

July 24, 2013

WHISTLE-BLOWING POLICY (the “Policy”)

INTRODUCTION

Pacific Andes International Holdings Limited (the “Company”) is committed to maintaining the best employment practices and the highest standards of openness, probity, accountability and corporate governance.

To achieve accountability and transparency, the Company is adopting a policy which provides a mechanism to enable its officers and employees to communicate their concerns over fraudulent activities, malpractices or improprieties in a responsible and effective manner.

The Policy is designed to provide guidance to officers and employees of the Group, to enable them to raise concerns internally and at a high level, and to disclose information which the individual believes involves malpractice or impropriety.

The Policy enables an individual to disclose such information without fear of reprisal and sets out the arrangements for this to be done independently of line management.

It should be emphasized that the Policy is intended to assist individuals who believe they have discovered fraudulent activities, malpractices or improprieties.

It is not designed to question financial or business decisions taken by the Company nor should the Company use it to reconsider any matters which have already been addressed under harassment, complaint, disciplinary or other procedures.

POLICY SCOPE AND STATEMENT

The Company encourages its officers and employees to observe the highest standards of business and personal ethics in the conduct of their duties and responsibilities. As representatives of the Company, they must act honestly

and with integrity and comply strictly with all applicable laws, rules and regulations.

In its pursuit of good corporate governance, the Company encourages its officers and employees, vendors, contractors, consultants, suppliers and/or any party with whom the Company has a relationship, to provide information that evidences unsafe, unlawful, unethical or fraudulent practices.

The Company will protect the whistle-blower from any form of retaliation, harassment, adverse employment consequences or other discriminatory acts for providing information relative to violations of Company policies, rules and regulations of the Company.

OBJECTIVES

The objectives of the Policy are:

- To communicate the Company's expectations of its officers and employees in detecting fraudulent activities, malpractices or improprieties;
- To guide its officers and employees on the course of action when addressing their concerns or suspicions of fraudulent activities, malpractices or improprieties;
- To provide a process for investigations and management reporting; and
- To establish policies for protecting whistle-blowers against reprisal by any person internal or external.

TYPES OF ACTION COVERED BY THE POLICY

The Policy is intended to deal with concerns over wrongdoings that fall within the following activities:

- Financial malpractice or impropriety;
- Fraud or corruption or any dishonest act;
- Criminal activity including forgery or falsification of and alteration to Company documents/accounts;
- Breach of legal obligation (including negligence, breach of contracts);
- Danger of destruction to and unsafe practices in the work environment;

- Improper conduct or unethical behavior (e.g. disclosure of confidential and proprietary information to any party without prior authorization, accepting or seeking gifts of material value from business associates, vendors and suppliers);
- Attempts to conceal any of the above; and
- Any other similar or related inappropriate conduct or activities that could lead to other damaging implications to the Company.

REPORTING PROCEDURES

The whistle-blower shall report any conduct or activity that he/she reasonably believes in good faith to be a reportable conduct as defined in the Policy to

Mr. Robert Lew

Chairman of the Audit Committee of Pacific Andes International Holdings Limited

Email : robert.lew@eastiasentinel.com

The report may be made in writing or by email.

- All reports will be reviewed by the Chairman of the Audit Committee who will decide the appropriate action to be taken, including constituting a Review Committee or delegating the investigation to a committee headed by a Senior Manager.

The Review Committee shall comprise:

- Chairman of the Audit Committee and shall be Chairman of the Review Committee.
- 2 independent managers recommended by the Head of Human Resources as appropriate if asked to do so by Chairman of the Review Committee.
- Such other persons as the Chairman of the Review Committee shall deem fit.

The composition of the Review Committee shall be with the concurrence of the Chairman of the Audit Committee who shall have the discretion and authority to appoint such other persons as he deems fit.

All whistle-blowers must provide full cooperation and support to the Review Committee.

The Policy is not intended for personal complaints or for whistle-blowers to seek personal gain or who otherwise do not act in good faith. The Company will not tolerate any such malicious acts. Disciplinary action will be taken against such informant, as appropriate.

INVESTIGATION

All reports received shall be thoroughly investigated by the Review Committee with the objective of locating evidence that either substantiates or refutes the claims made by the whistle-blower.

The Review Committee may contact the whistle-blower and any party or personnel for further information and/or any documents that can shed light on the investigation.

The Review Committee may enlist, at the expense of the Company, the assistance of external legal, accounting or such other advisors and professionals, as may be appropriate or required to conduct the investigation.

The Review Committee shall exercise great care, sensitivity and timeliness whilst carrying out the investigation to avoid misleading or wrongful conclusions or actions which might affect the evidence of the investigation or result in wrongful accusations of any party.

The Review Committee shall maintain a register (the "Reports Register") for the purposes of recording all reports received, the date of such report, the nature of such report and a summary of its investigations and observations.

Periodic updates of such reports should be submitted to the Audit Committee and the Board of Directors of the Company (the "Board") on a quarterly basis. The Review Committee shall make the Reports Register available for inspection by any party upon approval by the Board.

Investigation results are confidential and will not be disclosed or discussed with anyone other than those with a legitimate need to know.

The whistle-blower will not be updated on the outcome of the investigations other than to receive confirmation that the matter has been investigated and dealt with appropriately by the Company.

Where a Senior Manager has been delegated to investigate he/she will report to the Chairman of the Review Committee who delegated the matter to him/her.

The applicable law, rules and regulations shall be observed in any investigation arising out of a whistle-blower report. As such, the person against whom the allegation is made shall be given the right to due process, including the opportunity to present evidence to refute the allegation.

ADMINISTRATION

The Managing Director or Chairman of the Audit Committee will be responsible for administration of the Policy assisted by the Company Secretary or the respective head of division. The Policy will be reviewed annually by the Board.

IMMUNITY FROM DISCIPLINARY ACTION

The Company encourages the reporting of fraudulent practices and inappropriate activities and in pursuit thereof, would grant administrative immunity to whistle-blowers.

Whistle-blower acting in good faith and who has not himself or herself engaged in serious misconduct or illegal conduct shall be protected from any forms of harassment, retaliation, adverse employment or career advancement consequence or discrimination, including but not limited to demotion, dismissal or reduction of compensation or privileges of employment.

The Company views whistle-blowing seriously and would:

- Not allow whistle-blowers to be victimized;
- Treat victimization of whistle-blowers as a serious matter that may lead to disciplinary action including dismissal from employment; and
- Take disciplinary action if any whistle-blower destroys or conceals evidence or makes untrue allegations.

A whistle-blower who has reported a suspicion of fraudulent activities, malpractices or improprieties in good faith and in compliance with the provisions of the Policy would not be prejudiced in his position in any way as a result of having made a report.