ZTT Compliance Rules on Cash Payment

CHAPTER I. General Provisions

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 any Facilitation Payments are generally prohibited (The definitions and related provisions of the 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 report signed and submitted by the direct responsible person;

2. Maintain contemporaneous written documentation of each 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, the Rules on Cash Payment set out the ethical and compliance-related principles that should guide all Cash Payments. The following key principles apply to all Cash Payments:

1. All Cash Payments mustother than cashier, to insin certain

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; or

(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 conducts are involved in the payments.

Article 12. [illegible] makes such payment should truthfully fill out the Facilitation Payments Approval (or Filing) Form (Annex 4) prior to or after the payment (in case the pre-approval prior to the payment is indeed impossible), and submit it to the Compliance Department and the Financial Department. The Facilitation Payments Approval (or Filing) Form shall include [illegible]

Compliance Guidelines, ZTT Compliance Rules on Gifts and Hospitality, ZTT Compliance Rules on Donations and Sponsorship, and ZTT Compliance Rules on Third Party Due Diligence, and whether 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

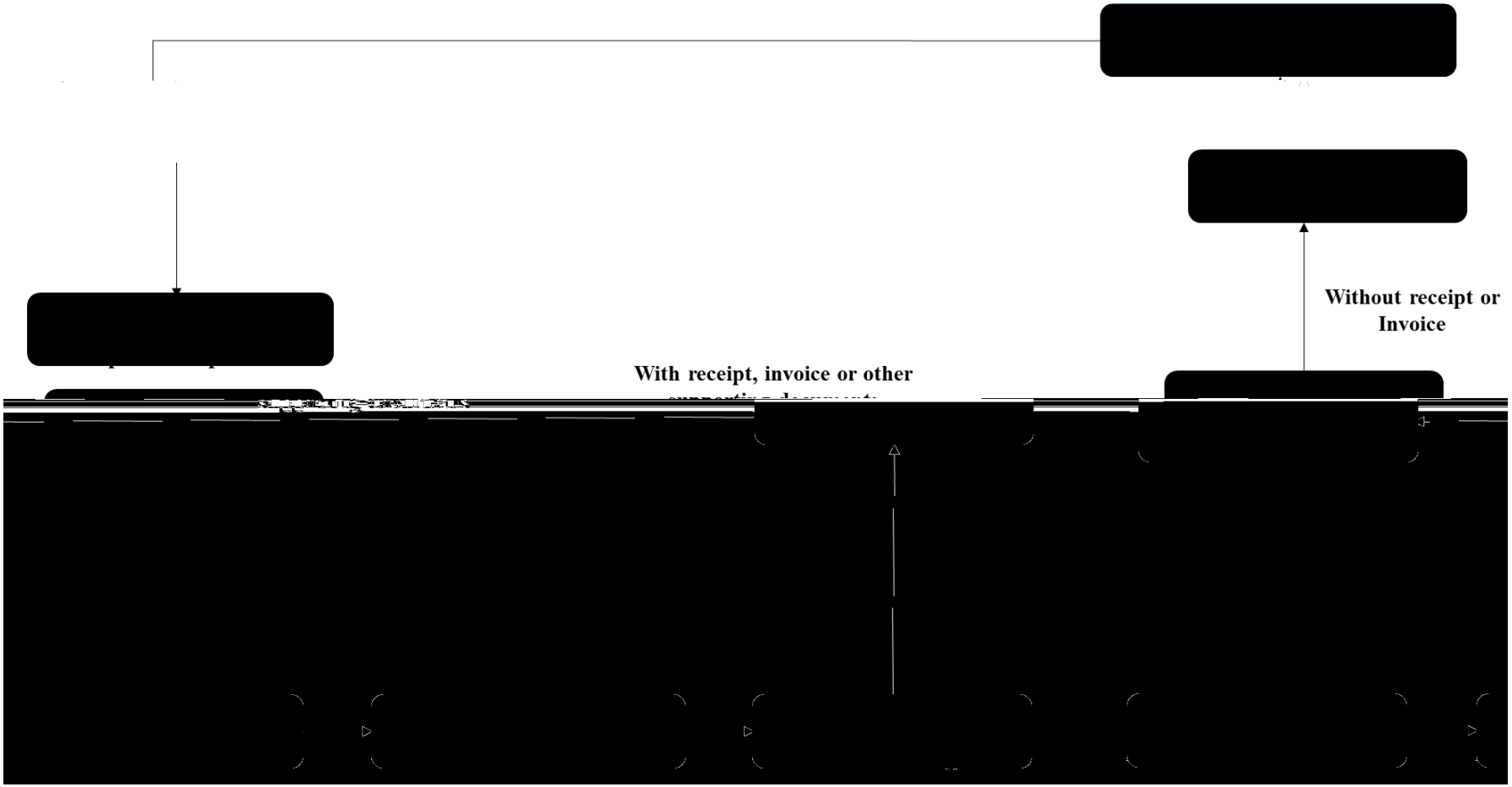
Annex 1: Cash Payment Management Chart

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

Reporting Employee

Annex 4: Facilitation Payments Approval (Filing) Form

Applicant (Filing Person)	
Position	
Department	

The Recipient of Facility Payments	
The Reasons 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)	

Explanation of missing supporting documents such as receipts (if applicable)	

Applicant (Filing Person) Signature: Date:	Appropriate Compliance Department: Supervisor of Financial Unit:	Date: Date: