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Anti-bribery and anti-fraud and whistleblowing management system

sd/zd-33-y-2022 e/1

Shundeng Group Co.

2022-04-16 Release 2022-04-16 Implementation

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Chapter I General Provisions

Article 1 In order to strengthen the governance and internal control of Shuangdeng Group Company Limited (hereinafter referred to as "the Company"), prevent and control fraud, regulate the anti-fraud work behavior, and safeguard the legitimate rights and interests of the Company and its shareholders, this system is formulated in accordance with the Articles of Association of Shuangdeng Group Company Limited and relevant laws and regulations and other relevant documents, taking into account the actual situation of the Company.

Article 2 The purpose of anti-bribery and anti-fraud work is to regulate the professional conduct of all employees of the Company, especially directors, supervisors, middle and senior management and employees in key positions, to establish a clean, diligent and dedicated work style, to comply with relevant laws and regulations, professional ethics and the Company's internal management system, and to prevent acts that harm the interests of the Company and shareholders.

Article 3 This system shall apply to the Company and its wholly-owned subsidiaries and holding subsidiaries.

Chapter 2: Concepts and Forms of Bribery and Corruption Fraud

Article 4 Bribery and corruption fraud includes the use of illegal or irregular means, such as concealment or deception, by persons within or outside the Company to seek improper personal benefits to the detriment of the legitimate economic interests of

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the Company; or to seek improper corporate economic benefits that may at the same time bring improper benefits to individuals or others. Bribery and corruption fraud includes bribery and corruption fraud that harms the legitimate economic interests of the Company and bribery and corruption fraud that seeks improper corporate economic benefits.

Article 5: Bribery and corrupt practices that damage the legitimate economic interests of the Company refer to the improper conduct of the Company's internal personnel who, in order to seek their own or other people's interests, use illegal or irregular means such as concealment or deception to make the legitimate interests of the Company and shareholders suffer damage. This type of bribery and corruption is committed in one of the following specific cases.

(i) Acceptance of bribes or kickbacks.

(ii) The transfer to another person of a transaction which would in the ordinary course of events result in a profit to the company.

(iii) Illegal use of company assets, embezzlement, misappropriation and theft of company assets.

(iv) Untrue representation or wilful omission, misrepresentation of a transaction or other matter, causing the company to make payments or incur liabilities for a false transaction or matter.

(v) Intentionally concealing or misrepresenting transaction matters so that the disclosure of information is false, misleading

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or materially omitted.

(vi) authorising another person or himself to falsify or alter accounting records or vouchers and provide false financial reports.

(vii) Exploiting loopholes and defects in e-commerce technology to the detriment of the company.

(viii) Disclosing the company's trade or technical secrets.

(ix) Unauthorized conduct of various profit-making activities in the name of the Corporation.

(x) Other fraudulent acts that are detrimental to the economic interests of the Company.

Article 6 Bribery and corruption fraud for improper corporate economic benefits refers to the improper conduct of internal personnel of the Company who, in order to enable the Company to obtain improper economic benefits, use illegal and irregular means such as concealment or deception to the detriment of the State, individuals or shareholders. This type of bribery and corruption is committed by any of the following specific acts.

(i) Expenditure for improper purposes.

(ii) Sale of non-existent or untrue assets.

(iii) Intentionally misrepresenting transaction events and recording false transaction events.

(iv) Concealing or deleting material information that should be disclosed to the public.

(v) Engaging in economic activities that are illegal or unlawful.

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(vi) Tax evasion.

(vii) Other corrupt practices of bribery for improper financial gain to the organisation.

Chapter 3 Anti-Bribery Anti-Corruption Anti-Fraud Duties

Article 7 The Board of Directors of the Company shall be responsible for supervising the management to establish a company-wide anti-bribery and anti-corruption and anti-fraud cultural environment and to establish a sound internal control system including fraud prevention. The Board of Directors is the leading body of the Company's anti-bribery and anti-corruption anti-fraud work and shall provide guidance and supervision to the Company's anti-bribery and anti-corruption anti-fraud work.

Article 8 The management of the Company is responsible for establishing, improving and effectively implementing internal controls to reduce the chances of bribery and corruption malpractice and to take appropriate and effective remedial measures against bribery and corruption malpractice, subject to the supervision of the Board of Directors.

Article 9 The person in charge of each subsidiary and department shall bear the management responsibility for the occurrence of bribery and corruption and fraud in the unit and department, and shall be the first person responsible for anti-bribery and anti-corruption and anti-fraud in the unit and department.

Article 10 The Audit Department of the Company is the permanent

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institution of the anti-bribery and anti-corruption and anti-fraud work of the Company and is responsible for the implementation of the anti-bribery and anti-corruption and anti-fraud work of the Company and its subsidiaries. Specifically, it includes.

(i) Receiving and registering reports of relevant bribery and corruption malpractice.

(ii) Organising investigations into cases of bribery and corruption malpractice.

(iii) To give advice on the handling of cases of bribery and corruption and accountability.

(iv) Other anti-bribery and anti-fraud related work.

Article 11 The company and its subsidiaries shall actively cooperate with the investigation and evidence collection of bribery and corruption fraud, and determine the relevant responsibilities and division of labor of the anti-bribery and anti-corruption and anti-fraud work of the unit with reference to this management system.

Chapter 4 Prevention and Control of Bribery and Corruption Fraud

Article 12 The Company advocates a corporate culture of honesty, integrity and honesty, creates a corporate cultural environment conducive to anti-bribery and anti-corruption and anti-fraud, assesses the risk of bribery and corruption and establishes specific control procedures and mechanisms to reduce the chances

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of bribery and corruption and fraud, including but not limited to the following multiple methods.

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(i) The directors, supervisors and senior and middle management of the company insist on leading by example and taking the lead in complying with national laws and regulations as well as the company's internal systems, and establishing and improving various anti-bribery and anti-corruption and anti-fraud internal control mechanisms.

(b) The company's anti-bribery and anti-corruption anti-fraud policies, procedures and related measures should be effectively communicated or trained in a variety of forms within the company to ensure that employees receive training on relevant laws and regulations, codes of ethics, so that they can comply with the code of conduct and help employees distinguish between identifying legal and illegal, honest and false behaviour.

(iii) Encourage employees to comply with the law and integrity and ethics in the company's daily work and business operations, so that employees are clear about the company's seriousness about preventing bribery and corruption and the employees' own responsibilities in anti-bribery and anti-corruption and anti-fraud, and make conscious efforts to improve their anti-bribery and anti-corruption and anti-fraud thinking and skills, and properly deal with inappropriate conflicts of interest and temptations that occur in the course of their work.

(iv) The company conducts background checks, such as educational background, work experience, integrity records, etc., on personnel who are ready to be hired or promoted to key positions,

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and the background check process should be documented by a formal programme and properly archived.

(v) Inform all stakeholders in society with whom the Company has direct or indirect business relationships, such as the Company's customers, suppliers, regulators and shareholders, in an appropriate form, of the Company's advocacy of compliance with the law and ethical integrity, and convey to them relevant information and requirements of the Company's anti-bribery and anti-fraud efforts.

(vi) Public disclosure of the outcome of major fraud incidents so that staff at large are fully aware of the dangers of the incidents and can learn from them.

(vii) The Company encourages the reporting of unethical and non-honest behaviour in real names or anonymously, and rewards those who provide valuable tips.

Article 13 Inspection of corrupt practices of bribery.

(i) Inspections of bribery and corruption fraud are normally carried out by auditors and, where necessary, external professional bodies may be engaged to investigate.

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(ii) Auditors shall conduct conduct checks in accordance with the following requirements.

1. assess the scope and complexity of the bribery and corruption fraud involved and avoid providing information to, or being misled by, information provided by persons who may be involved in bribery and corruption fraud.

2. assess the qualifications, skills and independence of those involved in the inspection of bribery and corruption malpractice.

3. design appropriate bribery and corruption examination procedures to identify the bribery and corruption fraudster, the extent of the bribery and corruption fraud, the means of the bribery and corruption fraud and the causes of the bribery and corruption fraud.

4. maintain the necessary communication with professional bribery and corruption investigators, legal advisers and other experts in the course of bribery and corruption checks.

5. Exercise due professional care to avoid damaging the legitimate rights and interests of the company or person concerned.

Article 14 Auditors shall consider the nature of fraud that may have occurred based on indications of bribery and corruption fraud identified during the inspection and evaluation of internal controls or information obtained from other sources, and shall promptly report to management and the Board when the following circumstances arise

(i) It can be reasonably ascertained that bribery and corruption fraud has occurred and requires in-depth investigation.

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(ii) The corrupt practice of bribery and corruption has resulted in material misrepresentation of the financial statements.

(iii) To discover clues to crimes and obtain evidence that should be referred to the judicial authorities.

Article 15 At the conclusion of the bribery and corruption examination, the auditor shall evaluate the facts identified in order to satisfy the following requirements.

(i) Identification of measures to strengthen internal controls.

(ii) Designing appropriate procedures to provide guidance to companies for future inspections of similar bribery and corruption fraud.

(iii) To make auditors aware of and familiar with the relevant signs of bribery and corruption fraud.

Article 16 After the auditors have completed the necessary procedures for the inspection of bribery and corruption fraud, they shall issue a corresponding audit report. The content of the audit report shall include: the nature of the bribery and corruption fraud, the persons involved, the means and causes of the fraud, the conclusions of the inspection, the opinions on handling, the recommendations made and the corrective measures. If the nature of the bribery and corruption fraud found is relatively minor and the amount is small, it can be included in the regular audit report; if the nature of the bribery and corruption fraud found is serious or the amount is large, a special audit report should be issued, and if it involves sensitive issues or issues with significant impact on the public, the opinion of external professional bodies can be sought.

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Chapter 5: Reporting of Bribery and Corruption and Whistleblower Protection

Article 17 The employees of the company and the social parties who have direct or indirect economic relations with the company may report complaints of bribery and corruption fraud to the Audit Department of the company through reporting telephone, e-mail, letters and interviews. The reporting information system is specifically.

Report email: sjb@shuangdeng.com.cn

Article 18 After receiving and registering a report, the Audit Department of the Company shall decide whether to conduct an investigation in accordance with the following procedures.

(i) For reports involving ordinary employees and middle management (including the management of holding subsidiaries), the Audit Department of the Company shall decide whether to conduct an investigation.

(ii) For reports involving senior management of the company, the Audit Department of the company reports to the Board of Directors, which decides whether to conduct an investigation.

(iii) For reports involving members of the Board of Directors and the Supervisory Board, it is the responsibility of the Audit Department of the Company to report to the General Meeting of Shareholders.

(d) The Company shall establish an investigation team to investigate fraudulent acts; if necessary, external professional institutions may be engaged to participate in the investigation. Upon completion of the investigation, the investigation team shall promptly submit a written

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report on the investigation results and its handling opinions to the Board of Directors and the Supervisory Committee.

Article 19 of the investigation team in the fraud investigation process, the need to consult the relevant departments of information and data, the relevant departments shall cooperate. Where the real name of the report, regardless of whether the investigation is filed, the Audit Department shall provide feedback to the whistleblower, including for not to file an investigation, the Audit Department shall provide feedback to the whistleblower within 10 working days and explain the reasons; for the file investigation, the Audit Department shall provide feedback on the results of the investigation within three months. If the reported matter is proved to be true and the loss is recovered for the company, the whistleblower may be rewarded as appropriate.

Article 20 anti-bribery anti-corruption staff shall be faithful to their duties, keep secrets, the identity of the whistleblower information and reporting materials to take strict confidentiality measures to effectively protect the legitimate rights and interests of whistleblowers. Violation of the disclosure of whistleblower information or retaliation against whistleblowers, will be dismissed, termination of labor contracts, in violation of the law, transferred to the judicial organs according to law.

Article 21 The whistleblower shall be protected in assisting the investigation. The company in the publicity reports and reward for reporting meritorious personnel, except with the consent of the

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whistleblower, shall not disclose the identity information of the whistleblower. The audit department of the company shall promptly file the materials of bribery and corruption fraud incidents after reporting and investigation.

Chapter 6 Remedies and Penalties for Bribery and Corruption Fraud

Article 22 Responsibility for corrupt bribery and fraud includes both leadership and direct responsibility.

(i) Leadership responsibility means the responsibility of a manager with the appropriate leadership authority for negligence or oversight leading to fraud within the scope of his or her supervisory or subordinate work.

(ii) Direct liability refers to the liability of the relevant management or managerial personnel of the Company who, within the scope of their duties, directly operate or participate in the relevant decisions, or authorise, direct, order, connive at, harbour others and fail to properly perform their duties and other negligent acts, resulting in the occurrence of bribery and corruption fraud.

Article 23 Following the occurrence of bribery and corruption fraud, the Company shall take prompt remedial measures and internal controls of the affected business units shall be assessed and improved.

Article 24 For employees who are proven to have bribery and corruption fraud, the company shall be punished accordingly according to the relevant provisions; if the behavior violates the law, they shall be referred to the judicial organs to deal with according to law.

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chapter vii by-laws

Article 25 Any matters not covered by this system shall be implemented in accordance with the relevant national laws and regulations and the Articles of Association of the Company.

This system has been implemented since April 16, and the previous related system has been abolished at the same time. All member companies refer to the implementation, the final interpretation of the system belongs to Shuangdeng Group Co.