

# Karin Technology Holdings Limited

(Incorporated in Bermuda on 30 August 2002)

## Whistle-blowing Policy

Date: 27 August 2013

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**WHISTLE-BLOWING POLICY**

**Introduction**

The Board of Directors of Karin Technology Holdings Limited (the “**Company**”) is committed to fostering a culture of corporate compliance, ethical behavior and good corporate governance. This whistle-blowing policy (“**Policy**”) will not act to the detriment of any employee as a consequence of them raising with management in good faith on any breach of law or any violation of the Company’s principles or values or any legal or ethical concerns.

This Policy is intended to provide guidance to employees who have major concerns over any wrongdoing within the Company and its subsidiary/associate companies (collectively known as the “**Group**”) relating to unlawful conduct, financial malpractice or dangers to the public and environment that has taken place or is likely to be committed. Specific examples could include:

1. Criminal activity including forgery or falsification of alteration to company document/account;
2. Breach of legal obligation (including negligence, breach of contract);
3. A person abusing his position for any unauthorized use of for personal gain such as insider trading, disclosing confidential and proprietary information to party(ies) without prior authorization and need to know basis, accepting/seeking anything of material value from business associates e.g. vendors;
4. The Company’s funds are being used in an unauthorised manner;
5. The company’s internal and financial control procedures and policies have or are not being observed or are being breached by any member of staff / officers;
6. Danger of destruction and unsafe practices to the work environment;
7. Sexual or physical abused of any member of staff or service recipient is taking place; and
8. Information relating to any of the above is being deliberately concealed or attempts are being made to conceal the same.

This policy and procedures shall not form part of the Contract of Employment of the employees, but would be included in the Orientation List accordingly.

**A. Purpose of the Policy**

The Company has established this policy to enable employees to raise concerns about such malpractice(s) at an early stage and in the right way. This policy aims to:

- (i) encourage employees to feel confident in raising serious concerns and to question and act upon their concerns;
- (ii) provide ways for employees to raise those concerns and get feedback on any action taken as a result;
- (iii) ensure that employees get responses to their concern and are aware of how to pursue if they are not satisfied with any actions taken; and

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- (iv) reassure employees that if they raise any concern in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimization.

This policy is not intended to be used where other more appropriate procedures are available, e.g. through the personnel department concerning personal grievances; unhappiness over inadequate training.

**B. Who is covered by the Policy?**

This policy applies to any of the above actions involving employees, vendors/contractors, consultants, and/or any other parties whom the Group has a business relationship with.

**C. What safeguards can people expect?**

- (i) The Company views whistle-blowing seriously and will not allow the person “blowing the whistle” to be harassed or victimized and will take appropriate action protect those who raise a concern in good faith;
- (ii) Any investigation into allegations of potential malpractice will not influence or be influenced by any disciplinary or redundancy procedures already taking place concerning the employee;
- (iii) No action will be taken against anyone who makes an allegation in good faith, reasonably believing it to be true, even if the allegation is not subsequently confirmed by the investigation;
- (iv) Every effort will be made to ensure confidentiality as far as this is reasonably practicable; and
- (v) Help will be provided to the person “blowing the whistle” in order to minimize any difficulties, which he/she may experience. This may include advice on giving evidence if needed. Meetings may, if necessary be arranged off-site with you and with you being represented, if you so wish.

The employee (of the Group) who has reported a suspicion of fraudulent practices in good faith and in compliance with the provisions of this policy shall not be prejudiced in his position in any way as a result of the reporting.

The policy is not intended for personal complaints or for employees (of the Group) who makes false report for personal gain and the Company will not tolerate malicious acts. Disciplinary action(s) may be taken against such informant(s).

**D. Reporting Procedure**

**(i) How should an employee raise a concern?**

Concerns may be raised orally or in writing confidentially to any of the following contact points:

- Human Resource and Administration Manager (name: Ms. Fan Shu Yung, Cecilia; telephone number 2763 3203; e-mail: [wb.hra@karin.com.hk](mailto:wb.hra@karin.com.hk)); or
- Financial and Accounting Manager (name: Ms. Ng Shuk Yi, Louisa; telephone number 2763 3111; email: [wb.fa@karin.com.hk](mailto:wb.fa@karin.com.hk)); or

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- Any one of the Independent Directors (name: Prof Ng Tung Sang, Mr. John Lim or Mr. Lawrence Kwan; telephone 2763 3120; email: [wb.id@karin.com.hk](mailto:wb.id@karin.com.hk)).

(hereinafter collectively known as the “Recipients”)

The report should be factual, contain the following information and marked confidential to facilitate proper assessment and urgency of investigative procedures:

- a. name, designation and contact of the employee;
- b. the specific concern;
- c. the reason(s) for the concern;
- d. the background and history of the concern, including relevant names, dates and places;
- e. any supporting evidence/ documents;
- f. if the concern has been raised with anyone else, if so, with whom; and
- g. why the employee remain concerned.

As the Company takes reporting of misconducts seriously and wants to conduct warranted investigations of both potential and actual violations, it is preferred that these reports are not made anonymously. However, it is recognized that for any number of reasons, employees or third parties may not feel comfortable reporting potential violations directly to the Recipients. In these cases, anonymous reports may be submitted to the Recipients.

Although employees are not expected to prove beyond reasonable doubt the truth of an allegation, it will be necessary to demonstrate to the person contacted that there are sufficient grounds for real concerns.

**(ii) How an investigation is carried out?**

- a. Once whistle-blowing is initiated, the Recipients will conduct an initial assessment on the “Whistle-Blowing” report to determine how the investigation should proceed;
- b. The Recipients may contact the whistle-blower and any party(ies) or personnel for further information and/or any documents that can shed light to the investigation during the course of the investigation;
- c. The Recipients must exercise with great care and sensitivity and timeliness whilst carrying out the investigation to avoid “misleading or wrongful” conclusions or actions which might affect the evidence of the investigation or mistaken accusation of any party(ies);
- d. Investigation results which are kept confidential will NOT be disclosed or discussed with anyone other than those with a legitimate need to know;
- e. In order not to jeopardize the investigation, the Whistle-blower is also required to keep confidential the fact that he or she has filed a report as well as the nature of concerns and the identities of those involved.

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- f. Once the matter is completed, an investigation report will be made to the person initiating the matter normally within 7 working days from the date of completion of the investigation. The report will explain the findings and actions taken to the fullest extent possible within commercial, legal and confidentiality constraints;
- g. A quarterly report on the status of concerns raised and corrective actions taken will be sent to the Audit and Risk Management Committee for its review;
- h. The Audit and Risk Management Committee shall review actions taken by the Company towards whistle-blowing initiative and ensure fraudulent practices are reviewed without prejudice or biasness, and executed with professional integrity in compliance with the Company's policy;
- i. In the event that the concerns could not be resolved by the Recipients, the case could be brought to the Audit and Risk Management Committee for its review and investigation. The Audit and Risk Management Committee will recommend the necessary action plans to the Board of Directors for its consideration and approval. Upon approval of the Board of Directors, recommended actions will be initiated; and
- j. Where appropriate, the matters raised may be investigated by employee(s) at the senior management level (other than the Recipients), internal audit, a committee set up by the Board of Directors or through the disciplinary process:
  - be referred to the police; or
  - be referred to the external auditor; or
  - form the subject of an independent inquiry.

**(iii) How can a concern be taken further?**

If you are unsure whether to use this policy or you want an independent advice at any stage, you may contact any one of the following persons:

- Human Resource and Administration Manager (name: Ms. Fan Shu Yung, Cecilia; telephone number 2763 3203; e-mail: [wb.hra@karin.com.hk](mailto:wb.hra@karin.com.hk));
- Financial and Accounting Manager (name: Ms. Ng Shuk Yi, Louisa; telephone number 2763 3111; email: [wb.fa@karin.com.hk](mailto:wb.fa@karin.com.hk)); or
- Any one of the Independent Directors (name: Prof Ng Tung Sang, Mr. John Lim or Mr. Lawrence Kwan; telephone 2763 3120; email: [wb.id@karin.com.hk](mailto:wb.id@karin.com.hk)).

**E. Corporate recording and monitoring**

- (i) Departments will ensure they have sufficient internal arrangement to address the requirements of the Policy and the HR Department shall ensure that departmental managers and executives are sufficiently trained and developed to implement this policy;
- (ii) The Chief Executive Officer will maintain a corporate register containing all concerns that are brought to his attention. Such records should be retained for a period not exceeding seven years (or whatever other period may be specified by any relevant legislation). All departmental managers and executives and/ or officer(s) allocated to look into concern must ensure the

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Chief Executive Officer is provided with sufficient details of the concerns for the Corporate Register; and

- (iii) Management will review the Corporate Register and submit quarterly reports for review by the Audit and Risk Management Committee and Board of Directors. The report will not mention any employees' name, only the concerns raised, the number of such concerns, from which department they related to, the post against which the concerns were related to (if not confidential), the action taken and flagging up any lessons arising from the same so as to ensure:
  - a. the Company and/ or the relevant department does not repeat any concerns found against the same; and
  - b. a consistency of treatment across departments.

For the avoidance of doubt, the Corporate Register and the quarterly reports referred to above shall be only available for inspection by the Internal Auditors.

The Policy will at the start of each calendar year, be reviewed by the Audit and Risk Management Committee and Board of Directors annually. The Audit and Risk Management Committee may recommend any amendment to the Policy to the Board of Directors for its approval so as to ensure the continuing effectiveness of the same.