

## Anti-Bribery Policy for Lifa Air Limited

### Definition of bribery

An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal, or breach of trust, in conducting Lifa Air's business.

### Enforcement

Lifa Air shall not tolerate its employees or associates, from being involved in offering, soliciting or accepting bribes.

With the full compliance to local anti-bribery and labour laws, actions against those involved include but not limited to the followings:

- ✓ Instant dismissal on committing non-negotiable bribery acts
- ✓ Use of criminal or legal actions for such infractions, wherever permissible under the local laws
- ✓ Instant dismissal on committing the second misconducts, other than non-negotiable bribery acts.

### Executive Commitment and Responsibility

Executive Management of Lifa Air Ltd. recognizes that honesty and integrity must be our top priority in our business practices. We have an open door policy and welcome suggestions and concerns from employees. This will allow employees to feel comfortable discussing any issues and will alert executives to concerns with the workforce.

It is the direct management responsibility for the Executive Management team:

- ✓ Set up business environment to prevent bribery and facilitate bribery reporting
- ✓ Review and enhance the effectiveness of the policy from time to time
- ✓ Explain the policy in case there is any query raised
- ✓ Disseminate the policy
- ✓ Support and provide resources for audit and training

### Employee Commitment and Responsibility

Employees shall promote a team environment and avoid the intent and appearance of unethical or compromising practices.

Every employee needs to apply effort and intelligence in maintaining the ethics value by:-

- ✓ Understanding the policy and implementing it fully
- ✓ Exercising due diligence and determination to prevent bribery
- ✓ Reporting bribery and attempted bribery case to management timely
- ✓ Guiding and helping new comers to understand and implement the policy
- ✓ Co-operating with audit team
- ✓ Providing any improvement suggestion to enhance the robustness of the policy

#### Standards of Conducts

Each Lifa Air management member, officer, employee and associates must strictly observe the following business conducts:-

- ✓ Bribery is prohibited in any form direct and indirectly. Bribery or its acts is not tolerated by Lifa Air
- ✓ Lifa Air and its associated companies, contractors and suppliers, including all their employees and associates, shall implement every possible measure to counter bribery.
- ✓ Management shall take the leading position to establish, disseminate, explain and enhance the policy for countering bribery as well as monitoring the policy implementation.
- ✓ All briberies or attempted briberies shall be reported, recorded and handled timely to conclude its validity, the deposition on those employees or associates involved and the preventive measures.
- ✓ Regular audits by party with impartiality shall be carried out to ensure policy is fully implemented and/or trigger corrective actions if there is any violation found.
- ✓ Employees or associates shall be encouraged and appreciated to raise issues related to bribery including self-reporting for violation of the policy.
- ✓ Confidentiality shall be appropriately observed with right balance on transparency for fostering the value and the approach on countering bribery.
- ✓ Due diligence shall be applied for any grey area or area not presented in this policy.

#### Gifts, sponsorship and souvenirs

Gifts, sponsorships & souvenirs including corporate souvenirs are prohibited to be offered to our customers or business partners

The exchange of social courtesies is acceptable when there is a clear business purpose and they remain within good taste. The following practices would be the exceptions:-

- a) There is a written request from our customers for sponsorship on celebrations such as annual party, Christmas or New Year celebrations. Such offer of sponsorship/gifts or corporate souvenirs shall be approved by the functional or divisional heads, the concerned Executive Management member or the

above. The gifts should be donated on behalf of Lifa Air. The customer shall formally acknowledge the receipt of the sponsorship/gifts or corporate souvenirs.

b) Other social, cultural and business activities such as anniversary, funerals, opening ceremony of new facilities or other cultural practices, the floral arrangements or other sponsorship/gifts as a token dedicated to the event concerned rather than individuals shall be approved by the concerned Executive Management member of Lifa Air Hong Kong.

Management discretion shall be exercised by the concerned Executive Management member on the sponsorship/gifts being marked for the event to be perceived as personal favours instead of offering to the company as a business or social courtesy.

c) Other corporate souvenirs being distributed during public events such as exhibition, seminar, and conference or other promotional campaigns / activities in which the customers or participants can decide depending on their own governing code of conducts or discretion.

Gifts and souvenirs including corporate souvenirs offered by contractors, suppliers and other business partners are forbidden to be received by every Lifa Air employee and associate.

There may be cases where refusal of a gift would cause embarrassment to the person offering it and particularly if you are a guest in certain countries or business functions. Guidance on local customs and behaviour should be sought before going on a business trip or business functions. Employee should politely refuse excessive gifts, explaining to the offering party that Lifa Air policy prohibits the receipt of such gifts. All the gifts or souvenirs received should be reported to the concerned Executive Management member promptly to decide the appropriateness for the business relationship and practice.

#### Hospitality and expenses

Hospitality includes entertainments, meals, receptions, tickets to entertainment, social or sport events, participation in sporting events, such activities being given or received to initiate or develop relationships between business people.

Expenses are the provision or re-imburement by an enterprise of travel and other related expenses incurred by a prospective client, customers or business partner, such reimbursement not being part of a contractual agreement.

Code of conduct of the receiving organization shall be observed before offering of any appropriate and social hospitality and expenses. Infraction of the receiving party's policy is strictly prohibited.

Excessive hospitality shall not be offered to the customers or business partners. Dollar value less than US\$100 per person for occasional event can be considered as acceptable internationally. All the expenses with proper receipt shall be reimbursed with the name and the organization of the customer identified and submitted for approval within 30 days.

Excessive hospitality and expenses, except for business meals within reasonable amount, offered by contractors, suppliers and other business partners are forbidden to be received by every Lifa Air employee. Employee shall report such incident to the Chief Executive Officer.

## Code of Business Conduct

### INTRODUCTION:

This Code of Business Conduct covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees and officers of the Company (Lifa Air Ltd and all its subsidiaries). All of our employees and officers must conduct themselves accordingly and seek to avoid even the appearance of improper behavior. The code should also be provided to and followed by the Company's agents and representatives. In addition, Company policies apply to various Company operations and you need to know and follow those policies that apply to your Company work.

If a law conflicts with a policy in this code, you must comply with the law. Alternatively, if a local custom or policy conflicts with this code, you must comply with the code. If you have any questions about these conflicts, you should ask your manager how to handle the situation. Employees and officers are responsible for understanding the legal and policy requirements that apply to their jobs and reporting any suspected violations of law, this code, or Company policy.

Those who violate the standards in 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 managers 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 this code.

The basic principles discussed in this code are subject to any Company policies covering the same issues.

### 1. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obedying the law, is the foundation on which this Company's ethical standards are built. All employees and officers must respect and obey the laws, rules, and regulations of the cities, states, and countries in which we operate. Although employees and officers are not expected to know the details of each of these laws, rules and regulations, it is important to know enough to determine when to seek advice from managers or other appropriate personnel. Particular attention shall be paid to the area of Anti-Bribery Policy for Lifa Air Ltd.

### 2. CONFLICTS OF INTEREST

A "conflict of interest" exists when a person's private interest interferes in any way, or even appears to interfere, with the interests of the Company. A conflict situation can arise when an employee or officer takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when an employee or officer (or a member of his or her family) receives improper personal benefits as a result of his or her position in the Company. Loans to, or guarantees of obligations to, employees and officers and their family members by the Company may create conflicts of interest and in certain instances are prohibited by law.

It is a conflict of interest for a Company employee or officer to work for a competitor, customer or supplier. You should avoid any direct or indirect business connection with our customers, suppliers or competitors; except as required on our behalf.

Conflicts of interest are prohibited as a matter of Company policy, except as approved by the board of directors. Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with your manager or follow the procedures set out in this policy. Any employee or officer who becomes aware of a conflict or potential conflict should bring it to the attention of a manager, or other appropriate personnel or consult the procedures provided in this code.

### **3. CORPORATE OPPORTUNITIES**

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

### **4. COMPETITION AND FAIR DEALING**

We seek competitive advantages through superior performance never through unethical or illegal business practices. Each employee and officer should endeavor to respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees.

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.

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, provided or accepted by any Company employee or officer, family member of an employee or officer, or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is reasonable in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws, regulations or applicable policies of the other party's organization. Please discuss with your manager any gifts or proposed gifts that you are not certain are appropriate.

### **5. POLITICAL CONTRIBUTIONS**

Except as approved in advance by the chief executive officer or chief financial officer, the Company prohibits political contributions (directly or through trade associations) by the Company or its business units.

Individual employees are free to make personal political contributions as they see fit.

## 6. DISCRIMINATION AND HARASSMENT

The diversity of the Company's employees is a tremendous asset. We are 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, national origin or any other protected class.

## 7. HEALTH AND SAFETY

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

Employees and officers 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.

## 8. ENVIRONMENTAL

The Company expects its employees and officers to follow all applicable environmental laws and regulations. If you are uncertain about your responsibility or obligation, you should check with your manager and Lifa Air Environmental Policy for guidance.

## 9. RECORD-KEEPING, FINANCIAL CONTROLS AND DISCLOSURES

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

All business expense accounts must be documented and recorded accurately in a timely manner. If you are not sure whether a certain expense is legitimate, ask your controller. Policy guidelines are available from your controller.

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.

Business records and communications often become public and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies that may be misunderstood. This applies equally to e-mail, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please consult the Chief Financial Officer.

## 10. CONFIDENTIALITY

Employees and officers must maintain the confidentiality of proprietary information entrusted to them by the Company or its customers or suppliers, except when disclosure is authorized in writing by the Chief Financial Officer or required by laws or regulations. Proprietary information includes all non-public information that might be of use to competitors or harmful to the Company or its customers or suppliers if disclosed. It includes information that suppliers and customers have entrusted to us. The obligation to preserve proprietary information continues even after employment ends.

### **11. PROTECTION AND PROPER USE OF COMPANY ASSETS**

All employees and officers 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. Any suspected incident of fraud or theft should be immediately reported for investigation. Company assets should not be used for non-Company business.

The obligation of employees and officers 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 manufacturing ideas, designs, databases, records, salary information, and any unpublished financial data and reports.

Unauthorized use or distribution of this information is a violation of Company policy. It could also be illegal and result in civil or criminal penalties.

### **12. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS**

Any waiver of this code for executive officers or directors may be made only by the board of directors and will be promptly disclosed as required by law or regulation.

### **13. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR**

Employees are encouraged to talk to managers or other appropriate personnel about observed behavior that they believe may be illegal or a violation of this Code of Conduct or Company policy or when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports made in good faith by employees of misconduct by others. Employees are expected to cooperate in internal investigations of misconduct.

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### **14. COMPLIANCE PROCEDURES**

We must all work to ensure prompt and consistent action against violations of this code. These are the steps to keep in mind:

- (a) Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.



- (b) Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? If something seems unethical or improper, it probably is.
- (c) Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your manager will be more knowledgeable about the question and will appreciate being brought into the decision-making process. It is your manager's responsibility to help solve problems. If you are uncomfortable discussing the problem with your manager, you can talk to your general manager.
- (d) You may report violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees or officers for good faith reports of suspected violations.
- (e) Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.
- (f) All employees and officers are subject to the Company's code, which describes procedures for the internal reporting of violations of the code. All employees and officers must comply with those reporting requirements and promote compliance with them by others. Failure to adhere to this code by any employee or officer will result in disciplinary action up to and including termination.

## 15. ANNUAL ACKNOWLEDGEMENT

To help ensure compliance with this Code of Business Conduct, the Company requires that all exempt salaried employees and officers review the Code of Business Conduct and acknowledge their understanding and adherence in writing on an annual basis on the attached form.

## Corporate Social Responsibility Policy

We Lifa Air Ltd and its subsidiaries recognize that our social, environmental and ethical conduct has an impact on our reputation. We therefore take our corporate social responsibilities (“CSR”) seriously and are committed to advancing our policies and systems across the Company to ensure we address and monitor all aspects of CSR that are relevant to our business. These include good ethical behavior, concern for employee health and safety, care for the environment and community involvement.

We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including customers, suppliers and employees. We work closely with our customers, monitor supplier performance and actively encourage feedback from our employees. We maintain our website as one of the main routes for providing information to interested parties and for contacting us.

The Board takes ultimate responsibility for CSR and is committed to developing and implementing appropriate policies while adhering to a fundamental commitment to create and sustain long term value for shareholders. As a Company driven largely by technological innovation, our main assets are the talents and skills of the people we employ. The Board does not believe that the activities of the Company present any significant environmental risks.

The Chief Executive Officer is appointed by the Board to have overall responsibility for the CSR Policy.

### Code of Business Conduct

Lifa Air requests that all of its business is conducted in compliance with high ethical standards of business practice. We apply these standards to all dealings with employees, customers, suppliers and other stakeholders.

The Company’s Code of Business Conduct Policy has been approved by the President and Chairman of the Board. Our Code of Business Conduct Policy has been developed to ensure that the company’s business is conducted in adherence with high ethical and legal principles and sets standards of professionalism and integrity for all employees and operations worldwide.

The following is a summary of the Code of Business Conduct Policy:

- all employees have the right and responsibility to ensure that Lifa Air’s business is conducted with

high ethical and legal principles;

- our policy is to operate within applicable laws;
- discrimination or harassment of any kind will not be tolerated;
- as a matter of policy, we do not make political donations;
- no bribes shall be given or received;
- conflicts of interest must be avoided;
- we aim to be a responsible partner within our local communities; and
- employees are encouraged and supported to report, in confidence, any suspected wrongdoings (“whistleblowing”).

Appropriate ethical behavior is reviewed as part of the Company’s internal control process.

### Employees

Company aims to find, keep and engage the highest calibre of employees and encourages their contribution and development.

An environment that fosters innovation and collaboration is critical to the Company’s success. Appropriate career paths and internal recognition programs are developed for both technical and non-technical staff.

The importance of two-way communication is recognized particularly as it relates to the business and its performance. The leadership team is responsible for providing forums for employees to understand the business objectives and to ask questions. A variety of tools are utilized to foster two-way communications, including management meetings, employee meetings, and the Company’s email system.

Leadership and management development programs are regularly reviewed and updated as the competition for talented employees increases and the leadership needs of our business grow. Formal performance reviews are conducted annually and are linked to the goals of the organization.

The Company is committed to providing equality of opportunity to all existing and prospective employees without unlawful discrimination on the basis of religion, disability, gender, age, marital status, sexual orientation, race, ethnicity or any other protected status. We encourage diversity and opportunity, which is reinforced through the Company's Code of Business Conduct Policy.

### Health and safety

The Chief Financial Officer is the director appointed by the Board to have responsibility for the health and safety performance of the Company. The Chief Financial Officer reports any major health and safety issues to the Board as necessary.

Health and Safety code is contained in the Code of Business Conduct. Responsibility for the management of health and safety is on local management, who are supported by local external advisers, where necessary. It is the Company's intention that each business unit should have a senior individual designated as being responsible for ensuring the business unit conforms to local statutory health and safety regulations as well as the Code of Business Conduct Policy.

All business units are responsible for providing employees with a written health and safety policy. An annual questionnaire on health and safety performance is completed by all our business units and any issues are addressed and resolved.

Regular designated health and safety awareness training programs are also carried out.

### Environmental

Good environmental practice and the impact that our operations have on the environment are of great importance to Lifa Air. The main aim of Lifa Air's Environmental Policy is to comply with all applicable environmental legislation in all jurisdictions in which we operate and to adopt responsible environmental practices. The full text of our Environmental Policy has been published to employees and displayed in our facilities.

Business units are required to comply with the Company Environmental Policy and local statutory regulations and are encouraged to set their own environmental targets. An annual environmental questionnaire is completed by each business unit which highlights their environmental performance.

The vast majority of our products continue to be manufactured by outside contract manufacturers and we check the environmental policies of these suppliers through audits and surveys. Wherever possible our products are designed and manufactured to take account of the recycling and disposal of the product at the end of its lifecycle.

Wherever possible, business units monitor energy consumption, water consumption and waste production. All business units continue to take positive steps to reduce energy consumption, such as better space utilization, more efficient running of equipment and machinery and sensor controlled equipment. Environmental waste management in the Company continues to improve with most business units operating waste minimization schemes mainly focusing on increased recycling.

### Community

Lifa Air aims to build stronger and healthier global communities through education, charitable donations and support of non-profit agencies in the communities in which we operate. Working with established non-profit organizations maximizes the impact of our community building initiatives.

### Education

Lifa Air has established links with certain public-private non-profit educational organizations to help students develop the skills needed to succeed in the global economy. Since inception of the Company, Lifa Air continues to support education by offering internships and work experience programs.

In Hong Kong, Lifa Air has cooperated with the Hong Kong Polytechnics University on Summer Internship in Finland for Hong Kong students, Research Projects, Joint Studies on key community Indoor Air Quality parameters since 1999.

### Local community support of Non-Profit Agencies

We recognize the significance of our communities through our relationship with local non-profit agencies. Our employees help their communities by volunteering their time to various programs and donating materials and equipment to local causes.

The Company has formed lasting partnerships with several local non-profit organizations to provide essential resources and services to those in need.

In 2008, Lifa Air provides free workshops to train air-duct cleaning workers to ensure air duct ventilation hygiene for the Beijing Olympics.

In Hong Kong, Lifa Air supports the handicapped by procuring Lifa's Virusolve + Disinfectant from a Sheltered Workshop in Hong Kong, a material to be used in Lifa's regular service operations. The Company will continue to apply the same procurement policy where applicable to support the community.

Lifa Air continues to offer free consultancy to areas of Indoor Air Quality in Hong Kong, Taiwan and China. In the second half of 2012, Lifa Air will provide free workshops to train IAQ specialist for hospitals, schools and public transports in Taiwan, in order to promote general awareness of health and air hygiene.

### Charitable Donation Policy

Our businesses are encouraged to support the particular needs of their population by contributing to local charities and participating in community initiatives. Support takes the form of employee time and skills, gifts in kind and cash donations.

Lifa Air continues to support all of our employees and businesses in finding new ways of becoming involved to give back to their communities.

## Environmental Policy

We Lifa Air Ltd and all our subsidiaries are committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimises our potential impact on the environment in accordance with the Standards of ISO 9001 & ISO 14001. We will operate in compliance with all relevant environmental legislation and we will strive to use pollution prevention and environmental best practices in all we do.

We will:-

- integrate the consideration of environmental concerns and impacts into all of our decision making and activities,
- promote environmental awareness among our employees and encourage them to work in an environmentally responsible manner,
- train, educate and inform our employees about environmental issues that may affect their work,
- reduce waste through re-use and recycling and by purchasing recycled, recyclable or re-furbished products and materials where these alternatives are available, economical and suitable,
- promote efficient use of materials and resources throughout our facility including water, electricity, raw materials and other resources, particularly those that are non-renewable,
- avoid unnecessary use of hazardous materials and products, seek substitutions when feasible, and take all reasonable steps to protect human health and the environment when such materials must be used, stored and disposed of,
- purchase and use environmentally responsible products accordingly, insist that Lifa's suppliers adopt environmental policy that are consistent with this policy before award a long term product procurement agreement.
- where required by legislation or where significant health, safety or environmental hazards exist, develop and maintain appropriate emergency and spill response programmes,
- communicate our environmental commitment to clients, customers and the public and encourage them to support it,
- strive to continually improve our environmental performance and minimise the social impact and damage of activities by periodically reviewing our environmental policy in light of our current and planned future activities.