

Yasheng Group Corporate Codes of Conduct and Policy Manuals

Standard of the Job Behavior for Employees

I . General Principles and Scope of Application

1. Observe the law

The employees must understand and observe related laws, regulation and standard to working post.

2. Responsibility of employees

The employees are responsible for knowing, understanding and observing Standard of Behavior for Employees. Also, the employee must observe the items in employment contract and other related regulations. And the employee must take good care of the honor of company.

3. Scope of Application

The standard is adequate for every department and employee of the company.

II . Communication with Government Officers

1. The Company should maintain good relation with governmental subdivisions and keep good image of the company through social activities and affairs. The related organizations could provide with necessary presents or services approved by CEO or Vice CEO and accorded with applicable laws and policies in advance.

2. Reward and loan

Any auxiliary bodies, affiliated company, or individual of the company are not allowed to be provided for government officers or personnel with reward or loan for enlist, maintain or manipulate a certain business by way of transferring names of corporation fund, allowance, personal deposit or other valuable things to them.

III. Conflict of Interest

1. The relationship between suppliers, sub-distributors, clients and other business partners.

As an employee of the company, he or she should avoid the conflict of interest between individual interest, individual activity and the interest of the company; and he must stop any economic activities that would cause conflict apparently or affect his personal judgment or behaviors, especially when he faces the lures of the present, feast, or entertainment and any other lures provided by business partners. He or she should deal with them according to the requirement of Standard of Behavior for Employees.

2. External Activities

The employee should not take any actions that would affect the interest of the company without any authorization and approval of the company. The employee should consider the honor and profit of the company all the time.

The employee should not join in business activities in private that might disturb the implementation of the responsibility of the company. The employee should not be hired by the business partners or competitors of the company or providing services without approval in advance.

Within the limits of the functions and powers of the employee, he or she could join in certain social groups, governmental organizations, educational institutions and other citizen groups. The employee may join in social commonweal and nonprofit institutions under the condition of fulfilling his or her duty as an employee of the company.

3. Shares Holding

The employee of the company and his dependents should not hold any unidentified shares of the business partners of the company or other enterprises that the company holds or prepares to holds their shares directly or indirectly except that the shares have no direct and indirect relationship with the business of the company and would not affect the employee to fulfill his duty.

4. Representatives of the company

The representative of the company should get approval by related organizations of Company Affairs Department to join in social groups, governmental organizations, citizen groups and other nonprofit institutions. The company should inquire and understand the status of the external activities of attending meeting and presentation, expounding the opinions of the company or discussing the activity content in written. The company should insure that all meeting or presentation attended by the company or the aim and content of the article are approved by higher supervisors, and that these activities are accorded with the procedures and profits of the company and approved by Company Affairs Department.

IV. Content Control

1. Protection of Asset and Information

The employee is responsible for protecting the possessions of the company from being damaged, stolen, and abused; and preventing the related information from being used without approval, stored and deleted. The employees should only use the possessions of the company for work and related aims.

2. Interior control system/report/record

Protect efficient interior control system is one of the policies of the company to ensure to observe the laws and the provisions of the body corporate, protect and prevent the possessions of the company from being abused, and to make sure that the company affairs and the real activities are enforced after approval.

V. Quality Control

The company recognizes that the quality of the products and the policy of promoting quality of the products are very important for the business development of the company. Every employ should make possible efforts to meet his work out of the expectation of the clients.

VI. Respect to The Employees and Business Partners of The Company

The company expects to keep the dignity and right of all employees (including the employees of suppliers, sub-distributors and other business partners). The company would not allow anyone to discriminate, annoy or retaliate others. The company would keep a safe and healthy work environment for every employee.

VII. Environment Protection

The company commits itself to protect the living environment of the human beings and its posterity and observes all related regulations concerning Environment Law and Environment Protection Law. The company encourages and supports its employees to develop new products and manufacture technologies to boost environment protection, promote the recycle, reduce pollution and protect the environment.

VIII. The Relation between The Company and Its Competitors and Its Business Partners

The company promises that the company should observe related laws on anti-monopolization, trade, equity price, equity competition and client protection. Those related laws are the lever that adjusts the relation between the company and its competitors, suppliers, other dealers, sub-distributors and retail clients.

The company uses legal resources to collecting information about its business partners and its competitors. And the company would avoid any illegal behaviors that would lead to the liability of the company.

IX. Affiliate With Foreign Governments and Client

The Company observes the related laws and rules of international trade and keeps the international fame of the company.

X. Observe Standard of Behavior for Employees

If the employee doubts about the Standard of Behavior for Employees:

When the employee doubts about the Standard of Behavior for Employees of our company or other business ethic and does not know how he could do, he could consult with his high level conductors. If he still doubted about the Standard, he could consult with following organizations: Company Affairs Department, Human Resources Department, Office of Legal Affairs and Office of Examination and Approval Affairs.