

# Code of Conduct Manual

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## 1. Employment Practices

- 1.1 The Group places a high priority on achieving equality of opportunity for all of its employees in relation to all personnel matters including recruitment, training, promotion, transfer, benefits and dismissal. The dignity and individuality of each employee will be respected and the privacy and confidentiality of employee records will be safeguarded. Employees' performance will be assessed solely according to their ability to meet job requirements.
- 1.2 Employees will be kept informed of all Group matters affecting them including the Group goals, direction and performance. The Group will ensure that channels for open communication which foster an atmosphere of mutual trust and respect between the Group and employees always exist. If an employee wishes to discuss any matter about the Group, he/she may speak to his/her supervisor or any higher level of management.
- 1.3 The Group will provide an open, challenging and participative environment for all employees. The Group aims to provide opportunities for the development of the skills of employees to the fullest extent possible, consistent with the needs of the Group. The Group's pay structures will aim at rewarding an individual's contributions and personal performance.



## 2. Business Ethics

- 2.1 It is Tai Ping's policy to strictly observe laws applicable to its business. The Group strives to maintain honest business procedures, no matter what the prevailing laws are.
- 2.2 Tai Ping deeply believes that conducting the business within an honest, moral and ethical arena is the best business policy to achieve healthy and sustainable growth of the Group.
- 2.3 Tai Ping shows respect and takes into account the local custom and cultures.
- 2.4 Tai Ping manages and directs its business with honesty including honest financial procedures, budget proposals and honest economic evaluation of its project investment.
- 2.5 Tai Ping expects all of its employees to honestly uphold the Group's policy, the accounting procedures and other controls. Employees should report to the Management at once any suspected violations of the Code of Conduct which will constitute wrongdoing and damage the Group's reputation.

### 3. Conflicts of Interest

- 3.1 Tai Ping's policy requires that directors and employees avoid any conflict between their own interests and the interests of the Group in dealing with suppliers, customers and other third parties, and in the conduct of their own personal affairs.
- 3.2 A conflict of interest includes the attempt to disclose the Company's confidential information to outside people or to use it for his/her own benefit during and subsequent to appointment/employment without proper authority.
- 3.3 The Group prohibits directors and employees from using insider information for the benefit of themselves or outside people. This insider information includes the information that is not disclosed to the public under the regulations of the Stock Exchange of Hong Kong and other applicable laws.
- 3.4 The Group's executive directors and employees shall not take up concurrent employment, either regular or on a consulting basis, without the prior approval of the Group. Directors and employees shall not serve as directors of any non-affiliated commercial, financial or industrial organisation which may conflict with the interests and the business of the Group except with the prior approval of the Group.
- 3.5 Employees shall maximise the utilisation of the Group's resources in the economical way. To take or use the Group's resources for the employees' personal benefit is not acceptable.
- 3.6 Directors and employees shall notify the Group by writing if they or their immediate family engage/will engage in outside business activities which might have existing or potential conflict with the Group's interests. It is the Group's final decision as to whether any such outside business activity conflicts and if so, as to what corrective action must be taken by the director or employee.



### 4. Bribery, Gifts and Entertainment

- 4.1 Tai Ping believes that honesty, integrity and fairplay are important assets in its business. All directors and employees must ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption.
- 4.2 Any director or employee soliciting or accepting an advantage from clients, suppliers or any person in connection with his/her duties without the permission of the Company commits an offence. The term "Advantage" includes gift, loan, fee, reward, favour, employment, contract, service and release/discharge of any loan, obligation or other liability.
- 4.3 Employees should decline advantages offered in connection with their duties if the acceptance of advantages could affect their objectivity or induce them to act against the Company's interests or lead to complaints of bias.

**Employees could consider accepting advantages only if:**

- ♦ the acceptance will not influence the performance of the recipient; e.g. festival hampers, gift baskets, seasonal gifts etc.
- ♦ the recipient will not feel obliged to do something in return for the offeror e.g. performance tickets, lucky Draw over the Christmas Party of a supplier, etc.
- ♦ the recipient is able to openly discuss the acceptance without reservation; e.g. business meals, functions or entertainments, gatherings, dinner for Client's Company Anniversary etc.
- ♦ the nature (e.g. advertising or promotional gift, customary gift or Lucky Money given during festive occasions) and the value (not exceeding a specified amount) of the advantage are such that refusal could be seen as unsociable or impolite.



In case of doubt, the recipient should refer the matter to Managing Director or Human Resources Manager for advice and instructions.

- 4.4 Directors and employees 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 the Company business. If it is impolite to decline an invitation, employee might accept, on the understanding that he be allowed to reciprocate.

## **5. Customer Relations**

- 5.1 Tai Ping Group recognises that customer satisfaction is of primary importance to its success. Mindful of its responsibility to the customers it serves, Tai Ping strives to understand their requirements and concerns and to merit their business by responding effectively to their needs.

Specifically, Tai Ping's policy is to :

- always put the customers first by providing them with good quality carpets and the services that meet or exceed the customers' needs under all reasonable circumstances;
- furnish services that reliably and safely meet responsible standards of performance, efficiency and courtesy;
- furnish timely, accurate and sufficient information about its operations, capabilities and services, without misrepresentation, exaggeration and overstatement; and
- furnish advice to the customers on the measures they may take to achieve maximum efficiency in the utilisation of carpets while minimising cost in meeting their requirements.

## 6. Relations with Suppliers and Contractors

- 6.1 Tai Ping Group requires that all aspects of procurement of goods, raw materials, works and services be conducted to the highest ethical standards and consistent with the following principles :
- competitive tendering wherever possible and the impartial selection of appropriately qualified tenderers;
  - objective evaluation of tenders and selection of contractors and suppliers;
  - adoption of appropriate forms of contract according to needs; and
  - adoption of effective monitoring systems and management controls to ensure the proper fulfillment of contractual obligation, and to detect and prevent bribery, fraud or other malpractices throughout all stages of the procurement process.
- 6.2 The Group aims at developing and securing long-term relationships with suppliers and contractors that are objectively established on the bases of value for money, technical qualification, financial capability and mutual trust.
- 6.3 The Group prohibits its directors and employees from taking personal benefits from the Group's suppliers and contractors. Those involved in the selection of and purchase from suppliers and contractors should avoid misuse of authority or engagement in situations which could interfere, or appear to interfere, with their ability to make free and independent decisions regarding purchase or procurement.



## 7. Responsibilities to Shareholders

- 7.1 The Group strives to achieve growth in earnings for shareholders over the long term. Shareholders will benefit from the productive, efficient and good operating results of the Group.
- 7.2 The Group respects the right of the shareholders to know all necessary information to evaluate how their investments are being managed. True and accurate information regarding the management of the Group, its financial position and its operation results are reported regularly to the shareholders in accordance with the Stock Exchange of Hong Kong and other statutory requirements.
- 7.3 It is the policy of Tai Ping to maintain complete and accurate records and accounts in accordance with applicable laws and professional accounting standards. The account books of the Group will, in reasonable and accurate detail, reflect the transactions in and disposition of the Group's assets. Falsification of the books and records of the Group or the creation or maintenance of any off-the-record bank accounts is prohibited. Any director or employee having information of any hidden fund or false entry in the Group's records should promptly report the matter to the Managing Director or Human Resources Manager.

## 8. Safety and Occupational Health

- 8.1 The Group strives to conduct its business in a manner that protects the safety and occupational health of employees. The Group is committed to continuous efforts to identify and eliminate or manage safety risks associated with its activities.

Accordingly, the Group's policy is to :

- respond quickly, effectively and with care to emergencies or accidents resulting from its operations, cooperating with authorised government agencies and other industry organisations;
- comply with all applicable laws and regulations and apply reasonable standards of its own where laws and regulations do not exist; and
- develop and conduct training to ensure that all employees understand and acquire adequate information regarding the workplace environment that is hazardous free from machine, working procedures and occupational illnesses.



## 9. Responsibilities to the Environment

- 9.1 The Group's policy is to conduct its business with commitment in compliance with relevant environmental laws and regulations. In case that no enforceable law exists, the group will apply appropriate standards with responsibilities.

- Encourage employees to have strong concern and be responsible for the clean environment.
- Manage its business with the goal to alleviate the adverse effects on the environment, undertake appropriate reviews and evaluations of its performance to measure and to ensure compliance with this environmental policy.

## 10. Monitoring of Compliance and the Means of Enforcement

- 10.1 It is the personal responsibility of every director and employee to understand and comply with the Code of Conduct.
- 10.2 Functional managers should also in their day to day supervision ensure that their subordinates understand well and comply with the standards and requirements stipulated in the Code of Conduct. Problems encountered in enforcement as well as comments or suggestions for improvement of the Code of Conduct should be channelled to the Human Resources Manager or the Managing Director for consideration and action.

- 10.3 The Group will not tolerate illegal or unethical acts. Anyone violating the Code of Conduct will be disciplined, and may be dismissed. In cases of suspected corruption or other forms of criminality, once prima facie evidence has been established, reports will be made to the ICAC or appropriate authorities.
- 10.4 Channels of complaint are open to all shareholders, customers, suppliers and contractors and to all directors and employees of the Group. Complaints should be sent directly to the Human Resources Manager, who will be responsible to the Managing Director for the impartial and efficient investigation of complaints received.
- 10.5 The Group will consider all complaints impartially and efficiently. Alleged unlawful or unethical conduct will be investigated promptly.
- 10.6 Anonymous allegations however are strongly discouraged. If allegations are made with malicious intent to harm, the complainant making such an allegation will be subject to disciplinary action.
- 10.7 All information received will be handled in an appropriate confidential manner.



All references to the “Group” or “Tai Ping” relate to Tai Ping Carpets International Limited and its subsidiary companies.  
(English version prevails)