

China High Speed Transmission Equipment Group Co., Ltd.
中國高速傳動設備集團有限公司
(the “Company”)

Anti-corruption Policy

1. Purpose

The Company and its subsidiaries (the “Group”) are dedicated to a high level of integrity, transparency, clean practice, accountability and professional conduct as well as fair standards. The Group upholds a zero-tolerance policy against corruption, bribery and any malpractice.

This Anti-corruption Policy (the “Policy”) provides a guide to the code of conduct preventing corruption, bribery, fraud and other malpractices and assists the directors and employees of the Group as well as other stakeholders to identify and deal with events that may involve corruption or unethical business conduct.

This Policy is an important part of the corporate governance framework of the Group and outlines the expectations and requirements of the Group for the level of business ethics as well as the mechanism addressing the investigation and reporting of corruption, bribery and any unethical business conduct, together with the Whistle-blowing Policy and the Management Commitment of the Group as well as the Business Conducts and Ethical Code, the Anti-fraud Reporting Management Policy, the Sunshine Agreement and the Employee’s Commitment of the Company’s subsidiaries.

2. Scope of Application

This Policy is applicable to all the personnel of the Group, including directors and employees (including temporary or contract employees for the purpose of this Policy) as well as personnel who provide services for the Group or act on behalf of the Group.

3. General Policy

The Group upholds a zero-tolerance policy against corruption in whatever form. With every possible effort, we forbid the request or acceptance of bribes or inappropriate interests from others in the business activities of the Group, including offering bribes or providing any inappropriate interest to civil servants in conducting business activities of the Group in either Hong Kong or other regions where the Group conducts business.

All people covered by this Policy shall observe this Policy as well as all applicable laws and regulations (which may be even stricter than the contents of this Policy) forbidding corruption and preventing bribery in jurisdictions where the Group conduct business, including without limitation to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Anti-Unfair Competition Law of the People’s Republic of China and the Anti-money Laundering Law of the People’s Republic of China. Violations may lead to disciplinary action and may eventually result in the termination of post and/or personal civil or criminal penalty.

It is the responsibility of every director and employee to abide by this Policy. Employees refusing to participate in and/or conspire for fraud or offering of bribes will not suffer from demotion, punishment or other adverse consequences.

The Group conducts regular risk assessments to identify and assess the risk of corruption. The internal monitoring system of the Group maintains monitoring and/or prevents the risk of corruption. We have established a whistle-blowing mechanism to ensure whistle-blowers can express their concerns without fear.

4. Policy Approval and Implementation

The board (the “Board”) of directors of the Company bears the overall responsibility for this Policy and is responsible for establishing and implementing the anti-corruption framework, including this Policy, supervision, monitoring, communication and training.

This Policy has been reviewed and adopted by the Board. Any future amendment to this Policy shall be approved by the Board.

The Board also pays attention to the anti-corruption policy of the subsidiaries of the Company and causes related anti-corruption policies of the subsidiaries to be consistent with this Policy (which provide detailed ethical standards and anti-corruption guides for employees).

The directors and senior management of the Group are responsible for ensuring the implementation of this Policy, and particularly monitoring any activities that triggers material fraud or bribery within the Group.

5. The Group Forbids Inappropriate Payments, Kickbacks and Bribes in Other Forms

The Group forbids corruption and bribery in whatever form. Any director or employee, when conducting business of the Group in either Hong Kong or other regions, shall not seek, accept or offer bribes from or to any person (including without limitation to civil servants, advisors, contractors, customers and suppliers (the “Business Partners”)).

In performing any affairs of the Group, director or employee shall abide by this Policy as well as laws and regulations preventing corruption and bribery. It is forbidden to:

- 1) Directly or indirectly seek, accept or receive bribes, inappropriate interests or kickbacks related to the Group’s business from or to any person (either private individuals or civil servants);
- 2) Directly or indirectly provide, promise, offer or authorize any bribe or inappropriate interest or kickback to any person (either private individuals or civil servants) for the purpose of obtaining business or interests for the Group, oneself or any other person;
- 3) Influence conduct of others in an illegal or inappropriate manner (including bribery, preferential treatment, blackmail, financial payment, inducements, secret commission, loan and other interests); or
- 4) Act as the intermediary for the third party to seek, accept, pay or provide bribes in whatever form.

6. Guide to Accept or Provide Interests

6.1 Acceptance of interests

The Group forbids the directors and employees to seek or accept any interest for themselves or others from any person, company, institution or affiliate conducting business transactions with the Group.

- 1) In consultation, negotiation or business cooperation on behalf of the Group, director or employee is forbidden to seek interests from civil servants or Business Partners or illegally accept interests from others.
- 2) When the interest is voluntarily offered, the director or employee shall make a right judgment on whether or not the acceptance of such interest violates any applicable law and this Policy.
- 3) If the acceptance of such interest affects the objectivity of the director or employee or entices him or her to engage in conduct that is detrimental to the interest of the Group, the director or employee shall refuse to accept it. By the same token, if the acceptance of such interest will trigger doubt or a complaint that is considered discriminatory or inappropriate, the director or employee shall also refuse to accept such interest.
- 4) When accepting the interest related to his or her position in whatever form, the director or employee shall handle it in accordance with the applicable code of business conduct.

6.2 Offer interests

In performing the Group's affairs, director or employee of the Group shall not directly or indirectly provide interests through third parties to any director, employee or agent of another company or institution to influence such person's business decision, or provide interests for any members or employees of such government agencies or public institutions in conducting any business with them. Even if the interests are not provided with the motive of inappropriate influence, the director or employee shall confirm that the proposed recipient of such interests has obtained the permission from his or her employer or principal to accept such interests before providing such interests.

6.3 Hospitality and gifts

Although hospitality is an acceptable commercial and social activity in general business, directors and employees shall refuse to accept excessive luxurious or frequent hospitality provided by persons having business relations with the Group (such as suppliers or contractors) or their subordinates to avoid owing graces to the providers of such hospitality.

Even though business hospitality or gift ("Business Courtesy") is the habitual treatment intended to establish goodwill with Business Partners. Business Courtesies shall observe the following principles when considered either alone or together with other hospitality or gifts:

- 1) They must be allowed by applicable laws, rules and regulations;
- 2) They must be appropriate values;

- 3) They must be suitable and in line with reasonable business practices;
- 4) They must be provided only for the purpose of establishing or maintaining lawful business relations or offering normal courtesies but not for the purpose of influencing the objectivity of the recipient of interests when a specific business decision is made.

7. Conflict of Interests

The directors and employees shall avoid any conflict of interest (namely, conflict between personal interests and the Group's interests) or the circumstance regarded as involving the conflict of interest. They shall declare interests to the Group in case of an actual or prospective conflict of interest.

Below are some common examples of the conflict of interest (cases involving the conflict of interest listed below are non-exhaustive):

- 1) An employee involved in procurement is closely related to or has financial interests in one of the suppliers considered by the Group;
- 2) An employee responsible for handling employment or promotion affairs is the family member, relative or close relation of one of the applicants or employees considered for promotion;
- 3) A director has financial interest in one of the companies that participates in the tendering and is being considered;
- 4) An employee takes a part-time job in one company under his or her supervision.

8. Abuse of Powers, Assets and Information of the Group

Abuse of powers to obtain personal interests is prohibited. Personal interests include the financial and personal interests of the directors and employees as well as their family members, relatives or personal friends.

If they are authorized to manage or use the Group's assets (including without limitation to cash, properties, information and intellectual property rights), the assets shall only be used for conducting the Group's affairs. The Group forbids the directors and employees to use the Group's assets for unauthorized purposes, for example, abuse assets to seek personal gains.

Tip offing of any confidential information of the Group or abuse of any information of the Group (for example, selling information without authorization), unless otherwise authorized is forbidden. If a director or employee is authorized to retrieve or manage such information, including information in the computer system of the Group, he or she shall take confidentiality measures anytime to prevent such information from being abused or divulged without authorization.

9. Records, Accounts and Other Documents

The directors and employees of the Group shall make sure the contents of all records, receipts, accounts or other documents submitted to the Group shall report the indicated affair or business transaction as it is. If a director or employee deliberately uses the document containing false information to deceive or mislead the Group, he or she may violate this Policy and the Prevention of Bribery Ordinance, whether he or she obtains any gains or interests.

10. Whistle-blowing and Action

Any director or employee shall have the responsibility to report any conduct that may violate this Policy, and the Whistle-blowing Policy of the Group provides for the channel to report the violation of this Policy and the corresponding action mechanism.

All the employees of the Group shall in a timely manner report corruption and any inappropriate business conduct that violates or potentially violates this Policy through the channel provided in the Whistle-blowing Policy.

The Group will carefully review and evaluate all reported problems to determine whether they violate laws, regulations or this Policy. The Group will handle every whistle-blowing case as soon as possible and is dedicated to protecting the identity information of the whistle-blower to prevent the whistle-blower behaving in good faith from suffering revenge.

The Group reiterates its upheld of zero-tolerance policy against corruption, and will report the case to the related law enforcement agency on an as-needed basis and take disciplinary action against related employees, for example, terminate the post (such as employees), terminate the contract and deny future business participation (such as suppliers).

11. Communication and Training

The Group offers anti-corruption training for the directors and employees to ensure they know and understand this Policy.

The directors and employees shall accept the Group's anti-corruption training, and training courses include but are not limited to online/offline classrooms and training workshops.

12. Review and Supervision

This Policy will be reviewed at regular intervals to ensure its pertinence and validity and reflect regulatory provisions and good corporate governance practices.

13. Language

This Anti-corruption Policy is made in Chinese and English. In the case of any discrepancies between the English and Chinese versions, the Chinese version shall prevail.