



## **Policy on the Preservation and Prevention of misuse of Inside Information**

The Securities and Futures (Amendment) Ordinance 2012 ("Amendment Ordinance") has introduced several regulatory initiatives. Among them, a statutory disclosure regime is established whereby listed corporations will be required to disclose price sensitive information in a timely manner, backed by civil sanctions for non-compliance of the requirement effective from 1 January 2013. The new disclosure regime is going to replace the existing disclosure requirements under Listing Rules which does not have the force of law.

Under the Amendment Ordinance, a listed corporation is required to disclose Inside Information as soon as reasonably practicable after it has become aware of the information. If a listed corporation has breached the disclosure requirement, an Officer will also be in breach if the company's breach is a result of his intentional, reckless or negligent conduct; or he has not taken all reasonable measures to ensure that proper safeguards exist to prevent the breach.

The Board of Directors of Great Eagle Holdings Limited (the "Company") has adopted this Policy which sets out the Company's internal control systems and monitoring procedures to preserve Inside Information and prevent the misuse of Inside Information in order to ensure all persons to whom this Policy applies understand their obligations to preserve the confidentiality of unpublished Inside Information and assist them and the Company to comply with their obligations to disclose inside information as if the relevant provisions have already come into effect.

This Policy applies to all Employees of the Group. The Board of Directors of the Company will be responsible for adopting and periodically reviewing and updating this Policy.

### **DEFINITION OF INSIDER INFORMATION**

Inside Information means specific information that is about (i) the Company; (ii) a Shareholder or Officer of the Company; or (iii) the shares of the Company or their derivatives; and is not generally known to the market but would if generally known to them be likely to materially affect the price of the listed securities.

An “Officer” means a director, company secretary or senior officer of the Company who is charged with management responsibility affecting the whole of the Group or a substantial part of the Group as defined under the SFO.

There are 3 keys elements comprised in the concept of Inside Information. They are:

**1. Inside Information must be specific information**

Specific information is information which is capable of being identified, defined and unequivocally expressed. Information on a transaction contemplated or at a preliminary state of negotiation can be specific information but vague hopes and wishful thinking may not be specific information. Nevertheless, it is not necessary that all particulars or details of the transaction, event or matter be precisely known. Information may still be specific even though it has a vague quality and may be broad which allows room, even substantial rooms for further particulars.

**2. Inside Information must be information that is not generally known**

Inside information is information which is known only to a few and not generally known to the persons who are accustomed or would be likely to deal in the listed securities of the Company. In deciding whether information is generally known by virtue of being the subject of media comments, covered in analysts’ reports or carried on news service providers, the Company should consider not only how widely the information has been disseminated but also the accuracy and completeness of the information disseminated and the reliance that the market can place on such information.

Where the information known to the market is incomplete or there are material omissions or there are doubts as to its bona fides, such information cannot be regarded as generally known.

**3. Inside Information is information that is likely to have a material effect on the price of the shares of the Company**

The standard by which materiality is to be judged is whether the information on the shares of the Company is such as would influence persons who are accustomed or would be likely to deal in the share, in deciding whether or not to buy or whether or not to sell the shares of the Company. A movement in price which would not influence such an investor may be termed immaterial.

The test of whether the information is likely to materially affect the price is a hypothetical one in that it has to be applied at the time the information becomes available.

## **RESPONSIBILITY FOR COMPLIANCE AND MANAGEMENT CONTROL PROCEDURES**

Inside information has come to the knowledge of the Company if (a) information has, or ought reasonably to have, come to the knowledge of an Officer of the Company in the course of performing functions as an Officer of the Company; and (b) a reasonable person, acting as an Officer of the Company would consider that the information is inside information in relation to the Company.

Every employee of the Group that has a good faith belief that an event of price sensitive nature exists or may exist should report to his/her immediate Supervisor/Manager or his/her Department/Division Head who will then be responsible to report to the General Manager of the Company. It is important that details of event shall be submitted in writing. The General Manager will evaluate the situation and make recommendation to the Chairman on whether or not the issue shall be escalated to the Board of Directors. It is the responsibility of the Department/Division Head to ensure all event of price sensitive nature are properly reported and investigated in a timely manner. Failure to properly report an event can result in a violation of the Listing Rules and may subject the Company to enforcement action of the Stock Exchange as stipulated in the Listing Rules.

The Board of Directors of the Company will determine the appropriate actions to be taken, including public disclosure and application for a suspension of trading. To assist the Board of Directors to monitor the disclosure of Insider Information, an internal control system - "Inside Information Monitoring Procedures" was established and set out in Appendix I.

Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.

## **GUIDELINES AND PROCEDURES ON PRESERVATION AND DISCLOSURE OF INSIDE INFORMATION**

### **1. Preservation of Inside Information**

- 1.1 All Officers of the Group must take reasonable care to safeguard the confidentiality of all Inside Information in their possession or control. Inside Information may be disclosed to those Officers of the Group who need to know the information in the performance of their duties with the Group and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
- 1.2 If Inside Information is so disclosed, the recipients must understand that it is to be kept confidential. Inside Information is not to be disclosed outside the Group without the authorization of the Chairman or the General Manager of the Company.

- 1.3 The Company shall maintain insider lists of its Officers, employees and other people working for it with access to Inside Information relating directly or indirectly to the Group. The individuals on these lists are under a duty of confidence not to disclose any Inside Information without due authorization. Project-specific inside information may be managed by keeping the circle of persons with knowledge of the project small within the Group as well as outside it, and by comply with diligence in the safe-keeping of documents and other files relating to the project.
- 1.4 For the purpose of this Policy, the categories of persons who may receive the Inside Information include the following:
- (a) the Company's advisers and advisers of other persons involved in the matter in question;
  - (b) persons with whom the Company is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or places of the securities of the Company);
  - (c) the Company's lenders'
  - (d) the Company's major shareholders; and
  - (e) any government department, statutory or regulatory body or authority (e.g. SFC, Stock Exchange).
- 1.5 To ensure compliance with this Policy, Inside Information relating to the Group is also subject to the following general rules:
- (a) *Restricted Access.* Documents, company presentations and files containing Inside Information must be kept in a safe place to which access is restricted to individuals who "need to know" the information and which is not accessible to office visitors.
  - (b) *Oral Information.* Inside Information must not be discussed in elevators, restaurants, on airplanes or in other public places where it can be overheard, or on mobile phones or other wireless devices.
  - (c) *Electronic Information.* Inside Information in electronic form must be password-protected Computer terminals must not be left logged on and unattended where they can be accessed by others; system passwords must be used, kept confidential and changed periodically.
  - (d) *Transmission.* Transmission of documents by fax or electronic means may not be made unless the transmission can be made and received under secure conditions (such as a dedicated server).
  - (e) *Copying.* Unnecessary copying of documents containing Inside Information must be avoided; extra copies of such documents must be promptly removed from meeting rooms and work areas at the conclusion of meetings and discussions and destroyed if no longer required.

- (f) *Conference Call*. It can be very difficult to keep track of who is participating. Hence, it is necessary to announce everyone that is on the call so that all participants are aware. Someone shall be assigned to record the list of participants and take notes of the Meeting.

## **2. Procedures for handling External Communication**

The Chairman, the General Manager, the Company Secretary and the Investment Services Director (“ISD”) of the Company are authorized to speak on behalf of the Company. The Board of Directors may from time to time determine to add additional authorized spokespersons, either in respect of specific areas or all matters. If additional spokespersons are so appointed, this Policy will be revised with the particulars.

An authorized spokesperson may, from time to time, designate in writing, with the approval of the Chairman or the General Manager, other person(s), to speak on behalf of the Company as back-ups or to respond to specific inquiries.

Any person to whom this Policy applies who is approached by the media, an analyst, investor or any other member of the public to comment on the affairs of the Group, must refer all inquiries to an authorized spokesperson and must immediately notify an authorized spokesperson that the approach was made.

To ensure the preservation of the confidentiality of Inside Information, all external communications shall be handled as far as reasonably practicable in the following manners:

- 2.1 All questions and calls from the press and the investment community have to be channeled to the ISD.
- 2.2 The ISD shall document the receipt of written or verbal inquiries relating to the Group from the media or the investment community.
- 2.3 If the inquiry was received verbally, the ISD can respond verbally, briefly record the content of the response on the form of External Communication Record (“ECR”) as set out in Appendix II.
- 2.4 If a letter or other formal documented response is required, the ISD shall prepare a draft for the General Manager’s review, and shall resolve any comments prior to transmittal. The ISD shall record the type of response on an ECR.
- 2.5 Summary report shall be submitted to the Chairman and the General Manager for review regularly.

### **3. Electronic Communications and websites**

The Company has developed and will maintain a website at [www.greateagle.com.hk](http://www.greateagle.com.hk) where all formal announcements of the Company, as well as other investor relations information, will be made publicly available.

- 3.1 All information posted on the Company's website must be factual, accurate, up-to-date and complete, as well as presented in a consistent manner. No material information or forward looking statement may be posted on the website that has not first been publicly disclosed in compliance with this Policy. Any supplemental information provided at briefings to analysts and institutional investors will also be posted on the website.
- 3.2 The Company's website will clearly distinguish between investor relations information and promotional material. All data posted on the website, including text and audiovisual material, must indicate the currency of such material. Any material changes in information must be updated immediately. The Company will maintain a log indicating the date that material information is posted and/or removed from its website.

### **4. Rumours**

- 4.1 In general, the Company will not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. ISD will respond consistently to those rumours, saying "it is our policy not comment on market rumours or speculation." No exceptions are permitted to this general rule, as inconsistent practices may constitute Tipping which refers to the disclosure of confidential information to third parties outside the necessary course of business.
- 4.2 When market activity indicates that trading is being unduly influenced by rumours or when the Company wishes to respond to rumours, the Company should do so by making a formal announcement, rather than making a remark to a single publication or by way of a press release to ensure the whole market is equally and properly informed.
- 4.3 Where a rumour is correct, in whole or in part, or where material information has been inadvertently leaked and appears to be affecting trading activity of the Company's securities, disclosure of the relevant material information must be made by the Company as soon as reasonably practicable. Where appropriate, the Board of Directors should consider whether a suspension of trading of the Company is required pending the issuance of the announcement.

## **5. Avoiding Selective Disclosure**

- 5.1 When participating in shareholders' meetings, news conferences, analysts' conferences and private meetings with analysts, spokespersons must only disclose information that either is not price sensitive or is price sensitive but has previously been formally disclosed. For greater certainty, acceptable topics of discussion include the Company's business prospects, the business environment, management's philosophy and long-term strategy. Any selective disclosure of undisclosed material information is not permitted.
- 5.2 To protect against selective disclosure, spokespersons who are participating in shareholder meetings, news conferences, analysts' conferences or private meetings with analysts should, wherever reasonably practicable to do so, script their comments and prepare answers to anticipated questions in advance of the meeting or conference.
- 5.3 It is important to ensure that the scripts are carefully reviewed before the meeting or conference, and any undisclosed material information that is contained in the script must be formally disclosed before the meeting or conference or deleted from the script if it is premature for the information to be formally disclosed.
- 5.4 If undisclosed material information was disclosed, the participants must advise the Chairman or the General Manager, who will take immediate actions to review the situation and ensure the compliance of the monitoring procedure as set out in this Policy.

## **6. Analyst Report**

The Company may upon request check analysts' draft research reports. In such cases, comments should be limited to correct any factual errors which are significant to the extent that they may mislead the market, provided any clarification is confined to drawing the analyst's attention to information that has already been made available to the market.. Any comments must contain a disclaimer that the report was reviewed for factual accuracy only. No comfort or guidance should be expressed on the analysts' earnings models or earnings estimates and no attempt shall be made to influence an analyst's opinion or conclusion.

## **7. Quiet Period**

- 7.1 During a Quiet Period, spokespersons must not provide any future-oriented information relating to the business and affairs of the Group. Spokespersons are also prohibited from providing any future oriented information about the prospective business or operations of the Group, including future-oriented information about the prospective business or operations of the Group or

comments with respect to the financial results. During a Quiet Period, spokespersons may respond to unsolicited inquiries about information either that is not material information or that has been announced.

- 7.2 Quiet Period refers to (i) the period of 60 days immediately preceding the publication of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication of the results; and (ii) during the period of 30 days immediately preceding the publication of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results. The above Quiet Period restriction will end on the publication date at any time when the result announcement has been published on the website of the Stock Exchange.

### **INDIVIDUAL RESPONSIBILITY**

Every Officer of the Company has the individual responsibility to comply with this Policy. It is the responsibility of every Officer to report any event of price sensitive nature or of the high possibility of being price sensitive information in accordance with this Policy. All Officers must be aware of the contents of this Policy and must feel competent and confident to advise their staff on the implementation of the same. Appropriate training shall be provided to the staff and organized through the Company Secretary. Arranging such training is the responsibility of the respective Department/Division Heads.

Date: 30 November 2011 (Introduction Section updated as of [23 November 2012])



**Appendix I – Information Flow and Monitoring Procedures**

<u><b>Information</b></u>	<u><b>Responsible Persons</b></u>	<u><b>Actions / Decisions / Responsibilities</b></u>
<b>General business activities</b>	Employee	Report to immediate supervisor at regular interval
	Supervisor/Manager	Report to Department/Division Head at regular interval
	Department/Division Head	Monitor business activities and report to the General Manager regularly
<b>Sensitive events evolving</b>	Employee	Report to immediate Supervisor/Manager as soon as the events has come to his/her knowledge
	Supervisor/Manager	Gather sufficient details of information and report to Department/Division Head as soon as practicable
	Department/Division Head	Upon verification, report to the General Manager immediately
<b>Assessing the materiality of the event</b>	General Manager and the Project Team	The Project Team lead by the General Manager shall assess whether the event is material and potentially price sensitive and, if appropriate, notify the Chairman.
<b>The event is considered to be Inside Information but where any of the Safe Harbours that allow non-disclosure of Inside Information applies to the Company:</b>	The Chairman, Company Secretary	With the instruction of the Chairman, the Company Secretary submits the details of the event to the Board of Directors for review and re-examination.
	The Project Team and Company Secretary	Prepare project summary and draft announcement, if available for submission to all board members for review. All information submitted to the Board of Directors should be capable of being identified, defined and inequitably expressed.
	Company Secretary	<ul style="list-style-type: none"> <li>• Provide all relevant details to all members of the Board in particular the applicability of the safe harbours.</li> <li>• Seek formal approval from the Board by means of physical meeting or written resolutions.</li> </ul>

<p><b>1. the information concerns an incomplete proposal or negotiation;</b></p>		<ul style="list-style-type: none"> <li>• Notification shall be given to all Board members and other insiders in respect of the prohibition of dealings in the securities of the Company as more particularly described in the Code of Conduct regarding Securities Transactions by Directors and Relevant Employees of the Company.</li> <li>• Keep all Board members informed of the development of the Project.</li> </ul>
<p><b>2. the information is a trade secret;</b></p>	<p>Board of Directors</p>	<p>Re-assess whether the particular event or piece of information is considered to be Inside Information and if appropriate to set up a specific Board Committee to oversee compliance with applicable legal requirements in respect of the disclosure of Inside Information</p>
<p><b>3. the information concerns the provision of liquidity support from the Exchange Fund established by the Exchange Fund Ordinance to the Group</b></p>	<p>Company Secretary</p>	<ul style="list-style-type: none"> <li>• Subject to the decision of the Board of Directors as to the nature of the event and information, the Company Secretary shall establish an insiders list and update the same from time to time</li> <li>• Circulate draft announcement or any subsequent update of the same to the Board of Directors once available</li> </ul>
	<p>Company Secretary/ISD</p>	<p>Company Secretary: monitor the changes in share price and trading volume of the Company's securities</p> <p>ISD: monitor the comments about the Company in the media or analysts' reports or investment community</p> <p><i>Note: Unexplained changes to the share price and comments about the Company in the media or analysts' reports are indications that confidentiality has been lost. The Company Secretary and ISD shall report the same to the General Manager immediately and at the same time shall keep the Project Team informed so that they can get ready for preparing a holding / formal announcement.</i></p>

<p><b>The Project is finalized, the relevant agreements / documents are ready for execution and the information is considered to be Inside Information</b></p>	<p>Specific Board Committee</p>	<p>Approve the draft announcement in consultation with the Directors and instruct the Company Secretary to upload the announcement.</p>
	<p>Company Secretary</p>	<ul style="list-style-type: none"> <li>• Arrange for publication of the announcement.</li> <li>• Notify the Board members and the insiders about the publication of the announcement and the Blackout period comes to an end once the formal announcement is published.</li> </ul>

<p><b>If at any time the confidentiality of the Project cannot be maintained and/or safe harbour is not applicable</b></p>		
<p><b>Responsible Persons</b></p>	<p><b>Actions / Decisions / Responsibilities</b></p>	
<p>The Chairman and the General Manager / Project Team / Company Secretary</p>	<p>The Chairman and the General Manager: Consider whether trading suspension is required immediately Project Team: Prepare holding announcement / formal announcement as soon as reasonably practicable Company Secretary: Inform all Board members about the leakage and the expected time schedule for publication of the holding announcement / formal announcement.</p>	
<p>Company Secretary</p>	<ul style="list-style-type: none"> <li>• Circulate the draft holding/formal announcement and information/documentation to all Directors for information and comments as soon as reasonably practicable.</li> <li>• Keep all Directors informed of the progress until the publication of the announcement.</li> </ul>	
<p>Board of Director or specific Board Committee</p>	<p>Approve the holding announcement / formal announcement for publication.</p>	
<p>Company Secretary</p>	<p>Arrangement for publication of the announcement.</p>	

## Appendix II – Form of External Communications Record

Date Communication Received			
Type of Communication		<input type="checkbox"/> Letter	<input type="checkbox"/> Fax
		<input type="checkbox"/> Telephone	<input type="checkbox"/> Meeting
<input type="checkbox"/> e-mail	<input type="checkbox"/> Others		
Received From:	Company Name:		
	Contact Person:		
Contact Details:	Telephone:	E-mail:	
	Address:		
Content of Communication (attach copy if possible):			
Name of Person Responding:			
Are Internal Actions Necessary?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
If Yes, please provide details:			
Signed by the Person Responding:			
Date Completed:			
Log No (if any):			

*Note: This form shall be completed and signed by the Person Responding*