

China Public Procurement Limited

中國公共採購有限公司

(the “Company”)

ANTI-FRAUD POLICY

1. Constitution

- 1.1 The Anti-Fraud Policy (the “Policy”) was established on [*] 2013 pursuant to a resolution passed on the same day by the audit committee of the Company (the “Audit Committee”). Pursuant to a resolution passed on [*] 2013, the board of directors (the “Directors”) (the “Board”) of the Company approved the Policy.

2. Introduction

- 2.1 The Company is committed to preventing, detecting and reporting fraud, including fraudulent financial reporting.
- 2.2 The Policy applies to the Directors, officers and employees of the Company, its wholly-owned subsidiaries, and joint ventures or companies in which the Company holds a controlling interest. The Company encourages all of its business partners, including joint venture partners, associated companies, contractors and suppliers to abide by the principles of this Policy.
- 2.3 In this Policy, fraud is defined as acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. For practical purposes, fraud may be defined as the use of deception with the intention of obtaining an advantage, avoiding an obligation or causing loss to another party. Examples of conduct that would be considered fraudulent include:

- (a) theft of inventory;
- (b) false invoicing or settlement of contracts;
- (c) false work expenses;
- (d) improper use of inside information;
- (e) collusive activity with trading counterparties or competitors;
- (f) unauthorised trading activities;
- (g) false accounting or misleading disclosures; or
- (h) deliberate misuse of Company's credit cards.

3. General Policy

- 3.1 The Company will maintain a control environment that promotes its values, including the requirement for all levels of employees to adhere to the Code of Conduct.
- 3.2 The Company will conduct periodic and systematic fraud risk assessments.
- 3.3 The Company's control activities will be designed and adapted to mitigate fraud risks identified internally and by the external auditors.
- 3.4 The Company will effectively communicate this Policy and its anti-fraud procedures to all levels of employees. The procedures for reporting allegations of fraud by employees and external parties will be clearly communicated.
- 3.5 The Company will monitor the effectiveness of its controls related to mitigating fraud risk and remedying any deficiencies identified internally and by the external auditors in a timely manner.

4. Reporting and Response

- 4.1 Suspected cases of fraud should be reported promptly, regardless of the responsible parties or process of the fraud is identified. Any person should report to one's direct supervisor, team leader, unit manager or directly to the senior management if one suspected that a fraud has been committed or discovered suspicious acts or event.

- 4.2 As the Company takes the reports of suspected cases of fraud seriously and wants to fully investigate all potential cases, it is preferred that these reports not be made anonymously. However, if an employee feels uncomfortable to report potential fraud cases directly to his or her supervisor, team leader, unit manager or the senior management with any underlying reasons, the anonymous reports shall be submitted to the Audit Committee. These reports can be made verbally (by telephone) or in writing (by letters or email). Senior management will fully support those who in good faith report potential cases of fraud.
- 4.3 All potential frauds will be fully investigated by the Audit Committee. These investigations will be handled confidentially. Management will take corrective actions immediately to resolve substantiated frauds.
- 4.4 The Audit Committee will report fraudulent activity to the Board at least annually. The details to be reported including the number of cases reported, the nature of important investigations and the results of these investigations. The Board will be responsible for monitor the fraud ultimately.
- 4.5 All material fraud and any fraud committed by managers or employees who could impact the Company's internal controls system will be reported to the external auditors.

5. Review

- 5.1 This policy will be reviewed and, if necessary, updated at least annually. Any changes to this policy will be submitted to the Audit Committee and the Board for approval.