



KOWLOON DEVELOPMENT COMPANY LIMITED

(the “Company”)

Whistleblowing Policy

1. Objective

We are committed to achieving and maintaining the highest possible standards of openness, probity and accountability. In line with this commitment, the Company expects and encourages employees of the Company and its subsidiaries (collectively the “Group”) and those independent third parties who deal with the Group to report to the Company any suspected impropriety, misconduct or malpractice (the “Whistleblowing Matters”) within the Group.

This Policy aims to provide reporting channels and guidance on reporting the possible Whistleblowing Matters, and reassurance to the reporting person (the “Whistleblowers”) of the protection that the Group will extend to them against unfair dismissal or victimization for any genuine reports made under this Policy.

2. Scope

This Policy applies to all employees of the Group as well as independent third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors).

It is not designed to further any personal disputes, question financial or business decision taken by the Company nor should it be used to reconsider any staff matters which have been addressed under the grievance procedures already in place.

Whistleblowing Matters may include but are not confined to:

- (a) breach of legal or regulatory requirements;
- (b) criminal offences, breach of civil law and miscarriage of justice;
- (c) malpractice, impropriety or fraud relating to internal controls, financial reporting, accounting, auditing and financial matters;
- (d) professional, ethical or other malpractices or wrongdoings;
- (e) improper conduct or unethical behavior likely to prejudice the standing of the Group;
- (f) endangerment of the health and safety of an individual;
- (g) damage caused to the environment;
- (h) violation of the rules and regulations of the Group or the rules of conducts of the Group;

- (i) discrimination or harassment; and
- (j) deliberate concealment of any of the above.

3. Protection and Untrue Allegations

A. Protection

In making a report, the Whistleblower should exercise due care to ensure the accuracy of the information. While we do not expect the Whistleblower to have absolute proof of the violation, misconduct or malpractice reported, the report should show the reasons for the concerns.

The Whistleblower making appropriate reports under this Policy is assured of protection against unfair dismissal, victimization or unwarranted disciplinary action, even if the reports are subsequently proved to be incorrect or unsubstantiated provided that he/she is acting in good faith and reasonable manner. Harassment or victimization of a genuine Whistleblower is treated as gross misconduct, which if proven, may result in dismissal.

B. Untrue Allegations

On the other hand, disciplinary action may be taken against employee who is proven to raise false and malicious allegations deliberately. In an extreme case vexatious or wild allegations could give rise to legal action on the part of the persons complained about.

4. Confidentiality

A. Disclosure of the Identity of the Whistleblower

Each report will be treated as confidential. The identity of the Whistleblower will not be divulged save with his/her consent or where:

- (a) in the opinion of the Audit Committee of the Company (the “Audit Committee”) or the Executive Committee of the Company (the “Executive Committee”), it is material to the investigation or in the interest of the Company to disclose the identity;
- (b) the report is frivolous or is lodged in bad faith with malicious or mischievous intent or in abuse of this Policy;
- (c) it is required to be disclosed in compliance with any applicable law or regulation, by any relevant regulatory authority including The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), or by the order or directive of any court having jurisdiction over the Company; and
- (d) the report and the identity of the Whistleblower are already public knowledge.

If the above circumstances exist, we will endeavour to inform the Whistleblower that his/her identity is likely to be disclosed and to discuss with him/her the implications for

confidentiality. If it is necessary for the Whistleblower to participate in an investigation, the fact that he/she made the original disclosure will, so far as is reasonably practicable, be kept confidential. However, it is also possible that his/her role as the Whistleblower will become apparent to third parties during investigation.

The Whistleblower should, however, know that in some circumstances, we may have to refer the matter to the authorities without prior notice or consultation with him/her.

B. Anonymous Report

We understand that sometimes Whistleblower may wish to file the report in confidence. However, an anonymous allegation will be much more difficult for the Company to follow up because further information will not be able to obtain from the Whistleblower for making a proper assessment.

We generally do not encourage anonymous reporting and encourage the Whistleblower to come forward with his/her concerns.

5. Making a Report

Whistleblower can make a report in person or in writing (a standard report form is attached to this Policy as Annex I). In the report, Whistleblower should provide full details and, where possible, supporting evidence.

A. Reporting Channel for the Employees of the Group:

- (i) *If the concern involves Department Head/Project Manager/Executive Director:* Only written reports would be considered and all reports should be addressed direct to the chairman of the Audit Committee (via the Company Secretary).
- (ii) *Others:* the whistleblowing employee can make a report in person or in writing to the respective Department Head/Project Manager or the Company Secretary. The reports received will then be forwarded to the Audit Committee (via the Company Secretary).

B. Reporting Channel for Outsiders:

Only written reports would be considered and all the reports should be addressed direct to the chairman of the Audit Committee (via the Company Secretary).

All written reports by post or by hand should be sent to 23/F, Pioneer Centre, 750 Nathan Road, Kowloon, Hong Kong, for the attention of : (i) Mr Sherman Lee, Company Secretary or (ii) chairman of Audit Committee (via Mr Sherman Lee, Company Secretary), in a sealed envelope clearly marked “*Strictly Private and Confidential – To be Opened by Addressee*” to ensure

confidentiality, or through sending email to shermanlee@kdc.com.hk. Whistleblower should ensure all the attachments to the email shall have password in order to ensure confidentiality.

6. Investigation Procedures

A. Upon receipt of the report

The chairman of the Audit Committee (or, if delegated by the Audit Committee, the chairman of Executive Committee) will, or via the Company Secretary, respond to the Whistleblower, if contactable, as soon as practicable upon receipt of the report:

- (a) acknowledging receipt of the report;
- (b) advising the Whistleblower as to whether or not the matter will be investigated further and, as appropriate, the actions taken or being taken or the reasons for no investigation being made;
- (c) where practicable, giving an estimate of the timeline for the investigation and final response; and
- (d) indicating if any remedial or legal action is or is to be taken.

B. The investigation procedures

The format and length of an investigation will vary depending upon the nature and particular circumstances of each report made. All the reports received will be forwarded to the Audit Committee for a preliminary evaluation of the feasibility of further actions. Where appropriate, the reports raised may:

- (a) be investigated internally by the Executive Committee (only for matters not related to directors) as decided by the Audit Committee; and/or

Note: The Executive Committee, depending upon the circumstances, may consider nominating an appropriate investigator or proposing setting up a special investigation committee to investigate the matter independently. The investigator or the investigation committee may be an external one (e.g. auditors, legal advisors, surveyors, etc) or an internal one (e.g. member of the Executive Committee, the Company Secretary, the internal audit department, the human resources department and/or other departments of the Company) or a combination of external and internal parties. Prior approval from the Audit Committee shall be obtained for the appointment of the investigator and the setting up of the special investigation committee.

- (b) be referred to the external auditor and/or other external professionals as instructed by the Audit Committee; and/or
- (c) be referred to the relevant public or regulatory bodies as instructed by the Executive Committee or the Audit Committee; and/or
- (d) form the subject of any other actions as the Executive Committee or the Audit Committee may determine in the best interest of the Group.

C. Reportings

For 6.B.(a) above, progress reports prepared by the investigators (or the investigation committee) will be submitted to the Executive Committee and the Audit Committee from time to time. A final report, with recommendations for change (if appropriate), will also be produced to the Executive Committee and the Audit Committee. The Audit Committee will review the final report and make recommendations to the Board on the results of the investigation together with any change and actions to be taken, if necessary.

The Whistleblower will receive in writing the outcome of the investigation. Because of legal constraints, it may not be possible to give the Whistleblower details of the action taken or a copy of the final report.

D. Possible outcomes

Possible outcomes of the investigation are as follows:

- (a) the allegation could not be substantiated;
- (b) the allegation is substantiated with the following:
 - (i) corrective action taken to ensure that the problem will not occur again; or/and
 - (ii) disciplinary or appropriate action against the wrongdoer; or/and
 - (iii) report to regulators or law enforcement agencies.

If the Whistleblower is not satisfied with the outcome, he/she could raise the matter again with the Company Secretary or the Executive Committee or the Audit Committee by making another report explaining why this is the case. If there is good reason, investigation into his/her concerns will start again.

7. Consistency with Laws and Regulations

This Policy shall be read in conjunction with and subject to any relevant laws, regulations, rules, directives or guidelines that the Stock Exchange or any other regulatory bodies may from time to time prescribe or issue on the matters governed by this Policy.

In the event that any section or part herein is inconsistent or in conflict with any relevant laws, regulations, rules, directives or guidelines as prescribed by the Stock Exchange or any other regulatory bodies or any part thereof, the latter shall prevail to the extent of such inconsistency or conflict.

8. Interpretation, Enforcement, Amendment and Effectiveness of the Policy

The Audit Committee has overall responsibility for this Policy including its interpretation and enforcement, but has delegated day-to-day responsibility for overseeing and implementing it to

the Executive Committee. Responsibility for monitoring and reviewing the operation of this Policy and any recommendations for action resulting from investigation into complaints lies with the Audit Committee.

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

If the Whistleblower has any questions about the contents or application of this Policy, he/she should contact the Company Secretary.

Any amendment to this Policy must be approved by the Board of the Company.

Approved by the Board on 28 August 2012.

Highly Confidential



KOWLOON DEVELOPMENT COMPANY LIMITED
(the “Company”)

Whistleblowing Form

We are committed to maintaining the highest possible standards of openness, probity and accountability. In line with that commitment, we encourage whistleblowers who have concerns about any violation or integrity related matters within the Group to come forward and voice those concerns.

It is recognized that in most cases the person raising concerns will wish to be dealt with on a confidential basis. All reasonable efforts will therefore be made to avoid revealing the person’s identity.

If you wish to make a written report, please use this report form.

Once completed, this report becomes “Highly Confidential”.

The name(s) of persons(s) involved (if known):

Details of concerns:

Please provide full details of your concerns: names, dates and places and the reasons for the concerns (continue on separate sheet if necessary) together with any supporting evidence.

Your details:

Name:	
Position (optional):	
Department / Company name (optional):	
Tel No.:	
Email:	
Address (optional) :	

Signature: _____

Date: _____