

Modern Chinese Medicine Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 1643)

WHISTLEBLOWING POLICY

(Adopted by the Company at the Board meeting of the Company on 23 March 2023)

1. Introduction

The Company and its subsidiaries (collectively the “Group”) are committed to achieving and maintaining the highest standards of openness, integrity and accountability. All employees at different levels are expected to act with integrity, impartiality and honesty. It is the responsibility of each employee of the Company to ensure that no inappropriate acts that may endanger the interests of the shareholders, investors, customers and even the public will occur, which is in the interest of the Group. It is also important to maintain the good corporate image and improve the corporate governance level of the Group. To this end, the Company has formulated this whistleblowing policy (the “Policy”).

2. Purpose

The Policy has been established to enhance the awareness of maintaining the impartiality of the Group, and function as a monitoring mechanism. The Policy provides the employees of the Group and other stakeholders who are dealing with the Group (such as customers, contractors, suppliers, creditors and debtors) with reporting channels and guidelines. “Whistleblowing” refers to a report made by employees or other stakeholders about their grave concerns regarding, to the best of their knowledge or honest belief, any misconduct, immoral behaviour or irregularity the Group has been, or may have been involved in. The Policy is designed to encourage employees and other stakeholders to raise their grave concerns to the Company in a responsible and effective way, rather than neglecting the issues or reporting the issues to other entities instead of the Company. The provisions of the Policy shall be applicable to the Company and its subsidiaries inside and outside Hong Kong.

3. Policy

The Policy aims to assist individual employees and other stakeholders in disclosing information about acts suspected to be misconduct, immoral behaviour or irregularity through confidential reporting channels. The Policy is not intended for further handling any personal disputes, challenging the financial or business decisions of the Company, or reconsidering any staff-related issues that have already been handled according to the existing complaint procedures. Matters for whistleblowing include, but not limited to:

- immoral behaviour, misconduct or fraud involving internal control, accounting, audit and financial matters;
- breach of rules and regulations of the Company or code of conduct of the Group;
- unfairness;
- misconduct or immoral behaviour that may prejudice the reputation of the Group;
- failure to protect data, records and assets;
- breach of legal or regulatory requirements;
- criminal offences, breach of civil law and injustice;
- fraud or corruption;
- threats to health and safety of others;
- actions that are detrimental to the environment;
- harmful, discriminatory or retaliatory actions against whistleblowers for reporting in accordance with the Policy; and
- intentional concealment of information related to any of the aforementioned.

4. Protection and Confidentiality

It is the policy of the Company to handle all disclosures in a confidential and sensitive manner after the report of concerns in relation to any of the aforementioned matters by employees. The fair treatment concerning the identity of certain employees who made a true and appropriate allegation according to the Policy is guaranteed. In addition, employees are also protected from unfair dismissal, harmful or undeserved disciplinary actions, even if the result of the concerns may not be proved to be true.

Due to the nature of the investigation, the identity of the whistleblower is required to be disclosed in certain circumstances. In such case, we will make every effort to inform the whistleblower that his/her identity may be disclosed. If the whistleblower is required to participate in the investigation, the fact first disclosed by the whistleblower shall be kept confidential as far as reasonably practicable. However, during the investigation, the role of the whistleblower may be known to a third party. In addition, if the investigation results in criminal litigation, the whistleblower may be required to provide evidence or to be interviewed by competent authorities. In such cases, we will discuss with the whistleblower on the impact of confidentiality again. The whistleblower shall understand

that, in certain cases, we may transfer the matter to relevant authorities without informing or negotiating with the whistleblower in advance.

In the event of retaliation or threat of retaliation against a person who raised concerns under the Policy, the Group reserves the right for the Company to take appropriate actions against the instigator. In particular, employees who retaliate or threaten to retaliate may face disciplinary actions, including immediate dismissal. The management will support all employees and encourage them to raise concerns without fear of retaliation. Individuals who made appropriate and true complaints in accordance with the Policy shall be protected. Even if there is no solid evidence to prove such matter afterwards, the whistleblower shall be protected from unfair dismissal, harm or unnecessary disciplinary actions. Any person inflicting harm or retaliation upon the whistleblower who has acted under the Policy will be subject to disciplinary measures.

5. Procedure

A. Whistleblowing channels applicable to the Company

When a whistleblower reasonably suspects any misconduct, he/she may directly notify the audit committee (or any designated committee comprising a majority of independent non-executive directors), which shall review the complaint and decide on how the investigation should be proceeded. The relevant committee may consider appointing appropriate investigators or establishing a special committee to investigate the matter independently, as the case may be.

If the above procedure makes the whistleblower uneasy, for example, the immediate manager of the whistleblower refuses to accept the case or is the target of whistleblowing, the whistleblower shall contact the company secretary or the compliance officer. If the whistleblowing is of substantially serious nature, or in any way involves a director, supervisor, officer, company secretary or compliance officer, it shall be reported directly to the chairman of the audit committee. When reporting, the whistleblower shall provide complete information and, to the extent possible, supporting evidence.

B. Whistleblowing channels applicable to the subsidiaries of the Company

When employees of the subsidiaries of the Company and other stakeholders reasonably suspect any misconduct, they may also directly notify the audit committee (or any designated committee comprising a majority of independent non-executive directors) which shall review the complaint and decide on how the investigation should be proceeded. The relevant committee may consider appointing appropriate investigators to investigate the matter independently as the case may be.

C. Means of whistleblowing and supporting documents

Disclosures may be made orally, in writing or on the standard form (Whistleblower Reporting Form) enclosed with the Policy. Although the Company does not expect the

whistleblower to provide any absolute proof or evidence of the reported misconduct, malpractice or irregularities, the report shall state the reasons for concern and fully disclose any relevant details and supporting documents. The disclosure shall be delivered to the audit committee at No. 88 Jinwei Highway, Chengde, Hebei Province, the PRC, in a sealed envelope clearly marked “Private and Confidential - To be opened by addressee only” to ensure confidentiality. When making any disclosure, whistleblowers are advised to leave their names. Complaints may also be made anonymously.

Any person who attempts to interfere with the delivery of a complaint regarding misconduct to the designated person or to interfere with any investigation by the designated person or his/her representative will be deemed by the Company as having committed a serious disciplinary offence.

The responsible internal investigators may be legally required to notify the relevant public or regulatory authorities if there is evidence of criminal activity, solicitation and acceptance of benefits or violations of legal and regulatory requirements.

D. Procedures of the investigation

We will acknowledge receipt of the report from the whistleblower within seven business days to confirm that:

- the report from the whistleblower has been received;
- the matter will be investigated; and
- the whistleblower will be notified of the outcome in due course subject to legal restrictions.

The Group will appoint designated officers to manage the report. Each report received will be evaluated to determine whether a full investigation is required. If the investigation is necessary, investigators from internal audit or compliance departments who are qualified and not previously involved in the matter will be appointed to investigate the matter. If the report discloses a possible criminal offence, the matter will be referred to the audit committee. The audit committee, in consultation with our legal advisers, will determine whether the matter should be referred to the relevant authorities for further actions. As described in the section headed “Confidentiality”, in most cases, we will make every effort to discuss with the whistleblower and refer the matter to the relevant authorities. However, in some cases, we may have to refer the matter to the relevant authorities without prior notice or consultation with the whistleblower. It should be noted that once the matter is referred to the relevant authorities, we will not be able to take further actions on the matter, including advising the whistleblower on the referral. The whistleblower may be required to provide additional information in the course of the investigation. The investigation report shall be reviewed by the Code of Conduct Committee consisting of senior officers such as the company secretary or compliance officer.

Possible outcomes of the investigation

- the allegation is not substantiated;
- the allegation is substantiated by either or both of the following: (i) taking corrective actions to ensure the problem will not recur; and (ii) taking disciplinary or appropriate actions for misconduct.

The form and length of the investigation will vary depending on the nature and individual circumstances of each complaint. The matter raised may be:

- subject to internal investigation;
- referred to the relevant public or regulatory authorities;
- referred to the external accountant;
- referred to the external counsel;
- referred to the external compliance adviser.

The final report together with recommendations (if applicable) will be presented to the Audit Committee, which will review the final report and make recommendations to the board of directors. As far as reasonably practicable, the whistle-blower will receive the findings in writing, subject to the nature and complexity of the matters. Due to legal restrictions, we may not be able to provide the whistle-blower with details of actions taken or copies of the reports. If the whistle-blower is not satisfied with the outcome, he/she may raise the matter again with the designated officers. The whistle-blower shall prepare another report explaining why he/she is still not satisfied. If there are compelling reasons, we will investigate the whistle-blower's concerns again. The whistle-blower may at any time raise relevant matters with external bodies such as regulatory or law enforcement agencies. It shall be ensured that the whistle-blower has sufficient evidence to support his/her concerns. The whistle-blower is encouraged to discuss their concerns with the designated officers before reporting. The whistle-blower may also consult his/her legal counsel.

6. False Report

If a whistleblower makes a false report with ulterior motives, or without reasonable basis to prove that the information contained in the report is accurate and reliable, or for personal interests, the Group reserves the right to take any appropriate actions against the whistleblower and any other stakeholders to recover any loss or damage resulting from the false report. In particular, the whistleblower concerned may be subject to disciplinary

action, including possible dismissal as and when appropriate.

7. Anonymous Report

As the Group takes reports of misconduct, malpractice or irregularities seriously and wishes to properly investigate potential and actual non-compliance, the Company does not wish to receive any anonymous reports. However, the Group understands that it is inconvenient for whistleblowers to report potential non-compliance directly to the Company for certain reasons. In this case, an anonymous report may be submitted to the audit committee.

8. Retention of Records

All reports of impropriety, misconducts and irregularities shall be retained by the Group. If the report of irregularities causes the Company to conduct an investigation, the leader/investigator in charge shall ensure that all relevant information about the case, including details of corrective actions taken, is retained. Such records shall be retained for a maximum period of six years (or any other period specified in any relevant law).

9. Approval, Implementation and Review of the Policy

The audit committee of the board of directors (the “Audit Committee”) holds full responsibility for the Policy, and delegates the responsibilities of daily supervision and implementation of the Policy to designated senior officer, Company Secretary or Compliance Officer (the “Designated Officers”). The Audit Committee is responsible for monitoring and reviewing the implementation of the Policy, as well as any action recommendations made after investigating the complaints. Management must ensure that all employees and other stakeholders can raise concerns without fear of retaliation. All employees and other stakeholders shall ensure that they take measures to disclose any impropriety and misconduct they found. If you have any questions about the content or applicability of the Policy, please contact the Designated Officers.

The Policy has been approved and adopted by the board of directors of the Company. The Audit Committee has the overall responsibility to implement, monitor and regularly review the Policy.

Whistleblowing Reporting Form (Strictly Confidential)

Please complete the form below to whistle blow. All information will be kept strictly confidential.

Whistleblower profile:

Name and title :
Department and company :
Telephone :
E-mail :
Address :

Name of the person(s) involved (if known):

Details to report:

Please provide details of all matters you would like to report, including the name of the person concerned, date, venue, reason and any supporting evidence. (Continue on a new page if necessary)

Supporting documents:

Please provide supporting documents for all reported matters (please include copies of all relevant documents).

I confirm that the information provided in this form is true, complete and accurate.

Signature:

Date:

Personal Data Collection Statement

All personal data collected will only be used for purposes directly related to the reported case reported by the whistleblower. Any anonymous report that does not provide such personal data may not be followed up. Therefore, the Company strongly recommends that reports should not be made anonymously. The personal data submitted will be kept and confidential by the Group and may be transferred to the persons we contact in handling the case, including the party complained against or other relevant parties. The information provided may also be disclosed to law enforcement agencies or other relevant authorities. Where relevant, pursuant to the Hong Kong Personal Data (Privacy) Ordinance, a whistleblower has the right to request access to and correction of the whistleblower's personal data. Whistleblowers who wish to exercise these rights should make a request in writing to the designated employee.