

## **SECTION 4: CODE OF ETHICS FOR SENIOR OFFICERS**

### **POLICY**

401 The Managing Board has approved a Code of Ethics (“the Code”), which must be followed for the purpose of promoting -

- (a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) full, fair, accurate, timely and understandable disclosure in reports and documents, and in other public communications made by the Corporation that are within the Senior Officer’s responsibility;
- (c) compliance with applicable laws and governmental rules and regulations;
- (d) the prompt internal reporting of violations of the Code; and
- (e) accountability for adherence to the Code.

402 The Code applies to Senior Officers of the Corporation, who include the Corporation’s Chief Officer, the Senior Financial Officer and all persons performing similar functions. All Senior Officers are also reminded of their obligations as set out in Section 3 of this Manual as regards the Corporation’s Code of Business and Employee Conduct. The obligations under that code apply independently and are not a part of the Code of Ethics.

403 – 410 (not used)

### **CODE OF ETHICS FOR SENIOR OFFICERS**

411 The honesty, integrity and sound judgment of Senior Officers is fundamental to the reputation and success of the Corporation. While all employees are required to adhere to the Corporation’s policies and Code of Business and Employee Conduct, the professional and ethical conduct of Senior Officers is essential to the proper function and success of the Corporation.

#### General

412 To the best of their knowledge and ability, Senior Officers of the Corporation must -

- Act with honesty and integrity and avoid actual or apparent conflicts of interest in personal and professional relationships. Conflicts of interest arise when an individual, or a member of his or her immediate family, receives, or appears to receive, improper personal benefits as a result of his or her position in the Corporation. Actual or apparent conflicts of interest include, but are not limited to, the following examples -
  - (i) engaging in any personal business transaction involving the Corporation for profit or gain without first reporting the same to the Company Secretary, who will take appropriate action to determine whether a conflict exists;
  - (ii) being a consultant to, or a director, officer or employee of, a supplier or competitor of the Corporation;
  - (iii) receiving, directly or indirectly, improper personal benefits as a result of using Corporation property or obtaining services;
  - (iv) conducting Corporation business with a family member, or taking any business action that improperly benefits a family member; and

- (v) accepting money, personal gifts, discounts, loans (other than loans from lending institutions at prevailing interest rates), or other special treatment or gratuities from any supplier or competitor of the Corporation, save where permitted in accordance with KCRC's policies and Code of Business and Employee Conduct.
- Provide colleagues with, or cause to be provided, information that is full, fair, accurate, complete, objective, relevant, timely and understandable, for disclosure purposes in reports and documents that the Corporation files with or submits to any Hong Kong or other securities regulatory body or securities exchange or any other public communications.
- Comply, and take all reasonable actions to cause others to comply, with the applicable laws, rules and regulations of Hong Kong or other foreign state or country whose laws may apply to the Corporation in any particular circumstances.
- Act in good faith, with due care, competence and diligence, without misrepresenting, misstating, exaggerating, omitting or otherwise untruthfully, carelessly or wrongfully disclosing material facts or information pertaining to the Corporation or allowing independent judgment to be subordinated or biased.
- Respect the confidentiality of information acquired in the course of employment and not use such confidential information in an unethical or opportunistic manner, such as (a) taking for themselves personal opportunities related to the Corporation's business; (b) using the Corporation's property, information or position for personal gain; or (c) competing with the Corporation for business opportunities.
- Share knowledge among themselves and the Corporation's employees and maintain skills necessary and relevant to the Corporation's needs.
- Proactively promote ethical and honest behaviour within the Corporation.
- Ensure the responsible use of and control of all the Corporation's assets, resources and information for legitimate business purposes only.

413 All Senior Officers are expected to adhere to both the Corporation's policies and Code of Business and Employee Conduct and this Code of Ethics for Senior Officers at all times.

#### Record Keeping

414 The Corporation requires honest and accurate recording and reporting by all Senior Officers of information in order to make responsible business decisions. All of the Corporation's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Corporation's transactions and must conform both to applicable legal requirements and to the Corporation's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

#### Accurate and timely periodic reports

415 The Corporation is committed to providing full, fair, accurate, timely and understandable disclosure in periodic reports and documents that the Corporation files, or submits to, its shareholder or the applicable regulatory bodies and in other public communications. Specifically, the Senior Officers shall exercise their best endeavours to ensure that the Corporation -

- maintains accurate books and records that fully, fairly and accurately reflect the Corporation's financial information and reporting of transactions;
- ensure that the financial statements and other financial information included in periodic and other reports is prepared in accordance with generally accepted accounting

principles and fairly presents in all material respects the financial condition, results of operations and cash flows of the Corporation;

- maintain such disclosure controls and procedures to ensure that material information relating to the Corporation is made known to management, particularly during the periods in which the Corporation's periodic reports are being prepared;
- maintain such internal controls and procedures for financial reporting to provide reasonable assurances that the Corporation's financial statements are fairly presented in conformity with generally accepted accounting principles;
- prohibit the establishment of any undisclosed or unrecorded funds or assets;
- disclose material off-balance sheet transactions in compliance with applicable laws and regulations; and
- otherwise present information in a clear and orderly manner.

#### Reporting any illegal or unethical behaviour

416 Senior Officers have a duty to adhere to the Code and the Corporation's policies and the Code of Business and Employee Conduct, and to report promptly to the Corporation any suspected violations in accordance with the applicable procedures. Senior Officers are required to report promptly to the Corporation's Company Secretary, who shall submit a report to the Audit Committee, regarding any observed violations of the Code, or any other illegal or unethical behaviour.

417 The Code of Ethics for Senior Officers cannot and is not intended to cover every applicable law or to anticipate every issue that may arise, but does set out the basic principles to be followed. If a Senior Officer is unclear about a particular situation, guidance must first be sought from the Company Secretary or, where appropriate, the Audit Committee before taking action.

418 Only the Managing Board shall have the sole and absolute discretionary authority to approve any amendment to or any deviation or waiver from the Code of Ethics for Senior Officers.

#### Accountability

419 While the Corporation's Company Secretary will oversee the procedures designed to implement the Code, it is the individual responsibility of each Senior Officer to become familiar with the Code, to adhere to the standards and restrictions set forth herein, to conduct himself or herself accordingly and to avoid even the appearance of impropriety.

420 – 430 (not used)

### **RESPONSIBILITY**

431 It is the responsibility of each Senior Officer to promote compliance with the standards and restrictions imposed by laws, rules and regulations applicable to the Corporation.

432 Each Senior Officer shall notify the Company Secretary promptly if he or she knows of any violation of the Code. Failure to do so is itself a violation of the Code.

433 Upon adoption of the Code (or thereafter as applicable, upon becoming a Senior Officer), each Senior Officer shall affirm in writing to the Company Secretary that he or she has received, read and understood the Code. Annually thereafter each Officer shall affirm that he or she has complied with the requirements of the Code.

434 Any matters that the Company Secretary becomes aware of which he or she believes is a conflict of interest or a violation of the Code, shall be reported to the Audit Committee which, if it is satisfied that a conflict of interest exists or that there has been a violation of the Code, shall refer the

matter to either the Chief Officer or the Managing Board, depending on the nature and gravity of the conflict of interest or violation, who will take such action as may be deemed appropriate. The Audit Committee shall be responsible for reviewing any requests for waivers from the provisions of the Code.

435 Any amendments to the Code must be approved or ratified by the Managing Board.

436 All reports and records prepared or maintained pursuant to the Code will be considered confidential, and shall be maintained and protected accordingly by the Company Secretary. Except as otherwise required by law or by direction of the Managing Board or the Code, such reports and records shall not be disclosed to anyone other than the Members of the Managing Board.

437 – 500 (not used)