

China Public Procurement Limited

中國公共採購有限公司

(the “Company”)

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY RELEVANT EMPLOYEES

1. Constitution

- 1.1 The Code of Conduct for Securities Transactions by Relevant Employees (the “Code”) 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. Principles

- 2.1 The Code sets a required standard against which employees of the Company relating to corporate finance engagement, including, but not limited to, the company secretary, financial controller, chief operation officer, all department heads of the head office and all staff under company secretarial department and accounting department of the Company and its subsidiaries (the “Relevant Employees”) must measure their conduct regarding transactions in securities of the Company.
- 2.2 A Relevant Employee must seek to secure that all dealings in which he is or deemed to be interested be conducted in accordance with the Code. Any breach of the Code by the Relevant Employees will be regarded as a breach of their employment contracts, which may subject the Relevant Employees concerned to disciplinary actions taken by the Company and may also be regarded as a breach of the provisions of Parts XIII and XIV of the Securities and Futures Ordinance with respect to insider dealing and market misconduct, which may subject the Relevant Employees concerned to investigation by the Securities and Futures Commission and, if insider dealing is found to have taken place, to a wide range of civil sanctions and criminal prosecution.

- 2.3 Relevant Employees as defined under the Code should pay attention to the terms and comply with the requirements of the Code as if they were the Directors. It should be noted that there are occasions where, even though the Relevant Employees would not be expressly culpable under the statutory provisions, they should not be free to deal in the securities of the Company.
- 2.4 Relevant Employees who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) or connected transactions under Chapter 14A of the Listing Rules or any inside information must refrain from dealing in the Company’s securities as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the Listing Rules.
- 2.5 In addition, a Relevant Employee must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others

3. Interpretation

3.1 For the purpose of the Code:

- 3.1.1 “dealing” includes, subject to paragraph (d) below, 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 Company or any entity whose assets solely or substantially comprise securities of the Company, and 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 Company or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing, and “deal” shall be construed accordingly;
- 3.1.2 “beneficiary” includes any discretionary object of a discretionary trust (where the Relevant Employee is aware of the arrangement) and any beneficiary of a non-discretionary trust;

4.1.3 “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 Listing Rules, issued in respect of the listed securities of the Company;

4.1.4 notwithstanding the definition of “dealing” in paragraph (a) above, the following dealings are not subject to the provisions of the Code:

(i) taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the Company 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”;

(ii) allowing entitlements to lapse under a rights issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend);

(iii) undertakings to accept, or the acceptance of, a general offer for shares in the Company made to shareholders other than those that are concert parties (as defined under the Code on Takeovers and Mergers and Share Repurchases) of the offeror;

(iv) exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into with the Company before a period during which dealing is prohibited under the 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;

(v) an acquisition of qualification shares where, under the Company’s constitutional documents, the final date for acquiring such shares falls within a period when dealing is prohibited under the Code and such shares cannot be acquired at another time;

(vi) dealing where the beneficial interest or interests in the relevant security of the Company do not change;

(vii) dealing where a shareholder places out his existing shares in a “top-up”

placing where the number of new shares subscribed by him pursuant to an irrevocable, binding obligation equals the number of existing shares placed out and the subscription price (after expenses) is the same as the price at which the existing shares were placed out; and

(viii) dealing where the beneficial ownership is transferred from another party by operation of law.

3.2 For the purpose of the Code, the grant to a Relevant Employee 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 Relevant Employee 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. Rules

4.1. Absolute prohibitions

4.1.1 A Relevant Employee must not deal in any of the securities of the Company at any time when he possesses inside information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule 5.1 of the Code.

4.1.2 A Relevant Employee must not deal in the securities of the Company when by virtue of his position as a director of another listed company, he possesses inside information in relation to those securities.

4.1.3 A Relevant Employee must not deal in any securities of the Company on any day on which its financial results are published and:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if applicable) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the

results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C below. In any event, the Relevant Employee must comply with the procedure in rules 5.1 and 5.2 of the Code.

Note: Relevant Employees should note that the period during which they are not allowed to deal under rule 4.1.3 will cover any period of delay in the publication of a results announcement.

- 4.1.4 Where a Relevant Employee is a sole trustee, the provisions of the Code will apply to all dealings of the trust as if he were dealing on his own account (unless the Relevant Employee is a bare trustee and neither he nor any of his associates is a beneficiary of the trust, in which case the provisions of the Code will not apply).
- 4.1.5 Where a Relevant Employee deals in the securities of the Company in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.
- 4.1.6 The restrictions on dealings by a Relevant Employee contained in the Code will be regarded as equally applicable to any dealings by the Relevant Employee's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of Part XV of the Securities and Futures Ordinance he is or is to be treated as interested. It is the duty of the Relevant Employee, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.
- 4.1.7 When a Relevant Employee places investment funds comprising securities of the Company under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the Relevant Employee himself in respect of any proposed dealings in the securities of the Company.

5. Notification

- 5.1 A Relevant Employee must not deal in any securities of the Company without first notifying in writing the chairman of the Board (the "Chairman") or a Director designated by the Board for the specific purpose and receiving a dated written

acknowledgement. In each case,

(i) a response to a request for clearance to deal must be given to the Relevant Employee within five business days of the request being made; and

(ii) the clearance to deal in accordance with (a) above must be valid for no longer than five business days of clearance being received.

Note: For the avoidance of doubt, the restriction under 4.1.1 of the Code applies in the event that inside information develops following the grant of clearance.

5.2 The procedure established within the Company must, as a minimum, provide for there to be a written record maintained by the Company that the appropriate notification was given and acknowledged pursuant to rule 5.1 of the Code, and for the Relevant Employee concerned to have received written confirmation to that effect.

5.3 Any Relevant Employee of the Company who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company of which he is a Relevant Employee so as to enable them to anticipate possible difficulties. A Relevant Employee having funds under management must likewise advise the investment manager.

5.4 Any Relevant Employee who is a beneficiary, but not a trustee, of a trust which deals in securities of the Company must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the Company. For this purpose, he must ensure that the trustees are aware of the Company of which he is a Relevant Employee.

6. Exceptional circumstances

6.1 A Relevant Employee who proposes to sell or otherwise dispose of securities of the Company under exceptional circumstances where the sale or disposal is otherwise prohibited under the Code, he must, in addition to complying with the other provisions of the Code, comply with the provisions of rule 5.1 of the Code regarding prior written notice and acknowledgement. The Relevant Employee must satisfy the Chairman or the designated Director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the Relevant Employee

before the he can sell or dispose of the securities. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the Relevant Employee that cannot otherwise be satisfied.