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# NiHAO MINERAL RESOURCES INTERNATIONAL, INC.

## CORPORATE CODE OF BUSINESS CONDUCT AND ETHICS

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# Table of Contents

<b>1. CODE OF BUSINESS CONDUCT AND ETHICS</b> .....	<b>1</b>
1.1 General.....	1
1.2 Administration of the Code .....	1
1.3 Outline of Policy .....	1
1.4 Code of Ethics .....	2
<b>2. COMPLIANCE WITH LAWS, RULES AND REGULATIONS</b> .....	<b>3</b>
2.1 Human Rights Laws: .....	3
2.2 Privacy Laws: .....	3
2.3 Health and Safety Laws: .....	3
2.4 Environmental Laws: .....	3
2.5 Securities Laws: .....	4
2.6 Competition Laws: .....	4
2.7 Employment and Labor Laws: .....	4
<b>3. FAIR DEALING</b> .....	<b>5</b>
<b>4. CONFLICTS OF INTEREST</b> .....	<b>5</b>
4.1 General.....	5
4.1.1 <i>Employment or Affiliation with a Competitor, Supplier or Customer:</i> .....	5
4.1.2 <i>Independent Business Ventures:</i> .....	5
4.1.3 <i>Personal Benefits, Gifts, Bribes and Kickbacks:</i> .....	5
4.1.4 <i>Reporting Conflict:</i> .....	6
4.2 Specific.....	6
<b>5. CONFIDENTIAL INFORMATION</b> .....	<b>7</b>
5.1 General.....	7
5.2 Specific.....	7
<b>6. GIFTS AND BUSINESS COURTESIES</b> .....	<b>8</b>
6.1 General.....	8
6.2 Entertainment .....	9
<b>7. POLITICAL CONTRIBUTIONS</b> .....	<b>9</b>
<b>8. USE OF COMPANY SERVICES AND PROPERTY</b> .....	<b>10</b>

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8.1	General.....	10
8.2	Protection And Proper Use Of Corporate Assets .....	10
8.3	Use Of E-Mail And Internet Services .....	10
8.4	Accountability .....	11
<b>9.</b>	<b>TIMEKEEPING AND LEAVE.....</b>	<b>11</b>
<b>10.</b>	<b>PAYMENT ERRORS .....</b>	<b>11</b>
<b>11.</b>	<b>BUSINESS TRANSACTIONS.....</b>	<b>11</b>
<b>12.</b>	<b>SHARE DEALINGS .....</b>	<b>12</b>
12.1	Specific .....	12
<b>13.</b>	<b>IMPLEMENTATION AND MONITORING .....</b>	<b>13</b>
13.1	Commitment .....	<b>Error! Bookmark not defined.</b>
13.2	Waiver.....	13
13.3	Reporting Known or Suspected Violations.....	13
13.4	Accountability for Violations .....	14
13.5	Review and Amendments.....	14
<b>14.</b>	<b>DECLARATION.....</b>	<b>Error! Bookmark not defined.</b>

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# **1. CODE OF BUSINESS CONDUCT AND ETHICS**

## **1.1 General**

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NiHAO Mineral Resources International, Inc. and its subsidiaries ("NiHAO") prides itself on its commitment to a culture of honesty, integrity and accountability and strives to operate in accordance with the highest ethical standards and applicable laws and regulations. This Code of Business Conduct and Ethics (the "Code") outlines the ethical principles that should guide all employees of NiHAO and NiHAO's subsidiaries and controlled entities (collectively, "NiHAO") in their daily work. For the purpose of this Code, any reference to "employees" includes any director, officer or employee of NiHAO.

The Code is not meant to be a complete list of all legal and ethical obligations of the employees of NiHAO. NiHAO provides this Code to its employees to offer guidance in properly recognizing and resolving the legal and ethical issues that they may encounter while conducting NiHAO's business. Should an employee be confronted with a situation where further guidance is required, the matter should be discussed with a member of management or the audit committee (the "Audit Committee") of the board of directors of NiHAO.

Employees are expected to report situations of non-compliance with respect to this Code, to a member of management or the Audit Committee. No employee will be subject to retaliation by NiHAO for reporting, in good faith, a violation of this Code.

It is the responsibility of each employee to become familiar with the principles set out in this Code and to integrate them into every aspect of NiHAO's business. All senior management employees will be required to personally certify that they understand their continuing obligation to comply with this Code. (declaration attached)

## **1.2 Administration of the Code**

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The board of directors of the Corporation are responsible for monitoring compliance with the Code, for regularly assessing its adequacy, for interpreting the Code in any particular situation and for approving any changes to the Code as is required from time to time.

Any waiver of a provision of this Code for directors or officers may be made only by the board of directors of the Corporation and will be promptly disclosed to the public as required by law or regulation.

## **1.3 Outline of Policy**

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The Company is committed to ethical and fair business dealings, and promotes a corporate culture which is non-sectarian and non-political and which is 'Socially and environmentally responsible. It does this by subscribing to the following values and principles:

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1. Fairness and integrity in all business dealings, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
  2. Having respect for the human rights and dignity of all employees;
  3. Accepting diverse cultures, religions, race, gender and sexual orientation;
  4. Honesty, transparency and accountability; and
  5. Adherence to sound standards of corporate Audit and applicable laws.

In pursuing these values, NiHAO expects that employees, officers and directors alike will adhere to and be bound by this policy and uphold the following standards

1. Always behaving in a way which is beyond reproach when representing the company, and taking responsibility for these actions;
2. Acting with integrity in all dealings with fellow officers, directors, or employees, suppliers, customers, shareholders and other stakeholders;
3. Obeying all applicable governmental laws, rules and regulations and not committing criminal offences;
4. Avoiding conflicts of interest and declaring them when they arise;
5. Not using corporate information for any purpose other than that for which it was intended, and keeping information confidential;
6. Refraining from engaging in practices or pursuing private interests which could conflict with those of NiHAo or which could result in NiHAO suffering loss or damage as a result.

If you breach this Code of Ethics you will face disciplinary action, which could result in the termination of your employment or position in accordance with the company's disciplinary codes and procedures.

In addition, certain transgressions may also be criminal in nature and could expose the perpetrator to criminal prosecution. NiHAO is committed to ensuring that all public communications and any documents NiHAO files with, or submits to, any regulatory body have disclosure which is full, fair, accurate, timely and understandable.

## **1.4 Code of Ethics**

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You are required to familiarize yourself with the following broad guidelines to determine proper and acceptable conduct. If you are unsure of how to act or react in a particular situation, consult the CFO or CEO. Managers must report any material conflicts or violations of this Code of Ethics to the CFO who in turn will report to the NiHAO Audit Committee.

Employees at the Senior Manager level and above should obtain guidance or approvals from, declare conflicts of interests to and discuss any issues resulting from this Code of

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Ethics with the CFO or CEO. Directors and the CEO or CFO should obtain any necessary approvals or make any necessary declarations under this Code of Ethics to the NiHAO Audit Committee.

Senior employees are required to acknowledge the policy by signing the declaration attached.

## **2. COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

NiHAO is subject to a number of laws, rules and regulations with respect to the conduct of its business. Employees are expected to maintain compliance with the letter and spirit of all laws governing the jurisdictions in which they perform their duties. This Code does not purport to address all areas of law that employees might encounter in the day-to-day business of NiHAO. However, the following areas are worth specifically mentioning:

### **2.1 Human Rights Laws:**

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NiHAO values the diversity of its employees, customers and suppliers and is committed to providing equal treatment in all aspects of the business. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical, visual or otherwise. NiHAO will not tolerate any conduct that is discriminatory or harassing or otherwise compromises an individual's human rights.

### **2.2 Privacy Laws:**

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NiHAO is committed to maintaining the accuracy, confidentiality, security and privacy of the personal information of its customers, suppliers and employees. Employees who have access to personal information are expected to support NiHAO's efforts to develop, implement and maintain procedures and policies designed to manage personal information.

### **2.3 Health and Safety Laws:**

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NiHAO complies with all applicable health and safety laws and regulations as part of its commitment to providing its employees with a safe and healthy work environment. Employees have a responsibility to maintain this work environment. In this regard, employees are expected to work in a safe manner with due regard for their personal safety as well as that of their co-workers and to report accidents, injuries, hazardous equipment and unsafe practices. Employees are prohibited from engaging in the business of NiHAO while under the influence of alcohol or illegal drugs.

### **2.4 Environmental Laws:**

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Cognizant of its responsibility to the environment, NiHAO strives to conform to all applicable environmental laws and regulations and to promote the respect of the

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environment in its activities. Employees are expected to support NiHAO's efforts to develop, implement and maintain procedures and programs designed to protect and preserve the environment.

## **2.5 Securities Laws:**

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NiHAO is committed to protecting security holder investments and expects all employees to comply with the applicable reporting obligations and trading restrictions imposed by NiHAO, the Securities and Exchange Commission or the Philippine Stock Exchange. Employees who are in possession of material information about NiHAO must not trade in securities of NiHAO until such information is generally and publicly available. Providing inside information to others who then trade on it is also strictly prohibited. Employees should make themselves familiar with the Corporation's Trading Policy and Disclosure Policy.

## **2.6 Competition Laws:**

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Competition laws are enacted to limit practices that are seen to impair the function of a free and open marketplace. A complete description of these laws is beyond the scope of this Code, however, they include: price fixing, bid rigging, price discrimination, allocation of markets and boycotting of certain suppliers or customers. Employees having regular dealings with customers and suppliers should become familiar with the laws applying to these practices, as non-compliance can result in severe penalties being imposed on both NiHAO and the individuals involved.

## **2.7 Employment and Labor Laws:**

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NiHAO's most important resource is our employees. It is the Company's policy to comply with all applicable laws and regulations, including those concerning hours, compensation, opportunity, human rights and working conditions. NiHAO strictly prohibits discrimination or harassment against any employee because of the individual's race, ethnicity, color, religion, gender, sexual orientation, age, and disability.

In addition to local laws and regulations, the Company prohibits the employment of people under the age of 18. Forced or compulsory labor of any workers is also prohibited.

It is our policy that all employees work in a clean, orderly and safe environment. The Company requires full compliance with applicable workplace safety and industrial hygiene standards

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### 3. FAIR DEALING

The Company believes in dealing fairly with its competition and other stakeholders. NiHAO requires its employees to avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice. NiHAO also requires employees to deal fairly with the Company's customers, service providers, suppliers, competitors and employees

### 4. CONFLICTS OF INTEREST

#### 4.1 General

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Employees have a duty of loyalty to NiHAO and are therefore expected to always act in NiHAO's best interests. A conflict arises when the personal interests or activities of an employee influence or have the potential to influence the exercise of his or her judgment in the performance of his or her duties. Conflicts of interest and even the appearance of a conflict of interest may compromise NiHAO's reputation and must be avoided.

NiHAO respects its employees' right to privacy in their personal activities and financial affairs. It is the responsibility of each employee to ensure that his or her personal conduct complies with the following principles, which are not intended to address every potential conflict situation.

#### ***4.1.1 Employment or Affiliation with a Competitor, Supplier or Customer:***

Employees may not act as directors, officers, employees, consultants or agents of entities that are competitors, suppliers or customers of NiHAO. In addition, employees may not own, directly or indirectly, a beneficial interest in any of these entities unless an employee is making an investment in securities that are listed on a national or international securities exchange and the total value of the investment is less than 2% of the value of the class of securities involved.

#### ***4.1.2 Independent Business Ventures:***

Employees may not engage in independent business ventures or agree to perform services for other businesses if the activity interferes with an employee's devotion of time and effort to the conduct of NiHAO's business or otherwise affects his or her ability to work effectively.

#### ***4.1.3 Personal Benefits, Gifts, Bribes and Kickbacks:***

Employees may not use their position as an employee of NiHAO to derive or secure any personal, financial or other benefit for themselves or their relatives. An employee may not solicit and/or accept any gift or favor from any competitor, supplier or customer except to the extent customary and reasonable in amount and not in consideration for any improper action by the recipient. Finally, the offering or



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accepting of bribes, payoffs or kickbacks made directly or indirectly to obtain an advantage in a commercial transaction is strictly prohibited.

#### **4.1.4 Reporting Conflict:**

Employees are expected to report to NiHAO any personal interests which conflict or may conflict with the interests of NiHAO.

Although the principles above refer only to employees of NiHAO, employees must also exercise care to avoid actual or potential conflicts of interest that may arise because of the activities of their immediate family members and other members of their household.

## **4.2 Specific**

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Avoid situations where personal interests may, or may appear to, conflict with those of the company. These conflicts could arise in situations such as the following:

7. Where you have an interest in an entity which is not owned or controlled by NiHAO, either by being a shareholder, member or director, owner or partner. This does not apply to investments in shares held on a registered stock exchange;
8. Doing business on behalf of NiHAO with a current or potential supplier, customer or competitor of NiHAO in which your spouse or immediate family member has an interest;
9. Accepting preferential discounts from suppliers, customers or other business associates of NiHAO;
10. Entering into business arrangements with a third party to the detriment of NiHAO;
11. Contracting with third parties, such as customers, suppliers, vendors or competitors of NiHAO in your private capacity or other than as a representative of NiHAO;
12. Engaging in activities in your private capacity or other than as a representative of NiHAO which may impact adversely on your ability to fulfil your obligations to NiHAO whether as an employee, officer or director;
13. When you, or your family member, receive improper personal benefits as a result of your position in NiHAO.

Employees are not permitted to hold a position or engage in work with an entity external to NiHAO without the approval of the CFO or CEO

As an employee, you are required to discuss a situation or any relationship which may give rise to a situation of conflict with your Senior Manager, CFO or CEO before taking further action. In turn each Senior Manager is required to keep and maintain a written record of any such declared conflicts of interest and to make these available to the CFO who will, in turn, maintain a written record which will be made available to the NiHAO Audit Committee. In addition, you are required to declare and keep current, through the

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CFO the names of all your other business interests in the form of a written Declaration of Interests. Also, prior written approval is required from a Senior Manager or the CFO for all transactions with NiHAO which may result in the receipt of a direct or indirect benefit for you or your immediate family.

Directors and the CEO or CFO including the CEO and CFO are required to declare to the NiHAO Audit Committee, any potential or actual conflicts of interest of the nature contemplated in this Code of Ethics and are urged, where appropriate to take independent professional advice at the company's cost on this and any other area of concern to them in the fulfilment of their duties as such.

## **5. CONFIDENTIAL INFORMATION**

### **5.1 General**

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During the normal course of business, employees may have access to non-public information regarding NiHAO's customers, suppliers, operations, strategic plans, financial affairs, employees and trade secrets, among other things. This information is a key corporate asset and every employee has an obligation to protect it and keep it in the strictest confidence, except when disclosure is explicitly authorized pursuant to the Corporation's Disclosure Policy or when disclosure is legally required. The unauthorized use or disclosure of NiHAO's confidential information could destroy its value and give unfair advantage to others. Care should be taken in disposing of documents containing confidential information, for example, shredding documents, before discarding.

An employee's obligation to protect NiHAO's confidential information exists whether or not the information is explicitly labelled as being confidential and the obligation continues even after leaving the employ of NiHAO.

### **5.2 Specific**

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1. You are expected to treat all information pertaining to NiHAO which is not in the public domain, in the strictest confidence. This confidentiality continues to bind you after the termination of your services with NiHAO.
2. You will not disclose or use such information which is not available to the public for any purpose whatsoever other than the business purpose for which it was disclosed to you in the fulfilment of your duties to NiHAO.
3. If any uncertainty exists as to the confidentiality of any information, you must seek a written ruling from a Senior Manager or, ultimately, the CFO, CEO or CIO.
4. Subject to the relevant laws and regulations, and/or any other applicable legal requirement, confidential information about employees should not be disclosed to any external party without that employee's consent.

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5. You are not permitted to speak, lecture, or present on the affairs of, or on matters or subjects relating to NiHAO without the consent of the CEO, CFO or CIO. As a general rule information requested by outside parties should be directed through CFO, CEO or CIO.
  6. Employees in management positions must keep confidential and not divulge to any third party, all information that would be considered to be sensitive, proprietary, confidential or for company internal use only. This includes (but is not limited to) verbal and/or written information considered to be confidential or sensitive, to which the employee gains access through:
    - a. discussions at company meetings and/or minutes thereof; internal briefings, memorandums, presentations, letters, manuals, reports and other company documents; company e-mails
    - b. Information that could be considered to be sensitive or confidential (as a guideline only):
      - salary, conditions of employment and related information about any individual;
      - company rates of pay and conditions of employment (to any unauthorized person);
      - information about any individual that may be of a sensitive or controversial nature;
      - information that relates to company plans or intentions that should not be for general awareness;
      - information relating to negotiations, during the conduct of those negotiations.
    - c. Where an employee is unsure regarding the sensitivity or confidentiality of company information or data, he/she must confer with a senior manager before divulging such information to any third party in the course of duties or external to the organization.

## **6. GIFTS AND BUSINESS COURTESIES**

### **6.1 General**

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1. Employees are not permitted to give or accept, directly or indirectly:
  - a. gifts and business courtesies that might create the appearance of an impropriety. This ruling extends to your immediate family members including spouses.
  - b. Cash payments, discounts or vouchers, no matter how small, must not be accepted in your personal capacity in any circumstances from

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current or potential NiHAO customers, suppliers, vendors or other contractors.

- c. Novelty or advertising items of a nominal value, which are widely distributed by the donor are, however, acceptable calendars, pens, diaries, ties etc.
2. Acceptance of invitations to events valued at over P10,000 requires prior written clearance from your Senior Manager. If clearance is not forthcoming, you are required to decline the invitation politely and explain NiHAO policy in this regard.
3. Wherever an employee is offered a gift, entertainment or business courtesy by a current or potential NiHAO customer, supplier, vendor, contractor or consultant he/ she must report to higher-authority whether or not the gift, entertainment or business courtesy may be accepted and/or where higher-level authority needs to be obtained. The decision will depend on factors such as the nature and monetary value of the gift, entertainment or courtesy, and the frequency with which such offers have been accepted or used.

The responsibility rests with the employee to ensure that the actual monetary value of the gift, entertainment or courtesy does not exceed the allowable monetary value or the value for which permission has been granted.

The approval matrix attached as Annexure (A) applies only to entertainments or events arranged and paid for by an external entity (supplier, vendor, contractor, etc.). It does not apply to appropriate and authorized business entertainment provided by a NiHAO employee or employees to an external party or parties in terms of valid business requirements; official functions and events arranged by an operation, service organization or corporate office for a specific purpose, for example road shows and launches; recognition or achievement functions, authorized team-building interventions

## **6.2 Entertainment**

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Although NiHAO recognizes that entertainment plays a role in business relationships, you must not provide or accept entertainment which could appear to influence your integrity in relation to business decisions and relationships. The cost of entertainment must be within the limits of good taste and the principles espoused in this document. The payment or reimbursement of travel and/or living expenses may not be accepted from actual or potential suppliers, customers or vendors without the written authorization of a Senior Manager.

## **7. POLITICAL CONTRIBUTIONS**

NiHAO and its employees may engage in legitimate political activities and make political contributions to the extent permitted under law. However, making contributions to any political officials or causes if those contributions are intended to influence the award or retention of any NiHAO business are prohibited.

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Employees also may not use NiHAO's resources with any political event or political contribution without prior clearance from the CFO or CEO.

## **8. USE OF COMPANY SERVICES AND PROPERTY**

### **8.1 General**

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Employees, officers and directors owe a duty to NiHAO to advance its legitimate interests when the opportunity arises to do so. Except as otherwise permitted in this Code of Ethics, employees, officers and directors, may not (a) take for themselves opportunities that are discovered through the use of NiHAO property, information or position; (b) use NiHAO's property, information, or position for personal gain; or (c) compete with NiHAO .

### **8.2 Protection And Proper Use Of Corporate Assets**

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All employees of NiHAO should endeavour to protect NiHAO's assets and ensure they are used for legitimate business purposes only. Theft, carelessness and waste have a direct impact on NiHAO's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation.

The assets of NiHAO include information, equipment, office supplies, hardware, software, intellectual property and time. Such assets may not be used for personal benefit, nor may they be sold, borrowed or given away without proper authorization. Occasional personal use of certain corporate resources (e.g. computer, fax, e-mail) is acceptable where the interests of NiHAO are not adversely affected. However, employees are expected to consult a member of senior management for approval if in doubt.

### **8.3 Use Of E-Mail And Internet Services**

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E-mail systems and Internet services are provided to help employees do work. Incidental and occasional personal use is permitted, but use for personal gain or any improper purpose is not. Employees may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons, jokes, unwelcome propositions, ethnic or racial slurs, or any other message that could be viewed as harassment. "Flooding" NiHAO's systems with junk mail and trivia hampers the ability of the systems to handle legitimate corporate business and is prohibited.

Employees' messages (including voice mail) and computer information are considered corporate property. Unless prohibited by law, NiHAO reserves the right to access and disclose this information as necessary for business purposes. Employees should use good judgment, and should not access, send messages or store any information that he or she would not want to be seen or heard by other individuals.

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## **8.4 Accountability**

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You are not permitted to give, offer, authorize or accept, directly or indirectly, anything of value (such as a bribe or kickback) which is given for the purpose of obtaining an improper advantage or that might create the appearance of impropriety.

Bribery attempts from third parties must be communicated to a Senior Manager or the CFO. Dealings with the party concerned must be terminated immediately.

You must not use your position to obtain a personal benefit or advantage of any kind whatsoever from a third party.

## **9. TIMEKEEPING AND LEAVE**

Unauthorized leave and abuse of sick leave will result in disciplinary action.

Laxity, dishonesty and abuse in relation to required working hours will be viewed in a serious light and will result in disciplinary action.

## **10. PAYMENT ERRORS**

Any overpayment or irregular payment of monies to which you or any third party are not entitled must be reported to your Senior Manager, the CFO or the Audit Committee without delay. In addition

1. Payment errors to employees or third parties must be reported without delay to your Supervisor, Senior Manager, the CFO or the Audit Committee. These payments could be reflected on a pay slip, bank record or any other form.
2. Taking advantage of payment errors or not reporting them is regarded as a serious and dismissible offense.
3. If you are entrusted with authorizing or implementing payments, and are found to have wrongfully authorized or implemented payment you will be guilty of misconduct and could face dismissal.
4. Aiding and abetting a payment error to an employee or third party is a serious and potentially dismissible offence.
5. Receiving any money, benefit or advantage from any person in exchange for facilitating a payment error, likewise, is a dismissible offense.

## **11. BUSINESS TRANSACTIONS**

1. Purchase contracts and tender awards must be made on the basis of quality, service, price and availability, within the parameters of and any applicable laws.

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2. All approved suppliers must be of good standing and have an opportunity to compete for NiHAO's business.
  3. NiHAO's purchasing power may not be used for personal or any related benefits. It is unethical to seek concessions or benefits from suppliers, customers or vendors for your personal benefit.
  4. Confidential information about NiHAO may not be revealed to a supplier, vendor or potential supplier or vendor without the prior authorization of your Senior Manager who must, in turn, be guided by the CFO.
  5. Directors and officers or employees who work in financial divisions, whose estates are sequestrated or who are declared insolvent, must disclose this fact to the Audit Committee .
  6. Any director, officer or employee who is removed from an office of trust on account of misconduct, or has been or is at any time in the future, convicted of theft, fraud, forgery or an offense involving dishonesty, must disclose this fact to his/ her HR Manager, a Senior Manager or the CFO .
  7. You must account for all monies, cheques, documents and property of NiHAO which come into your possession in the course of your employment by or position as an officer or director of NiHAO

## **12. SHARE DEALINGS**

### **12.1 Specific**

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1. Any dealings in shares or securities of NiHAO must be beyond reproach and in accordance with all applicable laws.
2. It is a criminal offence to deal in or to encourage or discourage anyone else to deal in securities on the basis of information gained as an insider. NiHAO has the right to take appropriate action against anyone who does this.
3. Officers and directors of NiHAO must heed closed periods for dealing in NiHAO shares. These closed periods will be made known from time to time and are to be considered binding.
4. You are urged to seek independent legal advice if you are ever uncertain as to your legal obligations with regard to trading in NiHAO shares.
5. All directors, officers and employees must report all details of their dealings in NiHAO shares or the securities of companies in which NiHAO has a material interest in writing to the Company Secretary by no later than close of business on the day immediately following the transaction. This includes dealings by his/her spouse and minor children or by trusts or entities in which you or any of them have a controlling interest.

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6. Neither you nor your spouse or immediate family members are permitted to purchase shares or securities in suppliers in suppliers, vendors and customers on a preferential basis.

## **13. IMPLEMENTATION, MONITORING AND AMENDMENTS**

### **13.1 General**

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Directors, officers, and employees of the Company commit to comply with both the letter and spirit of this Code and the Company endeavors to obtain the same commitment from its business partners. In this connection, directors and officers should explain to employees and business partners the Company's principles and values set forth in this Code, and emphasize the importance of conducting themselves in accordance with the standards set by this Code in order to attain financial rewards for the Company and to deter wrongdoing.

The company shall also regularly monitor the compliance of all directors, officer and employees to the Code through the Audit Committee and encourages the reporting of known and suspected violations of this Code.

### **13.2 Waiver**

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There shall be no waiver of any of the provisions of this Code in favor of any directors, officer, or employee, except when expressly granted by the Board of Directors and the Nomination Committee in the case of waivers for directors and officers. Any such waiver for any director or executive officer or any material amendment to the Code must be promptly disclosed to the shareholders of the Company.

### **13.3 Reporting Known or Suspected Violations**

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The Company's directors, CEO, senior financial officers and chief legal officer shall promptly report any known or suspected violations of this Code to the Chairman of the Company's Audit Committee. All other Covered Parties should talk to supervisors, managers or other appropriate personnel about known or suspected illegal or unethical behavior. These Covered Parties may also report questionable behavior in the same manner as they may report complaints regarding accounting, internal accounting controls or auditing matters by contacting (anonymously, if desired) SGV & Co., the Company's auditor. No retaliatory action of any kind will be permitted against anyone making such a report in good faith, and the Company's Audit Committee will strictly enforce this prohibition.



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## **13.4 Accountability for Violations**

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If the Company's Audit Committee or its designee determines that this Code has been violated, either directly, by failure to report a violation, or by withholding information related to a violation, the offending Covered Party may be disciplined for non-compliance with penalties up to and including removal from office or dismissal. Such penalties may include written notices to the individual involved that a violation has been determined, censure by the Audit Committee, demotion or re-assignment of the individual involved and suspension with or without pay or benefits. Violations of this Code may also constitute violations of law and may result in criminal penalties and civil liabilities for the offending Covered Party and the Company. All Covered Parties are expected to cooperate in internal investigations of misconduct.

## **13.5 Review and Amendments**

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All policies, systems practice, orders, and similar official corporate issuances, whether existing or to be issued shall be revisited and revised as soon as practicable in order to be consistent with the letter and spirit of this Code. Pending the finalization of such amendments, the provisions of this Code shall prevail over any policies, systems practice, orders, and similar official corporate issuances, inconsistent with this Code. This Code shall be reviewed at least once every two (2) years or such other frequency as may be determined by the Board of Directors and/or the Nomination Committee.