

# **Dragon Mining Limited**

*(Incorporated in Western Australia with limited liability)*

**Stock Code: 1712**

## **Policy on the Disclosure of Inside Information**

*Updated as of 18 August 2022*

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## 1. BACKGROUND

1.1 The Company is listed on the Stock Exchange and the Group is bound to comply with all obligations under Part XIVA of the SFO and Chapter 13 of the Listing Rules of the Stock Exchange in respect of disclosure of Inside Information after the information has come to the listed companies' knowledge<sup>1</sup>. In view of the above, this Policy is adopted by the Board.

## 2. PURPOSE

2.1 This Policy primarily aids the Company to comply with the statutory disclosure regime specifically under Part XIVA, and only incidentally in regard to the non-statutory requirements under Chapter 13 of the Listing Rules which, so far as disclosure is concerned, assumes the status of a secondary disciplinary tool applying mainly where Part XIVA does not or where the SFC determines that, despite the applicability of Part XIVA, it will not pursue actions thereunder. The Company is subject to a disclosure regime made up of parallel sets of requirements from the SFC and the Stock Exchange and their alternate enforcements. This Policy aims at equipping the Company for these changes.

2.2 This Policy governs situations where perceived **Inside Information** shall be reported to the Executive Director/Exco Member(s) (as the case may be) as by each of Relevant Officer(s).

## 3. GUIDANCE

### 3.1 Disclosure Obligations

3.1.1 The Company must disclose Inside Information to the public **as soon as reasonably practicable**<sup>2</sup> after any officer in performing their duties or functions has actually obtained or in the circumstances ought reasonably to have obtained that Inside Information in question. The Company shall take steps necessary in the circumstances to disclose the relevant Inside Information to the public.

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<sup>1</sup> Section 307B(1), (2) of the SFO

<sup>2</sup> Section 307B(1) of the SFO

3.1.2 The Company is taken to have Inside Information if:-

- (a) the information has come to the knowledge of a Relevant Officer of the Company in the course of performing functions as a Relevant Officer; and
- (b) a reasonable person, acting as a Relevant Officer of the Company, would consider that the information is Inside Information in relation to the Company.<sup>3</sup>

### 3.1.3 ***Responsibility of Relevant Officers***

The statutory disclosure regime imposes on every Relevant Officer the responsibility to take reasonable measures from time to time to ensure that proper safeguards exist to prevent a breach of requirement<sup>4</sup> on disclosure of Inside Information in relation to the Company. Similarly, the disclosure requirements in the Listing Rules hold all Directors collectively and individually responsible for ensuring the Company's full compliance with the Listing Rules.

It is not sufficient that an officer thinks (albeit honestly) that a situation or piece of information is or is not Inside Information.

### 3.1.4 ***Manner of Disclosure***

Any manner of disclosure which provides the public with

- (i) equal;
- (ii) timely; and
- (iii) effective

access to the Inside Information will satisfy the relevant statutory requirement<sup>5</sup>.

## 3.2 **Inside Information**

3.2.1 According to the interpretation of Part XIVA of the SFO<sup>6</sup>, a piece of information is considered to be Inside Information if it is at the same time:

- (i) **relevant** about
  - a. that listed company;
  - b. a shareholder/officer of it; or
  - c. its listed securities or derivatives;
- (ii) **non-public** - not generally known to persons accustomed or likely to deal in the listed securities of that listed company;

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<sup>3</sup> Section 307B(2) of the SFO

<sup>4</sup> Section 307G of the SFO

<sup>5</sup> Section 307C(1) of the SFO

<sup>6</sup> Section 307A(1) of the SFO

- (iii) **price-sensitive** - if made generally known to persons accustomed or likely to deal in the securities of that listed company, the **price of those securities are likely to be materially affected**; and
- (iv) **specific** - capable of being identified, expressed and understood coherently and with clarity e.g. as of the event/matter/proposed transaction, but needs not be detailed or precise. Information may still be specific even though it has a vague quality and may be broad. For example, a forthcoming share placing where details are not known may be information which is specific.

### 3.2.2 **Judgment and Examples of Potential Inside Information**

3.2.2.1 Particular care must be taken in assessing whether a piece of information is Inside Information given the fact that “**materiality**” varies in different companies. What constitutes Inside Information necessarily involves an officer’s judgment against the 4 yardsticks in paragraph 3.2.1 taking into account:

- (i) the **practical circumstances**;
- (ii) their own **knowledge and experience**; and
- (iii) the view of a **reasonable person acting as an officer of the listed company on the matter**<sup>7</sup>.

3.2.2.2 To help enhance awareness, the Appendix hereto lists some **NON-EXHAUSTIVE** but **RECURRENT COMMON EXAMPLES** of potential Inside Information of which is for reference only and Relevant Officers are recommended to take notice for a **prompt assessment of the likely impact** of these events and circumstances.

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<sup>7</sup> Section 307B(2) of the SFO

### 3.3 Safe Harbours<sup>8</sup>

3.3.1 Disclosure is exempted in ANY of the following cases:

- (a) disclosure is prohibited by a Hong Kong court order or statutes<sup>9</sup> (i.e. NOT including prohibition by private contracts);
- (b) insofar as and only insofar as (1) reasonable precautions are taken to preserve strict confidentiality, (2) such confidentiality is in fact indeed preserved, and (3) the Inside Information EITHER –
  - (i) concerns an incomplete proposal or negotiation<sup>10</sup>;
  - (ii) is a trade secret<sup>11</sup> (e.g. inventions, exclusive recipes, internal workflow or processes, supplier or customer lists); or
  - (iii) concerns provision to the Company/its member company of liquidity support from the Exchange Fund under Exchange Fund Ordinance (Cap. 66) or from an institution which performs the function of a central bank; or
  - (iv) disclosure of which is waived by the SFC on the Company's application.

3.3.2 Where the information has not been kept confidential or there has been a leak, whether intentionally or unintentionally, the Safe Harbour no longer applies and the Company must disclose and simultaneously announce the Inside Information as soon as reasonably practicable.

3.3.3 In applying the exemption mentioned in sub-paragraph 3.3.1(b) above, the Company is required to ensure that knowledge of information is restricted to those who need to have access to it and that recipients of the information are aware that the information is confidential and recognize their obligations to maintain the information confidential.

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<sup>8</sup> Section 307D of the SFO

<sup>9</sup> Section 307D(1) of the SFO

<sup>10</sup> Examples include: (a) when a contract is being negotiated but has not been finalised; (b) when a Group company decides to sell a major holding in another corporation; (c) when a Group company is negotiating a share placing with a financial institution; or (d) when a Group company is negotiating the provision of financing with a creditor.

<sup>11</sup> A trade secret generally refers to proprietary information owned by any Group company: (a) used in a trade or business of a Group company; (b) which is confidential (i.e. not already in the public domain); (c) which, if disclosed to a competitor, would be liable to cause real or significant harm to a Group company's business interests; and (d) the circulation of which is confined to a limited number of persons on a need-to-know basis.

### **3.3.4 *Extent of Exemption under Safe Harbours***

Even where one or more of the Safe Harbours apply, only that specific part of a piece of Inside Information to which the Safe Harbour(s) apply may be spared from disclosure. All the remaining part of that Inside Information not covered by the above Safe Harbours must be disclosed in the manner as required by Part XIVA or the Listing Rules.

## **3.4 All Steps Necessary in the Circumstances**

3.4.1 The required “all steps necessary in the circumstances” by definition vary from case to case as subject to the particular circumstances of each of them and the Relevant Officers’ judgment. Even prior to issuing a public announcement of the Inside Information, “all steps necessary” require at least the following:

- (i) ascertainment of sufficient details;
- (ii) internal assessment of the potential Inside Information;
- (iii) seeking professional advice, if required; and
- (iv) verification of the alleged circumstances.

3.4.2 If more time is needed for the above before a full announcement, the Company should issue a holding announcement detailing why a full announcement cannot be made yet and apply for a trading halt or suspension as required under the Listing Rules.

## **3.5 Confidentiality before Disclosure<sup>12</sup>**

3.5.1 Strict confidentiality must be kept of the Inside Information before disclosure.

3.5.2 Where the Relevant Officers determine that EITHER:

- (i) this strict level of confidentiality cannot be attained; or
- (ii) this confidentiality has possibly been breached already,

they must take all reasonable steps forthwith to secure the Company’s immediate disclosure of the Inside Information to the public.

3.5.3 Where even if the Inside Information has been waived by the SFC or exempted under any of the Safe Harbours of the SFO, as long as the confidentiality of that Inside Information may have been subsequently lost, the Company must still comply with the disclosure requirements under Part XIVA and the Listing Rules and, if needed, issue a holding announcement and apply for a trading halt or trading suspension before disclosure in the manner of paragraph 3.4.2 above.

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<sup>12</sup> Section 307D(3) of the SFO

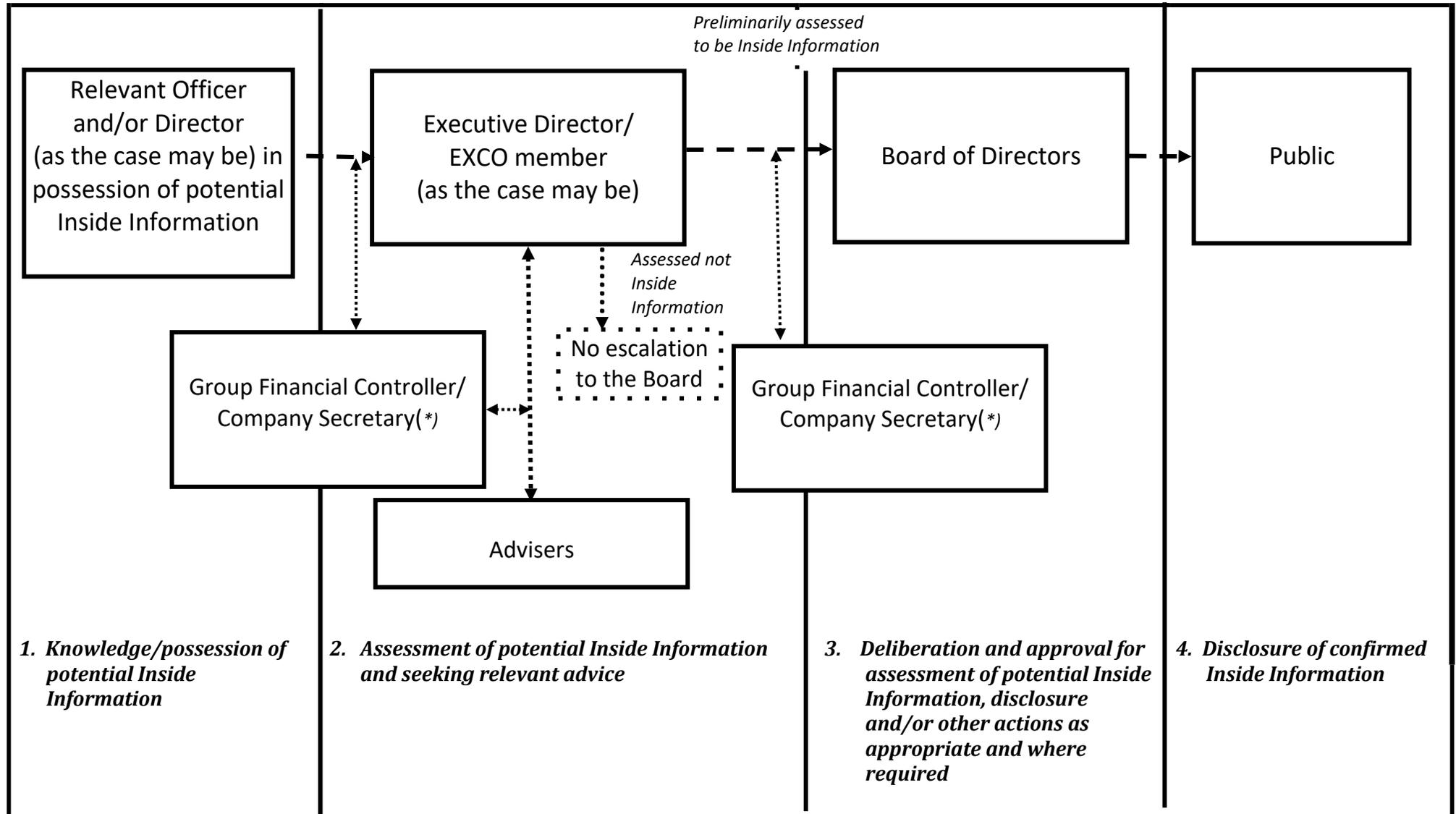
3.5.4 Any unusual movement of share price or volume of or unexplained changes to the share price of a company's securities and/or comments about a company in the media or analysts' reports may indicate the loss of confidentiality. It would be more likely to indicate that confidentiality has been lost where comments about the corporation are significant and credible and the details are reasonably specific or the market moves in a way that appears to be referable to such comments. In view of the aforesaid, Relevant Officers should not reveal any information to any media, analysts or any persons who are not entitled or ought not to have knowledge of such information.

### **3.6 Media Speculation and Market Rumours**

3.6.1 The Company and its Relevant Officers are not under any obligation to respond to any queries by the media, and are not obligated to make further disclosure under the SFO if there is no Inside Information but media reports or market rumours carry false or untrue information. However, the Stock Exchange may on its own initiative step in to make enquiries and request the Company's provision of relevant information and/or require the Company to issue a standard announcement containing negative statement to confirm it is not reasonably aware of the reasons for such media report or market rumour and, in the circumstances, of the necessity to disclose to avoid a false market or as stipulated under Part XIVA.

3.6.2 If the Company has any Inside Information and there are media speculation, market rumours or analysts' reports which are largely accurate and the information underlying the speculation, rumours or reports constitute the Inside Information, especially but not limited to only where unusual trading movements in the Company's securities is noticed, it is likely that confidentiality has been lost. As such, the exemption under paragraph 3.3 above could not be relied upon and issuing standard announcement in response to the Stock Exchange as per paragraph 3.6.1 above is no longer enough. The Company should make disclosure to the public as soon as possible.

**4. WORKFLOW**



(\*). including without limitation such other person in charge of finance and company secretarial or equivalent functions

- 4.1 Directors and Relevant Officer in possession of potential Inside Information and/or Inside Information, must preserve strict confidentiality of such information and must not deal in any Securities of the Company at any time in possession of potential Inside Information in relation to the Group.<sup>13</sup>
- 4.2 (a) Any Executive Director, any EXCO member, the Group Financial Controller, Financial Controller, Finance Manager and/or the Company Secretary may be consulted so as to assess any potential Inside Information, breach of confidentiality relating to Inside Information or applicability of any of the Safe Harbours and to consider whether professional advice and/or escalation for the attention of the Board would be required.
- (b) When potential Inside Information is to be provided in confidence to selected third parties (e.g. potential business partners or bankers), any person providing the same must ensure that appropriate confidentiality agreement(s) are executed prior to the disclosure of such information and the said parties have sufficiently covenanted not to use or make use of such information or deal in or contribute to another party's dealing in the relevant listed securities in a way that may either constitute a breach of Part XIVA, cause Stock Exchange transactions to be entered into at prices which do not reflect the latest available information, or otherwise in contravention of the Listing Rules.
- 4.3 The Board of Directors shall deliberate the reported assessment and recommendation (if any) by the Executive Director/EXCO member (as the case may be) on any potential Inside Information for disclosure and/or other actions, including without limitation announcement (full or holding announcement), response/notification to the Stock Exchange, trading halt or suspension as considered necessary, expedient or ancillary to the Company's compliance with the obligations under the statutory disclosure regime.
- 4.4 Disclosure should be made as soon as reasonably practicable after the Board learns or should have reasonably been aware of any such Inside Information relating to the Group shall be disclosed to the public<sup>14</sup>.

## 5. UPDATES

This Policy shall be updated and revised as and when necessary in light of changes in circumstances and changes in the Listing Rules, SFO and relevant statutory or regulatory requirements from time to time.

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<sup>13</sup> Section 307G(1) of the SFO

<sup>14</sup> Section 307B(1) of the SFO

## 6. AUTHORISATION

This Policy including any amendments from time to time, should be approved by the Board<sup>15</sup>.

## 7. CIRCULATION AND ACCESS

7.1 This Policy should be circulated to all Directors and Relevant Officers of the Group<sup>16</sup>.

7.2 Access to the Policy should also be made as liberal as reasonably needed within the Group. All Directors and Relevant Officers should be given access to this Policy.

## 8. DEFINITION

<b>Board</b>	Board of the Directors
<b>Directors</b>	Directors of the Company from time to time
<b>Company</b>	Dragon Mining Limited
<b>EXCO</b>	Executive Committee of the Board of the Company where applicable
<b>Group</b>	the Company and its subsidiaries, excluding any of its listed subsidiaries (if any) which have adopted policy(ies) appropriate to their operations
<b>Inside Information</b>	any information relating to the Group that is referred to in paragraph 3.2 of this Policy or as ascribed by the SFO and/or the Listing Rules, as the case may be, from time to time
<b>listed companies</b>	all companies that are listed on the Stock Exchange
<b>Listing Rules</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>officer(s)<sup>17</sup></b>	Director, manager or the Company Secretary of the Company, or any other person involved in the management of the Company, for the purpose of Part 1 Schedule 1 of the SFO
<b>Part XIVA</b>	Part XIVA of the Securities and Futures (Amendment) Ordinance 2012

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<sup>15</sup> Section 307G of the SFO

<sup>16</sup> Section 307G of the SFO

<sup>17</sup> Part 1 Sch 1

<b>Relevant Officer(s)</b>	including without limitation the Directors, Chief Executive Officer, Group Financial Controller, Financial Controller, Finance Manager, Company Secretary of the Company, and, (i) any persons holding any equivalent responsibilities and authorities; and (ii) any relevant employees of the Group who are considered to be likely in possession of Inside Information in relation to the Company or its Securities and such other person(s) of the Group as prescribed by the Board from time to time
<b>Safe Harbours</b>	exemptions from disclosure under Part XIVA as referred to in paragraph 3.3 of this Policy or as ascribed by the SFO from time to time
<b>Securities</b>	Shares and/or securities, as the case may be, issued by the Company from time to time
<b>SFC</b>	Hong Kong Securities and Futures Commission
<b>SFO</b>	Securities and Futures Ordinance, Chapter 571 of Hong Kong Laws
<b>Stock Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>statutory disclosure regime</b>	Statutory disclosure regime under Part XIVA of the SFO and/or the Listing Rules in respect of the obligations of disclosure and confidentiality for application of any of the Safe Harbours

*Note: Where the context so requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.*

**Examples of Possible Inside Information**

- a. Changes in performance, or the expectation of the performance, of the business;
- b. Changes in financial condition, e.g. cashflow crisis, credit crunch;
- c. Changes in control and control agreements;
- d. Changes in directors and (if applicable) supervisors;
- e. Changes in directors' service contracts;
- f. Changes in auditors or any other information related to the auditors' activity;
- g. Changes in the share capital structure, e.g. new share placing, bonus issue, rights issue, share split, share consolidation and capital reduction;
- h. Issue of debt securities, convertible instruments, options or warrants to acquire or subscribe for securities;
- i. Takeovers and mergers (corporations will also need to comply with the Takeovers Codes that include specific disclosure obligations);
- j. Purchase or disposal of equity interests or other major assets or business operations;
- k. Formation of a joint venture;
- l. Restructurings, reorganizations and spin-offs that have an effect on the corporation's assets, liabilities, financial position or profits and losses;
- m. Decisions concerning buy-back programmes or transactions in other listed financial instruments;
- n. Changes to the memorandum and articles (or equivalent constitutional documents);
- o. Filing of winding up petitions, the issuing of winding up orders or the appointment of provisional receivers or liquidators;
- p. Legal disputes and proceedings;
- q. Revocation or cancellation of credit lines by one or more banks;
- r. Changes in value of assets (including advances, loans, debts or other forms of financial assistance);
- s. Insolvency of relevant debtors;
- t. Reduction of real properties' values;
- u. Physical destruction of uninsured goods;
- v. New licenses, patents, registered trademarks;
- w. Decrease or increase in value of financial instruments in portfolio which include financial assets or liabilities arising from futures contracts, derivatives, warrants, swaps protective hedges, credit default swaps;
- x. Decrease in value of patents or rights or intangible assets due to market innovation;
- y. Receiving acquisition bids for relevant assets;
- z. Innovative products or processes;
- aa. Changes in expected earnings or losses;
- bb. Orders received from customers, their cancellation or important changes;
- cc. Withdrawal from or entry into new core business areas;
- dd. Changes in the investment policy;
- ee. Changes in the accounting policy;
- ff. Ex-dividend date, changes in dividend payment date and amount of dividend; changes in dividend policy;
- gg. Pledge of the corporation's shares by controlling shareholders; or
- hh. Changes in a matter which was the subject of a previous announcement.

## **DISCLAIMER**

This Policy is intended to discuss the disclosure obligations and provide examples on particular situations and is not an exhaustive examination of the disclosure obligations. It is important to recognize that the set of circumstances or events will not be the same in each case and every case turns on its own facts. The obligations to disclose Inside Information depend on the facts of each case.

**-END-**