



BEYONDSRING INC.
INTERNATIONAL BUSINESS TRANSACTIONS COMPLIANCE POLICY
Adopted January 2, 2018

I. PURPOSE

To establish a policy that will facilitate and ensure compliance by BeyondSpring Inc. (“*BeyondSpring*” or the “*Company*”) and all of its U.S. and foreign operations and subsidiaries (hereinafter collectively referred to as the “*BeyondSpring Companies*”) with respect to U.S. laws governing international business transactions, including anti-bribery and corruption, economic sanctions, and export control laws and regulations (collectively referred to as “*International Laws*”).

II. POLICY AND PROCEDURE

BeyondSpring’s Code of Business Conduct and Ethics provides that obeying the law is the foundation upon which the Company’s ethical standards are built. This ethical standard includes complying fully with all applicable International Laws, and following the guidelines and procedures set forth herein to ensure compliance with such laws.

The procedures set out in this document focus on U.S. trade compliance laws, which affect business transactions by all BeyondSpring Companies, including even non-U.S. subsidiaries under certain circumstances. Given the number of countries in which BeyondSpring Companies operate, it is not feasible to address here the equivalent laws of other countries. Foreign affiliates must consult counsel for further advice on equivalent local laws, and supplement the following procedures as appropriate to ensure compliance with such applicable local laws.

International business transactions are necessary for the success of the Company and a violation of any of these International Laws may jeopardize the Company’s ability to sell products and services, or consult with other companies outside of the United States. Furthermore, violations may subject the Company to substantial fines and penalties. Under no circumstances will international business transactions be made contrary to the applicable International Laws of the United States (or any other country in which the BeyondSpring Companies are located or do business).

This Policy must be strictly complied with by all employees in the course of engaging in any international business transactions or with non-U.S. persons or companies. Employees who fail to take the necessary measures to insure compliance with this Policy will be subject to disciplinary action, up to and including termination of employment. **Compliance is mandatory.**

Company employees who have any questions or require clarification at any time regarding international business transactions should contact the Company’s Chief Financial Officer.

III. ANTI-BRIBERY AND THE FOREIGN CORRUPT PRACTICES ACT

BeyondSpring prohibits any and all forms of bribery or corrupt business practices. Company employees must never offer, give, request, accept or receive a bribe in order to obtain or retain a business deal or relationship. The purpose of this policy is to prevent employees from engaging in conduct violating anti-bribery and anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (“*FCPA*”) and similar laws of other countries. These laws aim to prevent companies from gaining an unfair business advantage through corrupt payments to certain private individuals, government officials, and employees of government-owned entities. This policy applies to personnel of the Company with respect to providing payments or other benefits, including entertainment, meals, travel, lodging and gifts, to beneficiaries (*e.g.*, customers, government officials), either directly or through third parties.

The FCPA is an anti-bribery law enacted by the United States in 1977 in response to highly publicized disclosures of payments to foreign officials that were concealed on corporate books of over 400 American corporations. Laws similar to the FCPA have been implemented in numerous other countries in recent years. In some cases, these local laws can be stricter than the FCPA. Failure to comply with anti-bribery laws may result in severe penalties for companies and individuals – including significant fines and imprisonment. Under these various laws, even when there is no clear intent to make a bribe, authorities responsible for enforcing anti-bribery laws may infer such an intent from surrounding circumstances. For example, even if a company does not explicitly direct a third party to make a payment that would benefit the company, enforcement authorities may conclude that the company “should have known” that the illegal action would occur.

Below are FCPA guidelines and procedures that must be followed by all Company employees. The Chief Financial Officer should be consulted with any questions regarding these procedures.

1. Covered Parties. Parties subject to the FCPA and its penalties include:
(i) BeyondSpring and its domestic U.S. subsidiaries, including employees, officers, directors and agents regardless of nationality; (ii) U.S. nationals who are employees, officers, directors or agents of any Company foreign subsidiaries; and (iii) Company foreign subsidiaries and their non-U.S. employees, officers, directors or agents with respect to acts that occur in the United States or include use of interstate facilities (*e.g.*, telephone, fax or e-mail) (collectively, the “Covered Parties”).

2. Prohibited Payment. The Covered Parties shall not offer, promise or give money or anything of value,¹ directly or indirectly, through agents or intermediaries, to any of the following foreign officials for the purpose of securing any improper advantage or influencing the actions of these officials in order to obtain or retain business:

¹ The prohibition against payments to foreign officials extends to the offering or giving of anything of value where the requisite criminal intent and business purpose are present. *The thing of value given can be of any kind, not just money, and there is no minimum amount or threshold of value that must be exceeded before the gift becomes illegal.*



(a) Any foreign official, which means any officer or employee of a foreign government or member of its armed forces or any department, agency, or instrumentality thereof,² or any person acting in an official capacity for or on behalf of any such government or department, agency or instrumentality;

(b) Any officer or employee of an enterprise owned or controlled by a foreign government (commonly referred to as State-Owned Enterprises);

(c) Any foreign political party or official thereof or any candidate for foreign political office;

(d) Any officer, director or employee of a public international organization (*i.e.*, an organization formed by two or more foreign governments and designated as such by Presidential Executive Order, *e.g.*, the World Trade Organization, the European Union or the Organization for Economic Cooperation and Development); and

(e) Any person (including any consultant), while knowing (or being aware of a high probability) that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to any foreign official, any foreign political party or official thereof, or any candidate for foreign political office.

3. Payments. Payments include cash, monetary payments or anything of value, including but not limited to meals, entertainment, trips and travel expenses, visa applications, and gifts. Such benefits may not be provided indirectly through third parties. A prohibited payment can take many forms, including through unusually large commission payments or consulting fees.

4. Exceptions.³ The FCPA permits exceptions for payments: (a) made in respect to “reasonable and bona fide” expenditures, such as travel and lodging expenses, incurred by or on behalf of a foreign official, party, party official, or candidate that are directly related to the promotion, demonstration, or explanation of products or services or the execution or performance of a contract with a foreign government or agency thereof; and (b) to foreign officials that are expressly lawful under the written laws and regulations of the foreign official’s country.

The Company’s Chief Financial must be consulted and provide explicit approval prior to any such payments being made.

² Although the FCPA does not define government instrumentality, the term should be construed to include entities wholly or partially owned by foreign governments and specially chartered private corporations entrusted with quasi-governmental functions.

³ The FCPA contains an exception for “facilitation payments” which are payments made to “expedite or secure performance of a routine governmental action.” However, the exception’s requirements are difficult to satisfy, and the exception is not recognized by other countries’ anti-bribery laws (*e.g.*, The UK Bribery Act). It is the Company’s policy to not recognize facilitation payments as a valid exception.

5. Affirmative Duty to Take Action. All directors, officers, employees and agents of the Company are required to report potential FCPA violations to the Chief Financial Officer. Willful ignorance is not excused. There may be circumstances under which an officer, director, employee or agent becomes aware of facts which should cause suspicion (*i.e.*, so-called “red flags”). In these circumstances, if the individual fails to take steps to allay suspicion, he or she risks prosecution under the FCPA since the director, officer, employee or agent could be alleged to have had the requisite knowledge for a violation.

6. Examples of Red Flags. The following is a list of some typical examples of red flags of possible FCPA violations.

- a. Unusual or convoluted payment patterns or financial arrangements, including requests that payments be made to third countries (*e.g.*, a request for payment to a numbered account in the Bahamas for work performed in China may warrant further investigation by the Company);
- b. Unusually high commissions;
- c. Over-invoicing (*i.e.*, an agent asks that a check be cut for more than the actual amount of expenses) or invoices that lack specificity in terms of the services provided;
- d. Requests that checks be made out to “cash” or “bearer,” that payments be made in cash, or that bills be paid in some other anonymous form;
- e. Lack of transparency in expenses and accounting records;
- f. Requests for unusual bonuses, extraordinary payments, or substantial upfront payment;
- g. Apparent lack of qualifications or resources on the part of a person to perform services offered;
- h. Recommendation by a potential government customer of a person or a company to perform services;
- i. A sales agent has family or business ties with a government official;
- j. A person requires that his or her—or their company’s—identity not be disclosed;
- k. Any odd request that reasonably arouses suspicion (*e.g.*, requests that certain invoices be backdated or altered may warrant further investigation by the company);
- l. A person or company’s “bad reputation”;
- m. A history of corruption in a particular country or industry; and
- n. A person’s refusal to certify that he or she will not take any action in furtherance of an unlawful offer, promise, or payment to a foreign public official, or that he or she will not take any action that would cause the company to be in violation of anti-bribery or anti-corruption laws.

When red flags of this, or a similar, nature arise, Company employees have an obligation to immediately inform the Chief Financial Officer of the concern so that, when warranted, further review of the matter can occur.

7. Required Accounting Controls. The Company shall establish and maintain accounting and record keeping controls that will prevent the use of “slush funds” and “off-the-books” accounts as a means of facilitating and concealing questionable foreign payments. In particular, the FCPA requires the Company to establish and keep accurate books, records and accounts that accurately and fairly reflect its transactions and disposition of its assets. For these purposes, the term “records” includes items such as commission and subcontractor agreements and invoices from vendors.

8. Fines and Penalties. The FCPA’s penalties, as supplemented by the U.S. Sentencing Guidelines, include fines of up to the greater of \$2.0 million for companies and fines of up to \$250,000 and/or imprisonment for up to five years for individuals, or in either case, up to twice the gain or loss. Willful violations can lead to fines up to \$2.5 million for companies and \$1 million or ten year’s imprisonment for responsible company officials. The FCPA prohibits the Company from reimbursing a director, officer, employee or agent for the amount of the fine involved. Individuals can be subject to criminal liability under the FCPA regardless of whether the Company has been found guilty or has been prosecuted for a violation. In addition, any persons found to have been involved in any way in such activities will be subject to corporate disciplinary action, including, where appropriate, dismissal.

9. China and the FCPA. Doing business in China can raise concerns as to compliance with the FCPA. First, the U.S. Department of Justice (the “**DOJ**”) takes an aggressive position on several key elements of the FCPA that apply with particular importance to China. For example, the FCPA prohibits bribes paid to foreign officials to obtain a business advantage. In China, this prohibition could capture a number of transactions with state-owned or state-controlled entities that may not immediately appear to involve the official state government or government officials. These persons can range from low-level employees in a profit-seeking business enterprise to doctors or administrators in state-operated hospitals under the DOJ’s expansive interpretation of these terms. Thus, payments to such persons may be considered to be an FCPA violation by the DOJ.

Second, even with advancements and reforms in China’s economic sector, business in China is often conducted with a lack of transparency. What many local employees in China view as the cost of doing business (e.g., giving small kickbacks and providing favors) remains common in certain areas and industries. While individuals in China may view these minor acts of corruption as accepted business activities that are tolerated by Chinese enforcement officials, such behavior could be viewed by the DOJ as FCPA violations.

A. GIFTS, MEALS, LODGING, ENTERTAINMENT COMPLIANCE

The Company has established policies and guidance on providing entertainment, meals, travel, lodging and gifts to its customers and business partners, including government officials and employees of government-controlled entities that may fall outside of the scope of the FCPA. BeyondSpring employees are permitted to provide certain benefits to customers and business partners if the benefits are directly related to the promotion or demonstration of the Company’s products and services, or are necessary for the Company to fulfill its contractual obligations.



Although reasonable and bona fide promotional expenditures are permitted, it may be difficult to distinguish appropriate expenditures from those that are excessive. All Company personnel must exercise good judgment and moderation when entertaining and providing travel and other expenses to customers and business partners. Company employees shall not be influenced by receiving favors nor shall they try to improperly influence others by providing favors. Employees may only offer or accept reasonable meals and symbolic gifts which are appropriate under the circumstances or particular cultural customs, and they shall not accept or offer gifts, meals, or entertainment if such behavior could create the impression of improperly influencing the respective business relationship. Further, the offering of such meals, gifts, or entertainment must be in conjunction with legitimate business meetings, conferences or events hosted or supported by BeyondSpring. They may never be provided on a stand-alone basis.

As the Company's Code of Ethics states, no employee may engage in any manipulative business practices. When in doubt as to whether giving or receiving a gift, meal, lodging, travel or form of entertainment is acceptable, the employee must seek guidance from the Chief Financial Officer.

IV. U.S. EXPORT LAWS

All BeyondSpring employees engaged in foreign trade activities must refrain from business activities which may not be authorized by the U.S. government. With respect to business transactions involving products or services intended for export from the United States, the procedures described below must be followed in further implementation of this Policy. The Chief Financial Officer should be consulted with any questions regarding these procedures.

The Export Administration Act and the implementing Export Administration Regulations ("**EAR**") which regulate exports from the United States are complex and, in limited circumstances, it is possible that some of BeyondSpring's products or services may require special licenses, or other authorizations, before being legally exported. Licensing requirements depend, in part, on the type of product/service/technology exported, the customers and countries of destination and, in certain circumstances, the ultimate use of the export.

Licenses may be required for export because:

- the technology of the product and the country of ultimate destination requires a license,
- the end-user is listed on a U.S. government restricted/prohibited party list,
- the type of end-user or end-use requires a license,
- the country to which the product or technology is to be exported to has a specific licensing control policy as identified by BIS on its County Control Chart, or
- the country of ultimate destination of the goods or technology is either an embargoed country or has selective sanctions in place.

If the export is being shipped from or through a foreign country, an export license may also be required either in accordance with that country's laws, or under a U.S. re-export license. The Chief Financial Officer will be responsible for oversight and analysis of when an export license may be

required. This process typically involves other employee(s) input and evaluation of the potential transaction prior to entering into any agreement or contractual relationship.

A. OVERVIEW OF EXPORT REQUIREMENTS

Any item that is sent from the United States to a foreign destination is an export. “Items” include commodities, software or technology. The purpose of U.S. export control requirements is for the control of exports of sensitive equipment, software and technology as a means to promote national security interests and foreign policy objectives. This covers the control of the most sensitive U.S. technology and weapons, controls based on a desire to promote regional stability in certain areas of the world, taking into account human rights considerations by certain foreign governments, efforts to prevent proliferation of weapons and technologies, including of chemical and biological devices and technology, and controlling access for certain products and technology to problem end-users or those who may divert the export for use by prohibited end-users or for prohibited end-uses.

U.S. persons and U.S. items, as defined below, are subject to U.S. export control laws and regulations:

10. U.S. Persons means not only U.S. companies (including their overseas branches), but also U.S. citizens and permanent resident aliens (“**Greencard holders**”), wherever located or employed, and all persons located within the United States.

11. U.S. Items includes goods, services, software and technology which are (i) exported from the United States; (ii) wholly U.S. origin; (iii) foreign-produced items containing greater than *de minimis* controlled U.S. content by value (10% for Cuba, Iran, North Korea, Sudan and Syria and 25% for all other countries)⁴; or (iv) in some limited cases, foreign direct products of U.S. origin technology or software.

B. CLASSIFICATION OF PRODUCTS AND TECHNOLOGY

For every transaction intended for export from the United States, the following Company must take the necessary steps to determine the Export Control Classification Numbers (“**ECCNs**”) of the goods or technology to be exported. The ECCN will allow for a full review and determination of any U.S. controls which might require a license for export, or which might prohibit the item from being exported.

The ECCN is an alpha-numeric code, *e.g.*, 3A001, that describes the item and indicates licensing requirements. All ECCNs are listed in the Department of Commerce’s Commerce Control List (“**CCL**”). The CCL is divided into ten broad categories (with Category 1 covering Materials,

⁴ The percentage U.S. content is calculated by the cost to the foreign manufacturer of the controlled U.S. content divided by the ex works sales price of the foreign product. If the percentage is less than the relevant threshold then U.S. jurisdiction is “released” over the product. When calculating U.S. content, it is not permitted to commingle the values in hardware, software and technology, *i.e.*, separate calculations must be made for each. Also, calculations for software and technology must first be submitted to the U.S. Department of Commerce for a one-time review before the item can be “released” from U.S. jurisdiction and exported.



Chemicals, Microorganisms, and Toxins), and each category is further subdivided into five product groups.

Items not falling within the description of any particular ECCN will fall within a general “basket” ECCN designated as “EAR99”. EAR99 items generally consist of low-technology consumer goods and do not require a license in many situations. However, Company employees who plan to export an EAR99 item to an embargoed country, to an end-user of concern or in support of a prohibited end-use may be required to obtain a license from the U.S. government

Based on historical experience, most BeyondSpring products and technology can be properly classified as 1C. However, if new products or technology is developed, or products not previously exported or reexported are involved in the proposed export transaction, the Chief Financial Officer should be consulted to determine an appropriate ECCN classification and whether an export license is required.

C. SCREENING OF EXPORT TRANSACTIONS

Before engaging in international business activities, Company employees must ensure that the transaction does not involve persons or entities on any sanctions or restricted parties lists, and that the intended end-use of the product, technology or service is allowable under International Laws. The following four questions should be addressed at some level before undertaking any export transaction:

- **What are you exporting?** Does the equipment, component, software or technology have an export control classification number (“ECCN”)? Is the item considered sensitive and could its export harm the national security of the United States? Is it predominantly a commercial product or broadly available technology, or does it have both commercial and military/defense applications or capabilities?
- **Where are you exporting?** Restrictions vary from country to country. The most restricted destinations are the comprehensively embargoed countries, including Cuba, Iran, North Korea, Sudan (North), Syria and the Crimean region of Ukraine. Exports to NATO members and other U.S. allies are, most often, permissible but still may require an export license.
- **What will your item be used for?** Some end-uses are prohibited while others may require a license. For example, Company employees may not export to certain entities involved in the proliferation of weapons of mass destruction (*e.g.*, nuclear, biological, chemical) and the missiles to deliver them, without specific authorization. An end-use certificate from the ultimate user may be required in order to determine whether a license is necessary.
- **Who will receive your item?** Certain individuals and organizations are prohibited from receiving U.S. exports and others may only receive goods if they have been licensed, even items that do not normally require a license. The appropriate U.S. government “Consolidated Screening List” must be checked to ensure that the recipient is acceptable.



This list is available at: http://2016.export.gov/ecr/eg_main_023148.asp. The Consolidated Screening List (“CSL”) is a list of parties for which the United States government maintains restrictions on certain exports, reexports or transfers of items.

1. Screening of End-Users and Other Involved Parties. At a minimum, the following parties to Company transactions are to be screened (in the event of any concerns additional party screening and due diligence may be necessary):

- All existing customers (*i.e.*, end-users)
- All distributors and non-employee sales agents
- Every potential new customer / distributor / business partner
- Forwarding agents
- Shipping companies
- Intermediate consignees
- All “ship to” parties

All export transactions are to be screened for any restricted or prohibited parties in order to avoid violations, licensing problems, delays, and penalties.

Party screening often leads to “false positive” matches due to typos or names with multiple possible spellings, and other potential grammatical variations on a word, or synonyms of a name. When there is a true hit or a false positive match, the matter should be brought to the attention of the Chief Financial Officer for further review and analysis. In such instances, all work on the related transaction halts until further notice from the Chief Financial Officer.

2. Screening for End-Use. U.S. export control laws prohibit or restrict the provision of products, technology or services related to certain end-uses, including but not limited to the production or use of chemical and biological weapons, missile and rocket technology, or nuclear materials and production. While it is highly unlikely that any of BeyondSpring’s products, technology or services could support such end-uses, it is conceivable that a limited quantity of our products or services may present a risk of diversion to prohibited chemical and biological end-uses. If there is ever a business transaction in which an employee has any reason to believe or suspect that any Company biopharmaceutical products, assets, agents or research are sought for purchase for any prohibited end-uses, the Chief Financial Officer is to be contacted immediately.

3. Non-U.S. Export Laws and Regulations. It is the policy of the Company to comply fully with all applicable export and reexport laws and regulations, including local (non-U.S.) laws and regulations. Thus, in addition to adhering to the procedures described above, if applicable, it is the responsibility of each BeyondSpring location/facility to undertake the necessary due diligence for business transactions that may occur completely outside of the United States to ensure compliance with all such local export laws and regulations.

D. EMBARGOED/RESTRICTED COUNTRIES

The U.S. government administers a number of comprehensive economic sanctions and embargoes that target geographic regions and certain governments. Some programs are comprehensive in nature and block the government and include broad-based trade restrictions. BeyondSpring, as a U.S. company, may not conduct business with any such countries, or foreign nationals from such countries.

Currently, the United States maintains strict trade embargoes against the Crimea region of Ukraine, Cuba, Iran, Sudan, Syria and North Korea. If any Company employee is approached for business opportunities in these countries, the Chief Financial Officer is to be immediately contacted for legal compliance review prior to any acceptance or agreement regarding such opportunities. U.S. persons are also prohibited from facilitating or participating in any transaction by non-U.S. Persons involving any of these embargoed countries. These prohibitions apply regardless of the origin of the product, services or technology involved.

Further, the United States maintains selective trade restrictions on certain other countries. Currently, these are Balkans, Belarus, Burundi, Central African Republic, Democratic Republic of the Congo, Iraq, Lebanon, Libya, Somalia, Sudan, South Sudan, Russia, Venezuela, Yemen, and Zimbabwe. For these countries, trade restrictions and licensing requirement normally pertain to certain end-users, end-uses, or are applied to block financial assets or otherwise accomplish U.S. foreign policy and national security goals.

E. FINAL REVIEW AND “RED FLAGS”

BeyondSpring can be subject to criminal or civil penalties both (a) in situations where they know that the transaction is prohibited by U.S. trade restrictions, and (b) in situations where, despite a lack of actual knowledge, a violation occurred and the company had reason to know that a violation would occur. A violation can occur by merely making an in-country delivery of goods to a third party where there is knowledge or reason to know that such third party has violated or may violate applicable export laws and restrictions. Accordingly, all Company employees involved in export transactions have an affirmative duty to inquire into the relevant facts, and to seek additional information concerning these transactions if it appears that a potential violation of U.S. export law might occur. To that end, below is a list of “red flags” to check for in each export transaction.

In addition to running a final screening of the involved parties prior to shipment, and confirming the end-user and end-use, do any of the following “red flags” apply to the proposed export transaction?

- a. The name or location of the shipping consignee on the bill of lading and invoice differ from the name or location of either the customer or ultimate end user of the order.
- b. The order is inconsistent with the needs of the purchaser.
- c. Installation or testing is declined when normally requested.

- d. A customer/purchasing agent is reluctant to discuss the end use of a product and/or whether it is intended for domestic use, export or reexport.
- e. The product's capabilities do not fit the buyer's line of business.
- f. The product ordered is incompatible with the shipped country's technical level.
- g. The customer has little or no business background.
- h. The customer is willing to pay for a very expensive item without financing.
- i. The customer is unfamiliar with the product's performance characteristics.
- j. Delivery dates are vague, or deliveries are planned for out-of-the-way destinations.
- k. A freight forwarding firm is listed as the product's final destination.
- l. The shipping route is abnormal for the product and destination.
- m. Packaging is inconsistent with the stated method of shipment or destination.
- n. Any other abnormalities suggesting an inappropriate end use, end user or destination.

If there remain any questions or concerns regarding the legitimacy of the export transaction, Company employees should immediately contact the Chief Financial Officer before proceeding with the actual shipment, discussion, or exchange of technology.

F. UNDERSTANDING "DEEMED EXPORT"

Given the type of work and consultation necessary for BeyondSpring with its business partners, many of whom are located outside of the United States, it is of particular importance for Company employees to understand the concept of "deemed export". An export of the actual products, technology and/or data may occur not only in the traditional sense of physically exporting an item from the United States to a foreign country, but may also occur when information or technology is released via oral, visual or electronic format (*i.e.*, e-mail, access on a computer system server, video briefing) to a foreign national. Furthermore, a "deemed export" occurs when a U.S. company transfers controlled technology or source code to foreign nationals in the United States (*i.e.*, during a business visit or to a foreign national working in the United States; reading technical specifications, plans, blueprints; or when technology is exchanged orally during a meeting). In other words, export control restrictions apply to enabling technical disclosures and are not limited to tangible goods. A deemed export of technology often occurs by the following means:

- Sending or taking technology abroad in any form (e-mail, hand carried, etc.);
- Disclosing or transferring technology to a foreign national (even in the United States);
- Performing services for or on behalf of a foreign national (even in the United States);
- During any conversation or meeting with a foreign national (even in the United States);
- Through the unlicensed employment of a foreign national; and
- During visual inspection of U.S.-origin equipment and facilities by foreign nationals.

Any foreign national is subject to the "deemed export" rule except a foreign national who (1) is granted permanent residence, as demonstrated by the issuance of a permanent resident visa (*i.e.*, "Green Card"); or (2) is granted U.S. citizenship; or (3) is granted status as a "protected person" under 8 U.S.C. 1324b(a)(3).

Not all interactions with foreign nationals will require an export license. The equipment, material, technology or documentation involved may be eligible for an export license exemption; but, this is determined only on a case-by-case basis. As such, advanced notice and prior approval of visits, tours, meetings, conferences involving foreign nationals must be made to determine if export authorization is required. Further, consideration must be given to the content of any detailed discussions which may occur via e-mail, by phone, or in person with foreign nationals to determine whether there are any export control concerns or restrictions.

V. U.S. IMPORT LAWS

It is the policy of the Company that all BeyondSpring Companies comply with applicable laws and regulations relating to the importation of products or materials into the country in which the Company is situated. The following describes the type of controls required with respect to imports into the United States.

Under the U.S. customs laws (primarily 19 U.S.C. § 1484, as amended by the Customs Modernization Act), the importer of record is responsible for exercising “reasonable care” over its import activities. In general, this means that the importer must develop, implement and maintain effective internal controls to ensure that reasonable care is exercised in planning for imports and preparing and presenting data to U.S. Customs and Border Protection (“**CBP**”). More specifically, the importer is required to properly enter, classify and determine the value of imported merchandise and to provide any other information necessary to enable CBP to properly assess duties, collect accurate statistics, and to determine whether other applicable legal requirements, if any, have been met. CBP is then responsible for fixing the final classification and value of the merchandise.

An importer of record’s failure to exercise reasonable care could delay release of the products or lead to seizures. It could also result in the imposition of liquidated damages or penalties. If the violations are intentional, they could lead to criminal prosecutions.

In order to help ensure that the Company complies with all U.S. customs laws and regulations, all personnel involved in the design, development, procurement and/or delivery of products imported into the United States must assist in the development, implementation and maintenance of effective internal controls over import matters (including planning for imports, preparing and presenting data to CBP, recordkeeping, *etc.*). In this regard, the person responsible for purchasing at each Company location/facility involved in importing into the United States is responsible for:

1. Ensuring that an internal control system is in place that will document oversight and review of the customs activities of the applicable BeyondSpring location. This internal control system should, at a minimum, cover:
 - a. Reviewing new products with knowledgeable personnel, or if more appropriate, a customs expert, prior to the initial importation to ensure that the proper classification, valuation, origin, *etc.* will be declared upon entry.

- b. Determining whether merchandise is subject to import regulations issued by agencies other than CBP – these regulations may be in the form of restrictions, special labeling requirements, or permit or license requirements.
- c. Determining whether merchandise qualifies for preferential treatment under free trade agreements (*e.g.*, the North American Free Trade Agreement) or other trade preference programs (*e.g.*, the Generalized System of Preferences) before making entry.
- d. Reviewing customs brokers' entry submissions.
- e. Testing for uniformity in tariff classification if identical products are entered at more than one port.
- f. Ensuring that employees with customs responsibilities receive adequate training.
- g. Conducting periodic post-entry reviews to test the effectiveness of the internal control system.

The Chief Financial Officer should be consulted with any questions regarding these requirements.

VI. ANTIBOYCOTT LAWS

The United States also administers and enforces certain antiboycott laws under the Export Administration Act. Those laws discourage, and in some circumstances, prohibit U.S. companies from furthering or supporting the boycott of Israel sponsored by the Arab League, and certain Muslim countries, including complying with certain requests for information designed to verify compliance with the boycott. The Arab League and several Middle Eastern countries (often including Kuwait, Lebanon, Libya, Qatar, Saudi Arabia, Syria, United Arab Emirates, and the Republic of Yemen) are the main sources of foreign economic boycotts that U.S. companies must be aware of. However, U.S. antiboycott regulations are applicable to any and all boycotts imposed by foreign countries that are not supported by the United States.

The Company shall comply in all respects with the antiboycott laws and accompanying regulations of the United States. Accordingly, no officer, director or employee shall provide any information (oral or written) or engage in any conduct that would be contrary to such laws and regulations. Violations of antiboycott laws and/or corresponding regulations are subject to criminal and civil penalties and to corporate discipline, including dismissal in appropriate cases.

Prohibited activities generally include refusing or agreeing to refuse to do business with a boycotted country or its nationals; refusing or agreeing to refuse to do business with “blacklisted” or “boycotted” firms; certifying that an entity is not blacklisted; agreeing to participate in or cooperate with an unsanctioned foreign boycott; and (for purposes of the Commerce rules) providing information on a company’s activities with a boycotted country or with blacklisted companies or concerning the race, religion, sex, or national origin of personnel.

The term “boycott request” is very broadly construed under the Antiboycott Laws. It includes any request, agreement, understanding or requirement in support of a boycott. It may be conveyed

orally or in writing. It need not require any response or affirmative action. Common sources of boycott requests are bid inquiries, contracts, purchase orders, letters of credit, and conversations and meetings with customers. All potential boycott requests should be communicated immediately to the Chief Financial Officer.

VII. REPORTING AND INVESTIGATION OF POTENTIAL VIOLATIONS

Investigations of specific business transactions to determine if a violation of International Laws or a process breakdown has occurred may result from various sources, including but not limited to company self-assessments, internal audit reviews, or reports of suspected violations made by individual employees. The purpose of such an investigation is to determine what activity or event occurred, whether such activity violated any laws or regulations, and then, as required, develop corrective actions to prevent any future occurrence of the same or similar activity.

If Company employees suspect a violation or infraction or any of the above procedures has occurred or is about to occur, the following steps must be taken:

- Hold Transaction: Stop processing the order and suspend all communications with foreign parties in connection with the transaction.
- Notify Compliance Personnel: Contact immediate supervisor, or the most senior manager available.
- Preserve Documentation: Gather and retain the relevant records or files.
- Maintain Confidentiality: The matter should not be discussed with third parties or other employees.

1. Reporting Suspected Violations. BeyondSpring employees shall not willfully ignore information that comes to them in the normal course of business activities to avoid potential compliance issues. Knowledge possessed by Company employees can be attributed to BeyondSpring and render the Company liable for violations. Therefore, any unauthorized, suspected, or illegal export transactions, whenever discovered by any employee, must be reported immediately for review and evaluation.

Reports of suspected export control violations must be reported to the Chief Financial Officer. Employees can report potential violations or suspect conduct by others without fear of retribution. All employee reports of potential violations will be kept confidential. Sufficient information must be provided to allow the Company to pursue an appropriate course of action in the event of an actual or potential violation. Accordingly, employees are encouraged to provide as much detail as available when reporting possible violations.

2. Investigation. Upon receiving a report of a potential violation, a preliminary investigation of the facts through documentary review, as well as an analysis of the applicable International Laws, will be undertaken as a first step to determine whether there is a likelihood that a violation has occurred. Such a preliminary investigation can be undertaken by the Chief Financial Officer, but may also involve review and input by outside legal counsel.



Should a preliminary investigation confirm that a violation likely occurred, a more detailed formal investigation will be immediately undertaken. The formal investigation will first ensure that actions have been taken to preserve documents, to stop any on-going conduct that may continue or aggravate any violation, and determine whether remediation should be taken such as removal of persons who may be involved in the conduct, severance of questionable business relationships, and retrieval of illegal exports. If it is determined that a violation has occurred, the Company will undertake corrective actions (*i.e.*, address training deficiencies, implement new internal controls, or, provide counseling or disciplinary action for employees) to prevent, detect and avoid any future violations.

In the instance of any violation, a voluntary disclosure to the appropriate U.S. government agency may be made by the Company. Only the Chief Financial Officer, with the consent of the CEO, is authorized to make voluntary self-disclosures on behalf of BeyondSpring.

VIII. NON-COMPLIANCE WITH COMPANY'S POLICY

As noted above, civil and criminal penalties for violations of these International Laws can be severe for both BeyondSpring and individual employees. The Company takes its compliance responsibilities seriously and internal disciplinary actions may be imposed for any non-compliance.

Discipline for inadvertent and unintentional violations may range from reprimands, or a need for additional compliance training, to termination of employment, depending upon the seriousness of the violation, and must be decided on a case-by-case basis.

Intentional non-compliance or repeated violations may result in the involved employee(s) receiving appropriate administrative and financial penalties, up to and including termination of employment.

Any employee who is aware of another employee's violation, or a suspected violation, of such laws, regulations, the Company policy or any compliance procedures, and does not report that violation will also be subject to appropriate disciplinary action.

IX. RECORDKEEPING

Recordkeeping is an integral part of the compliance process because it allows the BeyondSpring to maintain a compliance assessment trail of each relevant business transaction. Each of the relevant International Laws contain specific recordkeeping requirements that must be satisfied.

All employees involved in business transactions involving International Laws must keep soft or hard copies of all documentation for a period of five (5) years. Records must be kept in a manner which facilitates the ability to retrieve the records for any purpose and to review the records during audits. In particular, any documentation with government officials involving such business transactions, potentially relevant classification, interpretations or other guidance on export control issues must be retained.



X. QUESTIONS

This Policy will be updated as necessary to accommodate changes in the laws and regulations and to articulate general standards of conduct that are necessary to promote company-wide compliance.

Company personnel should contact the Chief Financial Officer for all questions and concerns related to compliance under this Policy. The Company maintains an “open door” policy that encourages communication between its Chief Financial Officer and employees.



RECEIPT AND ACKNOWLEDGEMENT FORM

I, _____, have read and understand BeyondSpring’s International Business Transactions Compliance Policy, a copy of which has been furnished to me. I understand that the Policy applies to all BeyondSpring employees and that it is my responsibility to comply with the Policy to ensure that the Company remains compliant with all applicable U.S. International Laws. I acknowledge that the Company places a high priority on remaining compliant with all U.S. International Laws, and I hereby agree that I will fully comply with all provisions of the Policy and will report any suspected violations to my supervisor and/or the Chief Financial Officer.

I understand that any BeyondSpring employees who engage in prohibited conduct may subject the Company to substantial civil fines and/or criminal penalties. Such employees may be subject to disciplinary measures up to and including termination of employment, and may also be subject to individual penalties by the U.S. government or the governments of other countries.

All employees, regardless of whether they sign this certification, are expected to comply with the provisions of this compliance policy and to report any suspected violations. I also understand that these standards and principles are issued for informational purposes, and that these documents are not an express or implied contract of employment and do not create any contractual obligations by BeyondSpring to continue my employment or to follow any stated policy or procedure with respect to my employment.

Signature

Print Name

Title / Department

Date

** A copy may be retained by the employee; the original will be retained in the employee’s personnel file