

Rules on Security Dealings

1. Introduction

1.1. This Code is formulated to ensure that the Company's directors, supervisors, senior management personnel and other employees who may possess or have access to unpublished price-sensitive information (as well as persons and companies with close connection with the foregoing persons) shall not deal in the Company's securities when they possess price-sensitive information.

1.2. This Code is formulated in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Ltd and Appendix 10 to the Rules—Model Code for Securities Transactions by Directors of Listed Companies, Listing Rules of Listing Authority of UK, as well as other related guidelines.

2. Purpose of Transaction

2.1. The Company encourages directors and employees to hold the Company's securities, but they shall not deal in the Company's securities for speculation purpose. In this Code, the shareholding period for less than six months shall be deemed as speculation.

2.2. Directors shall take reasonable measures to prevent from dealing in any of the Company's securities in a speculative manner by any connected person himself or through an agent.

3. Interpretation

3.1. Subject to paragraph (3.4) below, "dealing" includes:

(1) Any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the listed issuer or any entity whose assets solely or substantially comprise securities of the listed issuer.

(2) The grant, acceptance, acquisition, disposal, transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the listed issuer or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing.

3.2. "Beneficiary" includes any discretionary object of a discretionary trust (where the director is aware of the arrangement) and any beneficiary of a non-discretionary trust.

3.3 “Securities” means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants), such as those described in Chapter 15A of the Exchange Listing Rules, issued in respect of the listed securities of a listed issuer.

3.4 The following dealings are not subject to the provisions of this code:

- (1) Taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the listed issuer to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a “dealing”;
- (2) Allowing entitlements to lapse under a rights issue or other offer made by the listed issuer to holders of its securities (including an offer of shares in lieu of a cash dividend);
- (3) Undertakings to accept, or the acceptance of, a general offer for shares in the listed issuer made to shareholders other than those that are concert parties (as defined under the Takeovers Code) of the offeror;
- (4) Exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into by the director and listed issuer before a period during which the director is prohibited from dealing under this code at the pre-determined exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares; and
- (5) An acquisition of qualification shares by a director where, under the listed issuer’s constitutional documents, the final date for acquiring such shares falls within a period during which the director is prohibited from dealing under this code and the director cannot acquire such shares at another time.

4. Absolutely Prohibited Transactions and Undertakings

4.1. A director shall not deal in any of the securities of the Company at any time when he is in possession of unpublished price-sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule 5.1 of this code.

4.2. A director who learns about or participates in any negotiation or agreement in relation to proposed acquisition or disposition (transactions which shall be disclosed in accordance with the regulations of relevant stock exchanges, or connected transactions under Chapter 14A of the Exchange Listing Rules, or any price-sensitive information) shall not deal in any of the securities of the Company during in the period from the date on which he first learnt about or participated in such undertakings to the date on which the

Company formally publicize such undertakings. The foregoing directors should caution those directors who are not involved in such undertakings shall also be aware that if the unpublished information that may affect the price possibility exists, they must not deal in any of the securities of the Company during the same period.

4.3. A director shall not make any unauthorized disclosure of whether to co-trustees or to any other person or make any use of such information for the advantage of himself or others.

4.4. For the purpose of this Code, the grant to a director of an option to subscribe or purchase the Company's securities shall be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a director on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

4.5. For the purpose of this Code, any dealing by a director in derivative warrants (as defined in rule 15.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong) issued in respect of the listed securities of the Company shall be treated as a dealing in the securities of the Company.

4.6. A director shall not deal in the securities of any other listed company when by virtue of his position as a director of his own company, he is in possession of unpublished price-sensitive information in relation to those securities.

4.7. A director is forbidden to deal in the securities concerned during the Quiet Period, which refers to the longer period between the following:

- (1) From the date on which the relevant financial period ends (i.e., December 31 and June 30 of every year, and if the Company announces quarterly results, it shall also include March 31 and September 30 of every year) to the date on which the Company announces the corresponding results;
- (2) One month prior to the announcement of the results.

4.8. The restrictions on dealings by a director contained in this Code shall be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any infant child (natural or adopted) and any other dealings in which for the purposes of relevant laws and regulations, he is or is to be treated as interested. It is the duty of the director, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

5. Rules

5.1. In the event that a director of the Company intends to deal in any of the securities of the Company, he shall initially make an application, in writing, to the Chairman or the designated director through the secretary of the board of directors, and such application

shall specify the amount of securities and the time he proposes to deal. In the event that he purchases securities, he shall also describe the source of funds for such purchase. A director shall not deal in any of the securities of the Company without notifying the Chairman or the designated director and without acquiring the written acknowledgement that he may deal in the securities. In the event that the Chairman or the designated director intends to deal in securities of the Company, he shall make an application to the other person and acquire the written acknowledgement. All written acknowledgements shall be dated.

5.2. Except for the circumstances stipulated in Article 5 hereunder, a written acknowledgement approving the deal of any of the securities of the Company shall not be issued to a director during the Forbidden Period, which refers to:

- (1) Any Quiet Period;
- (2) Any period in which there may exist issues that may constitute unpublished price-sensitive information in relation to the Company (whether such director is aware of such issues or not), and that the relevant transactions shall be conducted after such issues are formally publicized;
- (3) Any time in which the Chairman or the director appointed for the purpose of issuing the written acknowledgement reasonably deems that the proposed transaction would violate the Code.

5.3. A director shall, within five business days upon the completion of the transaction, provide the secretary of the board of directors with the following information in relation to the dealing of the Company's securities:

- (1) Name of securities;
- (2) Date of transaction;
- (3) Amount of dealing; and
- (4) Ceiling price, floor price and average price of the dealing.

5.4. The secretary of the board of directors shall carefully preserve the following written records:

- (1) Application of the director and relevant persons;
- (2) Counterpart of the written acknowledgement issued by the Chairman or designated director; and
- (3) Securities dealing records of directors and relevant persons.

6. Exceptions

6.1. Under certain exceptional circumstances, (for example, where a pressing financial commitment has to be met) when selling the securities of the Company is the only rational option for the director, such director may be granted a written acknowledgement to sell (but not purchase) securities of the Company. The listed issuer shall give written notice of such sale or disposal to the Exchange as soon as practicable stating why it considered the circumstances to be exceptional.

6.2 The listed issuer shall publish an announcement in the newspapers immediately after any such sale or disposal and state that the chairman or the designated director is satisfied that there were exceptional circumstances for such sale or disposal of securities by the director.6.3. The person appointed for the purpose of issuing the written acknowledgement (the Chairman or designated director) shall make the judgment as to whether the case is an exception.

7. A Director Acting as the Trustee

7.1. Where a director is a sole trustee, the provisions of this code will apply to all dealings of the trust as if he was dealing on his own account (unless the director is a bare trustee and neither he nor any of his associates is a beneficiary of the trust, in which case the provisions of this code will not apply).

7.2. In the event that a director acts as the co-trustee of a trust, he shall inform his co-trustees of his position as a director of the Company.

7.3. Where a director deals in the securities of a listed issuer in his capacity as a co-trustee, and he or any of his associate is not the beneficiary, and that the dealing decision is independently made by other trustees or the investment manager, then the dealing of securities of the Company by such trust shall not be deemed as a dealing by such director. The independent decision by other trustees or the investment manager refers to the following:

- (1) A dealing decision made without consulting such director or without the presence of such director; or
- (2) The decision power has been granted to a committee of which such director is not a member.

8. Transactions of Connected Persons and Investment Manager

8.1. In the event that a director has authorized a professional management institution or his connected persons to manage the investment fund, then even if the full decision power has been granted to the investment manager, he is still subject to the same restrictions and shall follow the same procedures with those of such director when the investment manager does the dealing of the Company's securities.

8.2. Accordingly, a director shall inform all connected persons and the investment manager of the following:

- (1) Name of the Company;
- (2) Quiet Period in which he cannot deal in securities of the Company;
- (3) Any other period in which he himself cannot deal in securities of the Company at will as stipulated herein, except for the condition that the Company forbids him to disclose such period.

(4) Once the investment manager has dealt in the securities of the Company, he shall immediately notify the director himself.

9. Exercise of the Option

9.1. The Chairman and the designated director shall permit the exercise of the option or warrants or the conversion of convertible securities under the employee stock scheme, if the final exercise date or conversion date of such option or warrant and the convertible securities falls in the Forbidden Period, and that it cannot be reasonably expected that the director has exercised such option earlier when he is entitled to deal freely.

9.2. Notwithstanding the permission of such exercise or conversion, the Chairman or the designated director shall not approve the selling of securities obtained from such exercise or conversion.

10. Related Parties

10.1. Related parties shall follow stipulations herein together with directors, and such parties include:

- (1) Supervisors;
- (2) President and vice president, CFO, secretary of the board of directors and other senior management personnel;
- (3) Managers of the Company's various departments (manager, deputy manager and assistant manager);
- (4) Directors, supervisors and senior management personnel of the subsidiaries; and
- (5) Other employees that may possess or have access to unpublished price-sensitive information, especially those who take charge of or participate in information disclosure, financial management or project development.

11. Supplementary Provisions

11.1. This Code shall come into effect as of the date on which it is approved by the board of directors.

11.2. This Code is subject to the interpretation of the secretary of the board of directors.