

China Public Procurement Limited

中國公共採購有限公司

(the “Company”)

CONTINUOUS DISCLOSURE OBLIGATION POLICY

1. Constitution

- 1.1 The Continuous Disclosure Obligation Policy (the “Policy”) was established on [*] 2013 pursuant to a resolution passed on the same day by the board of directors (the “Directors”) (the “Board”) of the Company.

2. Purpose and Principles

- 2.1 The Policy documents the system which is now in place in China Public Procurement Limited for monitoring the developments in the Company’s business so that potentially inside information/transactions can be quickly escalated up the Company to those responsible for deciding whether an announcement should be made in order to ensure compliance with the continuous disclosure obligation under the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (the “Stock Exchange”) and the disclosure of inside information of the Securities & Futures Ordinance (the “SFO”).
- 2.2 The Company is aware of its disclosure obligations under the Listing Rules and the SFO and the statutory obligations to disclose inside information as soon as reasonably practicable after the information has come to its knowledge. In this respect, the Company has a continuous disclosure obligation to announce the information necessary to avoid a false market in its shares as soon as reasonably practicable, where in the view of the Stock Exchange there is or there is likely to be a false market in its shares.
- 2.3 The Company conducts its affairs with close regard to the “Guidelines on

Disclosure of Inside Information” issued by the Securities & Futures Commission in 2012; and the “Guide on Disclosure of Price-sensitive information” and “Recent Economic Developments and the Disclosure Obligations of Listed Issuers” issued by the Stock Exchange in 2002 and 2008 respectively.

- 2.3 The Company has adopted an overall policy of open communication by pursuing the broad, nonexclusionary distribution of information to the public.
- 2.4 The Company has imposed a strict prohibition on the unauthorised use of confidential or inside information. Such prohibition is included in the Company’s Code of Conduct for Securities Transactions by Relevant Employees which applies to directors or employees who are likely to possess inside information in relation to the Company and its shares.

3. Application of Principles of Disclosures

- 3.1 The Company applies these principles of disclosures in three respects:
 - (a) determining whether information constitutes inside information and requires immediate disclosure;
 - (b) monitoring information disclosure having regard to the Listing Rules and SFO requirements; and
 - (c) disseminating information to the Company’s shareholders and other stakeholders.
- 3.2 In determining whether certain information which has been developed is inside information, the Company adopts a bottom-up approach to escalate information about business developments up the organisation. Management of individual business units has the obligation to notify senior management or the Company Secretary of any potential transactions or developments of business which may give rise to disclosure obligations at the Company’s level. Senior management shall be responsible for providing the Board with adequate, reliable and timely information which will enable Directors to make an informed decision on whether the transaction or developments in question are likely to constitute inside information and should be announced immediately.
- 3.3 In monitoring the continuous disclosure obligations arising from any business

transactions or developments, the Company pays regard to the Listing Rules and the SFO in relation to share price movements, inside information, notifiable transactions, connected/related parties transactions and advance/financial assistance and guarantees to affiliated companies.

3.3.1 Share Price Movements

The Company shall respond promptly to any enquiries made by the Stock Exchange concerning unusual movements in the price or trading volume of the Company's shares.

The daily closing price and trading volume of the Company shares are recorded by Investors Relations. A monthly share price report prepared by Investors Relations shall be circulated to the Chief Financial Officer, the Company Secretary and the Chairman of Audit Committee no later than the 5th business day of the following month.

When the closing price differs 5% or more than the closing price of the previous trading day, Investors Relations will notify senior management who will then analyse whether there is any matter that might be influencing the share price movements and consider whether an announcement is required to be made.

3.3.2 Inside Information

The guiding principle is that information which is expected to constitute inside information under the Listing Rules or the SFO shall be announced as soon as reasonably practicable after it becomes known to the Board of the Company and/or is the subject of a decision by the Board of the Company unless the information falls within any of the safe harbours as provided in the SFO.

In cases where a decision by the Board of the Company is pending or in cases of incomplete negotiations, the Company shall implement procedures to maintain the confidentiality of information such as using codenames in correspondence, private fax lines and password protected e-mails, limiting dissemination of the information to those who "need to know", and reminding parties involved of the need to keep all such information strictly confidential. Until an announcement is made, Directors and management shall ensure that such information is kept

strictly confidential. Where it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement shall be made as soon as practicable.

3.3.3 Notifiable Transactions

Relevant employees are alerted as to the importance of keeping information on potential acquisition/disposal of assets/investments confidential, and that whenever there is a leakage of information during the course of development, shall inform senior management immediately so that remedial actions, including making an inside information announcement, can be taken at the earliest opportunity.

The financial department shall keep track of the Company's threshold levels for disclosure pursuant to the size tests under the Listing Rules, so that an announcement can be made as soon as practicable should a notifiable transaction arise.

3.3.4 Advance/Financial Assistance and Guarantees to Affiliated Companies

The Company shall make an announcement pursuant to the requirements of the Listing Rules in the event that:

- (a) the Company's advance made to an entity (excluding subsidiaries); or
- (b) financial assistance extended to affiliated companies and guarantees given for facilities granted to affiliated companies together in aggregate

exceeds 8% of the Company's total assets. If the amount of advance increases by 3% or more since that last announced, the Company will make a further disclosure. Where circumstances giving rise to disclosure continue, the Company shall publish the relevant information in the Company next interim or annual report.

In monitoring whether any advance/financial assistance and guarantee to affiliated companies will hit the 8% or 3% thresholds set under the Listing Rules, the Company shall undertake regular reviews of the advance/financial assistance and guarantee to affiliated companies, including:

- (a) quarterly review by the Financial Department on the status of the outstanding advances/financial assistance and guarantees made to affiliated companies relative to the Company's total assets; and
- (b) ad hoc reviews on the impact of any transaction involving advance/financial assistance and guarantee to affiliated companies with reference to the Company's total assets.

3.4 In disseminating inside information, the Company has established and implemented guidelines for responding to external enquiries (including from shareholders, analysts and media and other stakeholders) about the the Company's affairs. To avoid potential conflict of interest, Company's issues relating to an individual manager will not be commented or responded by the individual manager concerned.

3.4.1 Shareholders

The Company aims to present a clear and balanced assessment of its financial position and prospects. Financial results shall be announced as early as possible. Audited financial statements and Interim financial statements shall be published within four months after the end of the financial year or the end of the half-year period respectively.

Inside information shall be announced promptly through the Stock Exchange and the Company's website. The Company shall involve the legal advisor for engaging at short notice in the assessment of the potential inside information and to involve in the preparation of announcements.

3.4.2 Analysts

Investors Relations shall review the research reports regarding the Company received from banks. For matters that require management attention, Investors Relations circulate a summary of reports to senior management. Under normal circumstances, the Company shall make no comment on an analyst's financial projections or opinions. Where an analyst report contains inaccurate information, Investors Relations shall inform the analyst of the correct information if that information is already in the public domain and does not constitute inside information.

3.4.3 Media

In order to proactively manage dissemination of information about significant issues or major development in business, an electronic copy of the voluntary announcement shall be posted on the Company website promptly. For matters relating to the Company, all media inquiries will be referred to the Investors Relations.

When confronted with questions by journalists about rumours circulating in the market, the Company's Policy is to give a "no comment" answer where journalists are pressing for unannounced inside information. Where sufficient inside information has been leaked for the reported story to be broadly accurate, the Company shall make an announcement in order to ensure that the correct information is widely available.

3.4.4 Other Stakeholders

Announcements by industry regulators, government departments and other bodies may affect the share price of the Company or market activity in its shares. If such announcement is expected to have a particularly significant impact on the Company, an announcement will be made by the Company providing the Company's view on the impact of the relevant announcement.

4. Evolution

4.1 To ensure that the existing Policy continues to operate smoothly in practice, the Company shall undertake regular reviews of the Policy having regard to the regulatory requirements and the expectations of the Company's shareholders and other stakeholders. Changes to the Policy shall be posted on the Company website.

4.2 Comments, questions or queries regarding the Policy may be addressed to the Company Secretary at Suites 2805-2810, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong or by email to enquiry@cpfhk.com.