

**KUCHAI DEVELOPMENT BERHAD
(7573-V)**

**CORPORATE RULES AND REGULATIONS MANUAL
CODE OF CONDUCT & BUSINESS ETHICS ("the Code")**

**REG. NO: 1 (A1)
REVISION: 2
(UPDATED 2 DECEMBER 2016)**

1. INTRODUCTION

- 1.1. Kuchai Development Berhad ("***Kuchai***" or the "***Company***") and the Economic Entity and Company (is collectively known as the "***Economic Entity***") and the Economic Entity's employees shall comply with the Code of Conduct set out below.
- 1.2. It is a fundamental requisite of the Company that all its employees are expected to observe and comply with the Code of Conduct and Rules & Regulations applicable to the Company's business and that they are expected to behave / act in an ethical standard of integrity.
- 1.3. In line with good corporate governance practices, the Board, the Management and Employees of the Company shall act honestly, objectively and diligently while carrying out their duties and they shall not act in a manner which could discredit the Company in any manner.
- 1.4. For all intents and purposes, all Directors, Management and Employees shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties. They are expected to understand the Code of Conduct and to act / behave in accordance to the requirement as they are an integral part of the Company's corporate governance. The Code of Conduct has been designed to:
 - *Ensure decisions and judgments made by employees are lawful and of ethical standard;*
 - *Create and set a culture for the Company;*
 - *Assist employees when making difficult decision in the course of their duties; and*
 - *Give confidence to the Company's stakeholders.*
- 1.5. The Code of Conduct shall be applicable to all level of employees, Senior Management and Directors (including full time, probationary, contract and temporary staff) of the Company and all shall be known as "***Employees***". It is the duty of every Employee to read and understand the Code as violation of any part of the Code's provisions can result in disciplinary action that may include termination of employment.
- 1.6. If a Director requires further clarification on the Code, the Director may refer or highlight any concerns to the Chairman of the Board, whereas for an Employee, he /she may refer or highlight any concerns to his/her immediate superior, Head of Department or the Legal Advisor of the Company.

2. COMPLIANCE

- 2.1. Compliance to the Code of Conduct will be monitored and reviewed by the Senior Management and approved by the Board of Directors of Kuchai. Executive Directors has been tasked with the responsibility of reporting to the Board on an annual basis on the compliance of this Code of Conduct by the Company and its employees.
- 2.2. Employees have a duty to report any incidences of non-compliance of this Code by any level of employees.
- 2.3. Appropriate Disciplinary action will be taken for breach of any part of the Code, including and without limitation to termination of service / employment.

3. LAWS & REGULATIONS

- 3.1. All employees shall observe the relevant Laws & Regulations applicable to the Company's business at all times. As the laws and regulations that apply to the Company's business are numerous and often complex, therefore, in case of any doubts arises in relation to compliance with the Code, Laws or Regulations, employees must seek guidance from the External Legal Advisor.
- 3.2. In any circumstances, no Manager has the authority to require or approve any action that is in contrary or against any Laws, Regulations or the Code. If any employee is instructed by a Director, Senior Manager or Executive / Supervisor to do something which involves, or appears to be involve in an illegal activity or a breach of the Code, he or she should bring the matter to the attention of his or her immediate Superior or the next level of the Superior, or the External Legal Advisor on a confidential basis.
- 3.3. The Code of Conduct absolutely prohibits retaliation against any employee for reporting, raising questions in good faith about possible violations of the law / regulations or any part of this Code.
- 3.4. All employees are required to observe the highest ethical standards wherever doing business for the Company and they should never compromise the Code for the sake of results under any circumstances.
- 3.5. Good judgment may be needed where observance of a local custom or practice would produce a result different from that envisaged by the Code. In such a case, the employee should ask himself or herself whether he / she are able to justify his / her action. And if the dilemma cannot be resolved in this manner, he or she shall bring the matter to the attention of his or her superior or if needed to the highest level of his/ her Superiors.

4. CONFLICTS OF INTEREST

- 4.1. Directors and Employees should at all times avoid involving themselves in situations where there is real or apparent conflict of interest between them as individuals and the Company's interest. Directors and Employees must not use their positions or knowledge gained directly or indirectly in the course of their duties or employment for

private or personal advantages (directly or indirectly). In addition, a Director or an Employee shall avoid any situation in which the Director or Employee has an interest in any entity or matter that may influence the Director or Employee's judgment in discharging their responsibilities.

- 4.2. The obligation for disclosure and avoiding conflict of interest applies not only to situations directly involving any employee but also to situations involving spouse, other members of his or her close relative that would have to be disclose. A close relative is someone of whom the employee has a close family or personal relationship such that it could give rise to a conflict of interest in the given situation. It includes any spouse, partner, parent, step parent, child, step child, sibling, step sibling, nephew, niece, aunt, uncle, grandparent, grandchild (and any such relationships arising by marriage).
- 4.3. Conflicts of interest arise when an employee's position or responsibilities with his or her employer presents an opportunity for personal gain, regardless of whether the benefit is in fact obtained, apart from the normal rewards of employment or when an employee gives preference to his personal interests where his duties and responsibilities to the company should come first.
- 4.4. For the purpose of the Code, it is not possible to detail every situation where conflicts of interest may arise. Therefore, each function within the Company would have its own list of areas which have the potential for conflict given the nature of the business and the environment in which the Company operates.
- 4.5. A conflict of interest may exist in the following situations:
 - *A personal financial interest ("interest") in a business which has significant transactions or dealings with the Company and the employee is in a position to influence decisions in the Company. Any such interest that might give rise to a potential conflict of interest, because it creates a threat that the employee's business judgments can and might be influenced by the other interest rather than the interests of the Company. Any employee who has or proposes to have such an interest should disclose it to his/her or her Superior who must obtain clearance from the External Legal Advisor.*
 - *For the avoidance of doubt, this disclosure obligation extends to interests in suppliers, customers and other companies which have significant transactions or dealings with the Company whether or not such companies are privately owned or publicly traded.*
 - *The use or exploitation of knowledge or information gained from employment within the Company or to take advantage of a corporate opportunity in order to obtain a personal gain or benefit for his or her self or any of his/her close relatives, without first disclosing his intention to do so and without obtaining prior written approval needed;*
 - *Working for / on behalf of a third party or Company without obtaining approval needed to do so. Arrangements of this kind are never permissible, for example working for a competitor of the Company or any customer or supplier which the employee deals as part of his role within the Company;*
 - *Employees' close relative works or performs services for, or has a material financial interest in, any competitor, supplier, customer or other business with which the Company has significant business dealings. The activities of employees' close*

relatives can sometimes create Conflicts of interest and such activities shall be disclosed.

4.6. Employees shall not be involved with the omission of any act, without prior disclosure, which gives an undue advantage to an outside party in its dealings with the Company.

4.7. Employees are not prohibited from using his or her efforts to cause the Company to do business with a friend or relative or their business enterprises, provided that the proposal is in the best interest of the Company and when:

- *the employee has no significant financial interest in the business of the friend or Relative;*
- *the employee does not receive a bonus, commission or other item of significant value from the friend or relative in connection with the business transaction;*
- *the employee abstains from decision making on or approving the specific business transaction; and*
- *Details of the proposed transaction and relationship are, in advance of any commitment, submitted by the immediate Superior of the employee concerned to the External Legal Advisor for approval.*

4.8. Section 131 of the Malaysian Companies Act, 1965 ("CA") states that;

- *Employees who are also directors of a Company should be aware of the statutory requirement under Section 131 of the Malaysian Companies Act 1965 ("CA") to disclose their interest, direct or indirect in a contract or proposed contract with the Company.*
- *The penalty for contravention of Section 131 of the CA is imprisonment for 7 years and/or a fine not exceeding RM150,000.00.*

4.9. Articles of Association

The requirement of declaration of directors' interest can also be found in the Articles of Association of Kuchai.

4.10. Section 132E of the Company Act ("CA")

With respect to transactions on shares or other property involving directors (which for the purpose of Section 132E includes a chief executive officer, chief operating officer, chief financial controller or any other person primarily responsible for the operations or financial management of a company, by whatever name called) and persons connected with directors, employees who are also directors should be aware of the need for shareholders' approval for such substantial property transactions involving directors or persons connected with directors falling under Section 132E of the CA.

The penalty for contravention of Section 132E of the CA is imprisonment for 7 years and/or a fine not exceeding RM250,000.00.

4.11. Listing requirements of Bursa Malaysia ("Listing Requirements")

In addition, a transaction which involves the interests, direct and indirect of a related party must be announced or need shareholders' approval under the Listing Requirements as the case maybe. A related party means a director, major shareholder or person connected with such director or major shareholder.

5. INSIDE INFORMATION AND CORPORATE OPPORTUNITY

5.1. Inside information

No employee shall use inside information for his or her own pecuniary advantage or for that of a friend or relative. Thus, for example, each employee shall refrain from knowingly buying or selling the Company's shares, for his or her own account or for the account of a friend or relative, buying or selling any interests in commercial enterprises, buildings or building sites which the Company may be considering buying or selling, or has decided to buy or sell, until the Company's decision has been completely executed and has been made public.

No employee shall retain on his personal premises or disclose any trade secrets or confidential commercial information relating to the Company.

No employee shall disclose outside the Company any knowledge or decisions or other information about the Company (such as giving tips or inside information) which might be prejudicial to the interests of the Company or especially advantageous to the employee or others.

5.2. If an employee has or receives information that may constitute inside information in relation to any publicly quoted on the Company / Company, then he should immediately disclose this inside information, either to his / her Immediate Superior or where the inside information arises in connection with a specific project, he / she should raise it to the External Legal Advisor.

5.3. Inside information should be disclosed only with specific authority and only to:

- *those employees who require it to carry out their functions within the Company; or*
- *to agents or representatives of the Company who owe a duty of confidentiality to that Company and require such information to carry out work on its behalf.*

5.4. Corporate Opportunity

Section 132(2) of the CA provides that a director (and the chief executive officer, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of a company, by whatever name called) or officer of a company shall not, without consent or ratification of a general meeting :

- *use the property of the company, information acquired by virtue of being a director or officer, use his/her position as such director or officer, use any opportunity arising from the performance of his/her function as a director or officer, or engage in business which is in competition with the Company;*

- *to gain, directly or indirectly, a benefit for him / herself or another person or cause detriment to the Company.*

6. INTERESTS IN COMPETING BUSINESSES

- 6.1. Substantial ownership of shares, stocks or other securities or interests by any Director in any company whose business activity which are in direct competition with the Group or involves activities against the Group's interest must be reported to the Board and noted in the minutes of its Board meeting.
- 6.2. For the avoidance of doubt, this policy does not apply to:
 - *any investments owned by an employee prior to his employment in the Company provided that the matter has been disclosed in writing to his or her Superior prior to his or her appointment.*
- 6.3. Notwithstanding the foregoing, directors and officers of Group companies must be mindful of the prohibition contained in Section 132(2) of the Companies Act highlighted above which restricts them from engaging in business which is in competition with the Group.

7. INSIDER DEALING AND MARKET ABUSE

- 7.1. An insider is any employee who has access to price sensitive non-public information which could affect the price of shares of the Company when it becomes generally known. If such employee uses or provides such information for profit or to avoid loss, his or her conduct is unlawful in the eyes of the law and is punishable by the law of Malaysia.
- 7.2. Dealings in securities of a listed public company by a director or any principal officer of a listed public company who is in possession of price-sensitive information are also prohibited under Chapter 14.04 of the Listing Requirements. Even where they are not in possession of price-sensitive information, a director or principal officer would also need to comply with Chapter 14.05 the Listing Requirements in respect of dealings during the "Closed Periods".

8. BRIBERY AND CORRUPTION

- 8.1. Corruption can cause distortion in a Company and harms economic, social integrity of the Company as a whole. Bribery is a common form of corruption in a form of, any gift, payment or other benefit to which the recipient is not legally entitled to and which is offered in order to secure an improper business or other advantage.
- 8.2. The Company, its employees and agents shall at all times ensure that:
 - *they do not, directly or indirectly, offer, promise or give any gift, payment or other benefit to any person for the purposes of securing any improper business or other advantage;*

- *they do not, directly or indirectly, solicit, accept or receive any gift, payment or other advantage from any person in return for providing any improper business or other advantage; and*
 - *their activities do not otherwise contravene any applicable anti- corruption laws.*
- 8.3. The Company, its employees and agents are prohibited from making facilitation payments (directly or indirectly) where this would be in breach of any applicable law. The following are examples of corrupt or potentially corrupt activity which an employee should never engage in:
- *offering or making an unauthorized payment, or authorizing an improper payment (cash or otherwise) to a local or foreign official, or any related person or entity;*
 - *attempting to induce a local or foreign official to do something illegal;*
 - *turning 'a blind eye to' or failing to report any indication of improper payments or other inducements;*
 - *offering or receiving any gift, payment or other benefit in relation to obtaining business or awarding tender contracts;*
- 8.4. Specific legislations make it a criminal offence to offer or pay a bribe to any public officer under the Anti-Corruption Act 1997 ("ACA") whereby it clearly states that:
- *It is an offence under Section 10 of the ACA to corruptly receive or to corruptly give any gratification as an inducement, or a reward for, any person or officer of a public body, doing or forbearing from doing anything.*
 - *It is also an offence under Section 11 of the ACA for any agent, which includes an employee, to corruptly accept any gratification or for any person to corruptly give any gratification to an agent as an inducement or a reward for doing or forbearing to do any act in relation to his principal's affairs or business or to show any favor or disfavor to any person in relation to his principal's affairs or business.*
 - *Section 13 of the ACA prohibits the giving or the acceptance of any gratification as an inducement or reward.*
 - *Bribery of an officer of any public body in order that the officer will act favorably or unfavorably is an offence under Section 14 of the ACA. The penalty for each of the offences under Sections 10, 11, 13 and 14 of the ACA is imprisonment for not less than 14 days and not more than 20 years and a fine which is 5 times the gratification amount or RM10, 000.00, whichever is the higher.*
- 8.5. Section 137 of the Customs Act 1967 states that any person who bribes an officer to induce him in any way to neglect his duty or to do or fail to do any act whereby any provisions of any other law relating to imports or to exports may be evaded shall be guilty as an abettor.
- *The penalty for the offence is imprisonment not exceeding 5 years or to a fine not exceeding RM10, 000.00 or both.*

9. CHARITABLE CONTRIBUTIONS

- 9.1. The Company is entitled to make contributions to charitable organizations and provide non-commercial sponsorships, provided that they are not made to secure any

improper business or other advantage, do not give rise to any conflict of interest and are otherwise permissible under all applicable laws.

- 9.2. The Company should not make any charitable contribution unless they have taken steps to verify the recipient's reputation or status as a charitable organization. All charitable contributions and non-commercial sponsorships provided by the Company must be recorded in the Company's books of account and, where required by law, placed on the public record either by the company or the Recipient.

10. COMPETITION LAW

- 10.1. The Company believes in free competition and as such it will compete fairly in the marketplace and comply with the competition laws of each country or geographical area in which it operates. The Company encourages compliance with fair competition rules as it is a Management's discipline which will enable the Company to enhance its strength in the marketplace and ultimately its profitability.
- 10.2. Employees are expected to be aware of and be fully compliant with the competition laws affecting the Company and the Individual itself.
- 10.3. In the event that there is any doubt as to whether a particular business practice or activity will infringe any competition law or the Company's guidelines on fair competition rules, the matter should be referred to the External Legal Advisor of the Company.
- 10.4. Competition laws may affect both horizontal activities among competitors and also vertical arrangements between a supplier and its customers. Examples of business practices and activities that Competition Laws covers:
 - *Market sharing or division of markets - horizontal and vertical;*
 - *Exchange of company's proprietary information among competitors regardless of whether the exchange is direct or through a trade association;*
 - *Exclusion of an actual or potential competitor from a market;*
 - *Selling products below its cost price;*
 - *Abuse of dominant market position or predatory behavior towards competitors;*
 - *Fix prices (including setting minimum or maximum prices or 'stabilizing' prices;*
 - *Fix terms related to price, pricing formulas, credit terms, etc.; or*
 - *Divide up markets, customers or territories i.e., territorial or customer restrictions by which the supplier limits the territories into which, and/or the customers to whom, the distributor may resell the supplier's products.*

11. PRICE SENSITIVE INFORMATION

- 11.1. No Director or Employee shall use price sensitive non-public information, which can affect the prices of the securities of the Company when it has not become publicly known ("Inside Information"), for personal benefit. Directors and Employees are prohibited to trade in securities or to provide information to others to trade in securities of the Company until the Inside Information is publicly released. Directors or

Employees shall also not trade in securities in any other companies where they have Inside Information which they obtain in the performance of their duties.

- 11.2. No information which is price sensitive may be released by any employee of the Company. The crucial issue in determining if any information is price sensitive is whether it is of sufficient significance as to be likely to affect the Company's share price. Such price sensitive information can and shall only be released by the Company Secretary of the Company after approval by the Board.
- 11.3. Both the Listing Requirements, in particular Part 10 thereof and Chapter 6 of the Security Commission Guidelines require the disclosure to the public, information necessary to make informed investment decisions.

12. TRADE IN THE COMPANY'S PRODUCTS

- 12.1. The Company and its employees will ensure that:
 - *they do not knowingly engage in unlawful trade in their products; and*
 - *their business practices are directed at supporting only the legitimate trade on their products.*
- 12.2. All documents prepared by the Company in connection with sales of its products, whether export or domestic, must be accurate and complete and give a proper view of the transactions. All such documents must be retained according to the Company's Policy for possible inspection by tax, customs or other government authorities.

13. MONEY LAUNDERING

- 13.1. Money laundering is the process of concealing the identity of illegally obtained money so that it appears to have come from a lawful source or can be transformed from "dirty" money to "respectable" money or other assets. Most countries impose laws making it a criminal offence to engage in money laundering activity. Generally speaking such laws will make it an offence for any person or company to engage in transactions involving assets which they know are derived from criminal activity.
- 13.2. The Company and its employees will:
 - *not engage in any transaction which they know or suspect involves the proceeds of criminal activity;*
 - *not otherwise be knowingly involved directly or indirectly in any money laundering activity; and*
 - *pursue practices directed towards ensuring that their activities do not inadvertently contravene any relevant money laundering legislation.*
- 13.3. Money laundering is an offence under the Anti-Money Laundering Act 2001 ("AMLA"). Money laundering is defined under the AMLA to mean the act of a person who:

- *engages, directly or indirectly, in a transaction that involves proceeds of an unlawful activity;*
 - *acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes, uses, removes from or brings into Malaysia proceeds of any unlawful activity; or*
 - *conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of an unlawful activity.*
- 13.4. Any person who engages in, or attempts to engage in; or abets the commission of money laundering commits an offence and shall on conviction be liable to a fine not exceeding RM5 million or to imprisonment for a term not exceeding 5 years or both.

14. SANCTIONS

- 14.1. Various sanction regimes exist throughout the world, ranging from comprehensive economic and trade sanctions to more specific measures such as arms embargo, travel bans and financial or diplomatic restrictions. Economic and trade sanctions may impact upon the businesses of the Company by restricting the extent to which they can operate within certain jurisdictions.
- 14.2. Employees are expected to be aware of, and fully compliant with, all lawful sanctions regimes that impact upon their companies and businesses to ensure that they do not knowingly:
- *supply their products, or allow their products to be supplied, to any person; or*
 - *purchase products from any person in contravention of any lawful sanction, trade embargo, export control or other trade restriction which is applicable to them.*
- 14.3. Examples of sanctions and other trade restrictions include prohibitions or restrictions on:
- *exports or re-exports to a sanctioned country;*
 - *imports from, or dealings in property originating from, a sanctioned country;*
 - *travel to or from a sanctioned country;*
 - *new investments and other dealings in a sanctioned country, or with designated individuals;*
 - *transfer of restricted software, technical data or technology by e-mail, download or visits to sanctioned countries; and*
 - *supporting boycott activity (i.e., US anti-boycott laws).*
- 14.4. Terrorist groups are increasingly using legitimate businesses to generate revenue for their network and activities. In common with many others, companies run the risk of inadvertently breaching anti-financing measures when they deal with such businesses.

As such, the Company and its employees will also:

- *ensure that they do not knowingly assist in the financing of, or otherwise provide the support for, terrorist activity; and*

- *pursue practices to ensure that their activities do not otherwise inadvertently contravene any relevant anti-terrorism measures.*

15. SEXUAL HARASSMENT / BEHAVIOR / MISCONDUCT

15.1. Sexual Harassment

Sexual Harassment in any form by any Director or Employee is unacceptable. It is the Company's policy to provide all Employees with a working environment free from any form of sexual harassment. Any questions concerning issues of such should be directed either to the Employees' superior or the Head of Human Resource Department. All such reports and/or complaints shall be treated with strictest confidence.

15.2. Fair and Courteous Behavior

All Employees are to treat their fellow Employees and be treated fairly and courteously without regard to race, creed, religion, gender, nationality, age or disability, and shall not create any form of discrimination or prejudice in the workplace.

15.3. Misconduct

No Director or Employee is to be involved in or abet any activity that is deemed by the Company to be an act of misconduct.

16. WHISTLEBLOWING

16.1. Any Employee who knows of, or suspects, a violation of the Code, is encouraged to whistle blow or report the concerns through the Whistle Blowing Policy. The provision, protection and procedure of the Whistle Blowing Policy for reporting of the violations of the Code is also made available on the Company's website.

16.2. No individual will be discriminated against or suffer any act of retaliation for reporting in good faith on violations or suspected violations of the Code. The Company encourages any employee who suspects wrongdoing at work, whether by his Superiors or another employee, to raise his concern through an internal whistleblowing procedure.

16.3. Concerns raised will be investigated properly and the identity of the person raising the concern will be kept confidential. Concerns are encouraged to be raised in confidence but may also be raised anonymously.

Examples of suspected wrongdoing that can be raised include:

- *a failure to comply with any legal obligation or any other unlawful act or omission;*
- *miscarriage of justice;*
- *damage to the environment caused by an individual or Company;*

- *an act or omission which will or likely to, unlawfully endanger the health and safety of an individual or unlawfully damage the environment;*
 - *accounting malpractice or falsification of documents;*
 - *the commission of criminal offence;*
 - *a breach of human rights;*
 - *any other breach of the Code of Conduct or any other applicable Company Policy or concealment of any of the above.*
- 16.4. This procedure can and may be used by contractors, agency staff, temps and trainees, as well as by all employees and former employees throughout the Company. It is not intended for use where an employee is unhappy with his or her personal employment position, for example lack of promotion or a smaller than expected salary increase.
- 16.5. An individual who is concerned about actual or suspected wrongdoing and who wishes to report the matter formally for investigation shall raise it with his immediate Superior. The Superior shall immediately refer the matter to the External Legal Advisor for investigation but must otherwise keep all details confidential. The procedure to be used if the suspected wrongdoing involves the employee's line manager, he /she is to raise the concern either through the HR Manager of the Company or directly to the External Legal Advisor and / or if deemed necessary, take the following steps for complaint to reach the Audit Committee.
- 16.6. An outsider or an employee who has any suspicion that there is an impending fraud or that fraud has taken place, he/she can take the following steps:-
- *Report (Verbally or Written) directly to the Non-Executive Director; or*
 - *if he/she has done the above but failed to get any response and has evidence that Non-Executive Director is involved in the fraud, he /she can forward an email directly to the Chairman;*
 - *if there is still an absence of any response, he/she shall direct the report to the appropriate authorities.*
- 16.7. Whistleblowers / Informers are assured by the Company that their identity will be kept strictly confidential.
- 16.8. When the investigation has been completed, the person who raised the concern will be informed of the outcome in a personal meeting.
- 16.9. Anyone raising a concern in the genuine belief that wrongdoing has occurred or may be about to occur will not be penalized or suffer any form of victimization even if, after full investigation, it is shown that he was mistaken. Any form of reprisal against anyone who in good faith has raised a concern is forbidden and will itself be regarded as a serious offence to be dealt with under the relevant Company disciplinary procedures.

However, false allegations raised maliciously will be treated as misconduct and dealt with accordingly within the Company.

17. CONFIDENTIALITY AND INFORMATION SECURITY

- 17.1. It is pertinent that all Directors and Employees exercise caution and due care to safeguard any information of a confidential and sensitive nature relating to the Company which is acquired in the course of their duties, and are strictly prohibited to disclose to any person(s), unless disclosure is duly authorized or legally mandated.
- 17.2. In the event that a Director or an Employee knows of material information affecting the Company which has not yet been publicly released, the material information must be held in the strictest confidence by the Director or Employee involved until it is publicly released. Employees must not, during the term of their employment or thereafter disclose to any other person, any confidential information relating to the Company.
- 17.3. Where dissemination of confidential information relating to the Company for publications or through the media or to consultants is contemplated, such disclosures should only be made with the approval of the Board. Where confidential information is approved to be disclosed to another party, it should only be released under the terms of a written confidentiality agreement or undertaking entered into with the other party. Where the media is involved guidance should be obtained from the External Legal Advisor and approved by the Executive Directors with prior knowledge of the Board of Directors.

18. ENTERTAINMENT AND GIFTS

- 18.1. This Code is to prohibit corrupt practices with regard to the giving or receiving of entertainment and gifts and to prohibit the use of funds or assets of the Company for unlawful or improper purposes. Improper purposes will include the furtherance of personal gain or glory.
- 18.2. An employee, with the required consent, may use Company expense account to pay for entertainment, lunches and dinners with people doing or desiring to do business with the Company. The frequency and amount of these expenses should not go beyond the modest level and common courtesy usually associated with reasonable business practice and should not constitute lavish expenditure.
- 18.3. Employees are not encouraged to give or receive business gifts. The giving or receiving of goodwill gifts in the course of business may be permitted provided that they are:
 - *appropriate to the conduct of such business;*
 - *of a token or modest amount; and*
 - *properly recorded in the books of the company or made known as required.*
- 18.4. In determining whether a gift or entertainment is appropriate or consistent with reasonable business practice, the employee shall consider the following factors:
 - *Is the intent only to build or maintain a business relationship or offer normal courtesy, or is it to influence the recipients objectivity in making a specific business decision;*

- *Is the gift sufficiently modest and infrequent; and*
- *Is it legal in the country of the giver and recipient to offer or accept such gifts and entertainment.*

18.5. Some types of gifts are never acceptable. These are:

- *Any gift or entertainment that is illegal or prohibited by the other party's organization;*
- *Gifts or entertainment involving parties engaged in a tender or competitive bidding process;*
- *Gifts or entertainment which may have, or may be seen as having, a material effect on any business transaction which has been, or which may be, entered into by the Company;*
- *Any gift of cash or cash equivalent;*
- *Anything that is offered as a quid pro quo (offered for something in return); or*
- *Any inappropriate entertainment.*

18.6. If the giving of a more lavish gift is proposed, this must be approved in writing beforehand by the employee's immediate superior and simultaneously notified by the employee to the External Legal Advisor. If a more lavish gift is received, the employee must notify the External Legal Advisor immediately and seek the approval of his or her Superior as soon as possible after the gift is received or known to be received.

18.7. All gifts accepted on the basis that they will become the property of the Company unless it is being decided otherwise by the Management.

18.8. No entertainment or hospitality should be provided or received, and no gift should be given or accepted, in circumstances where it will have, or may be seen as having, a material effect on any business transaction which has been, or may be entered into by or on behalf of the Company or which might give rise to a conflict of interest.

19. PROTECTION OF ASSETS AND MISUSE OF RESOURCES

19.1. Employees have access to assets belonging to the Company on the basis of confidence and trust for use for the furtherance of the interest of the businesses of the Company. These assets may be tangible, for example, equipment, including computer hardware and cash, or they may be intangible, such as intellectual property and computer software. Regardless of condition or value, assets belonging to the Company should not be damaged, misused, taken, sold, lent, given away or otherwise disposed of, or used for personal purposes, except with specific authorization.

19.2. Employees should take all necessary steps to prevent theft, loss, damage to, or misuse of assets belonging to the Company, the occurrence of which should be reported immediately to management. Theft or other fraudulent activity by employees is liable to result in immediate dismissal and prosecution after referral to the appropriate authorities.

19.3. Limited, occasional or incidental personal use is permitted of certain company equipment and facilities issued to employees for their individual personal use but

provided that it is reasonable and does not interfere with the proper performance of their job, does not have an adverse impact on the company's systems and is not for improper or illegal purpose.

- 19.4. Employees shall always show the same respect to the tangible and intangible assets of third parties and must never knowingly damage or misuse such assets belonging to third party.

20. ACCURATE ACCOUNTING AND RECORD KEEPING

- 20.1. An honest, accurate and objective recording and reporting of information, both financial and non-financial is an essential requirement to the Company's credibility and reputation as to ensure the ability of the Company to meet its legal, tax, audit and regulatory obligations and support business decisions and actions made by Company.
- 20.2. All data that the Company employees create, whether financial or nonfinancial must accurately reflect the transactions and events occurred.
- 20.3. The Company employees must adhere to all applicable laws, external accounting requirements and Company procedures for reporting financial and other business information
- 20.4. The Company adopts records management and procedures according to the Company's policies. All employees have an obligation to manage their business records in accordance with the applicable records management policy and procedures.
- 20.5. Employees shall cooperate fully with the Company's internal and external auditors and ensure that all information held which is relevant to the audit of any company in the Company is made readily available to the auditors.
- 20.6. All transactions and contracts must be properly and accurately authorized and recorded as required.

21. TRANSFER PRICING LEGISLATION & REGULATORY REQUIREMENT

- 21.1. Effective 1 January 2009, taxpayers are required to determine and apply the arm's length price for the acquisition or supply of property or services to an associated person pursuant to Section 140A of the Income Tax Act 1967 ("ITA"). This section empowers the Director General of the Inland Revenue Board ("IRB") to substitute the price in respect of any property or services to reflect the arm's length price for the transaction as well as to disallow a portion of interest and finance charged that relates to financial assistance which is excessive.
- 21.2. Based on the existing legislation, penalties imposed for incorrect transfer prices can be 100% of the tax undercharged and such assessments can be made six years back.

Pursuant to the Gazette Order P.U. (A) 132 Income Tax (Transfer Pricing) Rules 2012 ("Transfer Pricing Rules") issued on 11 May 2012 and the Malaysian Transfer Pricing Guidelines issued on 24 July 2012 ("IRB Guidelines") which are also effective 1 January 2009, taxpayers are required to prepare contemporaneous transfer pricing documentation for their related party transactions. These rules also set out the transfer pricing methodologies to be applied to assess the arm's length nature of related party transactions and the list of information and documents which should be included in a set of contemporaneous transfer pricing documentation.

- 21.3. Company employees are expected to be aware of and be fully compliant with the transfer pricing laws on sales and services provided to related companies within the Company.
- 21.4. In the event that there is any doubt as to whether a particular business practice or activity will infringe any transfer pricing law, the matter should be referred to the Legal Advisor of the Company.

22. MINIMUM WAGE AND RETIREMENT ACT

- 22.1. The National Minimum Wages Act 2012 has come into effect on 1 January 2013. Compliance to this requirement together with the periodic changes shall be carried out throughout the Company by the Human Resource Departments.

23. HEALTH & SAFETY

- 23.1. The Company will use its best endeavors to ensure a safe workplace and maintain proper occupational health and safety practices to commensurate with the nature of the Company's business and activities. Such a commitment in return requires that all Directors and Employees understand and abide by the Company's policies and procedures such as:
 - Smoking Prohibition in the production and air condition areas;
 - Wearing of Personal Protective Equipment supplied;
 - Attend Safety & Health Awareness Trainings organized by the Company;
 - Work in a Safe Conscious Manner at all times; and
 - Always remember that Safety & Health come first.