

China Energin International (Holdings) Limited

中國航天萬源國際(集團)有限公司

CHINA ENERGINE

WHISTLEBLOWING POLICY AND PROCEDURES

POLICY

- 1.1 Pursuant to the Company's Corporate Governance Code C3.8 and clause 7(q) of the terms of reference of the Audit Committee, the Audit Committee should establish a whistleblowing policy and system for employees and those who deal with the company (e.g. customers and suppliers i.e. stakeholders other than employees) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company.
- 1.2 We are committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect and encourage you our employees and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to come forward and voice those concerns.
- 1.3 While we could not guarantee that we shall handle the report in the way you might wish, we will endeavour to respond to your concerns fairly and properly.

SCOPE

- 2.1 This policy applies to employees at all levels and divisions as well as other stakeholders such as customers, suppliers and contractors.

PROTECTION AND SUPPORT FOR WHISTLEBLOWERS

- 3.1 Persons making appropriate complaints under this policy are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated.
- 3.2 Persons who victimise or retaliate against those who have raised concerns under this policy will be subject to disciplinary actions.

RESPONSIBILITY FOR IMPLEMENTATION OF POLICY

- 4.1 The Audit Committee has overall responsibility for this policy, but has

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delegated day-to-day responsibility for overseeing and implementing it to the designated senior officer, the Head of Internal Audit. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigation into complaints lies with the Audit Committee.

- 4.2 Management must ensure that all employees and other stakeholders feel able to raise concerns without fear of reprisals. All employees and other stakeholders should ensure that they take steps to disclose any misconduct or malpractice of which they become aware.

MISCONDUCT AND MALPRACTICE

- 5.1 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:

- a) a criminal offence;
- b) a failure to comply with any legal obligations;
- c) a miscarriage of justice;
- d) a financial impropriety;
- e) an action which endangers the health and safety of any individual;
- f) an action which causes damage to the environment;
- g) the deliberate concealment of information concerning any of the matters listed above.

- 5.2 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.

FALSE REPORT

- 6.1 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.

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MAKING A REPORT

- 7.1 You can make a report in writing in the standard report form attached to this policy as Annex I. In the case of employees, we would normally expect you to raise your concerns internally to your line manager (or his or her superior) within the department.
- 7.2 If you feel uncomfortable doing this, for example, your line manager has declined to handle your case or it is the line manager who is the subject of the report, then you should contact the designated senior officer, the Head of Internal Audit.
- 7.3 If the report is extremely serious or in any way involves the Head of Internal Audit, you should report it directly to the Chairman of the Audit Committee.
- 7.4 In the report, you should provide full details and, where possible, supporting evidence.

CONFIDENTIALITY

- 8.1 We shall make every effort to keep your identity confidential. In order not to jeopardise the investigation, you should also keep the fact that you have filed a report, the nature of your concerns and the identity of those involved confidential.
- 8.2 There may be circumstances in which, because of the nature of the investigation, it will be necessary to disclose your identity. If such circumstances exist, we will endeavour to inform you that your identity is likely to be disclosed. If it is necessary for you to participate in an investigation, the fact that you made the original disclosure will, so far as is reasonably practicable, be kept confidential. However, it is also possible that your role as the whistleblower could still become apparent to third parties during investigation.
- 8.3 Equally, should an investigation lead to a criminal prosecution, it may become necessary for you to provide evidence or be interviewed by the authorities. In these circumstances, we will, once again, endeavour to discuss with you the implications for confidentiality.

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- 8.4 You should, however, know that in some circumstances, we may have to refer the matter to the authorities without prior notice or consultation with you.

ANONYMOUS REPORT

- 9.1 We respect that sometimes you may wish to file the report in confidence. However, an anonymous allegation will be much more difficult for us to follow up simply because we shall not be able to obtain further information from you and make a proper assessment. We therefore do not follow up an anonymous report.

INVESTIGATION PROCEDURES

- 10.1 For quick reference, please refer to the flowchart in Annex II.
- 10.2 We will acknowledge receipt of your report within 7 working days confirming that:
- Your report has been received;
 - The matter will be investigated;
 - Subject to legal constraint, you will be advised of the outcome in due course.
- 10.3 The Head of Internal Audit will be appointed to manage the report.
- 10.4 We shall evaluate every report received to decide if a full investigation is necessary. If an investigation is warranted, an investigator from the internal audit will be appointed to look into the matter.
- 10.5 Where the report discloses a possible criminal offence, we will refer the matter to the Audit Committee. The Audit Committee will decide if the matter should be referred to the authorities for further action.
- 10.6 As stated under the section ‘Confidentiality’, in most cases, we will endeavour to discuss with you before referring a matter to the authorities. However, in some situations, we may have to refer the matter to the authorities without prior notice or consultation with you.
- 10.7 Please note that once the matter is referred to the authorities, we shall not be

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able to take further action on the matter, including advising you of the referral.

- 10.8 You may be asked to provide more information during the course of the investigation.
- 10.9 Possible outcomes of the investigation:
- a) The allegation could not be substantiated;
 - b) The allegation is substantiated with one or both of the following:
 - i) Corrective action taken to ensure that the problem will not occur again;
 - ii) Disciplinary or appropriate action against the wrongdoer.
- 10.10 A final report, with recommendations for change (if appropriate), will be produced to the Audit Committee. The Audit Committee will review the final report and make recommendations to the Board.
- 10.11 You will receive in writing the outcome of the investigation. Because of legal constraints, we shall not be able to give you details of the action taken or a copy of the report.

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