



CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

中國神威藥業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 02877)

(“Company”)

WHISTLEBLOWING POLICY

(the “Policy”)

(2012)

INTRODUCTION

The Company is committed to the highest possible standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is every employee’s responsibility and in all interest of the Company to ensure that any inappropriate behaviour or organisational malpractice that compromise the interest of the shareholders, investors, customers and wider public does not occur. To this end, the Company has devised this Policy.

THE POLICY

This Policy is intended to assist individual employees (permanent or temporary employees) to disclose internally and at a high level, information which the individual believes shows malpractice or impropriety within the Company and/or its subsidiaries (the “Group”). It is not designed to further any personal disputes, question financial or business decisions taken by the Company nor should it be used to reconsider any staff matters which have been addressed under the grievances procedure already in place.

SCOPE

The Policy applies to the Group’s employees at all levels and divisions/departments.

MISCONDUCT AND MALPRACTICE

It is impossible to give an exhaustive list of the activities that constitute misconduct or malpractice but, broadly speaking, we would expect you to report the following:

- malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters
- criminal offences
- unlawful, improper conduct or unethical behaviour likely to prejudice the standing of the Company
- deliberate concealment of any of the above

While we do not expect you to have absolute proof of the misconduct or malpractice reported, the report should show the reasons for the concerns. If you make a report in good faith then, even if it is not confirmed by an investigation, your concerns would be valued and appreciated.

PROTECTION AND CONFIDENTIALITY

It is the Company's policy to make every effort treating all disclosures in a confidential and sensitive manner after employee reports concern about any of the above matters. The identity of the individual employee making the report will not be divulged without the employee's prior written consent. However, there may be circumstances in which the Company may be required or legally obliged to reveal the employee's identity, for example, where an investigation leads to legal proceedings being initiated. If this is the case, the Company will, if legally permitted, endeavour to inform the employee that his/her identity is likely to be disclosed and will take all reasonable steps to ensure that the employee suffers no detriment. Harassment or victimization of a genuine whistle blower will be treated as gross misconduct, which if proven, may result in dismissal.

FALSE REPORT

If you make a false report maliciously, with an ulterior motive, without reasonable grounds that the information in the report is accurate or reliable, or for personal gain, you may face disciplinary action, including the possibility of dismissal.

REPORTING AND INVESTIGATION PROCEDURES

Any report under the Policy must be submitted in writing to the Chairman of the board of directors of the Company at Room 5201, 52/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong, in a sealed envelop clearly marked "Strictly Private and Confidential – To be Opened by Addressee Only" to ensure the confidentiality.

Employees are required to put their name to any disclosures they make. Anonymous complaints would usually not be considered.

The format and the length of an investigation will vary depending upon the nature and particular circumstances of each complaint made. The matters raised may:

- be investigated internally;
- be referred to a governmental and/or regulatory authority (including the Hong Kong Police Force);
- be referred to the external auditor of the Company; and/or
- form the subject of an independent inquiry.

When possible, the Chairman of the board of directors of the Company shall acknowledge receipt and/or give feedback to the whistle blower.

REVIEW OF THE POLICY

The use and effectiveness of the Policy will be reviewed regularly by the audit committee of the Company.