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## CanSino Biologics Inc.

### Anti-corruption and Anti-fraud Management System

#### Chapter 1 General Provisions

**Article 1** In order to promote and enhance the anti-corruption, anti-bribery and anti-fraud management in CanSino Biologics Inc. (hereinafter referred to as “the Company”), strengthen the supervisory system, promote the anti-corruption system, regulate the business conduct of the Company, establish the business philosophy of honesty, trustworthiness and legal compliance, and avoid corruption, bribery and fraud behaviors that are detrimental to the reputation and interests of the Company, this Anti-corruption and Anti-fraud Management System (“System”) is hereby formulated in combination with the actual situation of business development and own characteristics of the Company, according to the provisions and guidance of the *Criminal Law of the People's Republic of China*, *Anti-unfair Competition Law of the People's Republic of China*, *Drug Administration Law of the People's Republic of China*, *Compliance Management Code for Pharmaceutical Enterprises*, and *Guidelines for Compliance Management of Central Enterprises (for Trial Implementation)*.

**Article 2** The Company prohibits all kinds of corruption, bribery and fraud behaviors, and implements a policy of “zero tolerance” towards corruption, bribery and fraud behaviors in any form. All departments are required to enforce the laws and regulations and the Company's internal management system in the course of business activities, with the aim of strictly preventing the occurrence of corruption, bribery and fraud.

**Article 3** The Company has set up a dedicated whistleblowing hotline to encourage all employees to denounce to the Company about corruption, bribery and fraud events that have occurred or are potentially occurring in the course of business activities. The whistleblowing hotline is listed as follows:

Whistleblowing email: [compliance@cansinotech.com](mailto:compliance@cansinotech.com)

Whistleblowing Hotline: 58213600 ext. 6218

**Article 4** The Company has established a reward mechanism for whistleblowing, so that different rewards will be granted to the whistleblower in line with the denounced contents, evidence and clues, after such whistleblowing information is proved to be true. At the same time, the Company has also set up a protective mechanism for the whistleblower, to severely crack down on an behavior of retaliation against whistleblowers.

**Article 5** This System is applicable to the anti-corruption, anti-bribery and anti-fraud management of CanSino Biologics Inc. and its affiliated entities.

## **Chapter 2 Terms and Definitions**

**Article 6** Corruption: abuse of official power for seeking private benefits, which harms the interests of the society, the Company and others. Corruption behavior includes but not limited to: embezzling money and engaging in corrupt practices, offering or accepting bribes, embezzling property, misappropriating the funds, misusing the public funds for recreational activities, travel and vacation in the name of meetings and studies, etc.

Commercial bribery: (1) behavior of bribing other entities or individual with property or other means, for the purpose of obtaining illegitimate benefits; or (2) taking advantage of job convenience to solicit other's property, or illegally accepting others property, for the benefit of others.

The manner, in which the above-mentioned improper benefits or property are provided, includes but is not limited to:

- (1) Paying or accepting cash;
- (2) Paying or accepting all kinds of fees, red packets (containing money as a gift), cash gift, etc.;
- (3) Paying or accepting valuable securities (including bonds, stocks, etc.);
- (4) Paying or accepting physical goods (including all kinds of high-grade daily necessities, luxury consumer goods, handicrafts and collectibles, as well as large commodities such as houses and vehicles);
- (5) Paying or accepting the property benefits (such as debt relief, provision of guarantees, free recreational activities, travel and study tours) and other non-property benefits (such as education, honors and privilege);
- (6) Giving or accepting the illegal kickbacks;
- (7) Giving or accepting commissions that are not entered in an account accurately, and committing commercial bribery under the guise of commissions;
- (8) Other forms of commercial bribery.

**Article 7** Fraud: behavior of the Company's internal or external personnel, who seek illegitimate benefits for the Company or individuals by cheating and other illegal means. The above-mentioned fraud behaviors include but not limited to:

- (1) Pilfering, stealing and misappropriation of corporate assets;
- (2) Embezzlement of corporate assets, including but not limited to, taking advantage of job

convenience to set up another company to trade with the Company and seek benefits; issuing false invoices to apply for reimbursement from the Company; reselling corporate assets;

- (3) Fraud;
- (4) Tax evasion and evasion of exchange control;
- (5) Insider trading;
- (6) Deliberately disclosing the Company's commercial and technical secrets;
- (7) Falsification or alteration of the accounting records or vouchers;
- (8) Deliberately misrepresenting or concealing transactions or other important information;
- (9) Fraudulent financial statements;
- (10) Misappropriation of corporate funds, including but not limited to, misappropriating corporate funds for use by the employee, relatives and friends of the employee or other natural persons; diverting corporate funds for use by other entities in employee's own name; offering corporate funds to other entities in the name of an individual; offering corporate funds to other entities in the name of the Company according to personal decision for seeking personal benefits; or misappropriating corporate funds to lend to others;
- (11) Other form of frauds.

### **Chapter 3 Management Responsibilities**

#### **Article 8 Executive Committee under general manager (CEO):**

- (1) Reviewing and approving the annual anti-corruption, anti-bribery and anti-fraud work plans;
- (2) Reviewing and approving the systems related to anti-corruption, anti-bribery and anti-fraud practices;
- (3) Overseeing the anti-corruption, anti-bribery and anti-fraud management;
- (4) Reviewing and approving the violation investigation reports;
- (5) Deciding on punitive measures against those with direct responsibility and those with managerial responsibility; and
- (6) Reviewing and approving the annual scoring results of violations, etc.

#### **Article 9 Legal and Compliance Department:**

- (1) Formulating the annual anti-corruption, anti-bribery, and anti-fraud work plans;
- (2) Formulating the systems related to anti-corruption, anti-bribery and anti-fraud practices, and organizing the relevant compliance training;

(3) Setting up the business compliance audit posts and implementing daily supervision of key high-risk businesses;

(4) Managing and operating the whistleblowing and investigation mechanism for corruption, bribery and fraud behaviors, developing the whistleblowing policies or standard operation procedures, maintaining the whistleblowing channels, handling the whistleblowing information, and conducting investigations as appropriate;

(5) Preparing the reports on violation investigation;

(6) Conducting the scoring management on violations of regulations for those managerial staffs who are responsible for the management of corruption, bribery and fraud events;

(7) Recommending the punitive measures against those with direct responsibility and those with managerial responsibility;

(8) Participating in and executing the corresponding legal proceedings on behalf of the Company;

(9) Responding to the litigation and administrative and other related legal proceedings on behalf of the Company;

(10) Performing other anti-corruption, anti-bribery and anti-fraud management responsibilities.

**Article 10** Internal Audit Department:

(1) Supervising the implementation of anti-corruption, anti-bribery and anti-fraud systems in all departments of the Company according to the relevant provisions of the *Internal Audit Management System*;

(2) Carrying out special audits on whistleblowing information submitted to the Internal Audit Department and related issues found in the course of internal control audits;

**Article 11** The Department of Organizational Management and Human Resources/Administration is responsible for enforcing appropriate disciplinary punitive measures against those with direct responsibility and those with managerial responsibility, and conducting performance evaluation

**Article 12** The heads of various departments/centers shall assume management responsibility for anti-corruption, anti-bribery and anti-fraud behaviors in their departments, promptly report all corruption, bribery and fraud events that have occurred or are potentially occurring in the business course, and actively cooperate in the investigation.

**Article 13** All personnel of the Company shall sign anti-corruption, anti-bribery and anti-fraud related commitments with the Company and strictly fulfill these commitments.

**Article 14** Both the suppliers and business partners, who have business dealings with the

Company, shall enter into the Non-corruption Agreement with the Company and strictly fulfill the commitments made in such agreement.

#### **Chapter 4 Handling Measures for Those with Direct Responsibility and Those with Managerial Responsibility**

**Article 15** Those with direct responsibility refer to the persons who have committed corruption, bribery and fraud acts.

**Article 16** For those with direct responsibility who established labor relations with the Company, according to the Company's management system, the company is entitled to make punishment by reference to the laws and regulations and the handling measures as mentioned in its rules and regulations, and conduct performance evaluation in accordance with the relevant regulations of the Company, and even terminate the Employment Contract with them; if they involve legal responsibility, the company reserves the right to pursue the person directly responsible for the corresponding legal responsibility.

**Article 17** For others with direct responsibility, the corresponding legal procedures shall be initiated according to law with the approval of the Executive Committee under general manager (CEO).

**Article 18** Those with managerial responsibility refers to the managerial staffs, whose subordinates have engaged in corruption, bribery or fraud practices, but who have not engaged in the aforementioned acts by themselves.

**Article 19** Those with managerial responsibility are obliged to assume the corresponding management responsibility. The Company is entitled to make punishment by reference to the laws and regulations and the handling measures as mentioned in its rules and regulations, and conduct performance evaluation in accordance with the relevant regulations of the Company.

#### **Chapter 5 Confidentiality Obligation**

**Article 20** All employees of the Company are obliged to keep confidential the details of corruption, bribery and fraud events, as well as the related investigation process and management. No one is allowed to disclose relevant information to other third parties without publicity or disclosure by the Company.

**Article 21** The personnel shall participate in the investigation to the extent that they have a need to get involved. The insiders involved in the investigation shall not disclose the relevant information to the

personnel inside or outside the Company, other than the member of the compliance investigation team involved in the investigation.

**Article 22** The informed persons must keep strictly confidential the information of whistleblowers, and the whistleblowing information they provided.

## **Chapter 6 Supplementary Articles**

**Article 23** Matters uncovered herein shall be governed by relevant national laws, regulations, departmental rules, the Articles of Association and the Company's rules and regulations. In case of any discrepancy between this System and the relevant national laws, regulations, departmental rules, the Articles of Association and the Company's rules and regulations, the relevant national laws, regulations, departmental rules, the Articles of Association and the Company's rules and regulations shall prevail.

**Article 24** This System is drafted by the Legal and Compliance Department. It shall take effect from the date of issuance after relevant approval.

**Article 25** All corruption, bribery and fraud events that occurred before the effectiveness of this system shall be managed in accordance with this System.