

CHINA METRO-RURAL HOLDINGS LIMITED

(The "Company")

CODE OF BUSINESS CONDUCT AND ETHICS

I. Introduction

This Code of Business Conduct and Ethics (the "**Code**") has been adopted by the Company's Board of Directors ("**Board of Directors**") and summarizes the standards that must guide the actions of the Company and its subsidiaries (collectively the "**Group**"). While covering a wide range of business practices and procedures, these standards cannot and do not cover every issue that may arise, or every situation where ethical decisions must be made, but rather set forth key guiding principles that represent the Group's policies and establish conditions for employment at the Group reasonably designed to deter wrongdoing and to promote:

1. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
2. Full, fair, accurate, timely, and understandable disclosure in reports and documents that a registrant files with, or submits to, the United States Securities and Exchange Commission (the "Commission") and in other public communications made by the Group;
3. Compliance with applicable governmental laws, rules and regulations;
4. The prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
5. Accountability for adherence to the Code.

We must strive to foster a culture of honesty and accountability. Our commitment to the highest level of honest and ethical conduct should be reflected in all of the Group's business activities including, but not limited to, relationships with employees, customers, suppliers, competitors, governments, government agencies and the public, including our shareholders. All of our employees, officers and directors must conduct themselves according to the language and spirit of this Code and seek to avoid even the appearance of improper behavior. Even well intentioned actions that violate the law or this Code may result in negative consequences for the Group and for the individuals involved.

One of our Group's most valuable assets is our reputation for integrity, professionalism and fairness. We should all recognize that our actions are the foundation of our reputation and adhering to this Code and applicable law is imperative.

II. Conflicts of Interest

Our employees, officers and directors have an obligation to conduct themselves in an honest and ethical manner and act in the best interest of the Group. All employees, officers and directors should endeavor to avoid situations that present a potential or actual conflict between their interest and the interest of the Group.

A "conflict of interest" occurs when a person's private interest interferes in any way, or even appears to interfere, with the interest of the Group. A conflict of interest can arise when an employee, officer or director takes an action or has an interest that may make it difficult for him or her to perform his or her work objectively and effectively. Conflicts of interest may also arise when an employee, officer or director (or his or her family members) receives improper personal benefits as a result of the employee's, officer's or director's position in the Group.

Although it would not be possible to describe every situation in which a conflict of interest may arise, the following are examples of situations which may constitute a conflict of interest:

- Working, in any capacity, for a competitor, customer or supplier while employed by the Group.
- Accepting gifts of more than modest value or receiving personal discounts (if such discounts are not generally offered to the public) or other benefits as a result of your position in the Group from a competitor, customer or supplier.
- Competing with the Group for the purchase or sale of property, products, services or other interests.
- Having an interest in a transaction involving the Group, a competitor, customer or supplier (other than as an employee, officer or director of the Group and not including routine investments in publicly traded companies).
- Receiving a loan or guarantee of an obligation as a result of your position with the Group.
- Directing business to a supplier owned or managed by, or which employs, a relative or friend.

Situations involving a conflict of interest may not always be obvious or easy to resolve. You should report actions that may involve a conflict of interest to your supervisor/manager or the Board of Directors.

In order to avoid conflicts of interests, senior executive officers and directors must disclose to the Board of Directors any material transaction or relationship that reasonably could be expected to give rise to such a conflict.

In the event that an actual or apparent conflict of interest arises between the personal and professional relationship or activities of an employee, officer or director, the employee, officer or director involved is required to handle such conflict of interest in an ethical manner in accordance with the provisions of this Code.

III. Transactions with Suppliers and Customers

In transactions with suppliers and customers, all employees, directors and officers are expected to:

- strictly observe and comply with all governing law and listing rules against bribery, corruption and personal gains;
- not accept, take or solicit from any suppliers/service providers (hereinafter called "**Suppliers**") any benefits for personal advantage, including but not limited to gifts, rebates, "Lai See", meals, accommodation, entertainment, services and/or any monetary and non-monetary benefits. "Lai See" received from each Supplier during Chinese New Year shall not value more than HK\$500 and shall be timely reported to your supervisor/manager for consent;
- not deal or transact with Suppliers or any customers for personal gains. This applies to all deals or transactions in any way, including but not limited to soliciting and/or offering loans, entering into cooperation, partnership, joint venture or contracts of any nature for personal advantage; and
- timely report and fully disclose to the Group any personal and/or family relationships with any Suppliers and/or customers.

IV. Quality of Public Disclosures

The Group has a responsibility to communicate effectively with shareholders so that they are provided with full and accurate information, in all material respects, about the Group's financial condition and results of operations. Our reports and documents filed with or submitted to the Commission and any national exchange and our other public communications shall include full, fair, accurate, timely and understandable disclosure.

V. Compliance with Laws, Rules and Regulations

We are strongly committed to conducting our business affairs with honesty and integrity and in full compliance with all applicable laws, rules and regulations. No employee, officer or director of the Group shall commit an illegal or unethical act, or instruct others to do so, for any reason.

If you believe that any practice raises questions as to compliance with any applicable law, rule or regulation or if you otherwise have questions regarding any law, rule or regulation, please contact your supervisor/manager or the Board of Directors.

VI. Compliance with this Code and Reporting of Any Illegal or Unethical Behavior

All employees, directors and officers are expected to comply with all of the provisions of this Code. The Code will be strictly enforced and violations will be dealt with immediately, including subjecting persons to corrective and/or disciplinary action such as dismissal or removal from office. Violations of the Code that involve illegal behavior will be reported to the appropriate governmental authorities, if required under applicable laws, rules and regulations.

Situations which may involve a violation of ethics, laws, rules, regulations or this Code may not always be clear and may require difficult judgment. Employees, officers and directors should promptly report any concerns about violations of ethics, laws, rules, regulations or this Code to their supervisors/managers or the Board of Directors at the following address:

Board of Directors
China Metro-Rural Holdings Limited
Suite 2204, 22/F., Sun Life Tower, The Gateway,
15 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Tel: 852-2111 3899 Fax: 852-2111 1890
Email: confidential@chinametrorural.com

Any concerns about violations of ethics, laws, rules, regulations or this Code by principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar function (the "**Covered Officers**") should be reported promptly to the Board of Directors.

The Group encourages all employees, officers and directors to report any suspected violations promptly and intends to thoroughly investigate any good faith reports of violations. The Group will not tolerate any kind of retaliation for reports or complaints regarding misconduct that were made in good faith. Open communication of issues and concerns by all employees, officers and directors without fear of retribution or retaliation is vital to the successful implementation of this Code. You are required to cooperate in internal investigations of misconduct and unethical behavior.

VII. Waivers and Amendments

Any waivers (including any implicit waivers) of the provisions in this Code for the Covered Officers may only be granted by the Board of Directors and will be promptly disclosed to the Company's shareholders. Amendments to this Code must be approved by the Board of Directors and will also be disclosed on the Company's web site at www.chinametrorural.com or filed in its annual reports, as required.

*First version adopted on August 25, 2009
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