



中国新天地  
CHINA XINTIANDI

## China Xintiandi Code of Conduct & Business Ethics

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# 1. Introduction: Our Code

China Xintiandi strives to conduct all business affairs in accordance with the highest business ethics standards, acting as a socially responsible company and a good corporate citizen.

This **Code of Conduct & Business Ethics** sets out the basic principles and practices to guide all directors and employees of the Company (the Company includes CXTD and all its subsidiaries). This Code will also be provided to and should be followed by the Company's agents and representatives.

Those who violate the standards of this Code will be subject to disciplinary action, including possible dismissal. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties for you, your supervisor and/or the Company. If you are in a situation which you believe may violate or lead to a violation of this Code, follow the procedures set out in Section 6:

*Application of this Code.*

## 1.1 Am I Doing Business Ethically?

### Quick ethics quiz

While a code of conduct can provide the general rules, it cannot cover every situation. Ethics sometimes comes down to an individual decision. To help you make the right choice, ask yourself the following question:

- Is this legal? Is it fair?
- Would I want other people to know I did it?
- How would I feel if I read about it in the newspaper?
- How would I feel about myself if I do it?
- What would I tell my child or a close friend to do in a similar situation?

## 1.2 Compliance with Laws, Rules and Regulations

All directors and employees must respect and obey the laws, rules and regulations of the cities, provinces and countries in which we operate.

# 2. Conflicts of Interest

## 2.1 Definition

A conflict of interest exists when your personal interests compete with your duties as an employee of the Company. Such competing interests can make it difficult to fulfill your duties impartially. A conflict of interest can create an appearance of impropriety that can undermine confidence in the person and

the Company. Additionally, a conflict of interest may arise when the employee is in a position to influence events or Company decisions that would lead to personal gain for the employee or family members, or give an improper advantage to third party dealing with the Company.

It is a conflict of interest for a Company employee to work for competitors, customers, suppliers (including contractors and subcontractors), or business partners. You should avoid any direct or indirect business connection with them except as required on behalf of the Company.

Conflicts of interest are prohibited as a matter of Company policy, except as excused by the Ethics Committee. Employees should not engage in business, investments or activities that might conflict or appear to conflict with Company interests. Employee must declare any conflicts or potential conflicts of interest to the Company on the *Code of Conduct & Business Ethics Certification* form (see *Section 7: Appendix I*). Employees must further declare any financial interests, direct or indirect, which he/she or members of his/her immediate family may have, in any business or other organization which competes with the Company or with which the Company has business dealings using the *Disclosure of Conflict of Interests* form (see *Section 7: Appendix II*).

Conflicts of interests may not always be clear-cut, so if you have a question, you should consult with your supervisor or follow the procedures set out in *Section 6: Application of this Code*.

## 2.2 External Work

The Company is considered the primary employer for all employees. As the primary employer, the Company must verify that any other work performed by employees does not create a conflict of interest for the employee or adversely affect the Company. Approval for external work will consider the type of proposed work and its possible effects on the Company.

- **Conflict of Interest:** A conflict of interest may arise when the employee is in a position to influence events or Company decisions that would lead to personal gain for the employee or family members, or give an improper advantage to third party dealing with the Company.
- **Proportionality:** Remuneration from external work should not become the employee's main source of income.
- **Use of Resources:** Employees must not use Company time or resources for any external work.
- **Overall Acceptability:** external work must be lawful and not damage the Company's reputation.

Each decision regarding external work will be made on a case-by-case basis. Approval for external work may be withdrawn at any time if it is determined that the external work has an adverse impact on the primary employment with the Company.

All employees must not, during the term of employment, engage in any other work, either ad hoc, regular or on a consulting basis, without the prior written approval of the Company. Written approval should be obtained using the Request for Approval of External Work form (see Section 7: Appendix III). This form must be completed before any external work is begun.

### **2.3 Business Relationships with Family Members**

In order to avoid conflicts or the appearance of conflicts, all business relationships should be at arms length from personal interests. Hiring or managing family members can lead to conflicts of interest, unethical employment practices and the appearance of special treatment. Family members must not be in positions that put them under or give them direct or indirect supervisory authority of another family member. This applies to all employment, including full-time, part-time and contract work. All hiring should be conducted by the Human Resources Department.

Additionally, it may be a conflict of interest if a family member works for a supplier of the Company since contracts should be awarded on the basis of merit. The experience of any such relationship should be declared by the *Code of Conduct & Business Ethics Certification* form (see Section 7: Appendix I).

Please declare any conflict or potential conflict of interest with immediate family member(s) (i.e. people you live with), generally your spouse (as defined for benefit purpose), your children and/or your parents. However, also be aware of relationship regarding your extended family members, including grandchildren, sibling, grandparents, aunts, uncles, nieces, nephews, and in-law relationship.

### **2.4 Corporate Opportunities**

Directors and employees are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information or position without the consent of the CXTD Ethics Committee. No employee may use corporate property, information, or position for personal gain, and no employee may compete with the Company directly or indirectly. Employees owe a duty to the Company to advance the Company's interests when the opportunity to do so arises.

Directors and employees are also prohibited from granting or guaranteeing loans to, or accepting a loan from, or through the assistance of any individual or organization having business dealings with the Company. (There is no restriction on normal bank lending.)

### **3. Business Practices**

#### **3.1 Discrimination and Harassment**

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment based on race, color, religion, sex, ethnic origin or any other protected class.

The Company is committed to providing a harassment-free work environment. Sexual harassment will not be tolerated in the workplace. Sexual harassment includes:

- **Misuse of Authority:**

Decisions are based on an individual's willingness to grant or deny sexual favors (e.g. demanding sexual favors in exchange for a promotion, or raise).

- **Hostile Environment:**

Verbal or physical conduct of a sexual nature which has the purpose or effect of substantially interfering with an individual's work performance or creating an initiating, hostile, or offensive work environment.

#### **3.2 Health and Safety**

The Company strives to provide each director and employee with a safe and healthy work environment. Each employee has the responsibility for maintaining a safe and healthy workplace for all employees by following applicable environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices, or conditions. Violence and threatening behavior are not permitted.

Directors and employees are expected to perform their Company related work in a safe manner, free of the influences of alcohol, illegal drugs or controlled substances. The use of illegal drugs in the workplace will not be tolerated.

To maintain the Company's valuable reputation, compliance with our quality processes and safety requirements is essential. All inspection and testing documents must be handled in accordance with all applicable specifications and requirements.

#### **3.3 Environmental and Social Responsibility**

The Company supports a precautionary approach to environmental challenges, and, within its sphere of influence, will undertake initiatives to promote greater environmental responsibility and encourage the development and diffusion of environmentally friendly technologies.

The Company expects its directors and employees to follow all applicable environmental laws and regulations. If you are uncertain about your responsibility or obligation you should check with your supervisor or unit manager or the relevant members of the Ethics Committee for guidance.

The Company operates as a socially responsible Company, taking into consideration the impact of its work on the community at large. To give back to the communities the Company operates in, the Company operates a charitable volunteer club, the Seagull Club.

### **3.4 Confidentiality**

Employees shall not at any time during or after the termination of employment disclose any information relating to the Company or its customers which may come to their knowledge in the course of the employment, unless approval is obtained from the Company.

Upon the termination of employment, any information acquired by the employee in the course of his/her service with the Company shall remain the property of the Company. The employee shall return all such information to the Company and shall not take any copies of/or make use of such information for any purpose whatsoever.

Directors and employees must maintain the confidentiality of proprietary information entrusted to them by the Company or its customers, suppliers, or business partners, except when disclosure is authorized in writing by the Ethics Committee or required by laws or regulations.

### **3.5 Protection and Proper Use of Company Assets**

All employees should protect the Company's assets and ensure their efficient use. Theft, carelessness, and waste have a direct impact on the Company's profitability. All Company assets are to be used for legitimate Company purposes only. Any suspected incident of misuse, fraud or theft should be immediately reported for investigation.

The obligation of directors and employees to protect the Company's assets includes the Company's proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, and copyrights, as well as business, marketing and service plans, engineering and construction ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of such information is a violation of Company policy. It may also be illegal and could result in civil or criminal penalties.

### **3.6 Using Copyrighted Materials**

Copyrighted materials including computer software, books, audio and videotapes, journals and magazines should only be used according to copyright regulations. Be aware that there may also be a

copyright on presentation slides, training materials, and management models that have been produced by outside companies or consultants. Employees must not reproduce, distribute or alter copyrighted material without the permission of the copyright owner. Additionally, employees may not copy, install or otherwise use computer software in a manner that violates the license agreement.

## **4. Business Relationships**

### **4.1 Fair Dealing**

In order to maintain our customers' trust and respect, the Company will compete fairly and honestly by delivering superior products and services to our customers. Therefore, the Company does not authorize, condone, encourage, or promote, directly or indirectly through others, unlawful or unethical behavior, such as bribery, kick-backs, pay-offs, promises to pay cash or things of value, or any other activities that may be construed as being corrupt, unlawful, unethical or illegal business practices.

No director or employee is permitted to engage in price fixing, bid rigging, allocation of markets or customers, or any similar illegal anti-competitive activities.

### **4.2 Giving Gifts or Hospitality**

Employees may offer gifts, entertainment, or hospitality of a customary value for routine services or courtesies received, to which the payee is entitled.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers.

No gift or entertainment should ever be offered, given or provided by any Company directors or employees, family members of a director or employee, or agents unless it:

- Is not a cash gift
- Is consistent with customary business practices
- Is reasonable in value
- Cannot be construed as a bribe payoff, and
- Does not violate any laws, regulations or applicable policies of the other party's organization.

### **4.3 Accepting Advantages and Entertainment**

Employees are prohibited from soliciting or accepting any advantage from clients, suppliers, consultants, contractors or any person in connection with Company business. This is a serious breach of the Company rule and may also be illegal. The term “advantage” is defined as any gift, loan, fee, reward, office, employment, contract, service and/or favour.

Where the advantage is voluntarily given, the employee may consider accepting only if

- The acceptance will not influence your loyalty to the Company;
- You are able to openly discuss the acceptance without reservation;
- The nature and the value of the advantage are such that refusal could be seen as unsociable or impolite, for example:
  - Promotional or customary gift of value not exceeding RMB200 during festival occasions
  - Hong-bao (red packets) or cash not exceeding RMB100

If the value exceeds these levels, the employee should report it using the Reporting of Gifts form (see Section 7: Appendix IV). The employee may be allowed to keep the red packet money/gift or they may be directed to hand the red packet money/gift over to Seagull Club charities. The forms will be retained centrally by the Human Resources Department who will also coordinate the redirection of red packets money/gifts to charities.

Although entertainment is an acceptable form of business and social behavior, the employee should turn down invitations to meals or entertainment that are excessive in nature or frequency, so as to avoid embarrassment or loss of objectivity when conducting Company business. If it is impolite to decline an invitation, the employee might accept, with the understanding that he/she will be allowed to reciprocate.

### **4.4 Purchases**

The Company is committed to fair competition in all its dealings with suppliers. It is important to communicate our requirements clearly and uniformly to all potential suppliers so that they can compete fairly for our business. We choose suppliers on the basis of quality, competitiveness, price, reliability and reputation.

Employees must not suggest or imply to a supplier that the Company's patronage depends on the supplier becoming a customer or on the supplier continuing to make purchases from the Company.

### **4.5 Payments to Government Personnel**

The Company prohibits giving anything of value, directly or indirectly, to any government officials or political candidates in order to obtain or retain business. Never give or authorize directly or indirectly any illegal payments to government officials of any country.

The promise, offer or delivery to an official or employee of any government of a gift, favor or other gratuity would not only violate Company policy but is also a civil or criminal offense.

A gift, gratuity or hospitality may be offered to a government employee only if such act is customary and is not illegal under applicable law.

#### **4.6 External Contributions**

Contributions to charitable and academic organizations must fall within the Company's expense approval guidelines. Contributions to other external organizations must be approved by the Chief Executive Officer or the Chief Financial Officer.

#### **4.7 Use of Agents, Representatives and consultants**

The Company uses only those agents, representatives, consultants, contractors, subcontractors, business partners, resellers, sales and marketing agents, or suppliers who have met or exceeded the Company's high standards and entered into the appropriate written agreements in strict compliance with the Company's policies and procedures.

### **5. Financial Dealings**

#### **5.1 Financial Records, Controls and Reporting**

The Company requires honest, accurate and timely recording and reporting of information in order to make responsible business decisions.

All business expenses must be documented and recorded accurately in a timely manner. Expense approval guidelines are available from the Finance Department.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions, must be promptly disclosed in accordance with any applicable laws or regulations and must conform both to applicable legal requirements and to the Company's system of internal controls.

As a listed company, it is necessary that the Company's filings with the Stock Exchange of Hong Kong be accurate and timely. The Company expects directors and employees to take this responsibility very seriously and provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

The Company's policy is to comply with all applicable financial reporting and accounting regulations. If any employee has concerns or complaints regarding accounting or auditing matters of the

Company, he or she is encouraged to submit those concerns by using one of the methods described in *Section 6: Application of This Code*.

## **5.2 Insider Trading**

All non-public information about the Company should be considered confidential information. Directors and employees who have access to confidential information about the Company or any other entity are not permitted to use or share that information for trading purposes in the Company or the other entity's securities for any other purpose except the conduct of the Company's business. Using non-public information for personal financial benefit or sharing this information with others who might make an investment decision on the basis of this information is both unethical and illegal.

# **6. Application of this Code**

## **6.1 Compliance Procedures**

We must all work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solution, you must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems. If you are uncomfortable discussing the problem with your supervisor you can talk to your department head or the head of Human Resources (or designate) or members of the Ethics Committee.

## **6.2 Reporting any Illegal or Unethical Behavior**

Any employee who becomes aware of a conflict or potential conflict of interest or other ethical problem should bring it to the attention of their supervisor or the head of Human Resources (or designate).

This includes:

- Doubts about a particular situation
- Questions or concerns about a business practice

for yourself or the conduct of those around you. We are all responsible for maintaining high ethical standards.

Any reporting of violation of this Code will be treated seriously and confidentially, provided that they are made in good faith and properly documented. Retaliatory action against such reporting is strictly prohibited. Employees are expected to cooperate in internal investigations of misconduct.

### **How to Report Illegal or Unethical Behavior:**

If you know of any illegal or unethical behavior, you should report it to the Ethics Committee:

#### Membership of the Committee

- Director of Corporate Services (Chairman of CXTD Ethics Committee)
- Assistant Chief Internal Auditor (Secretary of CXTD Ethics Committee)
- Executive Director of Finance (Member)
- Executive Director of Corporate Finance (Member)
- General Counsel (Member)

Complaints can be sent to the Ethics Committee using the Irregularities Reporting System (IRS).

Complaints will be dealt with in confidence by the Ethics Committee. Other senior staff members may be asked to participate in the Committee for certain cases. Any member of the Committee involved in a complaint will abstain from related meetings.

### **6.3 Dealings with Related Information and Supplying Waivers to This Code**

Information about conflicts of interests, gifts, external work or any other ethical violations (or the appearance of violation) arising from the completion of ethics-related forms will be dealt with by the Human Resources Department in consultation with the Ethics Committee (when necessary).

In rare exceptions, waivers to this Code may be provided. Any waiver may be made only by the Ethics Committee. Any waiver requested by a Director-grade staff level (and above) must be approved by the CXTD Board of Directors. All waivers will be promptly disclosed as required by law or regulation.

## **6.4 Distribution and Acknowledgement**

All directors, executives and managers of the Company and its subsidiaries are responsible for the continuing enforcement of and compliance with this Code, including necessary distribution to ensure employee knowledge and compliance.

To help ensure compliance with this Code, the Company requires that all directors and employees review the Code and acknowledge their understanding and adherence in writing on the *Code of Conduct & Business Ethics Certification* form (See *Section 7: Appendix I*).

## **7. Documents**

### **7.1 Other Relevant Documents & Forms**

- CXTD Ethics Committee Charter
- CXTD Anti-Bribery and Corruption Policy
- Irregularity Reporting Policy
- Irregularity Reporting System
- Employee Handbook

These documents are available on the Company's intranet or from the Human Resources Department. For the purpose of interpretation of this Code, provisions of the Code shall prevail.

### **7.2 Forms Appended to This Code**

- Code of Conduct & Business Ethics Certification
- Disclosure of Conflicts of Interest
- Reporting of Gifts
- Request for Approval of External Work

These Forms are available on the Company's intranet or from the Human Resources Department. For the purpose of interpretation of this Code, provisions of the Code shall prevail.



**Code of Conduct & Business Ethics Certification**  
For all employees

I have read and reviewed the *CXTD Code of Conduct & Business Ethics*. I understand the Code and my responsibility to follow it. I further certify that:

(Please indicate Yes or No. If 'No', give an explanation in the space provided, and our HR representative will contact you for more information.)

I am in full compliance with the Code	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Reason:
a. At present, it is not necessary for me to fill up the following additional forms: i. Disclosure of Conflicts of Interests ii. Request for Approval of External Employment	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Reason:
c. I understand that I have a continuing obligation to update the information in this certification as my circumstances change.	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Reason:
d. I acknowledge that the Code is not a contract, and that nothing in the Code is intended to change the traditional relationship of employment-at-will.	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Reason:
e. I have fully and accurately completed this Certification.	
<input type="checkbox"/> Yes <input type="checkbox"/> No	Reasons:

Full name	Signature
Business Title	Date (mm/dd/yyyy)



## Disclosure of Conflicts of Interest

Use this form to declare any conflict of interest, direct or indirect, with which you or members of your immediate family may have in any business or other organization which competes with CXTD or with which CXTD has business dealings.

Please use a separate form for each interest.

**Part A: Declaration**

Employee Information
----------------------

Name	_____	Dept.	_____
Signature	_____	Date	_____

Conflict of Interest
----------------------

Persons or companies with which I have official dealings or personal interest: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Brief description of my duties involving the relevant persons/companies: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Part B: Acknowledgement**

We have received your declaration. It has been decided that:

- You should modify your relationship to eliminate the conflict of interest: \_\_\_\_\_  
\_\_\_\_\_
- You could continue in the current situation as declared in Part A, provided there is no change in the declared information.
- Others: \_\_\_\_\_

Ethics Committee:

Representative: \_\_\_\_\_ Date: \_\_\_\_\_



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## Request for Approval of External Work

You are required to report all potential external work to CXTD for approval before you begin. Please refer to the *Code of Conduct & Business Ethics* for more details.

### Part A: Declaration

Employee Information
----------------------

Name \_\_\_\_\_ Dept. \_\_\_\_\_

Supervisor \_\_\_\_\_

Proposed External Employer \_\_\_\_\_

Nature of Duties to be performed \_\_\_\_\_

\_\_\_\_\_

Work Schedule (days/times) \_\_\_\_\_

Estimated value of remuneration \_\_\_\_\_

Employee Certification
------------------------

I understand:

- the policy governing external work. My external work will not have any impact on or create a conflict of interest with my employment at CXTD.
- that failure to provide accurate information regarding my external work approval request or to follow all of the policies regarding external work may be considered unacceptable and lead to discipline up to and including dismissal.
- that external work information is lawful and may be disclosed to third parties.

Employees Signature: \_\_\_\_\_ Date: \_\_\_\_\_

### Part B: Acknowledgement

It has been decided that:

- You should refrain from doing this work
- You can begin this work as described in Part A, provided there is no change in the declared information.
- Others: \_\_\_\_\_

Immediate Supervisor: \_\_\_\_\_ Date \_\_\_\_\_

Department Head: \_\_\_\_\_ Date \_\_\_\_\_

Managing Director: \_\_\_\_\_ Date \_\_\_\_\_

Human Resources: \_\_\_\_\_ Date \_\_\_\_\_

## Reporting of Gifts

This form is required for any employee who has received a gift or red packet due to their employment with China Xintiandi. This form should be completed when the value of the gift is over RMB200 or more than RMB100 cash.

Please see the *Code of Conduct & Business Ethics* for more information.

### Recipient of Gift

Name: \_\_\_\_\_ Department: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Gift Received: \_\_\_\_\_

Value or Estimated Value: \_\_\_\_\_

### Gift Giver

Name: \_\_\_\_\_ Department: \_\_\_\_\_

Relationship with Recipient: \_\_\_\_\_

### Gift Allocation

Gift to be retained by Employee

Gift to be donated to Seagull Club

Gift to be donated to Charity

Representative of Ethics Committee: \_\_\_\_\_ Date: \_\_\_\_\_

HR Representative: \_\_\_\_\_ Date: \_\_\_\_\_

Donated gift received by HR for transfer to charity (date): \_\_\_\_\_

Gift sent to designated charity (date): \_\_\_\_\_