

APPENDIX 18: POLICY AND PROCEDURES ON

DISCLOSURE OF INSIDE INFORMATION



A. Purpose

This set of policy and procedures (“this Document”) relates to the inside information (as defined below) so that the inside information of The Hong Kong and China Gas Company Limited (“HKCG”; together with its subsidiaries, the “Group”) can be disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations.

This Document should be read together with the “Guidelines on Disclosure of Inside Information” (the “Guidelines”) issued by the Securities and Futures Commission (“SFC”) in June 2012 (or as amended from time to time). A copy of the Guidelines is enclosed and will be uploaded on the webpage of Company Secretarial Department under TGwiki.

B. Definition of Inside Information

1. Section 307A(1) in Part XIVA of the Securities and Futures Ordinance (Cap. 571)(“SFO”) states that “inside information” means specific information that –
 - (a) is about –
 - (i) a listed corporation;
 - (ii) a shareholder or officer of a listed corporation; or
 - (iii) the listed securities of a listed 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 listed corporation but would if generally known to them be likely to materially affect the price of the listed securities.
2. For information, the definition of inside information is the same as that of “relevant information” under section 245 in Part XIII of the SFO which applies to insider dealing.
3. Examples of possible inside information may include (but not limited to):
 - Changes in performance, or the expectation of the performance, of the business;
 - Changes in financial condition (e.g. cashflow crisis, credit crunch);
 - Changes in control and control agreements;
 - Changes in the share capital (e.g. new share placing, bonus issue, rights issue, share split, share consolidation and capital reduction);
 - Takeovers and mergers;
 - Purchase or disposal of equity interests or other major assets or business operations;
 - Restructuring, reorganizations and spin-offs that have an effect on the corporation’s assets, liabilities, financial position or profits and losses;
 - Decisions concerning buy-back programmes or transactions in other listed financial instruments;

For more examples, please refer to paragraph 35 of the Guidelines.

C. Policy

I. Obligation of the Group

1. HKCG, as a listed corporation, must, as soon as reasonably practicable after any inside information has come to its knowledge, disclose the inside information to the public, unless the information falls within any of the “Safe Harbours” as provided in the SFO (please refer to Section C.VII.1. below and paragraph 61 of the Guidelines).
2. HKCG shall take care of precautions for preserving the confidentiality of the inside information and the relevant announcement if applicable.
3. All inside information must be treated as strictly confidential.
4. Save for any circumstance that “Safe Harbours” as described in Section C.VII.1. below applies, disclosure must be made in a manner that provides for equal, timely and effective access by the public to the information disclosed in a manner stated in Section C.VI. below.

II. Restriction on Sharing Non-public Information

1. Subject to the approval granted by any member of the Committee (as defined in Section D.I.1.) or except for provision of undisclosed inside information in accordance with Sections C.V.2. to C.V.4. below, no employee or director may disclose, discuss or share with outside parties the undisclosed inside information.

III. Duty of Officers

1. Every officer of HKCG must take all reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to HKCG.
2. An “officer” refers to “a director, manager or secretary of, or any other persons involved in the management of HKCG”.
3. A “manager” normally refers to a person who, under the immediate authority of the Board of Directors of HKCG (the “Board”), is charged with management responsibility affecting the whole of HKCG or a substantial part of HKCG.
4. A person is normally regarded to be “involved in the management of HKCG” if the person discharges the role of a “manager”.
5. A “secretary” means Company Secretary of HKCG.

IV. Handling of Rumours

1. HKCG has no obligation to respond to media speculation, market rumours or analysts' reports.
2. However, where media speculation, market rumours or analysts' reports are largely accurate and the information underlying the speculation, rumours or reports constitutes inside information, it is likely that confidentiality has been lost, thus the Safe Harbour falls away and public disclosure is required.
3. If there are rumours in the public, concern should be addressed to the Committee (as defined in Section D.I.1.) for determination as to whether the nature of such rumours falls within the scope of inside information mentioned above. In case of urgency, the Committee shall be responsible for determining the nature of rumours and the actions to be taken.

V. Confidentiality of Undisclosed Inside Information

1. All Directors or employees who know HKCG's inside information have the responsibility to keep those undisclosed inside information in strict confidential.
2. 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 HKCG and provided that the person owes HKCG a duty of confidentiality.
3. The information should be given on the basis that restricts its use to the stated purpose and the recipient should recognise the resulting obligations. The categories of persons who may receive the information include the following:
 - (a) HKCG's advisers / service providers and advisers / service providers of other persons involved in the matter in question;
 - (b) persons with whom HKCG is negotiating, or intends to negotiate, any commercial, financial or investment transaction (including prospective underwriters or placees of the securities of HKCG);
 - (c) HKCG's lenders;
 - (d) HKCG's major shareholders; and
 - (e) any government department, statutory or regulatory body or authority (e.g. SFC, The Stock Exchange of Hong Kong Limited ("SEHK")).
4. Other than the persons as mentioned above, HKCG 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 publicity.

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5. HKCG's "in-house" publications or other publications shall not incorporate any undisclosed inside information.
6. To prevent the misuse or inadvertent disclosure of inside information, the following procedures should be observed at all times:
 - (a) Documents and files containing inside information should be kept in a safe place, with access restricted to individuals who "need to know" that information in the necessary course of business. Code names should be used if necessary.
 - (b) Transmission of documents by electronic means, such as by e-mail, fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
 - (c) Unnecessary copying of confidential documents should be avoided and documents containing inside information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
 - (d) Access to confidential electronic data should be restricted through the use of passwords.
7. Directors and employees must not deal in HKCG's securities when they are in possession of undisclosed inside information.
8. HKCG has adopted the model code as set out in Appendix 10 to the Rules Governing The Listing of Securities on SEHK (the "Listing Rules") as HKCG's Model Code for Securities Transactions by Directors of Listed Issuers for governing Directors' dealings in HKCG's securities.
9. HKCG has developed "Model Code for Securities Transactions by Relevant Employees of HKCG" for governing relevant employees' dealings in HKCG's securities. "Relevant employee" refers to any employee or director or employee of a subsidiary or holding company who, because of his office or employment, is likely to be in possession of unpublished price sensitive information in relation to the issuer or its securities.
10. Employees of the Group must also comply with the relevant provisions stipulated in the Group's Code of Conduct, Information Classification Policy, Staff Handbook and any additional local policies, rules, regulations, requirements and guidelines which may be issued by the Group from time to time.

VI. Disclosure of Inside Information

1. To fulfil the disclosure obligation, HKCG should disclose inside information to the market as a whole by way of the electronic publication system operated by SEHK and other means in accordance with the Listing Rules so that all users of the market have equal and simultaneous access to the same information.
2. Dissemination of the information via other means such as issuing a press release, holding a press conference and/or posting an announcement on its own website alone, are unlikely to be sufficient to satisfy the obligation under the SFO to ensure equal, timely and effective access by the public to the information.

VII. Exemptions and Waiver to the Disclosure of Inside Information

1. 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 (“Safe Harbours”) under the SFO:
 - (a) the disclosure is prohibited under, or would constitute a contravention of a restriction imposed by, an enactment or a court order;
 - (b) the information concerns an incomplete proposal or negotiation;
 - (c) the information concerned is a trade secret;
 - (d) the information concerns the provision of liquidity support from the Exchange Fund or from an institution which performs the functions of a central bank to the corporation; and
 - (e) the disclosure is waived by the SFC.
2. With the exception of Safe Harbour (a) above, all other Safe Harbours will be applicable only if the concerned listed corporation has taken reasonable precautions for preserving the confidentiality of the inside information and the confidentiality of the information is actually preserved.

D. Procedures

I. Inside Information Committee

1. An internal committee under the management of HKCG, namely Inside Information Committee (the “Committee”), is set up to handle issues of inside information of the Group. Members of the Committee will include all Executive Directors and Chief Financial Officer and Company Secretary (“CFOCS”).

2. If the Committee becomes aware of any potential inside information, it should:
 - (a) assess the materiality of the relevant information; and
 - (b) determine the appropriate course of actions.
3. For audit trail purpose, meetings and discussions concerning the assessment of inside information will be recorded in writing.

II Communications with the Media

1. Corporate Affairs and Investor Relations Department (“CA&IRD”) is responsible for providing information for and handling enquiries from media.
2. No undisclosed inside information shall be allowed to provide for the third party including media.
3. If any doubt arises whether information to be provided is undisclosed inside information, CA&IRD must consult member of the Committee in advance.
4. CA&IRD may arrange media briefings or media interviews for the Executive Directors and CFOCS. In order to ensure no undisclosed inside information will be provided, any speech/presentation materials prepared or arranged by CA&IRD for the Executive Directors and CFOCS must be reviewed by:
 - (a) in case of preliminary results announcement, material transactions or merger or acquisition of the Group, at least two members of the Committee;
 - (b) in other general cases, at least one member of the Committee.

For audit trail purpose, CA&IRD shall record all such review by the Committee in a written manner.

5. Briefings and discussions with media and public investors should be recorded to check whether any inside information has been inadvertently disclosed.
6. CA&IRD should develop its own guidelines and/or procedures which should cover the aforesaid points for handling media.

III. Communications with Investors

1. Corporate Affairs and Investor Relations Department (“CA&IRD”) is responsible for providing information for and handling enquiries from investors including, but not limited to, brokerage houses, analysts, fund managers and institutional investors (“Investors”).
2. No undisclosed inside information is allowed to provide for the third party including Investors.

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3. If any doubt arises whether information to be provided is undisclosed inside information, CA&IRD must consult member of the Committee in advance.
4. CA&IRD may arrange briefings or interviews for the Executive Directors and CFOCS with Investors. In order to ensure no undisclosed inside information will be provided, any speech/presentation materials prepared or arranged by CA&IRD for the Executive Directors and CFOCS must be reviewed by:
 - (a) in case of preliminary results announcement, material transactions or merger or acquisition of the Group, at least two members of the Committee;
 - (b) in other general cases, at least one member of the Committee.

For audit trail purpose, CA&IRD shall record all such review by the Committee in a written manner.

5. Briefings and discussions with public investors should be recorded to check whether any inside information has been inadvertently disclosed.
6. When Investors visit HKCG or its joint ventures/project companies, care should be taken to ensure they do not obtain inside information. A person or person(s) should be delegated to handling enquiries from Investors during the visit and review in advance the information / materials to be provided for Investors.
7. In order to prevent leakage of HKCG's undisclosed inside information, no briefings, interviews or visits shall be arranged during the "Black Out Period" as prescribed by the Listing Rules from time to time prior to the announcement of HKCG's final or interim financial results. According to Appendix 10 to the Listing Rules, "Black Out Period" refers to the period of:
 - 60 days immediately preceding the publication date of the annual results; and
 - 30 days immediately preceding the publication date of the interim results.
8. If an analyst's report contains errors or misinterpretations, HKCG is not obliged to make a correction or clarification under the SFO. It may nevertheless be appropriate, as a matter of good practice, for HKCG to clarify historical information and correct any factual errors in the analyst's assumptions 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.
9. CA&IRD should develop its own guidelines and/or procedures which should cover the aforesaid points for handling public investors.

E. Revisions of Policy and Procedures

The Committee shall be vested with the full power to review, update and revise this Document and to delegate such power to any person if it thinks fit.

F. Administration

This Document is administered by Company Secretarial Department.

Effective Date : 2 September 2021