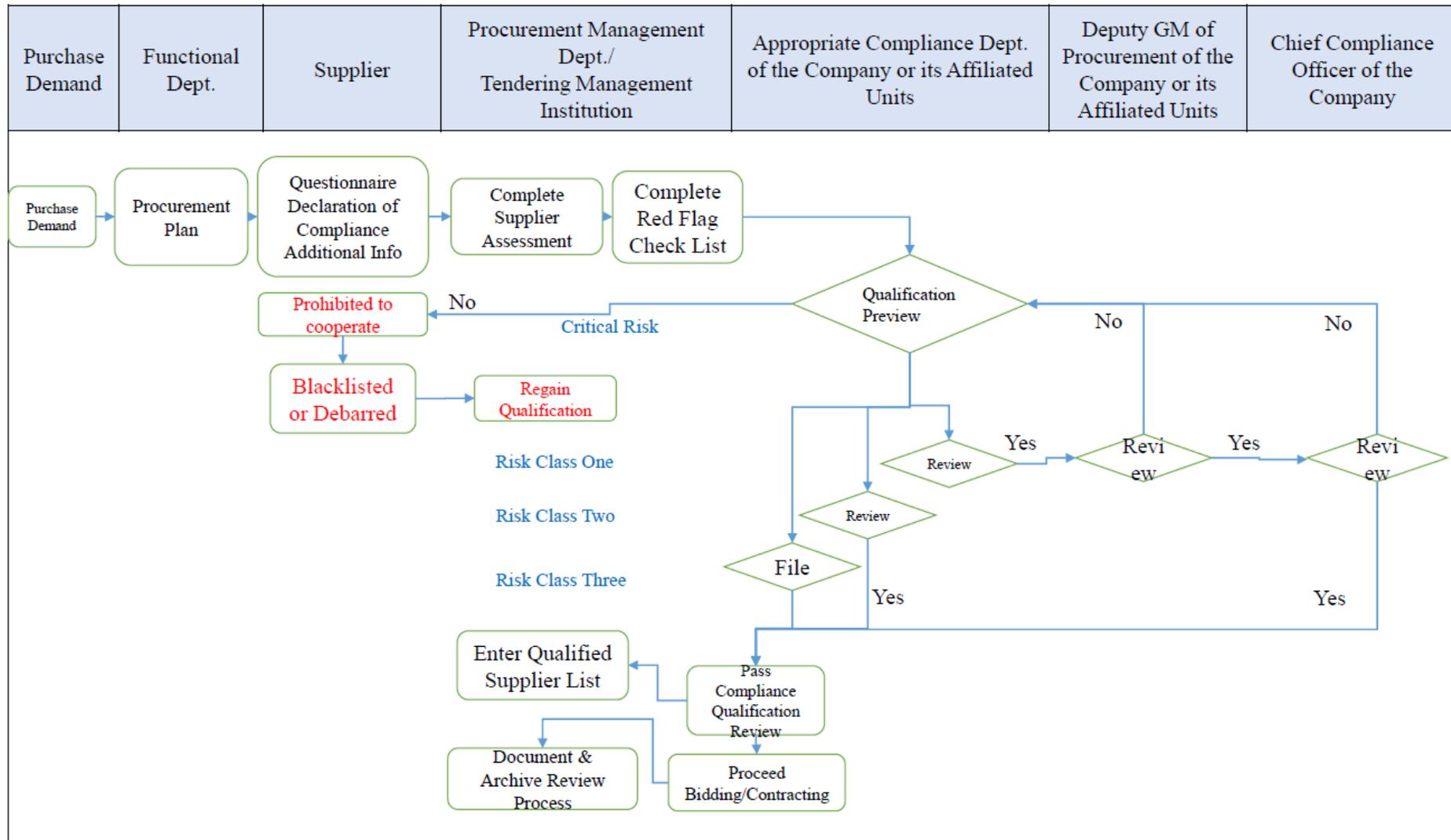
**Article 36.** The Compliance Standard Department of the Company, on behalf of the Company, exercise the supervision on the implementation of these Rulesis Rules in its departments, and it has the ultimate right to instruct and interpret the implementation of this Rules.

### **Annex:**

1. Compliance Qualification Review Flowchart
2. Supplier Questionnaire
3. Declaration of Compliance
4. Supplier Assessment Form
5. Red Flag Check List

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## Annex 1. Compliance Qualification Review Flowchart



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## Annex 2

### 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 “ZTT” 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*”, and “*the Criminal Law of PRC*”. ZTT 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 ZTT. Should any potential red flags be identified, the information collected may be transmitted to ZTT’s management or the Company’s external legal counsel. ZTT 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 ZTT.

*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.

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The term “Public Official” should be broadly interpreted in this *Questionnaire*. Nevertheless, this term refers but not limited 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, or personal name in case of sole proprietorship.

2. County/ region of the Supplier’s principal place of business and specific address

3. Telephone Number of the Main Office\_\_\_\_\_

Fax Number\_\_\_\_\_

4. E-mail Address\_\_\_\_\_

Website\_\_\_\_\_

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## II. OWNERSHIP STRUCTURE of the SUPPLIER

5. Business Type (Mark “√” in the right blank):

\_\_\_ 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 (shareholders) 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 payment 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.

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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 if necessary.

10. Identify any individuals or entities listed in response to questions 9 and 10 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.

Name	Interest

11. Identify any individuals or entities listed in response to question 9 to 10 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.

Name	Interest
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12. For any individuals or entities listed in response to questions 9 and 10, if they are officers, directors, shareholders, partners, beneficiaries of any other companies, please provide relevant information.

**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 \_\_\_\_\_

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Prior contractual relationships (if any) with ZTT, if applicable

**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.

(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's Phone Number: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
Reference's Phone Number: \_\_\_\_\_  
Reference's Phone Number: \_\_\_\_\_

16. Please provide one of the following:

- (1) Latest audited financial report;
- (2) Financial information or statement 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

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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 (shareholder), 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.

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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 (Here only fill in the bank account information for receiving the payment from ZTT).

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## **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 ZTT;

(1) Identification (e.g., photocopy of ID Card or passport) for the person who will be the signatory to the agreement;

(2) Documentation verifying your business address or addresses where any work under the Purchase Agreement will be undertaken (e.g., copy of business stationery);

(3) Documentation evidencing your legal and beneficial ownership (e.g., documents from the registry in the country of incorporation or publicly available registration information, which needs to be verified by signed statement);

(4) Documentation evidencing your incorporation, registration, or other legal establishment (e.g., certificate of incorporation or business license);

(5) Any required registrations, licenses, permits, or similar documentation authorizing the Supplier to carry out the business appropriately within the territory, if required by applicable law;

(6) 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

(7) 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.

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### Guarantee

On behalf of \_\_\_\_\_ (the name of the commercial entity that has signed the agreement with ZTT), I hereby guarantee the above information truly, accurately and fully reflects all affiliated relationships between and additional information requested by ZTT \_\_\_\_\_ (the name of the business entity entering into the agreement with ZTT) and public officials.

In accordance with the applicable 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 ZTT.

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

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

Name: \_\_\_\_\_

Position: \_\_\_\_\_

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

### **Declaration of Compliance**

The undersigned (the “Supplier”) hereby represents and warrants to for [PLEASE FILL IN JIANGSU ZHONGTIAN TECHNOLOGY CO., LTD. (“ZTT”) OR NAME OF AFFILIATED UNIT] as follows:

1. The Supplier has received a copy of, and been informed about the ZTT Employee’s Code of Conduct. 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 ZTT, the Supplier agrees to abide by the ZTT Employee’s Code of Conduct. 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 The Company and its Subsidiaries 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 ZTT. 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 ZTT.

3. The Supplier is also familiar with and understands the provisions of all applicable anti-bribery, anti-corruption, fair competition, tendering and procurement laws of the countries in which it does business related to ZTT. 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, as legal person or non-legal person 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 administrative or criminal enforcement actions, both at home and abroad, for improper conduct relating to bribery, corruption, collusion, false statements in tendering or procurement, or violation of the laws governing business entities.

5. The Supplier does not have any other undisclosed owners, shareholders, actual controller 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 ZTT do not violate

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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 \_\_\_\_\_ [please fill in the name of ZTT or its affiliates] and provide a supplementary report detailing such change. If the Supplier, after entering into Agreement with \_\_\_\_\_ [please fill in the name of ZTT or its affiliates], violates the aforementioned warrants and conducts the non-compliance activities which it promised not to, \_\_\_\_\_ [please fill in the name of ZTT or its affiliates] shall have the right to terminate the Agreement.

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

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Supplier Questionnaire**

**I. GENERAL BUSINESS PROFILE**

1. The official name and trade name 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 (if it is individual, fill in the domicile 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 the Company and its Affiliated Units

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## 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 the Company and its Subsidiaries.

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 and strength of the supplier

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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 the Company and its Subsidiaries' attention, including recommendation by a customer or a public official or their relatives.

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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. (Procurement Management Department should preliminarily search for the name of the Third Party to conduct a preliminary review.)

19. Other unethical or dishonest conducts of the Supplier uncovered through public available information from sources such as commercial register, local media, etc.

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#### 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 known to Procurement Management Department, the account number and the address of the bank.

22. If the bank used by Supplier 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: \_\_\_\_\_

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Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Annex 5

**Red Flag Check List**

<b>Critical Risk Level which is prohibited to cooperate</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
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;	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier, its parent company, or any affiliated companies or persons, have been listed on a Public International Organization, or local Government Organization's blacklist or debarred list;	<input type="checkbox"/>	<input type="checkbox"/>
The current shareholder or senior management of the Supplier, its parent company or any affiliated companies is currently criminally wanted internationally or locally.	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier refuse to cooperate in completing the compliance qualification review.		
Any other risks in equivalent with the degree of above-mentioned risks.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Risk Class One</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
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	<input type="checkbox"/>	<input type="checkbox"/>
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;	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier, its parent entity, or any of its affiliate entities, is listed on the restricted Supplier blacklist by the Company and	<input type="checkbox"/>	<input type="checkbox"/>

its Subsidiaries.		
Any other risks in equivalent with the degree of above-mentioned risks.		
<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 involving suppliers to be performed is listed in List of High-Risk Countries/regions published by the Company or State Commerce Department for the current year;	<input type="checkbox"/>	<input type="checkbox"/>
The prospective supplier has a poor 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>Business capability</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 a newly established company or organization for the purpose of bidding;		
The Supplier is a corporation which has a short operating	<input type="checkbox"/>	<input type="checkbox"/>

history, a weak corporate governance framework, or is being operated temporarily or managed by a single person;		
The Supplier is not equipped with corresponding resources, employees to undertake the service in the Supplier Agreement, or the Supplier engages or plans to engage an unnecessary subcontractor (e.g. consultant, distributor, sub-agent) or multiple agencies to perform the agreement;	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier lacks relevant business or technique experience, or it hasn't conducted such business for a long time.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Payment</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The Supplier demands payment or commission fee which is far beyond the service it provides or the risks it bears;	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier requires a one-time payment in cash or cash equivalents;	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier requires an irregular payment terms, e.g. payment made to countries or regions other than place of registration, business or providing service, or payment made to banks or Third Parties irrelevant with this transaction, or payment made in a third world currency, or payment made to individuals when a company provide services, or payment in the purpose of avoiding laws (e.g. tax avoidance);	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier refuses to record the expenditure properly;	<input type="checkbox"/>	<input type="checkbox"/>
<b>Other circumstances</b>	<b>Concern Exist</b>	<b>Concern Non-exist</b>
The Supplier refuses to sign the Declaration of Compliance regarding the anti-corruption laws (see Annex 3)	<input type="checkbox"/>	<input type="checkbox"/>
The Supplier insists to avoid using written communications, including emails, fax, etc.;	<input type="checkbox"/>	<input type="checkbox"/>
No other supplier was considered by the Company and its Subsidiaries for the particular project or contract;		
Any other risks in equivalent with the degree of above-mentioned risks.		

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<b>Approval Details</b>	
Appropriate Compliance Department of the Company and its Subsidiaries (Risk Class One & Two)	Signature: Date:
Person in charge responsible for procurement of the Company and its Subsidiaries	Signature: Date:
Chief Compliance Officer of the Company.	Signature: Date: