

Lai Group Holding Limited
POLICY ON WHISTLE BLOWING

Purpose of Policy

Whistle blowing refers to the need for employees to decide when and how to report any kind of “whistle-blowing matters” (as described below) that they may become aware of or have genuine reasons to suspect in the course of carrying out their duties. This policy is intended to encourage employees to report genuine concerns without fear of reprisal or victimization, in a responsible and effective manner. It is every employee’s responsibility as well as in the interest of the Company to ensure that any inappropriate behavior or practice that compromises the interests of the Directors, shareholders and employees does not occur.

Whistle blowing matters include but are not confined to:

- Breach of legal or regulatory requirements;
- Criminal offences, breach of civil law and miscarriage of justice;
- Malpractice, impropriety or fraud relating to internal controls, accounting, auditing and financial matters;
 - Endangerment of the health and safety of individuals;
 - Damage caused to the environment;
 - Violation of rules of conducts or unethical behavior applicable within the Company;
 - Deliberate concealment of any of the above.

Protection and Confidentiality

Whistle blowing is a human resources protection policy to ensure that employees are not made to endure any forms of intimidation, reprisal, retaliation or adverse reaction within the organization as a consequence of reporting a concern about any of the above whistle blowing matters. Every effort of disclosures will be treated in a confidential and sensitive manner. The identity of the individual employee making the allegation will not be disclosed without the employee’s consent. Under certain circumstances, however, may require or legally oblige the Company to reveal the employee’s identity. Harassment or victimization of a genuine whistle blower will be treated as misconduct, which if proven, may result in dismissal.

Fallacious Allegations

Individual employee is obligated to ensure accuracy of information in making a disclosure. If allegation is mistakenly reported, the employee will not be dismissed or suffer any form of retribution, given that he/she is acting in good faith. Conversely, disciplinary actions will be taken against any employee who deliberately raises false or malicious allegations.

Acknowledgement and Recognitions

The Company recognizes that an employee requires courage and personal convictions such as righteousness, loyalty and impeccable integrity to step out and blow the whistle. These personal qualities and positive behaviors when demonstrated, will be acknowledged and taken into consideration as part of the assessment of the employee's performance for career advancement and opportunity.

Responsible Party

When an employee becomes aware of a legitimate whistle blowing concern, he/she should report it immediately to the "Responsible Party". The Responsible Party will differ depending on the circumstance. The first Responsible Party will be the employee's Department Manager. The Department Manager should raise the matter with the Financial Controller. If the concern involves the Department Manager, or for any reason the employee would prefer the Department Manager not to be informed, the employee may raise the matter with the Financial Controller directly. In the case of a concern about the senior management, the employee can raise the matter with the Director(s). The Director(s) may designate an appropriate party or set up an inquiry to investigate the matter.

The employee can be legally obliged to report the whistle blowing matter to the relevant public or regulatory bodies or the police or the Independent Commission Against Corruption, for further investigation, if there is substantive evidence of criminal activity involving solicitation and acceptance of advantages or breach of legal and regulatory requirements.

Reporting Process

Reports on any whistle blowing matter can be made in person or in writing. The written letter should be hand delivered to the appropriate Responsible Party or mailed to winniewan@dic.hk, in a sealed envelope clearly marked "Strictly Private and Confidential – To be Opened by Addressee Only" to ensure confidentiality. The complainant's name must be stated clearly in any reports. An anonymous report would not be recognized.

It is a serious disciplinary offence for any employee who obstructs or attempts to obstruct, a report on or communication of a whistle blowing matter from reaching the appropriate Responsible Party.