



## **SENSITIVE PAYMENTS AND FOREIGN CORRUPT PRACTICES ACT**

### **Adopted by the Board of Directors of Sino Assurance Inc.**

The term sensitive payments is commonly used to describe a broad range of corporate dealings that are generally considered to be either illegal, unethical, immoral, or to reflect on the integrity of management. Such payments are usually in the nature of kickbacks, bribes, or payoffs to favorably influence a decision affecting a company's business or for the personal gain of an officer or employee.

Sensitive transactions may result in violation of U.S. federal laws such as domestic anti-bribery laws, mail fraud and wire fraud (telephone and telegraph) statutes, anti-racketeering statutes, the Foreign Corrupt Practices Act, and other state laws or laws of foreign countries in which Sino Assurance Inc. (the "Company") has operations. The Company and its officers and directors as well as employees directly involved may, if violations of the Foreign Corrupt Practices Act occur, be subject to fines, imprisonment, and civil litigation.

Moreover, because the Company is a public company, it is subject to strict SEC disclosure requirements. The SEC considers that sensitive transactions may reflect on the integrity of management, and if sensitive transactions are identified within a publicly owned company, the matter may have to be publicly disclosed. Failure to investigate and disclose such transactions may cause a company to violate U.S. law and the rules and regulations of the SEC, which specifically require compliance with record-keeping and internal controls requirements aimed at recording the true nature of all payments and ensuring their propriety. Disclosure may result in criminal and civil proceedings against a company and may seriously injure a company's reputation and business, particularly if the transaction occurs in a foreign jurisdiction.

If any question exists as to the propriety of any proposed transaction, the matter should be referred to the chief financial officer prior to entering into the transaction. In all cases, specific conduct must be carefully considered by Company management.

### **Sensitive Payments**

Sensitive payments are strictly prohibited by the Company's corporate policy. Personnel who either make or receive such a payment are subject to disciplinary action, including dismissal, as well as the legal consequences of applicable U.S. federal, state, or foreign laws.

Any out-of-the ordinary payment from corporate funds for the express purpose of obtaining or retaining business or unduly influencing some matter (such as a tax decision) in favor of the Company should be considered a "sensitive" payment. Such a payment could also take the form of extravagant entertainment or a gift of any value. These payments may be considered to be bribes and may, as noted above, result

in violation of U.S. federal, state, or foreign laws with attendant criminal and civil sanctions and requirements for disclosure.

In 1977, the Foreign Corrupt Practices Act (the FCPA) became U.S. law, largely as a result of disclosures made by American companies in the early and mid 1970s. It should be emphasized, however, that the fact that particular conduct does not violate the FCPA does not mean that it may not violate other laws with potentially serious consequences for the Company and the individuals concerned, or may not violate the Company's ethical standards, rules of corporate governance, or community standards, which impact our images as a good corporate citizen.

The FCPA prohibits the Company, its employees and agents from corruptly offering or giving anything of value to

- a foreign official, including any person acting in an official capacity for a foreign government;
- a foreign political party official or political party;
- a candidate for foreign political office; or
- any officer or employee of a public international organization such as the IOC, IMF, World Bank, the United Nations and its agencies, and the like,

for the purpose of influencing any act or decision of these individuals in their official capacity to help the Company obtain or retain business or direct business to any person or corporate entity.

The FCPA also prohibits the offering or paying of anything of value to any person or entity if all or part of the payment will be used for any of the above prohibited actions. This provision includes situations where intermediaries, such as foreign affiliates or agents, are used to channel payoffs to foreign officials.

The FCPA defines the term foreign official as any officer or employee of a foreign government or public international organization, or any department, agency, or instrumentality thereof, or any person acting in an official capacity for or on behalf of such government or department, agency, or instrumentality. The term does not include an employee of a foreign government, public international organization, or any department, agency, or instrumentality thereof whose duties are essentially ministerial or clerical. For purposes of compliance with the FCPA, officials of government-owned corporations are to be considered "foreign officials" .

### **Grease Payments**

The Company may on occasion be required to make a minor payment to a foreign government employee whose duties are essentially ministerial or clerical in nature. This minor payment is usually for the purpose of expediting rather than influencing a particular decision or transaction, and it is made simply to expedite some matter in a more timely or efficient manner. Such facilitating payments (also called "grease" payments) may not be illegal under the FCPA, or foreign government law enforcement policies and customs; however, in certain instances, such payments may violate local law or other U.S. federal statutes, particularly if they involve substantial amounts. If they involve large amounts, or are otherwise material, public disclosure under SEC regulations (as noted above) may be also required.

Facilitating payments must be strictly controlled and every effort must be made to eliminate or minimize such payments. Facilitating payments, if required, will be made only in accordance with local custom and practice and with applicable management approval and prior review by our chief financial officer.

### **Accounting Standards**

The Company's corporate policy requires that each one of our subsidiaries, branches, and overseas offices maintain books and records that accurately reflect all transactions of the Company as a whole. In addition, each Company entity and each Company office is responsible for the design and maintenance of an adequate system of internal accounting control. Basically, Company corporate policy requires that each transaction entered into by a Company entity have proper authorization and initial approval, then proper and complete accounting and reporting of the transaction. The handling of each transaction is subject to the Company's internal audit verification, with reporting of exceptions to management and the chief financial officer.

### **Selection and Retention of Foreign Commercial Agents**

The use of intermediaries for the payment of bribes or other illegal payments is expressly prohibited, and for this reason no director, officer, or manager may retain a foreign commercial agent except with the approval of the Company's board of directors. The board of directors will comply with the Company's specific procedure for evaluating, selecting, and retaining such agents which is contained in the corporate policy and procedure manual.