

SHANDONG WEIGAO GROUP MEDICAL POLYMER COMPANY LIMITED
ANTI-CORRUPTION POLICY

(2024 version)

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1 GENERAL PROVISIONS

1.1 Purposes

In a bid to ensure that Shandong Weigao Group Medical Polymer Company Limited (the “Shandong Weigao” or the “Company”) abides by the law and complies with the regulations in its operations, to standardise the Company's various business activities and to build up the operation philosophy of integrity and compliance with laws, this system is hereby formulated in line with the anti-corruption laws and regulations of the People's Republic of China and other countries and regions in which the Company conducts its business, as well as the core values of the Company.

1.2 Management Objectives

Each of our business activities shall adhere to the legal and regulatory requirements applicable to the Company in the PRC and U.S.A. and other relevant countries and regions, and to eradicate corruption and set up management standards for conflict of interests. The Company is required to strictly follow the rules of fair competition and properly protect the assets of the Company.

1.3 Definitions

1.3.1 **Bribing Government Officials:** refers to giving or promising Articles of Value or Other Benefits to government officials intending to influence such persons to give the Company an undue advantage in the acquisition or retention of any business;

1.3.2 **Commercial Bribery:** An act of unfair competition in which an operator, with an intention to exclude competitors, offers Articles of Value or Other Benefits to the relevant counterparties and other related persons capable of influencing the transactions to earn an opportunity to engage in the transaction.

“Articles of Value or Other Benefits” including but not limited to:

- (1) All kinds of gifts;
- (2) Cash or cash equivalents, including but not limited to various kinds of prepaid cards, shopping cards, gift cards, etc.;
- (3) Business entertaining;
- (4) Remuneration for paid services;
- (5) Sponsoring international visits;

(6) Business opportunities.

1.3.3 **Government Officials:** The Government Officials as defined herein encompass a broad scope, which includes officers, employees or representatives of government agencies, political parties, and entities owned or controlled by government or public international organisations.

In the context of this system, the term “**Government Officials**” includes, but is not limited to, the following persons for the purpose of business activities:

- (1) Civil servants of government agencies at all levels;
- (2) Persons at different levels of the organisations of the political parties;
- (3) Management or employees of institutions, organisations and enterprises owned, controlled, or operated by, or affiliated with the government, including but not limited to persons engaged in the performance of official duties in public hospitals, etc.;
- (4) Officials or employees of public international organisations, etc.;
- (5) Any person who represents or acts on behalf of the foregoing persons.

1.3.4 **Third Party(ies):** refers to persons or companies acting on behalf of, or providing goods or services to, the Company, which usually include but not limited to distributors, sub-contractors, agents, suppliers, consultants and the like.

1.3.5 **Close Family Member(s):** refers to the employee's spouses, parents, children aged 18 years and above and their spouses, siblings and their spouses, parents and siblings of spouses and the children’s parents-in-law.

1.4 Scope of Application

This system applies to:

1.4.1 Shandong Weigao and its worldwide holding subsidiaries and affiliates (the “Group”); and

1.4.2 Persons acting on behalf of the Company and/or the Group, including directors, senior management, employees (including full-time and part-time employees, consultants, persons acting under the Company's authority and temporary employees), shareholders, contractors and other agents or third parties acting on behalf of the Company.

1.5 Competent Department

The department responsible for the management of this system is the compliance department of the Company. The relevant departments participating in management are the department of risk control and audit management (風控及審計管理部), the department of discipline supervision (紀律監察部), the finance department and various other departments and their corresponding supervisors. The corporate governance committee of the Company is in charge of supervising and reviewing the operation of this system.

2 PRINCIPLES OF ANTI-CORRUPTION

2.1 Compliance with Anti-corruption Laws and Regulations

The Company abides by the anti-corruption laws and regulations of the People's Republic of China as well as the applicable laws and regulations on anti-corruption and business ethics in other countries and regions where Shandong Weigao operates.

2.2 Conducting Business with Integrity and upholding the Company's Core Values

We operate business on the principles of honesty and dedication, compliance with the law, fair competition and integrity, and undertake not to obtain or retain business through corruption.

2.3 Zero Tolerance for Corruption Practices

The Company will penalise persons held accountable for any corruption act that violates laws and regulations and the Company's system. In cases of gross violation, the person will be dismissed; the person breaking the law will be handed over to the judicial authority to hold to account.

2.4 Appropriate Internal Control System

The Company has put in place a reasonable internal control system in areas such as supplier management, bidding management, financial payment management, etc. to prevent the occurrence of corruption practices. The Company must maintain complete books, records and accounts to reflect all transactions in a reasonably detailed, accurate and fair manner and to maintain an effective internal financial control system.

2.4.1 All business transactions shall be properly authorized and fully and accurately recorded in the books, records and accounts of the Company.

2.4.2 No employee shall make false or misleading entries on the Company's books for any purpose (e.g., false entries to disguise improper transactions and/or entries that do not reflect improper transactions including kickbacks, bribes, etc.).

2.4.3 Undisclosed or unrecorded funds or assets must not be created and maintained for any purpose. All cash transactions must be recorded separately and accurately.

- 2.4.4 The Company organises and provides employees with a full range of compliance (including anti-corruption topics) training, including but not limited to induction compliance training, annual anti-corruption training and other occasional compliance training. Employees are obliged to attend these trainings or examinations.
- 2.4.5 Employees are obliged to sign and undertake to comply with the letter of undertaking or similar documents established by the Company in the area of business ethics.

3 ANTI-BRIBERY

3.1 Anti-bribery provisions for our employees

- 3.1.1 Employees are not permitted to engage in any bribery behaviour in any form towards government officials.
- 3.1.2 Employees shall not offer or solicit bribes in any form from suppliers, customers or other third parties, including, but not limited to, paying them unreasonably high fees to obtain an improper advantage.
- 3.1.3 Employees shall explicitly refuse bribes or requests for bribes from suppliers, customers or other third parties, and inform the Company of such suppliers, customers or other third parties promptly. After the verification by the Company, corresponding actions will be taken, including but not limited to termination of the business relationship, notification of the Purchasing Department and other relevant departments, inclusion in the assessment and evaluation process to be reflected negatively, or even added to the "blacklist", transferred to the judicial department.
- 3.1.4 Discounts granted by suppliers to the Company or by the Company to its customers shall be accounted for according to the requirements of the financial accounting standards and shall not be accepted or given as commercial bribes off the books.

3.2 Anti-bribery provisions for suppliers, customers and other third parties

- 3.2.1 Suppliers, customers and other third parties shall comply with the Company's anti-bribery regulations.
- 3.2.2 Suppliers, customers and other third parties are prohibited from engaging in any form of commercial bribery against our employees or their Close Family Member(s).
- 3.2.3 Suppliers, customers and other third parties are encouraged to promptly notify the relevant departments of the Company through the channels provided by the Company of information on active, passive and solicited bribery by employees of the Company, as described below:

E-mail for whistle-blowing; compliance@weigaogroup.com

- 3.2.4 Suppliers, customers and other third parties are prohibited from bribing any government officials or other relevant entities and personnel when conducting business related to the Group.
- 3.2.5 Suppliers, customers and other third parties are obliged to co-operate with our anti-bribery audits where necessary.

4 GIFTS AND PRESENTS

4.1 Accepting gifts or benefits

- 4.1.1 In general, our employees shall refuse to accept any gifts from suppliers, customers or other third parties. If the gifts are sent by any supplier, customer or other third party without the knowledge of the relevant employee, he/she shall clearly inform the relevant party of the Company's anti-corruption system, and the gift received should be returned to the sender party.

4.2 Offering gifts or benefits

- 4.2.1 The Company operates its business and competes by relying on its highly qualified team and high-quality products and services, rather than offering gifts or benefits to stakeholders such as government officials or customers.
- 4.2.2 Low-value branded reminders (valued at less than RMB200, USD30 or equivalent in foreign currency, such as office supplies with the logo of Weigao, etc.) and medical education supplies (valued at less than RMB1,000, including medical books, magazines, educational CD-ROMs, anatomical models, etc.) are permissible only if all of the following requirements are satisfied, and at a reasonable frequency:
 - (1) All gifts in the form of prepaid shopping cards and other cash equivalents are strictly prohibited.

"Cash Equivalents" refer to cards and vouchers that can be used in the same way as cash to purchase unspecified goods or services, including but not limited to all kinds of vouchers, gift certificates, consumption coupons, shopping cards, prepaid cards and membership cards;
 - (2) Such gifts shall be offered in conformity with etiquette conventions in our normal business dealings;
 - (3) Such gifts would not be regarded as bribes or undue advantage;
 - (4) There was no violation of internal rules and regulations of the employer or organization by the recipient due to the offering of such gifts;
 - (5) There was no violation of applicable laws or professional ethical standards due to the offering of such gifts.

4.2.3 The offering of gifts is strictly forbidden under the following circumstances:

- (1) prior to or during the period of the purchase/sale transaction;
- (2) prior to the submission of an application for regulatory approval or at the time when the application for regulatory approval is being considered by government agencies;
- (3) prior to the submission of a patent application or at the time when the patent application is being considered by government agencies;
- (4) prior to the submission of an application like a scientific research and development fund or subsidy, etc., or at the time when the application for approval is being considered by government agencies;
- (5) when intending to influence or reward the other party.

4.2.4 For all such gifts, the expenses involved must be supported by authentic proof of consumption, including original invoices, and proof of payment and must be properly documented and approved according to Company's policy. To the extent possible, the gifts should be purchased by the procurement department.

5. MEALS AND BUSINESS ENTERTAINMENT

5.1 Meals and business entertainment are also a form of offering benefits. Employees shall accept meals and business entertainment on the principles of infrequency, moderation, and serving legitimate and proper business purposes, and shall only accept business entertainment that is reasonable in terms of cost and frequency, and in line with business practices.

5.2 The offering of meals and business entertainment to external parties should follow the principles of "legality" and "decency", and the offering of inappropriate hospitality such as entertainment and recreational activities that is contrary to public order and common decency is prohibited.

5.3 The offering of meals and business entertainment to external parties should follow the principle of "non-extravagancy" and the provision of extravagant activities and hospitality, including, but not limited to, golf, yachts, horse racing, premium wine or cigar tasting sessions, and high-end club activities is prohibited.

5.4 The offering of meals and business entertainment to external parties is allowed only if all of the following requirements are satisfied:

- (1) the meals and business entertainment are offered for legitimate and decent purposes, such as discussing or promoting specific projects or opportunities related to corporate services, and are attended by appropriate company representatives;

- (2) the cost of meals and business entertainment is lower than the following per capita standards:
Consumption in Mainland China: RMB300/person
Overseas consumption: USD200/person
- (3) such meals and business entertainment shall conform to the etiquette conventions in normal business dealings;
- (4) such meals and business entertainment would not be deemed as bribes or undue advantage;
- (5) There was no violation of internal rules and regulations of the employer or organisation by the recipient due to such meals or business entertainment; and
- (6) There was no violation of applicable laws or professional ethical standards due to such meals or business entertainment.

5.5 For all such meals and business entertainment, the expenses involved must be supported by authentic proof of consumption, including original invoices, and proof of payment, and must be properly documented and approved according to the Company's policy. Application for reimbursement must truthfully list the names and affiliations of all participants to track the frequency of meals and business entertainment provided to external parties.

6. UTILIZATION AND PROTECTION OF THE COMPANY'S ASSETS IN A RATIONAL MANNER

6.1 Employees are expected to safeguard the Company's assets and ensure they are being used effectively only for legitimate business purposes. The Company's profitability will be directly impacted if stolen, used carelessly or wasted. Any utilisation of the Company's funds or assets for any illegal or improper purpose (whether for personal interests or not) is strictly forbidden.

6.2 To protect and use the Company's assets in a proper manner, each employee is required to:

- (1) exercise reasonable care to prevent theft, damage or improper use of the Company property;
- (2) report any actual or suspected theft, damage or improper use of the Company property in a timely manner;
- (3) protect all electronic programs, data, communications and written materials from any unauthorised access;
- (4) protect all the Company's tangible assets, intellectual property rights, technical and trade secrets and other intangible assets against loss, theft of the Company's assets or secrets leakage; and
- (5) The property of the Company is used for legitimate business purposes only.

6.3 No misappropriating or reselling the assets of the Company

Employees shall not misappropriate any assets of the Company, nor shall they give any assets of the Company to other companies or individuals through selling, leasing or mortgaging without the permission of the Company.

6.4 No taking advantage of the assets of the Company to benefit themselves or others

Employees shall not use the Company's assets or resources for their benefit or the benefit of anyone else, nor shall they use the convenience of their position to take advantage of the Company's property or information for their benefit.

6.5 No taking advantage of the Company's assets for personal use

Employees are not allowed to take advantage of transportation, electronic equipment, etc. for personal use in violation of the rules of use if they are issued for personal use in connection with their work.

7. TRAINING

The Company conducts training of this system in various forms, including induction compliance training, annual anti-corruption training and other occasional compliance training. Employees are obliged to attend these trainings to learn, understand and comply with the provisions of this system. Upon completion of the training, it shall ensure that the relevant training records are properly maintained, including but not limited to training content, training schedule, sign-in sheet for the training or list of participants. The Company organises one-time training and examination annually to allow employees to know, understand and comply with the relevant principles and regulations.

8. PROCEDURES

Copies of this system will be provided to all existing and newly hired employees. A receipt is attached to this system to indicate that the employee has read, understood, and will comply with the guidelines contained in this system. The signed receipt must be returned to the human resources department and maintained in the employee's personnel file. This system cannot and is not intended to cover all aspects of relevant anti-corruption laws or provide answers to all questions that may arise. Therefore, the Company encourages employees to seek guidance advice from the compliance department on questions arising from the performance of this system.

9. INSPECTION OF THE IMPLEMENTATION OF THE SYSTEM

9.1 The compliance department shall check the implementation of training on the anti-corruption system regularly each year. The compliance department shall regularly check training records and provides support and assistance for training organised by various departments.

- 9.2 The internal audit department conducts inspections in areas of corruption with potentially high risk through auditing on a regular basis, and produces special reports on the corrupt practices identified through inspections.
- 9.3 The Company will handle all kinds of reports and investigations involving corrupt practices promptly issue investigation reports and follow up on the completion of relevant corrective measures.

10. RULES FOR REWARD AND PUNISHMENT

- 10.1 Employees who commit the following types of behaviour in violation of this system will be subject to appropriate disciplinary action:
- 10.1.1 Anyone who receives or offers gifts, meals or commercial hospitality or other benefits to outsiders in violation of the provisions of this system shall, depending on the seriousness of the case, be subject to disciplinary action up to and including dismissal;
- 10.1.2 Acts including misappropriation of the Company's assets, taking advantage of the Company's assets for the benefit or for personal use shall, depending on the seriousness of the case, be placed on probation until the termination of the labour contract or send the secondee back to the labour dispatch agency;
- 10.1.3 In the event that an employee causes economic loss to the Company due to the occurrence of an act in violation of this system, the Company may demand compensation for the loss and, depending on the severity of the case, resort to the law;
- 10.1.4 Anyone subject to administrative or legal penalties for violating laws or regulations will have his or her labour contract terminated immediately or send the secondee back to the labour dispatch agency.

10.2 Employees who take the initiative to monitor and actively report any identified corruption practices and protect the interests of the Company will be rewarded with the approval of the vice president in charge and the head of the human resources department.

10.3 Supervisory responsibility

10.3.1 In the event that a subordinate violates this system, and it is found that his/her direct supervisor is guilty of negligence in management, the direct supervisor shall undertake the responsibility of negligence in management and, depending on the seriousness of the case, shall be given a verbal warning and punished or above. If the direct supervisor of the offending employee discovers such act in time and takes the initiative to report it, he/she may be relieved or even exempted from the responsibility of negligence in management.

10.3.2 For collective corruption and irregularities within the department, the direct supervisor undertakes the responsibility for serious negligence and a warning will be given in writing as a major demerit. The outcome of the disciplinary action will affect his/her performance appraisal results for the current year, with specific reference to the Company's relevant reward and punishment system.

11. REPORT OF VIOLATIONS OF THIS POLICY

Employees of the Company are obliged to whistle-blow any violations of this system. Employees who whistle-blow will be protected. Any form of retaliation against those who whistle-blow is strictly prohibited. Employees may whistle-blow violations of this system through the whistle-blowing channels announced in the Whistle-blowing and Investigation System, including the whistle-blowing email address. Please refer to the Whistle-blowing and Investigation System for detailed information.

(The Chinese version shall prevail in case of any discrepancy or inconsistency between the Chinese version and its English translation.)