



SINOTOP HOLDINGS BERDAD 114842-H

CODE OF BUSINESS CONDUCT

1. INTRODUCTION

- (i) The Code of Business Conduct (“CBC”) serves as a general reference for Sinotop Holdings Berhad (“Group”), its directors as well as employees pertaining to the core values, principles of discipline, good conduct, corporate governance commitment, integrity, professionalism and business ethics embraced by the Group.
- (ii) The CBC also carries the objective to enhance shareholders, other stakeholders and public confidence towards the Group’s commitment of maintaining integrity, objectivity and fairness in conducting business and other corporate social responsibilities.
- (iii) The CBC is a set of guidelines that applies to the Group member companies that operates primarily in Malaysia and China. It however does not spell out all the applicable law, rules and regulations governing the business operations of the Group.

2. BUSINESS CONDUCT

(a) Core Values

- (i) The Group emphasizes on embracement of integrity and professionalism in all aspects of business dealings and with stakeholders such as shareholders, employees, government agencies, regulatory bodies, bankers and etc.
- (ii) The Group believes strongly in trust and integrity and therefore aims at achieving high degree of awareness amongst its directors and employees. All employees (including executive and non-executive directors) are expected to serve with good faith, fidelity, diligence and act in the best interest of the Group.
- (iii) The Group encourages team work and open communications between Board members, management staff and all levels of employees with the view to encourage the cultivation of positive corporate culture across the Group.
- (iv) The Group promotes creativity, openness and procedure enhancement with the aim of achieving part or the entire process flow of operations which brings about higher level of efficiency.

(b) Conflict of Interests

- (i) Employees shall avoid conflict of interest wherever possible.
- (ii) Conflict of interest is a situation where interests of the Group’s directors (executive and non-executive), employees or a third party/(ies) conflict with the interest of the Group. In such situation, the parties involved are likely to face difficulties in carrying their duties / responsibilities in the best interest of the Group.



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2. BUSINESS CONDUCT (CONT'D)

(b) Conflict of Interests (cont'd)

- (iii) In a situation where there is possible conflict of interests, the director(s) and/or employee(s) involved is required to disclose such fact immediately to his/her superior, Human resource Department or other appropriate management staff and strive to resolve the issue in a fair and equitable manner, upholding the principle of acting in the best interest of the Group.
- (iv) Employees shall avoid conflict of interest wherever possible and uphold the value of integrity at all times.

(c) Related Parties ("RP") and Related Parties Transactions ("RPT")

- (i) The Group takes meaningful measures in the identification of RP and RPT.
- (ii) The Group's employees are educated to diligently identify RP in accordance to definition stipulated in the Main Market Listing Requirements ("LR") in the course of conducting business activities.

RP refers to directors, major shareholders and persons connected to them.

Specifically for the purpose of Chapter 10 LR transactions, directors and major shareholders include any person who was a director/major shareholder within the preceding six months of the date on which the terms of the transactions were agreed upon.

Persons connected to the directors and/or major shareholders are:

- (a) (i) A member of the director and/or major shareholder's family ie spouse, parents, child (including adopted and step-child), brother, sister and the spouse of his child, brother or sister;
- (a) (ii) A body corporate which is associated with the director and/or major shareholder ie,
 - The body corporate is accustomed to act in accordance with the directions, instructions or the wishes of the director and/or major shareholder;
 - The director and/or major shareholder has controlling interest in the body corporate; or
 - The director and/or major shareholder or persons connected with them are entitled to exercise, or control the exercise of, not less than fifteen per centum (15%) of the votes attached to the voting shares of the body corporate.
- (a) (iii) A trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the director and/or major shareholder or a member of their family is a beneficiary.
- (a) (iv) A partner of the director and/or major shareholder or persons connected to them.
- (iii) The Group is committed to deal with uncompromised diligence with regards to related party transactions policies relating to RP.



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2. BUSINESS CONDUCT (CONT'D)

(c) Related Parties ("RP") and Related Parties Transactions ("RPT")

- (iv) The Group shall comply with all applicable rules and regulations (which may be amended from time to time) relating to RPTs.

3. COMPLIANCE TO APPLICABLE LAW, REGULATIONS AND RULES

- (i) The Group is committed to comply with all applicable law, regulations and rules governing all aspects of its operations, both in Malaysia and in China.

4. CONFIDENTIALITY OF INFORMATION

- (i) All directors and employees of the Group are required to preserve the confidentiality of information he/she acquires during the course of performing official duties.
- (ii) Leaking of business-sensitive information and/or any kind of similar confidential information to third parties or persons who are not authorized/involved in a particular project will be construed as breaching the Group's confidentiality policy.
- (iii) Breaching of the Group's confidentiality policy may lead to dismissal or other disciplinary actions.

5. ENVIRONMENT, HEALTH AND SAFETY

- (i) The Group places high priority in creating and maintaining a safe working environment for its employees.
- (ii) All operational facilities of the Group adhere strictly to the health, fire and safety standards imposed by the China authorities.
- (iii) The Group's operations in China are in strict compliance with the applicable environmental protection laws and regulations. This includes a significant milestone in banning the use of Polyvinyl Alcohol (PVA) that causes water pollution.
- (iv) The Group promotes environment-friendly practices and encourages the recycling of papers and office stationeries to preserve a green environment.
- (v) All employees, particularly those at the production lines, are trained with mandatory safety measures to ensure the working environment is safe for everyone.



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6. ENTERTAINMENT EXPENSES

- (i) The Group recognizes the fact that in the course of soliciting business, there are needs to entertain customers/clients and business associates.
- (ii) The Group has corporate expenses claims policy that restricts claims submitted by authorized employees, managers and executive directors must be strictly incurred for official and/or business-related purposes.
- (iii) Only Executive Directors and line managers responsible for securing/soliciting businesses for the Group are entitled to claim entertainment expenses. Corporate entertainment activities shall only be organized for purposes that are bona fide in the best interest of the Group. The Group encourages authorized staff to exercise careful discretion when incurring entertainment expenses. Such entertainment expenses shall be incurred solely for the purpose of soliciting business for the Group and not for personal purposes.

6. DISCRIMINATION AND HARASSMENT

- (i) The Group recognizes the importance of cultivating a healthy culture of respecting the dignity of others. We reckon the importance of maintaining a harmonious working environment. Hence, any form of harassment, whether verbal and/or physical, is strictly prohibited.
- (ii) All levels of employees of the Group must not act to discriminate or harass fellow employees and/or business associates, stakeholders by their race, religion, origin, gender, nationality, age and lastly any sexual orientation. Harassment includes engaging in verbal and/or physical actions based on the earlier-mentioned basis.
- (iii) All cases of harassment must be immediately reported to the respective line manager and must be escalated to the Human Resource Manager.
- (iv) Engaging in harassment of any kind may result in stern disciplinary actions, including dismissal from employment.

7. GROUP ASSETS

- (i) All employees are entrusted and share the responsibilities of looking after the assets of the Group, especially those assets under the direct control or use by specific employees.
- (ii) The Group's assets must not be removed or relocated without the prior authorization of Management or line manager.
- (iii) Disposal of the Group's assets must be approved by the Management or other delegated authorities.



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8. RESIGNATION/TERMINATION OF EMPLOYMENT

- (i) Upon approval of resignation tendered by staff or termination of employment initiated by the Group, the staff concerned is still bound by the Group's policies until the effective date of resignation or termination of employment.
- (ii) Before leaving the Group, the director/staff concerned is required to surrender all information regarding the business and operations of the Group, stored in electronic data storage devices such as external hard disk, pen drive and/or printed copies.
- (iii) After leaving the Group, former directors and employees are continually bound by the obligation to maintain confidentiality of information acquired during the tenure of his/her's service in the Group.

9. WHISTLE-BLOWING POLICY

The Group has adopted a whistle-blowing policy. In respect of operational matters, employees are to refer the issue/(s) to the Group Managing Director and/or Executive Director.

In the event that an employee/director discovers incident of alleged fraud or irregularities, the employee shall immediately inform his/her line manager and/or report to any of the Audit Committee members via an anonymous email. The Audit Committee has duty to investigate the reported incident immediately and take the appropriate actions following their investigation.

10. COMMUNICATION AND IMPLEMENTATION OF CODE OF BUSINESS CONDUCT

H heads of Department are responsible for the communication and implementation of the Group's Code of Business Conduct to all staff under his administration.