

Seven Stars Cloud Group, Inc.

Whistleblower Policy

I. PURPOSE

Seven Stars Cloud Group, Inc. (the “Company”) is committed to high standards of ethical and legal business conduct. In line with this commitment and our commitment to open communication, this policy is intended to encourage employees, officers, directors and consultants of the Company and other interested parties to report suspected or actual occurrences of illegal or unethical policies, practices, or activities.

II. POLICY

A whistleblower is defined by this policy as an employee, officer, director or consultant of the Company or other interested party who, in good faith, reports any concern or question about illegal or unethical policies, practices or activities such as:

- inadequate corporate reporting and disclosure or irregular or insufficient accounting or internal controls and procedures;
- insider trading;
- non-compliance with laws;
- conflicts of interest;
- harassment or discrimination;
- workplace violence;
- breaches of confidentiality or company policy; and
- other matters that may pertain to fraud against stockholders or violations of law.

Violations or suspected violations may be submitted on a confidential basis or may be submitted anonymously, as described in this policy.

It is the personal responsibility of each employee, officer, director, and consultant to comply with all of the provisions of this policy.

III. PROCESS - REPORTING VIOLATIONS

Any employee, officer, director, consultant or other interested party who, in good faith, believes that any Company employee or other person acting on behalf of the Company has violated any legal or regulatory requirement or internal policy, or engaged in any other illegal or unethical activities, should immediately report his or her concern through one of the following channels:

(1) By emailing or calling the compliance hotline:

- By email: whistleblower@wcstnet.com
- By telephone: +86 10 8590 6561

Any employee, officer, director, consultant or other interested party who, in good faith, believes that any executive officer or director of the Company has violated any legal or regulatory requirement or internal policy, or engaged in any other illegal or unethical activities, should immediately report his or her concern to the Audit Committee directly by mail addressed to the following:

- By email: IR@wcstnet.com

Reports of alleged violations should be factual, rather than speculative or conclusory, and should contain as much detail as possible to allow for proper assessment. The report should provide all information the whistleblower knows about the alleged violation. The Company may, in its reasonable discretion, determine not to commence an investigation if a complaint contains only unspecified or broad allegations of wrongdoing without appropriate factual support.

IV. CONFIDENTIALITY

Violations or suspected violations may be submitted on a confidential basis or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct and conclude a thorough investigation.

We encourage individuals to put their names to allegations as appropriate. Follow-up questions and investigation may require more detailed information from the source of the information in order to quickly and efficiently ascertain the appropriateness of the reported incident. Whistleblowers that prefer anonymity, however, may send an unsigned letter to any of the parties mentioned above.

Although anonymous reports may be submitted via any of the methods described in Section III above, reports submitted by e-mail or through the compliance hotline are less likely to remain anonymous and confidential than an unsigned letter submitted in writing.

V. NO RETALIATION

The Company will not tolerate any kind of retaliation against any employee for reports or complaints regarding illegal or unethical policies, practices or activities that were made in good faith. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. An individual engaging in retaliation will be subject to serious disciplinary action, up to and including termination.

Any employee who believes he or she has been or will be discriminated against, retaliated against, or harassed, should immediately report those facts to any of the parties mentioned in Section III above. However, the right of an employee for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

VI. ACTING IN GOOD FAITH

This policy only applies to allegations made in good faith with reasonable belief in the accuracy of the allegations. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

VII. HANDLING OF REPORTED VIOLATIONS

The action taken by the Company in response to a report of concern under this policy will depend on the nature and gravity of the conduct or circumstances reported.

All reports sent to Vice President of Finance and Legal Affairs, must promptly undergo an initial review by Vice President of Finance and Legal Affairs, who must:

- (1) promptly forward to the members of the Audit Committee any report involving an executive officer or director of the Company or having an actual or potential misreporting or loss to the Company that could have a material impact on the Company's reputation or financial statements; and
- (2) in relation to all other reports, promptly determine, in such officer's reasonable discretion, whether to commence an investigation. Vice President of Finance and Legal Affairs may determine not to commence an investigation if the report contains only unspecified or broad allegations of wrongdoing without appropriate informational support or if the report is not credible.

During the course of the initial review, inquiries may be made to determine whether an investigation is appropriate, and the form it should take. The amount of contact between the whistleblower, if known, and the person or persons investigating the concern will depend on the nature of the issue and the clarity of the information provided. Further information may be sought from or provided to the person reporting the concern. Some concerns may be resolved without the need for an investigation.

Upon the determination to commence an investigation, Vice President of Finance and Legal Affairs shall notify the Audit Committee immediately. The Audit Committee may, in its reasonable discretion, determine at any time that any investigation being conducted by Vice President of Finance and Legal Affairs shall instead be conducted by the Audit Committee or another member of management. Vice President of Finance and Legal Affairs may consult with any member of management who is not the subject of the report and who may have appropriate expertise to provide assistance in connection with the investigation. Upon consultation with the Audit Committee, Vice President of Finance and Legal Affairs may also engage independent accounts, counsel or other experts to assist in any investigation.

Upon the receipt of any report by the Audit Committee pursuant to Section III or this Section VII, the Audit Committee shall, in its reasonable discretion, promptly determine whether to commence an investigation. The Audit Committee may also determine to commence an investigation of any report which, after the initial review, Vice President of Finance and Legal Affairs determined not to commence an investigation. The Audit Committee may determine at any time that any investigation being conducted by it shall instead be conducted by Vice President of Finance and Legal Affairs or another member of management. The Audit Committee may consult with any member of management who is not the subject of the report and who may have appropriate expertise to provide assistance in connection with the investigation. The Audit Committee may also engage independent accountants, counsel or other experts to assist in any investigation.

At every ordinary meeting of the Audit Committee, a summary of all reports received by Vice President of Finance and Legal Affairs (including reports from which an investigation was not commenced) and all material developments, findings and conclusions of investigations since the previous ordinary meeting of the Audit Committee shall be prepared by Vice President of Finance and Legal Affairs.

VIII. RECORDS

Vice President of Finance and Legal Affairs shall maintain, or cause to be maintained, a log of all complaints or concerns, tracking their receipt, investigation and resolution. The Company will retain as part of its records any such complaints or concerns and the summary of reports and log prepared by Vice President of Finance and Legal Affairs for a period of at least five (5) years.