

CODE OF CONDUCT

OF LJ INTERNATIONAL INC.

OVERVIEW

This Code of Conduct (“Code”) has been adopted by the Board of Directors of LJ International Inc. (the “Company” or “JADE”), pursuant to the rules of the Securities and Exchange Commission (“SEC”) and the Nasdaq Stock Market (“NASDAQ”).

This Code is applicable to all employees, officers and directors of the Company and is designed to

- provide you with standards for the honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, the SEC and in other public communications;
- ensure compliance with applicable governmental laws, rules and regulations;
- make prompt internal reporting of violations of this Code; and
- enhance accountability for adherence to this Code.

Compliance Officers. The Company has designated (a) the Company’s Company Secretary as its Compliance Officer to administer this Code with respect to employees, and (b) the Chairman of the Audit Committee to administer this Code with respect to officers and directors. You may, at your discretion, make any report or complaint to the appropriate Compliance Officer according to this Code.

Other Company Policies. This Code is in addition to the Code of Ethics that applies to the Company’s Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and other executive officers of the Company. Also, this Code is in addition to the Company’s other policies and guidelines with respect to its employees, officers and directors as contained in the Company’s employee handbook.

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1. Conflicts Of Interests.

A conflict of interests exists when a person's private interests interfere in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform his or her duties objectively and

effectively. Conflicts of interests may also arise when an employee, officer or director, or members of his or her family, receives improper personal benefits as a result of his or her position in the Company. Conflicts of interests may not always be clear-cut, so if you have a question, you should consult with the Compliance Officer. If you become aware of a conflict or potential conflict, you should bring it to the attention of the Compliance Officer promptly.

2. Trading in Company Securities.

If you know any material information about the Company which has not been disclosed to the public (otherwise known as "inside information"), you are prohibited by law and Company policy from engaging in transactions in the Company's stock until such information is disclosed to the public. If you do conduct transactions in the Company's stock while in possession of material non-public information, it is more than a violation of our ethical standards. The Securities Exchange Act of 1934, as amended, prohibits insider trading and deceptive practices in stocks and securities. If you violate these provisions, you could be subject to both civil and criminal penalties. If you have any questions regarding buying or selling our stock, please refer to [*Procedures And Guidelines Governing Securities Trades By Company Personnel and Advisors of the Company*] or consult with our Compliance Officer prior to engaging in any such transaction.

3. Use of Company Information.

In general, material information is information which a prudent investor would consider important in reaching a decision to buy or sell stock. Although the following list is not exhaustive, it provides several examples of what is generally considered to be material information:

- Projections of future earnings or losses or other earnings guidance.
- Earnings that are inconsistent with the consensus expectations of the investment community.
- A pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets.
- A change in management.
- Major events regarding the Company's securities, including the declaration of a dividend or stock split or the offering of additional securities.
- Financial liquidity problems.
- Actual or threatened major litigation or the resolution of such litigation.
- New major contracts, orders, suppliers, customers or finance sources or the loss thereof.
- A significant increase or reduction in purchases of merchandise by a significant customer.
- A significant change in the amount or timing of replenishment orders or in the amount or timing of returned merchandise.
- A significant change in inventory, including increases or decreases in obsolete items or the accounting reserves established therefor.
- The results of operations during any period of any division, subsidiary, or segment, or any significant changes in the components thereof, including its sales, costs of goods sold, or

items of expense.

If you possess material non-public information, you may not disclose such information to any other person (including family members). If you do disclose such information and others trade in our securities based on that information, you can be subject to criminal and civil penalties.

Information is a key corporate asset and is considered as the property of the Company. If you have access to proprietary and confidential information, you must take every precaution to keep it proprietary and confidential. Unauthorized disclosure of our proprietary and confidential information could be extremely harmful and could be the basis of legal action against both the Company and the person disclosing the information.

4. Filing and Reporting.

As a public company, it is of critical importance that the Company's filings with the SEC and other public communications contain full, fair, accurate, timely and understandable disclosure. Depending on their respective positions with the Company, employees, officers or directors may be called upon to provide information necessary to assure that the Company's public reports are complete, fair and understandable. The Company expects employees, officers and directors to take this responsibility seriously and to provide prompt and accurate answers to the inquiries from the Company's officers, directors, auditors or attorneys related to the Company's public disclosure requirements. With respect to any inquiries from other third-parties (such as analysts, members of the media and others), such inquiries should be directed to specifically designated persons who are authorized to respond, and such designated persons shall keep the Company's Board of Directors advised as to the content and scope of each such inquiry and response.

5. Protection and Proper Use of Company Assets.

All employees, officers and directors should endeavor to protect the Company's assets and ensure their efficient use. Company assets should be used for legitimate business purposes, although incidental personal use may be permitted. Theft, carelessness, and waste of the Company's assets have a direct impact on the Company's business and its profitability. Any suspected incident of fraud, theft or misuse should be immediately reported for investigation. The obligation of employees, officers and directors to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks, copyrights and know how, as well as business, sales and marketing plans, formulation and manufacturing ideas and practices, designs, databases, records, salary and other compensation/benefit information and any unpublished financial data and reports. Unauthorized use or distribution of the Company's proprietary information is prohibited. Unauthorized use or distribution of the Company's proprietary information could also be illegal and may result in the imposition of civil or criminal penalties.

6. Return to Investors.

The Company endeavors to maximize shareholders' return and maintain its high credit standing

through prudent management of its business and financing.

7. Fair Competition.

Trade laws and regulations are designed to foster a competitive marketplace and prohibit activities in restraint of trade. Generally, any actions taken either individually, or in combination with others, which are predatory toward a competitor or by their nature restrain competition, are most likely violations of one or more antitrust laws. In order to avoid violations of such laws, as an employee of the Company you may not enter into or discuss any arrangement or understanding with any third party which restricts the Company's or anyone else's pricing policies, the terms upon which our products and services may be sold to others, the number and type of products manufactured or sold, or which might in any way be construed as dividing customers or sales territories with a competitor.

8. Equality of Employment Opportunities.

The Company is dedicated to the achievement of opportunities for all its employees in relation to all personnel matters, including recruitment, training, promotion, transfer, benefits, dismissal, etc. All employees shall be assessed based on their ability and suitability to meet the job requirements, irrespective of their seniority, gender, race, age or educational background etc.

9. Environmental Policy.

The Company is committed to the continuous review of environmental issues affecting or affected by the production and the development of the production base. The Company adopts a pro-active approach for environmental management, incorporating the environment as an integral part of every business activity where it has influence and control.

10. No Retaliation.

The Company will not permit retaliation of any kind by or on behalf of the Company and its employees, officers and directors against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

11. Amendment, Modification and Waiver.

Any request for a waiver of any provision of this Code must be in writing and addressed to the Compliance Officer. If you are a director or officer of the Company, the request may be addressed directly to the Chairman of the Audit Committee. With regard to executive officers and directors, the Board will have the sole and absolute discretionary authority, acting upon such recommendations as may be made by the Audit Committee, to approve any waiver from this Code. This Code may be amended, modified or waived by the Board of Directors, subject to disclosure requirements and other applicable SEC and Nasdaq rules.

12. Accountability.

You are responsible for your adherence to this Code and will be held personally accountable. Your failure to observe the terms of this Code may result in disciplinary action, which may

include immediate termination or summary dismissal.

Last updated, amended, revised and adopted by the Board on January 29, 2012.

ACKNOWLEDGEMENT

The undersigned is an employee / officer / director of LJ International Inc. By my signature below, I acknowledge receipt of a copy of this Code of Conduct and I confirm that I have carefully read and fully understand all of the provisions of this Code of Conduct.

Dated: _____

(Signature)

(Print Name)