

# SINO VISION WORLDWIDE HOLDINGS LIMITED

("the Company")

## CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

(Amended and restated with effect from 1 April 2009)

### SUMMARY

#### DO NOT DEAL:

- When you are aware of price-sensitive information.
- During the period of 60 days immediately preceding the publication date of the annual results, or 30 days immediately preceding the publication date of quarterly results and half-year results, and ending on the date of the corresponding results announcement of any listed company in the Group.

#### WHEN YOU CAN DEAL, follow this procedure:

- Notify the Chairman before hand and obtain a dated written acknowledgement.
- Do not deal more than five business days after receiving clearance to do so from the Chairman
- Within 3 days (including Saturday but excluding Sunday and public holidays) of dealing, notify Stock Exchange and the Company Secretary.

These rules relate to dealings by directors in the securities of the Company.

### **Basic Principles**

1. This code (both basic principles and the rules) is based on the Securities Transactions by Directors of Listed Issuers as contained in Rules 5.46 to 5.67 of the GEM Listing Rules ("Model Code"). The Model Code sets a required standard against which directors must measure their conduct regarding transactions in securities of the Company. Any breach of such required standard will be regarded as a breach of the Listing Rules. A director must seek to secure that all dealings in which he is or is deemed to be interested be conducted in accordance with this code.
2. The Stock Exchange regards it as highly desirable that directors of a listed issuer should hold securities in the listed issuer.
3. Directors wishing to deal in any securities in the Company must first have regard to the

provisions of the Securities and Futures Ordinance (“the SFO”) with respect to insider dealing and market misconduct. It should be borne in mind that, in particular instances, insider dealing may be the subject of inquiries by the Market Misconduct Tribunal established under the SFO whose reports are made public and would cover, amongst other things, findings as to whether or not the person or persons under inquiry were culpable in respect of insider dealing. A person found guilty of insider dealing is liable to a fine of up to HK\$10 million and to imprisonment for up to 10 years. However, there are occasions where directors should not be free to deal in the Company’s securities even though the statutory requirements will not be contravened.

4. The single most important thrust of this code is that directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions or connected transactions under the Listing Rules or any price-sensitive 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. Directors who are privy to relevant negotiations or agreements or any price-sensitive information should caution those directors who are not so privy that there may be unpublished price sensitive information and that they must not deal in the Company’s securities for a similar period.
5. In addition, a director must not make any unauthorized 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.

### **Interpretation**

6. For the purpose of this code:
  - a. references to a director include an alternate director and an executive officer named in the Company’s annual report.
  - b. references to dealings in securities include dealings in warrants (including covered warrants issued by third parties and short positions) issued in respect of the securities. For the avoidance of doubt, any transfer of shares will be regarded as a deal including off-market transactions.
  - c. “dealing” includes, subject to paragraph (f) 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,

in each case whether or not for consideration and any agreements to do any of the foregoing, and “deal” shall be construed accordingly;

- d. “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;
- e. “securities” means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants issued by a third party) issued in respect of the listed securities of the Company, and in the case of Sino Vision Worldwide Holdings Limited, includes its “A” and “B” shares and ADRs;
- f. notwithstanding the definition of “dealing” in paragraph (c) above, the following dealings are not subject to the provisions of this code;
  - i. taking up of entitlements under a rights issue, bonus issue, capitalization 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 any 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 Takeovers Code) of the offeror;
  - iv. exercise of share options or warrants of acceptance of an offer for shares pursuant to an agreement entered into with the Company before a period during which dealing is prohibited 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;
  - v. dealing where the beneficial interest or interests in the relevant security of the listed issuer do not change;
  - vi. 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

- vii. dealing where the beneficial ownership is transferred from another party by operation of law.
7. 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.

## **RULES**

### **A. Absolute prohibitions**

1. A director must 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 B.9 of this code.

*Note: "Price sensitive information" means information described in Listing Rule 17.10 and the notes thereunder. In the context of this code, Listing Rule 17.10(3) and its notes 11 and 13 are of particular relevance.*

2. A director must not deal in the securities of a listed issuer when by virtue of his position as a director of another listed issuer, he is in possession of unpublished price-sensitive information in relation to those securities.
3. During the period of 60 days immediately preceding the publication date of the annual results, or 30 days immediately preceding the publication date of quarterly results and half-year results, and ending on the date of the corresponding results announcement (whether or not the announcement is required under the Listing Rules), a director must not deal in any securities of the Company 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, he must comply with the procedure in rules B.9 and B.10 of this code.

*Note: This is referred to as "the black-out period".*

4. Where a director is a sole trustee, the provisions of this code will apply to all dealing of the trust as if he were 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).
5. Where a director deals in the securities of a listed issuer 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.

6. The restrictions on dealings by a director contained in this code will be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of the SFO 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.
7. When a director 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 director himself in respect of any proposed dealings in the Company's securities.
8. The directors of a company must as a board and individually endeavour to ensure that any employee of the Company or director or employee of a subsidiary company who, because of his office or employment in the Company or a subsidiary, is likely to be in possession of unpublished price-sensitive information in relation to the securities of any listed issuer does not deal in those securities at a time when he would be prohibited from dealing by this code if he were a director.

## **B. Notification**

9. A director must not deal in any securities of the Company without first notifying in writing the Chairman and receiving a dated written acknowledgement. In his own case, the Chairman must first notify the Chairman of the Audit Committee before any dealing. In each case,
  - a. a response to a request for clearance to deal must be given to the relevant director within five business days of the request being made; and
  - b. 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 A.1 of this code applies in the event that price sensitive information develops following the grant of clearance.*

10. A written record is maintained by the Company Secretary that the appropriate notification was given and acknowledged pursuant to rule B.9 of this code.
11. Any director 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 director so as to enable them to anticipate possible difficulties. A director having funds under management must likewise advise the investment manager.

12. Any director 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 listed issuers of which he is a director.
13. \*Within three days (excluding Sunday and public holidays, but including Saturday) of acquiring or disposing of an interest in any securities of the Company or in any warrants to subscribe for those securities, a director must notify the Stock Exchange and the Company. The notification should be sent to the Stock Exchange and the Company at the same time. Prescribed forms for giving such notice may be obtained from the Company Secretary or downloaded from the website of the Securities and Futures Commission at [www.sfc.org.hk](http://www.sfc.org.hk).
14. The register of directors' and chief executive's interests and short positions maintained in accordance with Section 352 of the SFO will be made available for inspection at every meeting of the board.
15. The Company must notify the Stock Exchange in advance of the commencement of each period during which directors are now allowed to deal under rule A.3.

### **C. Exceptional circumstances**

16. If a director proposes to sell or otherwise dispose of securities of the Company under exceptional circumstances where the sale or disposal is otherwise prohibited under this code, the director must, in addition to complying with the other provisions of this code, comply with the provisions of rule B.9 of this code regarding prior written notice and acknowledgement. The director must satisfy the Chairman (in the case of the Chairman himself, the Chairman of the Audit Committee) that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the director before the director 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 director that cannot otherwise be satisfied.
17. \*The Company has to give written notice of such sale or disposal to the Stock Exchange as soon as practicable stating why it considered the circumstances to be exceptional. It is also required to publish an announcement immediately after any such sale or disposal and state that the Chairman or Chairman of the Audit Committee is satisfied that there were exceptional circumstances for such sale or disposal of securities by the director.

**D. Disclosure**

18. \*In relation to securities transactions by directors, the Company is required to disclose in its annual and interim reports:

- a. whether the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code;
- b. having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard set out in the Model Code and in this code; and
- c. in the event of any non-compliance with the required standard set out in the Model Code, details of such non-compliance and an explanation of the remedial steps taken by the Company to address such non-compliance.

\* These provisions apply to dealings by directors and alternate directors of the Company only and do not apply to those by executive officers.