

CHINA METRO-RURAL HOLDINGS LIMITED

(the "Company")

INSIDER TRADING POLICY

1.0 Notice

Violations of insider trading and tipping laws carry severe consequences both for the Company and the individuals involved. Compliance with this Policy is a condition of office or employment with the Company and its respective subsidiaries (collectively referred to as "China Metro"). A violation of this Policy may be grounds for discipline, up to and including immediate dismissal. The violation of this trading policy may also violate certain securities laws. If it appears that any of China Metro's directors ("Board members"), officers, employees or other insiders, including all persons who come into possession of material non-public information of China Metro before its public release (collectively, "Insiders") may have violated such securities laws, China Metro may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

2.0 Purpose

This Policy outlines the trading obligations of Insiders. Generally, an Insider who knows of material non-public information about China Metro may not trade in securities of the Company and may not use or disclose the information until the information is publicly known. In addition to this general policy, to reduce potential exposure for liability under securities laws, Insiders must not trade in the Company's securities during the "Blackout Periods" described in this Policy.

3.0 Scope

Violations of insider trading laws carry severe consequences for both China Metro and the individuals involved. Therefore, all Insiders must comply with this Policy.

4.0 Disclosure of Company Information

All Insiders should assume that all information about China Metro is confidential unless told otherwise. Under securities laws, all material information concerning China Metro, favorable or otherwise, is required to be released to the public as soon as it is known to China Metro. Disclosure cannot be made to select outside parties before broad public disclosure is made.

5.0 Trading in Securities of the Company

5.1 Insider Trading

5.1.1 Rules Against Insider Trading and Tipping

Under applicable securities laws, a person in a "special relationship" with China Metro (see the following section of this Policy) may not trade in securities of the Company if that person knows material information about China Metro which has not been fully disclosed to the public or a reasonable period of time for dissemination of the information has not passed. Otherwise, he or she may be liable to compensate the seller or purchaser of the securities, as the case may be, for damages resulting from the trade. A "trade" includes a purchase or sale of securities, an offer or solicitation to purchase or sell securities or an exercise of an option, warrant or other convertible security.

In addition, a person in a special relationship with China Metro may not disclose ("tip") to any other person any material non-public information about China Metro unless such disclosure is necessary in the course of China Metro's business. In China Metro's business, such disclosures would be normally made under the protection of a non-disclosure agreement.

5.1.2 Definition of “Special Relationship”

All Insiders are in a special relationship with China Metro. In addition, anyone who acquires material non-public information from a person in a special relationship with China Metro is deemed to be in a special relationship with China Metro if they knew or reasonably ought to have known that the party providing them with material non-public information was in a special relationship with China Metro.

5.1.3 Rule As It Applies To Other Corporations

Where China Metro is involved in an undisclosed material transaction with another corporation, each Insider is in a special relationship with that other corporation and, therefore, cannot trade in securities of the other corporation while aware of any material non-public information about that other corporation which was learned of when such Insider was in a special relationship with China Metro.

5.1.4 When Information Becomes Public

Information is considered to become public when it has been released to the public through appropriate channels, such as by press release or public statements by senior officers and a reasonable period of time for dissemination of the information has passed. While the waiting period is dependent on the circumstances, generally, a period of one full trading day should elapse prior to a trade being undertaken. Where publication of information does not occur, or if it should otherwise appear appropriate, China Metro may wish to obtain an opinion of counsel before Insiders trade.

5.1.5 Blackout Periods

To clarify for Insiders who have access to material information, such as financial results, and to ensure that material information is broadly disseminated to the investment community, China Metro has established “Blackout Periods” where Insiders may not trade in securities of the Company. Exercise of the share option in the Company’s Share incentive Plan is not limited in this Blackout Period. The “Blackout Period” is:

- a) for Insiders in possession of material non-public information relating to China Metro’s financial results, the period beginning on the first day of the month following the end of each fiscal year or each fiscal semi-annual period and ending at the close of the first full trading day (day on which the stock market is open) after disclosure of the semi-annual (or annual as the case may be) financial results by news release;
- b) for Insiders in possession of material non-public information relating to news releases, other than financial results, the period beginning immediately when Insiders acquired the information and ending at the close of the first full trading day following the announcement. This Blackout Period applies to all Board members and all China Metro employees at the director and senior management level; or
- c) any other time and for any length of time as deemed necessary by the Company’s Chief Financial Officer (CFO), after consultation with the Chief Executive Officer (CEO) or legal counsel. In order to avoid trading during a Blackout Period, Insiders are required to contact China Metro’s legal counsel or CFO for clearance before they trade any of the Company’s securities.

6.0 Liability and Penalties

Severe penalties under securities laws apply to Insiders who trade in securities of the Company using material information about China Metro that has not been publicly disclosed or who “tip” others who are not authorized to receive it and who may use it for the purpose of trading. An Insider who is convicted of contravening the securities laws in this regard is liable for a fine of not less than the profit made or loss avoided by such person by reason of contravention and not more than the greater of:

- a) a fine of up to \$1 million; and
- b) or an amount equal to triple any profit made.

In addition, such person may be liable to imprisonment for a term of not more than ten years.

Parties who breach securities law may furthermore be liable in any civil action taken against China Metro as a result of or consequence of the breach. In addition to any such penalties, any Insider may also be required to compensate any and all persons for their losses resulting from their sale or purchase of securities of the Company on the basis of the illegal trading or tipping activities.

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