



KIM HIN INDUSTRY BERHAD
[Registration No.: 197301003569 (18203-V)]
AND SUBSIDIARY COMPANIES
(“the Group”)

CODE OF CONDUCT
AND ETHICS

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Updated: 01 August 2024

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STATEMENT OF CONDUCT AND ETHICS

Kim Hin Industry has been in business for more than 35 years. From a small beginning in mosaic production in Kuching, Sarawak, Malaysia, we have expanded to be an integrated ceramic tile manufacturer and distributor with factories and businesses in Malaysia, China and Australia.

Kim Hin Industry and its subsidiaries aspire to the highest standards of moral and ethical conduct. We have embraced unwaveringly the values and ethics of our founder. His leadership in hard work, integrity and fair-play has become the company culture and sustained the growth of the business.

In the present challenging business climate, we constantly face issues which demands the right action and decision from us. But what is the right action and decision? We hope that this Code of Conduct and Ethics will guide all of us in this. Almost all the policies in this Code are based on government laws and regulations. They define the rules that we must comply with to conduct business. The growing number of regulations and enforcement means that all of us must be more aware and knowledgeable. We need to uphold our ethical commitment to integrity.

I, therefore, ask every person in the Kim Hin Group to make a personal commitment to follow our Code of Conduct and Ethics. At the same time, if you have a concern in the course of your work which touches on integrity or ethical issues, you should raise it to your superior or the designated channels in the company. There will be no retaliation action against anyone raising a claim or concern. Leaders must address employees' concerns about appropriate conduct promptly and with care and respect.

As we move forward together, we should be aware of the importance of upholding our reputation as a company with integrity. In the many decisions we make and the actions we take every day, let us affirm our total commitment to this Code of Conduct and Ethics. We aim to deliver value and build trust with our customers and suppliers, our employees and other stakeholders. Only with their increasing confidence in us can we to continue to grow our business and be the company of choice.



JOHNNIE CHUA
Chairman of the Board
March 2018

1. Scope

This Code of Conduct and Ethics outlines the principles, policies and rules that govern the activities of the company, and to which our staff and others who work with us, or represent us directly or indirectly must adhere.

The term 'Staff' applies to All Directors, Executive and Non-executive employees in the Company

The term "Company" applies to Kim Hin Industry Bhd and its subsidiaries

The Code of Conduct and Ethics serves to address the following key areas:

1. Working with Customers and Suppliers
2. Working with the government
3. Workplace responsibilities
4. Protecting the Company's assets
5. Employee Conduct

2. Responsibilities

2.1. Leaders: Supervisors and above who have subordinates

- Explain the Code of Conduct and Ethics to your subordinates
- ensure employees understand their responsibilities
- encourage ethical conduct and lead by example
- create a culture of compliance with the law
- respond to concerns raised

2.2. Employees: All other personnel

- familiarise yourself with the Code of Conduct and Ethics especially the sections applicable to you.
- act in compliance with the Code and the law.
- raise any concerns about potential violations of the Code

3. How to raise a concern?

3.1. If you know of, or have good reason to suspect, an unlawful or unethical situation or believe you are a victim of harassment or other prohibited workplace conduct, you can report the matter to the following persons:

- Your immediate Supervisor or Head of Department
- The HR department (hr@kimhin.com.my)
- Group Managing Director (john.chua@kimhin.com.my)
- Chairman of Audit Committee (psics2011@gmail.com)
- Member of Audit Committee (kbsim65@gmail.com)
- Member of Audit Committee (taihuiaw@yahoo.com)

3.2. You may submit your concerns by email, regular mail or phone. Postal submission should be marked "Strictly Confidential" to the following address:

Kim Hin Industry Berhad
4 ½ Mile, Kung Phin Road, Off Penrissen Road,
93250 Kuching, Sarawak, East Malaysia.
P. O. Box 1842
93736 Kuching, Sarawak, East Malaysia.
Attention: (give the relevant title as above)

3.3. No retaliation Policy.

The Company will not tolerate threats or acts of retaliation against an employee for making that report.

4. Actions

4.1. All concerns will be investigated promptly by the person receiving it. If required, he /she can obtain assistance from other resources within the Group (eg. HR Department).

4.2. Upon completion of investigation, appropriate course of action will be recommended to the management. Decision taken by the management will be implemented immediately.

4.3. The person raising the concern will be informed of the outcome.

5. Commitment

The Company necessarily relies on your commitment to exercise sound judgment, to seek advice when appropriate and to adhere to the highest ethical standards in the conduct of your professional and personal affairs.

SECTION 1: WORKING WITH CUSTOMERS AND SUPPLIERS

1. Fair and equitable business dealings

- 1.1. Staff shall ensure that all business dealings with customers, suppliers and competitors are conducted fairly and equitably and not influenced by friendship or association.
- 1.2. All decisions must be made at a strictly arm's-length business basis. Any preferential treatment should be in full compliance with the law and fully documented and duly authorised by the Company.

2. Improper Payment

- 2.1. An improper payment to gain advantage in any situation is never acceptable and exposes you and the Company to possible criminal prosecution. We prohibit improper payments in all business dealings.
- 2.2. Improper payments should not be confused with reasonable and limited expenditures for gifts, business entertainment and customer travel and living expenses directly related to the promotion of products or services or the execution of a contract. These are acceptable, subject to authorization by the Company.

3. Entertainment and Gifts

3.1. Acceptance of gifts and entertainment

An employee must not accept costly entertainment from customers, potential customers, or suppliers at a personal level. Under no circumstances should gifts in the form of cash, personal loans, airline tickets or use of vacation property be accepted. Similarly, you may not allow a close family member to accept the above from anyone.

However, an employee may accept token gifts of no commercial value if the acceptance of such gifts would not place the employee in a compromising position and if refusing the gifts would jeopardize customer / supplier relations.

In certain situation, it may be appropriate to accept a gift and place it on display at the Company's premises.

3.2. Giving Gifts and Providing Entertainment

If a gift could be seen by others as engaging in bribery or a consideration for an improper favour, you must not give the gift. Appropriate entertainment may be offered to customers / suppliers by persons authorised to do so, subject to the Company's business expense requirements.

4. Money Laundering

- 4.1.** We are committed to complying fully with all anti-money laundering and anti-terrorism laws throughout the world. We will conduct business only with reputable customers involved in legitimate business activities with funds derived from legitimate sources.
- 4.2.** Staff must be on the look-out for suspicious transactions that are not logical and to take reasonable steps to prevent and detect unacceptable forms of payment. Failure to detect such suspicious transactions can place the company at risk that can damage the Company's integrity and reputation.

5. Supplier Relationship

- 5.1.** To leverage our buying power, we purchase all goods and services on the basis of price, quality, availability, terms and service. Purchasing transactions must be consistent with arm's-length business basis and applicable law. All suppliers must meet the Company's Approved Supplier Policy.
- 5.2.** Staff must never lead a supplier to believe that you can inappropriately influence any purchasing decisions at the Company, nor behave in such a way that your positions are compromised.
- 5.3.** We expect our suppliers to conform to our Supplier Social Compliance Standards that require them to deal with workers, safety and health and environmental matters in a responsible manner and in compliance with the law.

6. Customer Relationship

- 6.1.** Employees should observe the golden rule that "the customer is right" and should always provide competent and courteous service.
- 6.2.** Under no circumstances should an employee engage in an argument with a customer. If you find yourself in a situation which you cannot handle, the matter should be referred to your immediate superiors.

7. Privacy

- 7.1.** We respect the privacy rights of our customers and suppliers and are committed to handling personal data responsibly and in compliance with applicable privacy laws. This means collecting, maintaining and processing personal data in accordance with the Personal Data Protection Act (PDPA).

SECTION 2: WORKING WITH THE GOVERNMENT

1. Interactions with government

- 1.1.** In the course of our work, we frequently interact with government agencies and officials and government-linked entities. In every instance, staff must apply the highest ethical standards and comply with applicable laws and regulations, including certain special requirements associated with government transactions.

2. Improper Payment

- 2.1.** An improper payment to gain advantage in any situation is never acceptable and exposes you and the Company to possible criminal prosecution.
- 2.2.** Under no circumstances may you offer anything of value to a government official for the purpose of influencing the recipient to take or refrain from taking any official action, or to induce the recipient to conduct business with the Company.

SECTION 3: WORKPLACE RESPONSIBILITIES

1. Fair Employment Practices

- 1.1. The Company is committed to equal employment opportunities and fair employment practices without discrimination against race, ethnic group, gender, religion, sexual orientation, disability, age, marital and pregnant status.
- 1.2. We seek to recruit, develop and retain the most talented people from a diverse candidate pool. Advancement is based on merit. Merit includes an individual's skills, performance, values, leadership and other job-related criteria.
- 1.3. Our employment practice complies with the applicable labour laws and regulations on, but not limited to, benefits, working hours, wage payment, disciplinary procedures.
- 1.4. Beyond legal compliance, we strive to create an environment that is considerate and respectful towards one another.

2. Workplace Harassment

- 2.1. We prohibit sexual harassment, intimidation or defamation of character whether committed by or against a supervisor, co-worker, customer, supplier or visitor.
- 2.2. If you believe that you are being subjected to discrimination or harassment or defamation of character, you should report it to your supervisor or to the HR personnel. The Company will promptly investigate all allegations of harassment or discrimination and will take appropriate corrective action.
- 2.3. Retaliation against individual for raising claims of harassment or discrimination is prohibited.

3. Child Labour

The Company shall comply with all the applicable child labour laws including those related to hiring, wages, work hours, overtime and working condition.

4. Forced labour

The Company shall hire only applicants who seek employment on a voluntary basis. We shall not use any form of forced labour or labour acquired through human trafficking or indentured labour, forced prison labour or slave labour.

5. Freedom of association

Employees have the right to join or form trade unions of your own choosing and bargain collectively as provided in the law.

6. Privacy

We respect the privacy rights of employees by using, maintaining and transferring personal data in accordance with the Personal Data Protection Act (PDPA). However, the Company reserves the right to monitor the use of Company property, including computers, emails and phones in accordance with applicable laws.

7. Safety and Health and Environment

7.1. The Company is committed to comply with the Safety and Health and Environment laws and regulations through management leadership and employee commitment.

7.2. We develop internal policies, procedures and guidelines to conduct our operations in a safe manner that minimizes adverse environmental and health impact.

7.3. Safety infrastructure such as fire-fighting system and equipment, first aid boxes and Emergency Response Plan are located at various places in the premises.

7.4. Personal protective equipment are provided free of charge to employees.

8. Drug Taking and Trafficking

8.1. The management shall not tolerate the misuse of controlled substances or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs on the job.

8.2. It is a condition of service that an employee found to be possessing, taking or trafficking or addicted to drugs or should the employee be convicted of or charged with an offence under the laws pertaining to drugs at any time, the employee shall be liable to immediate dismissal.

SECTION 4: PROTECTING THE COMPANY'S INTERESTS AND ASSETS

1. Conflict of Interest

Staff shall not engage directly or indirectly in any business activity that competes or conflicts with the Company's interests. These activities include, but are not limited to, the following:

1.1. Outside Financial Interest

Staff must disclose immediately to the management any financial interest in a customer or supplier, whether as a sole proprietor, partner, shareholders, creditor or debtor.

1.2. Other Employment

Staff are prohibited from engaging in private / part time business or accept employment / appointments from any other companies without prior approval from the Company.

1.3. Corporate Opportunities

You owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. You may not take for yourself a corporate opportunity that is discovered in the course of your employment or through the use of corporate property, information or position, nor may you compete against the Company.

1.4. Corporate Directorships

An employee should not serve as a director of another corporation without the approval of the Group Managing Director. Employees who hold directorships without such approval must seek approval immediately, if you wish to remain as directors of other corporations.

2. Integrity of Records and Transaction

2.1. The records, data and information owned, collected, used and managed by the Company must be accurate and complete.

2.2. Records must be maintained in sufficient detail as to reflect accurately all the Company transactions. Records should be retained in accordance with the retention policies. You are prohibited from destroying any records that are potentially relevant to a violation of law or any litigation or any pending, threatened or foreseeable government investigation or proceeding.

2.3. Financial statements must always be prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, the Company's financial condition and results.

- 2.4. Staff shall not make false entries or entries that would obscure the true nature of the transactions to mislead the authorization limits or approval authorities of such transactions.
- 2.5. Staff must use common sense and observe standards of good taste regarding content and language when creating business records and other documents (such as email) that may be retained by the Company or a third party.
- 2.6. Staff should keep in mind that at a future date, the Company or a third party may be in a position to rely on it or interpret the document with the benefit of hindsight and/ or the disadvantage of imperfect recollections.
- 2.7. The Company is also committed to accuracy in tax-related records, and to tax reporting in compliance with the overall intent and letter of applicable laws. Tax returns must be filed on a timely basis and taxes due paid on time.
- 2.8. Staff entrusted with approval authorities shall not misuse it by delegating such authorities to non-authorised persons.
- 2.9. All records, files, and programmes of the Company including personnel files, transaction statements, and customer information must be accessed and used only for the Management approved purposes for which they were originally intended.
- 2.10. Accordingly, steps should be taken to ensure that business-related paperwork and documents are produced, copied, faxed, filed and stored and discarded in such a way that minimizes the risk that unauthorised persons might obtain access to.

3. Physical assets, Intellectual Property, Proprietary and Confidential Information

- 3.1. Staff must work to safeguard the tangible and intangible assets of the Company and its customers and suppliers. These assets may only be used for business-related purposes.
- 3.2. Assets include but are not limited to cash, physical property, services, business plans, customers' information, suppliers' information, intellectual property (eg. designs, computer programs, models), our patents, trademarks, copyrights, trade secrets and other proprietary information.
- 3.3. At the same time, it is critical that we respect the valid intellectual property rights of others.
- 3.4. While working for the Company and continuing after you cease your employment with the Company, you must not disclose proprietary or confidential information about the Company or its employees, or a customer, or a supplier, to anyone (including other company personnel) who is not authorised to receive it.

The only exceptions are when such disclosure is authorised by the customer or supplier, or by appropriate legal process (eg subpoena) or appropriate Company authorities.

- 3.5. Examples of proprietary and confidential information include
- any system, information or process that give the Company an opportunity to obtain an advantage over our competitors.
 - non-public information about the Company's business plans, business processes and client relationships; strategies and projections;
 - non-public information about the Company's technology, systems and proprietary products.
- 3.6. You should ensure that access to work areas and computers with such information is properly controlled.
- 3.7. All employees are required to disclose and assign to the Company all interests in any invention, improvement, discovery or work of authorship you make or conceive that arises in connection with your employment with the Company. If your employment is terminated, all rights to property and information generated or obtained as part of your employment relationship remain the exclusive property of the Company.
- 3.8. Copying, selling, using or distributing information, software and other forms of intellectual property in violation of license agreement is prohibited.

4. Fraud prevention

- 4.1. Staff at all levels are responsible for being aware of what could go wrong in your areas and for being alert to symptoms of improprieties / irregularities which may be construed as dishonest and fraudulent acts.
- 4.2. Some examples of possible fraudulent acts are:
- a) manipulation, falsification, alteration of records or documents belonging to a shareholder or customer, staff, supplier, business associates, etc;
 - b) forgery or alteration of cheques, drafts, promissory notes, securities or any other Company's documents;
 - c) misappropriation of funds, securities, supplies or other assets;
 - d) impropriety in the handling or reporting of money or financial transactions;
 - e) profiteering as a result of insider knowledge of sensitive and privileged information;
 - f) disclosing to unauthorised persons the sensitive and privileged information engaged in or contemplated by the Companies and its subsidiaries;
 - g) Accepting or seeking anything of material value from customers and person(s) providing services/materials to the Company in return for giving favourable treatment to such parties;

- h) Unauthorised destruction or suppression of documents, records, furniture, fixtures and equipment;
 - i) Cheating, falsifying documents for gainful usage for oneself or for others outside the Company;
 - j) Computer fraud by manipulation of documents and records, data or programs, damage to software etc;
 - k) Theft of any kind, eg. Money, company's properties; and
 - l) Offences in relation to entries in books / documents:
 - Causing or making a false entry
 - Omitting or causing to omit any entry intentionally and knowingly
 - Altering, abstracting, concealing, destroying or causing to alter, abstract, conceal or destroy any entry
 - Obscuring the true nature of the transaction
 - Mislead the true authorisation limits or approval
- 4.3. All attempted fraud, if successfully proven, are to be dealt with, as if they are fraud.
- 4.4. Any irregularity detected or suspected must be reported immediately to the employee's immediate superiors or the Group Managing Director.
- 4.5. The Management will cooperate with the law enforcement bodies in the detection, investigation and reporting of criminal acts including prosecution of offenders.
- 4.6. Employment status of employees involved in Fraud.

It is the declared policy of the Company

- i) to dismiss all employees proven to have been engaged in fraudulent acts;
 - ii) to recover from the persons involved, in whatever manner as legally permissible, the losses incurred by the Company;
 - iii) to report all employees proven to have been engaged in fraudulent act to the relevant law enforcement agencies; and
 - iv) to reserve the right to request the suspected employee to declare all his/her assets and liabilities.
- 4.7. An employee with knowledge of any wrongdoing and who conceal, abet or suppress information of the wrongdoing will be liable for disciplinary action.

5. Insider Trading

- 5.1 Inside information is material information about a company that is not generally available to the public. Whether information is material is generally judged by whether it would affect a reasonable investor's decision about whether or not to invest in the company.
- 5.2 It is not an offence to possess inside information, but it is an offence to buy, sell or otherwise deal in relevant securities while you have inside information. This is called insider trading.
- 5.3 It is also a criminal offence to encourage insider dealing or to disclose inside information with a view to others profiting from it. If you possess inside knowledge, you should not advise or encourage another person (for example, a family member or friend) to buy, sell or otherwise deal in the Company's securities or pass the information to another person.
- 5.4 In you are in doubt about whether certain information is inside information, you should consult your Head of Department and/or the Company Secretary and ensure that all dealings in the securities of the Company comply with the procedures as set out in the Listing Requirements of Bursa Malaysia Securities Berhad and the law on insider trading.

SECTION 5: EMPLOYEE CONDUCT

1. Misuse of Position

- 1.1. An employee shall not use the Company's name or facilities, Company documents and information or the employee's connection with the Company to gain personal advantage / benefit / preferential treatment or for outside work.
- 1.2. You should not use your position in the Company to influence or coerce co-workers, subordinates or external business associates to further your private business or personal agenda at work.
- 1.3. You should not act in a manner prejudicial to your position eg. Trading / selling the Company's information or accepting bribes / gifts in exchange.

2. Usage of Company Time and the Company's Equipment

- 2.1. Employees are reminded that you should apply your time during office hours towards completing / carrying out your set assignments.
- 2.2. Employees should not use time at work to conduct private business such as direct selling.
- 2.3. The Company's telephone, facsimile and email facilities should be used for the Company's business only. You may not use these systems for private business or in a manner that could be harmful or embarrassing to the Company.
- 2.4. Conversations during working hours should be restricted to business matters.
- 2.5. The right to bring personal electronic equipment such as smart phones to the workplace during working hours should not be abused. Personal calls and messaging should be minimized and social media and games are not allowed.

3. Usage of Company's electronic communication systems

- 3.1. All employees must follow the Company's IT security policy to minimize the risks of compromising our IT system.
- 3.2. Employees are forbidden to use the Company's E-mail system for personal communication. This includes private charitable endeavours, personal business activities, amusement, entertainment and creation / dissemination of chain letters, junk mail, jokes etc.
- 3.3. Employees must never use the Company's system to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of a harassing, offensive or lewd nature.
- 3.4. It is to be noted that all messages/notes/ documents sent through the Company's E-mail system form part of the Company's records and the Company therefore reserves the right to access / disclose the records in the E-mail system for any legitimate purpose.

4. Avoidance of Financial Embarrassment

- 4.1. It is important that employees of the Company conduct themselves in a prudent manner and avoid any financial embarrassment to the extent that the company is involved. Employees are therefore reminded that:
- (a) You should not allow your personal expenses to exceed your income;
 - (b) You should refrain from having unnecessary borrowing and be aware of the liabilities of being a guarantor for another person's borrowings; and
 - (c) You should refrain from speculative financial activities.

5. Political Activity and Public Service

- 5.1. Employees who participate actively in any political associations are required to obtain prior written consent from the Management. Active participation may interfere with the discharge of your duties and may not be conducive to good relations among employees, customers or suppliers.
- 5.2. If you choose to participate in any political process, you must do so as an individual, not as a representative of the Company.
- 5.3. Employees may not be involved in a political campaign activity while on company time or use the Company's property for these activities.
- 5.4. Participation in public and governmental service may pose conflict of interest concerns. As a committee member, for example, you may be confronted with a decision involving the company on matters such as, but not limited to, the products, raw materials, property ownership and legal compliance.
- 5.5. You must weigh the concerns and bear responsibility for your decision. In all events, you should make it clear that you are an employee of the company to avoid any perception that you are concealing your association with the company.

6. Participation in unlawful activities / assemblies

- 6.1. As an employee, you are not allowed to participate in or be involved in unlawful activities / assemblies or act in a manner prejudicial to your position in the Company.
- 6.2. Should you be found in breach of the above and /or is charged / convicted by the police /courts for such participation, you are liable for stern disciplinary action.

7. Media, Publishing and Public Appearances

- 7.1. Employees are not allowed to give any interviews, publish, make speeches or make public appearances that are connected to the Company business interests, except with the prior approval from the management.
- 7.2. An employee who speaks out on public issues or in a public forum do so as an individual, and should not give the appearance of speaking on the company's behalf. This is particularly important with the rise of social networking media. Employees must always be aware that such services are increasingly being monitored by customers, business partners, colleagues and regulators.
- 7.3. The Company is committed to full compliance with the Securities and Exchange Commission's Regulation FD (Fair Disclosure). To ensure that employees do not violate public disclosure requirements when communicating with investors, analysts or the press, you should consult with Group Managing Director prior to arranging or participating in any investor or analyst meetings.
- 7.4. All inquiries from the media relating to the Company should be referred to the following officially designated spokespersons.
 - a) Group Managing Director All matters on policies and operations
 - b) Company Secretary All matters on corporate and shareholder enquiries

8. Misconduct and Discipline

- 8.1. Good discipline is an absolute necessity to enable the Company to meet its business objectives, and for employees to find this Company a good, safe place to work in.
- 8.2. Employees are expected to follow the Company's rules and regulations. Those who breach the Company's rules and regulations will be subjected to the Company's Disciplinary procedure.
- 8.3. The Company's rules and regulations and the Disciplinary procedure are documented in the Employee Handbook.

SECTION 6: ANTI-BRIBERY AND ANTI-CORRUPTION

1) Ethical Commitment

Kim Hin Industry Berhad and its subsidiary companies (“the Group”) regards honesty, integrity and fair play as our core values that must be upheld by all directors and staff of the Company at all times. This Code sets out the basic standard of conduct expected of all directors and staff, and the Company’s policy on Anti-Bribery and Corruption when dealing with the Company’s businesses.

2) Anti-Bribery and Anti-Corruption

2.1) Compliance with the law

All employees of Kim Hin Group and its subsidiaries are responsible in ensuring that they always comply with all laws and regulations, in particular, to the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). No excuses or exceptions will be acceptable for non-compliance of any domiciled laws and regulations where Kim Hin Group conducts its businesses.

2.2) Kim Hin Group do not, directly or through a third party, promise, offer, make, authorise, solicit or accept any financial or other advantage, to or from anyone to obtain or retain businesses or secure an improper advantage in the conduct of businesses. This rule applies regardless of whether they are government officials or work in a private sector entity. Financial or other advantage covers anything of value, including cash, gifts, services, job offers, loans, travel expenses, entertainment or hospitality.

2.3) All forms of bribery or corruption are prohibited and will not be tolerated. Any breach of the Anti-Bribery and Anti- Corruption Handbook of Kim Hin Group (“ABAC Handbook”) or applicable laws, may result in disciplinary and/or legal action being taken.

Directors and employees must raise any concerns regarding acts of bribery and corruption within Kim Hin Group to the reporting manager, respective Heads of Division/Department. Alternatively, to report through Kim Hin Group’s whistleblowing channels.

3) Prevention of Bribery

- Kim Hin Group prohibit all forms of bribery and corruption whether they take place directly or through third parties.
- All directors and staff of Kim Hin Group are prohibited from soliciting, accepting or offering any bribe in conducting the Company’s businesses or affairs, whether in Malaysia or elsewhere. In conducting all businesses or affairs of the Company, they must comply with the provisions of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and must not;

- a) Solicit or accept any advantage from others as a reward for or inducement to do any act or showing favour in relation to the Company's businesses or affairs, or offer any advantage to an agent of another as a reward for or inducement to do any act or showing favour in relation to his principal's businesses or affairs;
 - b) Offer any advantage to any public servant (include Government/public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government/a public body; or
 - c) Offer any advantage to any staff of a Government department or public body while they are having business dealing.
- Customers and third parties shall take practical measures to prevent corrupt practices in their dealings with the company as their actions could affect Kim Hin Group legally and tarnish the Group's reputation.

4) Facilitation Payment

- Facilitation payments are unofficial, improper, small payments made to a lower level official to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment is legally entitled.
- Facilitation payments are prohibited in most jurisdictions.
- Enterprises should, accordingly, not make such facilitation payments but it is recognized that they may be confronted with exigent circumstances, in which the making of a facilitation payment can hardly be avoided, such as duress or when the health, security or safety of the Enterprise's employees are at risk.
- When a facilitation payment is made under such circumstances, it will be accurately accounted for in the Enterprise's books and accounting records.

5) Entertainment

- Although entertainment is an acceptable form of business and social behavior, a director or staff member should avoid accepting lavish or frequent entertainment from persons with whom the Company has business dealing (e.g. suppliers or contractors) or from his/her subordinates to avoid placing himself/herself in a position of obligation.

6) Charitable contributions and sponsorships

- To ensure charitable contributions and sponsorships are not used as a subterfuge for bribery.

7) Gifts and Hospitality

- A conflict of interest exists when the personal interest of a director or an employee conflicts in any way with the interests of the Group. The ABAC Handbook prohibits excessive or inappropriate gifts and acts of hospitality to or from third parties.
- As a general guide, directors and employees shall decline excessive or inappropriate gifts or acts of hospitality that may:
 - (i) place them in conflict of interest;
 - (ii) influence business decisions on behalf of the company;
 - (iii) create an impression that the company is trying to obtain favorable business advantage/treatment; or
 - (iv) likely to compromise personal or professional integrity.
- Directors and employees must comply with the policies set out in the ABAC Handbook and the Code, and maintain expenses within the limits of entitlement.
- Kim Hin Group encourages directors and employees to practice good judgment and discretion before accepting gifts and acts of hospitality offered or provided by customers and/or third parties.
- If in doubt whether it is appropriate to receive any gifts or hospitality offered, directors and employees shall consult the respective Heads of Division/ Department or Group Management for advice.

➤ Gifts

- Gifts valued at RM1,000.00 or under may be retained, whether given in recognition of presentations or otherwise.

For gifts exceeding a value of RM1,000.00 the following options are suggested:

- (1) share the gift with all staff;
- (2) raffle the gift for charity;
- (3) donate the gift to charity; or
- (4) make a donation to charity and keep the gift.

➤ Hospitality

- Hospitality offered should only be accepted where there is a direct link to working arrangements and a genuine business reason can be demonstrated, for example:
 - (i) attendance or speaking at a conference, which provides complimentary subsistence, travel and accommodation;
 - (ii) attending at a free training course; or attending a drinks reception to network.

- It is recognized that, in the course of carrying out your duties, you will need on occasion to ensure good relationships with existing and future contractors and stakeholders and that this may involve for example, the receipt of modest working lunches and dinners. These are acceptable where there is a genuine business reason.
- Hospitality invitations to events which are purely social events should be considered very carefully before accepting; in such circumstances it may be much more difficult to substantiate a genuine business reason. You are expected to use annual leave for such events. You may not accept free holidays from a current or potential contractor. These invitations should be recorded in the register whether received or declined.

8) Records, Accounts and Other Documents

- Directors and staff should ensure that all records, receipts, accounts or other documents they submit to the Company give a true representation of the facts, events or business transactions as shown in the documents. Intentional use of documents containing false information to deceive or mislead the Company, regardless of whether there is any gain or advantage involved, may constitute an offence.

9) Conflict of Interest

- Directors and staff should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Company) or the perception of such conflicts. When actual or potential conflict of interest arises, the director or staff member should make a declaration to the approving authority through the reporting channel.
- Some common examples of conflict of interest are described below but they are by no means exhaustive:
 - a) A staff member involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Company.
 - b) One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process.

- c) A director of the Company has financial interest in a company whose quotation or tender is under consideration by the Board.
- d) A staff member (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

10) Misuse of Official Position, Company Assets and Information

- Directors and staff must not misuse their official position in the Company to pursue their own private interests, which include both financial and personal interests and those of their family members, relatives or close personal friends.
- Directors and staff in charge of or having access to any Company assets, including funds, property, information, and intellectual property, should use them solely for the purpose of conducting the Company's businesses. Unauthorised use, such as misuse for personal interest, is strictly prohibited.
- Directors and staff should not disclose any classified information of the Company without authorisation or misuse any Company information (e.g. unauthorised sale of the information). Those who have access to or are in control of such information, including information in the Company's computer system, should protect the information from unauthorised disclosure or misuse. Special care should also be taken in the use of any personal data, including directors', staff's and customers' personal data, to ensure compliance with Malaysia's Personal Data (Privacy) Ordinance.

11) Dealing with Third Parties

- All employees must ensure that all dealings with third parties are carried out consistently with values and principles of the Code, and in compliance with the applicable laws and regulations relating to bribery, corruption and fraud.
- Kim Hin Group expects all third parties acting for or on its behalf to have an acceptable standard of integrity in the conduct of their businesses.
- Kim Hin Group expects its employees to use good judgment and common sense in assessing the integrity and ethical business practices of third parties and therefore, has provided the below as a guideline:
 - a) To ensure third parties share Kim Hin Group's standards of integrity, it is the responsibility of employees to undertake appropriate due diligence to assess the integrity of the prospective business counterparties. The due diligence should also take into consideration elements of corruption including bribery; ensure all third parties are made aware of and understand the ABAC Handbook by executing the Third Party Declaration;

- b) Monitor the performance of third parties and business practices periodically to ensure ongoing compliance.
- c) Any third parties who act in a manner inconsistent with the ABAC Handbook during the due diligence exercise or in the dealings with a third party warrant further investigation, must be sufficiently addressed before engagement of the third party.
- d) To ensure procurement activities with any contractors or vendors are in line with the ABAC Handbook, employees shall:
 - (i) undertake appropriate due diligence of contractors and vendors before they are registered with Kim Hin Group. Contractors and vendors known or reasonably suspected of corrupt practices or bribery should be avoided;
 - (ii) ensure all contractors and vendors are made aware of, understand and comply with the relevant policies of the ABAC Handbook; and
 - (iii) monitor the performance of contractors and vendors periodically to ensure ongoing compliance.
- e) In the event that any contractors and vendors commit bribery or attempt to commit bribery, or act in a manner which is inconsistent with the ABAC Handbook, Kim Hin Group reserves the right to terminate their services.

12) Dealing with Government or Public Bodies

- Caution must be exercised when dealing with public officials as it is an offence for a public official to obtain any gift from any person involved in any proceeding or businesses transaction with him/her.
- Offering a gratification by corrupt or illegal means to influence a public official or offering gratification for the exercise of personal influence with a public official is also an offence.

13) Whistleblowing

- Kim Hin Group is committed to provide an avenue for all employees to raise concerns about any suspected and/or known improper conduct that they may observe occurring within the Group.
- All reported concerns will be treated confidentially and are to be kept protected against any unauthorised use and access, except where it is permitted under applicable laws.

If you know of, or have good reason to suspect, an unlawful or unethical situation, you can report the matter to the following persons:

Your immediate Supervisor or Head of Department

- The HR department (hr@kimhin.com.my)
- Group Managing Director (john.chua@kimhin.com.my)
- Chairman of Audit Committee (psics2011@gmail.com)
- Member of Audit Committee (kbsim65@gmail.com)
- Member of Audit Committee (taihuiaw@yahoo.com)

14) Recruitment of Employees

- Kim Hin Group will conduct proper background checks to ensure that the potential employee has not been convicted in any corruption and/or bribery cases. More detailed background checks shall be taken when hiring employees for management positions.

15) Compliance with the Code

- It is the responsibility of every director and staff member of the Company to understand and comply with this Code, whether performing his duties of the Company in or outside Malaysia. Managers and supervisors should also ensure that the staff under their supervision understand well and comply with this Code.
- Any director or staff member in breach of this Code will be subject to disciplinary action, including termination of appointment.
- Any enquiries about this Code or reports of possible breaches of this Code should be made to the Senior Management of Kim Hin Industry Berhad. In cases of suspected corruption or other criminal offences, a report should be made to the appropriate authority.

16) Review of Processes

The processes of Anti-Bribery and Anti-Corruption (ABAC) shall be reviewed by the Internal Auditors annually to ensure that compliance resources are focused on the significant ABAC risk faced by the Company.

The Internal Auditors shall report to the Board Committee on the results of their review.