

MABUHAY HOLDINGS CORPORATION
CODE OF BUSINESS CONDUCT AND ETHICS

Paragraph III. of the Company Policy Manual states:

Any violation of the Company's Code of Ethics will result in an inquiry to establish the facts and possibly result in disciplinary action. Cases of doubt should be referred to the Executive Committee or the President.

a. ***Policy on money matters***

The Company observes a strict policy on money matters. Any misuse or misappropriation in the use of the Company's funds shall be immediately subject to dismissal, without prejudice to any civil or criminal action that the Company may choose to institute.

b. ***Conflict of interest***

As a basic condition of employment, MHC expects its employees to refrain from any activity which will in any way interfere with or run in conflict with their work or jeopardize the Company's interest. Everyone is expected to conduct himself properly so that his good faith and integrity shall not be open to question. The following are areas where conflict of interest may occur:

b.1. Confidentiality

No employee shall, without authority, give or release to anyone any data or information of confidential nature concerning the Company, such as those relating to decisions, plans or competitive bids, or to use such information to his/her personal advantage and not to the best interest of the Company.

b.2. Other employment / Outside interests

Employment with the Company is regarded as a full-time occupation during working hours. No employee may engage in other gainful employment with another employer or engage in any other interest which will adversely affect the employee's performance during working hours.

It is considered to be in conflict with the Company's interest for an employee to serve:

- as an officer or director of any other company without the consent of the Board of Directors or Executive Committee of MHC; or

- in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business with the Company.

b.3. Own/family's interest in another company

It is considered in conflict with Company's interest, for an employee or any member of his/her immediate family to have an interest in another company which has, or is seeking to have business dealings with the Company, esp. when there is an opportunity for preferential treatment to be given or received. Exception: where such an interest comprises securities in widely held quoted corporation or in private companies where the interest is not material. Where such a conflict exists, the employee is strictly prohibited from getting involved or participating in the transaction.

b.4. Gifts/perquisites

An employee should not accept commissions, loans or advances (other than from financial institutions), materials, services repairs at no cost or at unreasonably low prices, excessive or extravagant entertainment, gifts in cash or in kind and gift certificates from any firm(s) or individual(s) doing or seeking to do business with the Company, in exchange for any favor, promise or reward. During occasions, employees may receive gifts and favors, but in no case should the value thereof exceed nominal proportions.

b.5. Standing for elections

In order that the Company can avoid involvement or identification with any political party, an employee who wishes to run for elections must resign from the Company upon the employee's submission of his application for the position desired.

c. Public statement

An employee must not without the express authorization of the Board of Directors or Executive Committee make any public statement regarding the affairs of the Company. No employee should also talk to the press regarding the affairs of the Company unless properly authorized to do so.

d. *Inducements*

No employee shall offer any gratification of any kind directly or indirectly, to any employee of another company or agent thereof as a means of persuading that person to do or refrain from doing anything relating to a business transaction between the Company and the other company or agent.

No part of any payment in connection with any commercial transaction shall be made except through a valid receipt.

e. *Agents*

Money paid directly or indirectly to any agent in connection with any commercial transaction shall represent no more than the appropriate fee for services rendered by him in the transaction. All such payments must be supported by proper receipts.

f. *Entertainment of clients*

Where it is believed necessary in the interest of securing, maintaining or improving customer relations, appropriate entertainment of clients and prospective clients may be offered and financed by the Company. In all such cases, the entertainment must be duly authorized and such expenditure will be recorded in the regular books of accounts, supported by receipts and are subject to normal audit.

g. *Undisclosed or secret transactions*

No undisclosed, unrecorded or secret fund or asset shall be established or maintained for any purpose. All assets and liabilities shall be properly recorded in the regular books of accounts and be made subject to audit.

h. *Dealing among employees of the Company*

Members of the staff are expected to be courteous and observe respect with one another. Employees shall refrain from fermenting discord and petty jealousy among themselves with intent to discredit the reputation of anyone.

Disputes inside the office premises are to be avoided. Staff should not argue in loud voices or fight within the Company.