

# **Crocodile Garments Limited**

## **Whistle-blowing Policy**

### **Background**

Crocodile Garments Limited (“Company”) and its subsidiaries (collectively, “Group”) encourages all its employees to adopt good and proper business ethics and to report promptly any or suspected internal improprieties, unethical acts, malpractices, fraudulent acts, corruptions and/or any unlawful conduct, dangers to the public or the environment (collectively “Malpractices”).

The purpose of this Whistle Blowing Policy is to provide formal communication channels for employees and any other persons to raise or report any concerns relating to Malpractices that may have been committed by the Group or its employees in the capacity of employees of the Group.

### **Policy Statement(s)**

1. The Group takes very seriously any form of Malpractice within or relating to the Group and wishes to introduce the processes and procedures contained in this Policy to enable its employees and any other persons to raise their concerns about such Malpractice at an early stage and in a proper manner.
2. Any employees of the Group and any other persons may bring to the attention of the Group any Malpractice within or relating to the Group by following the procedures contained in this Policy.

### **Regulation**

The following channels would specifically attend to any concerns on Malpractice within or relating to the Group:

1. Whistle Blowing Sub-committee (“WBSC”)
  - (a) The WBSC is a sub-committee that reports directly to the Audit Committee. Its members comprise of the Financial Controller and the Company Secretary.
  - (b) The WBSC is empowered to look into all concerns of Malpractice within or relating to the Group (except those which are directed specifically on or affecting any member of the WBSC).
  - (c) The WBSC shall make necessary inquiry into the Malpractice brought to its attention and shall make necessary reports and recommendation to the Audit Committee for its review and further action, if appropriate.
2. Audit Committee (“AC”)
  - (a) The AC is a committee that reports directly to the board of directors of the Company (“Director(s)” or “Board”, respectively). All members of the AC are Independent Non-executive Directors from the Board.

- (b) The AC shall review the report submitted by the WBSC and make recommendation to the Board for further review and action.
- (c) In respect of concerns relating to any members of the WBSC, the AC may make inquiry on concerns raised against any members of the WBSC.
- (d) Where the concerns of Malpractice may amount to a criminal offence, the AC shall be entitled, at its own discretion, to seek for in house and/or external legal advice.
- (e) Where appropriate, the AC may, at its own discretion, report the matter to regulatory or governmental enforcement departments for investigation.

### 3. Processes and Procedures

- (a) Communication to the WBSC: All concerns of Malpractice within or relating to the Group (except those relating to any members of the WBSC) should be sent to the WBSC via the following channels:
  - via email at : wb-wbcs@crocodile.com.hk addressed to “The Whistle Blowing Sub-committee”; and/or
  - by post to: 25/F., Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong and addressed to “The Whistle Blowing Sub-Committee”.
- (b) Communication to AC: All concerns of Malpractice relating to any members of the WBSC should be sent to AC via the following channels:
  - via email at : wb-ac@crocodile.com.hk addressed to “The Chairman of Audit Committee”; and/or
  - by post to : 25/F., Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong and addressed to “The Chairman of Audit Committee”.
- (c) Duties of the WBSC:

Upon receipt of any concerns on Malpractice, the WBSC shall take actions that should include but not limited to the following:

- a member of WBSC shall commence an investigation on the concerns of Malpractice within three business days following receipt of information relating to concerns of Malpractice.
- Information relating to the concerns of Malpractice and collected during the investigation shall be documented objectively and filed properly for future reference. This should include but not limited to:
  - date, time and venue of all inquiries made;
  - persons interviewed;
  - interview notes, information or documents received, collected or collated during the investigation;
  - draft report to the AC; and

- minutes of meetings deliberating the investigation results and the draft report to AC endorsed (including conclusion and recommendations) by a majority of members of the WBSC signifying the completion of the investigation.
- Within two business days of receipt of concerns relating to Malpractice that may amount to serious criminal offence or any matters that the WBSC deemed significant or vital to report to the AC, the WBSC shall report the matter to the AC.
- Within two weeks after the commencement of the investigation, the WBSC should either present an interim report (if the investigation has not been completed) or a formal report (if the investigation has been completed) to the AC for its review and further action, if deemed required by the AC.

(d) Duties of AC:

Actions expected of AC shall include but not limited to the following:

- AC Chairman, upon consultation with other members of the AC, may within three business days of receipt of concerns relating to Malpractice, either direct the WBSC to commence investigation and report accordingly or decide to conduct its own investigation.
  - If the AC should decide to conduct its own investigation, a member of the AC, administratively assisted by a member of the WBSC, shall commence an investigation on the concerns relating to Malpractice within three business days of such decision.
  - All relevant information collected during the investigation shall be documented objectively and filed properly for future reference. This should include but not limited to information enumerated under para. 3(c), minutes of meetings deliberating the investigation results and the draft report to the Board and any amendments thereof and signature of at least a majority of the members of the AC signifying the completion of the investigation.
  - Within two business days following the receipt of concerns relating to Malpractice that may amount to serious offence or any matter that the AC deemed significant or vital to report to the Board, the AC shall report to the Board.
  - Within two weeks after commencement of the investigation or after receipt of a report from the WBSC, the AC should either present its interim report (if the investigation has not been completed) or a formal report (if the investigation has been completed) to the Board for review and further action, if deemed required by the Board.
- (e) Actions by the Board: Within two weeks upon the receipt of a report from the AC, the Chairman of the Board, where necessary, direct the Company Secretary to convene a Board meeting to consider any further action that should be taken by the Group.

## **Notes to Whistle-Blowers**

1. When submitting any concerns on Malpractice, a person need not identify himself. However, if he does not identify himself, it will be much more difficult for the Group to look into the matter. If he wishes to identify himself, especially with a view to facilitate any investigations that may be required, the interest and identify of the person will be strictly protected by the Group. All matters raised by the person will be kept strictly confidential.
2. The information communicated to the WBSA or AC should be factual rather than speculative, and should contain as much specific information as possible to allow for proper assessment of the nature, extent and urgency of the concern that is the subject matter of the communication. It is less likely that the Group will be able to conduct an investigation based on a concern that contains only unspecified wrongdoing or broad allegations that cannot be verified from independent source or evidence.
3. No action of any kind will be taken by the Group against a whistle-blower nor will his/her position in the Group be adversely affected by reason of his/her communicating the concerns relating to Malpractice to the Group or by reason of his/her making an allegation against an employee of the Group provided that he/she raises the concerns in good faith and has reasonable ground believing the same to be true.
4. The Group will take all reasonable steps to ensure that whistle-blowers will be protected from any reprisals by any employee of the Group.
5. The whistle-blowers should take note that a malicious or frivolous concerns or allegation against the Group or any employees made in bad faith may result in the Group, after due investigation, taking disciplinary action against him/her.

## **Application**

This Policy shall have generally application and shall apply to all persons, employees and non-employees, who may wish to raise any concerns on Malpractice within or relating to any company within the Group.