

## **Inside Information Policy**

### **1. Purpose**

This policy aims to ensure inside information of China Fire Safety Enterprise Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) can be disseminated to the public equally on a timely basis, so as to ensure compliance with the continuous disclosure obligation under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and a general obligation of disclosure of inside information under Part XIVA of the Securities and Future Ordinance (“**SFO**”).

### **2. Definition of Inside Information**

Section 307A(1) in Part XIVA of the SFO (Cap. 571) states that “inside information” means specific information that –

- (a) is about –
  - (i) the corporation;
  - (ii) a shareholder or officer of the corporation; or
  - (iii) the listed securities of a the corporation or their derivatives; and
- (b) is not generally known to the persons who are accustomed or would be likely to deal in the listed securities of a the corporation but would if generally known to them be likely to materially affect the price of the listed securities.

There are three key elements in the “inside information”:

- (a) the information must be specific;
- (b) the information must not be generally known to the persons who deal or which would likely deal in the corporation’s securities; and
- (c) the information would, if so known be likely to have a material effect on the price of the corporation’s securities.

### **3. Announcement of Inside Information**

- (a) The Company must, as soon as reasonably practicable after any inside information has come to its knowledge, disclose the information to the public;
- (b) The disclosure must be made in a manner that can give the public equal, timely and effective access to the inside information disclosed;

- (c) The information contained in an announcement must not be false or misleading, or false or misleading through the omission of a material fact; and
- (d) The guideline issued by the Stock Exchange and/or Securities and Futures Commission (“SFC”) from time to time should be adhered to when handling inside information.

#### **4. Confidentiality of Undisclosed Inside Information**

- (a) All directors and employees, who know the inside information, have the responsibility to keep those undisclosed inside information in strict confidential.
- (b) The requirement to preserve confidentiality under the SFO is not breached if information is given to another person who needs the information to fulfil the person’s duties and functions in relation to the Company and provided that the person owes the Company a duty of confidentiality.
- (c) The information should be given on the basis that restricts its use to the stated purpose and the recipient should recognise the obligations. The categories of persons who may receive the information include the following:
  - (i) the Company’s advisers / service providers and advisers / service providers of other persons involved in the matter in question;
  - (ii) persons with whom the Company is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or placees of the securities of the Company);
  - (iii) the Company’s lenders;
  - (iv) the Company’s substantial shareholders; and
  - (v) any government department, statutory or regulatory body or authority (e.g. SFC, the Stock Exchange).
- (d) Other than the persons as mentioned above, the Company shall make a confidentiality agreement or a strict confidentiality arrangement with those outside parties having the undisclosed inside information in order to ensure the undisclosed inside information not be leaked prior to being published.
- (e) The Company’s directors and the employees of the Group must not deal in the Company’s securities when they are in possession of undisclosed inside information.

## **5. Exemption and Wavier to the Disclosure of Inside Information**

Disclosure of Inside Information is not required if and so long as the circumstances of the case fall within one of the following safe harbours under the Part XIVA of the SFO:

- (a) the disclosure is prohibited or restricted by an enactment or a court order;
- (b) the information concerns an incomplete proposal or negotiation (e.g. in the brain-storming stage);
- (c) the information concerned is a trade secret;
- (d) when the Government's Exchange Fund or central bank provides liquidity support; or
- (e) the disclosure is waived by SFC.

With the exception of safe harbour (a), all other safe harbours will be applicable only if the Company has taken reasonable precautions for preserving the confidentiality of the information and the confidentiality of the information is actually preserved.

## **6. Handling of Rumours**

There is no obligation to respond to media speculation, market rumours or analysts' reports. However, where press speculation or market rumours are largely accurate and underlying information constitutes inside information, it is likely that matters intended to be kept confidential have been leaked, resulting in the safe harbour falling away, and public disclosure is required.

If there are rumours in the public, concern should be addressed to the Board of Directors of the Company for determination as to whether the nature of such rumours falls into the category mentioned above.

## **7. Compliance and Reporting**

The Company's directors and employees of the Group must promptly bring any inside information to the attention of the Company Secretary, who will notify the Chairman or Chief Executive Officer of the Company accordingly for taking the appropriate prompt action.

In the event that any violation of this policy regarding inside information, the Board of Directors will decide, or designate appropriate persons to decide the course of actions for rectifying the problem.