

Perfectech International Holdings Limited
(the “Company”)
(Incorporated in Bermuda with limited liability)

Treasury Policies on Investment Transactions
(adopted on 9 December 2013)

The purpose of this treasury policies on investment transactions (the “Policies”) is to set out the principal internal control procedures governing the investment activities of the Company, together with its subsidiaries (the “Group”).

1. Definitions

Unless the context otherwise requires, the following expressions shall have the following meanings:

“Accepted Foreign Currencies”	the lawful currencies of the United States of America, Japan, the eurozone, the United Kingdom, Canada, Australia, the Mainland China and any other currencies as maybe approved by the Investment Unit from time to time
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday(s) and Sunday(s)) in Hong Kong on which licensed banks in Hong Kong are open for banking business throughout their normal business hours
“Company”	Perfectech International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	directors of the Company from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Cap”	the maximum amount of the Group’s investment in securities permitted from time to time as defined in section 6 of the Policies

“Investment Unit”	the investment unit overseeing the investment activities of the Group, its composition and functions are set out in section 3 of the Policies
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“Mainland China”	the People’s Republic of China which for the purposes of the Policies only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Policies”	this Treasury Policies on Investment Transactions adopted on 9 December 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Investment”	the maximum amount of the Group’s investment in securities at any one time as defined and calculated in section 6 of the Policies

2. Investment Objectives

The principal investment objectives of the Company are to seek capital appreciation with a view to enhance the application of the Group’s surplus funds in accordance with section 6 below and for hedging purpose. Any investments made by the Group from its surplus funds are intended to be short term in nature and for treasury management purposes. None of these investments shall be speculative in nature.

3. Investment Unit

The investment activities of the Group shall be undertaken by the Investment Unit, which consists of at least three members including the chairman of the Board (the “**Chairman**”), the Group’s financial controller and a designated executive Director responsible for the Group’s treasury and corporate finance (the “**Designated Executive Director**”).

The Investment Unit is responsible for:

- (1) formulating the Group’s investment policies and strategies;
- (2) monitoring the Group’s investment transactions and investment performance;
- (3) proposing an investment cap to the Board for approval (if necessary); and
- (4) approving the appointment of external investment managers, if any.

The role of the Chairman in the Investment Unit is to formulate the Group's overall investment strategy.

The Designated Executive Director is responsible for:

- (1) establishing the Group's investment policies and strategies;
- (2) controlling the day-to-day investment activities and associated financing activities;
- (3) executing investment transactions in accordance with the existing treasury policies;
- (4) managing the investment portfolio within approved policies, parameters and limits;
- (5) producing regular investment portfolio reports; and
- (6) maintaining business relationships with external investment managers, banks and broker firms.

The role of the Group's financial controller in the Investment Unit is as follows:

- (1) controlling the day-to-day cash management activities;
- (2) monitoring the Total Investment regularly to ensure the Total Investment does not exceed the Investment Cap and reporting the same in a monthly report to the Board; and
- (3) monitoring the investment activities to ensure compliance with the Policies and any other statutory and regulatory requirements, including the Listing Rules.

In the event of any non-compliance issue being identified, the member of the Investment Unit is obligated to inform all other members as soon as practicable and the Investment Unit is obligated to investigate the non-compliance issue. The Chairman shall report the non-compliance issue to the Board and provide all necessary information for the Board to review and consider appropriate action to be taken and any other remedies.

4. Investment Scope

The Group shall only invest in the following investment instruments:

- (i) deposits with registered banks;
- (ii) bank negotiable instruments, e.g. certificate of deposits etc.;
- (iii) term deposits with registered banks;
- (iv) foreign exchanges transactions of Accepted Foreign Currencies;
- (v) fixed income products;
- (vi) equity and related derivatives and other structured products, including but not limited to securities, futures and options, accumulators and decumulators;
- (vii) commodities and/or related derivatives and other structured products; and
- (viii) any other investment instruments approved by the Investment Unit.

Contracts for investment products of hedging nature can only be entered into if they are directly related to the core business of the Group or the portfolio position of the Group from time to time, unless prior approval from any two executive Directors has been obtained. Investment for hedging is an investment intended to reduce the risk and/or offset potential losses that may be incurred by the Group.

5. Selection Criteria

The Investment Unit shall assess the risk profile involved, the liquidity of the investment and the yield of the investment in making an investment decision.

Unless prior approval from any two of the Executive Directors has been obtained, contracts for all investment products such as “accumulator” or “decumulator” must be linked to Hong Kong listed securities which are (i) constituent of the Hong Kong Hang Seng Index; or (ii) constituent of the Hang Seng Composite Industry Index and such listed securities’ total market capitalization must not be less than HK\$50 billion.

6. Investment Amount and Investment Cap

The Investment Unit shall identify and review investment opportunities which may arise from time to time. At any moment, subject to the availability of surplus fund after reserving the working capital requirement for the coming 12-month period of the Group (the “**Surplus Fund**”), the total amount of the Group’s investment in securities at any one time (inclusive of listed securities or investment products of all sorts and all outstanding contract commitments (the “**Total Investment**”) shall not exceed HK\$100,000,000 (the “**Investment Cap**”), or such other amount as approved by the Board in accordance with the Policies. Outstanding contract commitments for options to buy or options to sell are calculated as follows:-

- a) outstanding contract commitments to buy:
maximum remaining quantity *TIMES* strike price of the underlying securities/assets
- b) outstanding contract commitments to sell:
absolute amount of (maximum remaining quantity *LESS* quantity on hand) *TIMES* spot price of the underlying securities/assets

For the avoidance of doubt, even the outstanding contract commitments to buy or sell may relate to the same underlying securities/assets, they cannot be cancelled out against each other for the purpose of calculating the Total Investment.

The Investment Cap is determined with reference to the existing investment amount and the projection of the surplus funds balance of the Group. Any changes to the Investment Cap must be approved by the Board. The Investment Unit is required to submit the new proposed Investment Cap with supporting reasons to the Board for approval.

If the Total Investment exceeds the Investment Cap, the Investment Unit shall take all necessary actions to reduce the Total Investment to a sum lower than or equal to the Investment Cap within the first five Business Days from the date of acknowledgement of such breach. If the Total Investment is not reduced within such five Business Days, the Investment Unit shall set out in writing with proper record the reason(s) thereof, and the new deadline, being a date (i) not more than another 10 Business Days from the original deadline; or (ii) any other date as approved by the Board with reasons properly recorded, whichever accounts for a longer period from the original deadline. Such further extended deadline should be strictly met without any further delay.

7. Internal Control on Investment Activities

In order to continuously monitor the Group’s investment portfolio, the Group’s overall investment activities shall be monitored on a monthly basis by the Board. The Investment Unit shall submit to the Board (including independent non-executive Directors) a monthly report on the Group’s investment activities, setting out the amount of the Investment Cap and the rate of utilization thereof, the investments portfolio held, the amount invested/disposed of during the month, and the cost and market value as at the last day of the month (where applicable).

Meetings of the Board shall be convened at least on a quarterly basis to review the Group’s investment activities.

Provided that no single transaction of investment shall be in the amount in aggregate exceed the Investment Cap, all investments shall be subject to prior approval by the authorized person(s) as set out below, taking into account the investment amount and the rate of utilization of the Investment Cap at that time. If one or more authorization procedures as set out below may apply to one single transaction of investment, the stricter requirements (i.e. the one with higher number of authorized person(s)) should be followed and complied with.

Transaction Amount	Investment to be approved and authorized by
For any single transaction of which the transaction amount is: (1) less than HK\$8,000,000, or (2) in aggregate with the Group’s Total Investment amount at the relevant time, utilize less than 75% of the Investment Cap.	Designated Executive Director
For any single transaction of which the transaction amount is: (3) between HK\$8,000,000-HK\$16,000,000, or (4) in aggregate with the Group’s Total Investment amount at the relevant time, utilize 75% to 100% of the Investment Cap.	Designated Executive Director and any one of the Executive Directors

In case of discrepancies between the English and Chinese versions, the English version shall prevail.