

1. SCOPE AND APPLICATION

- 1.1 Prosonic Group means: (i) Formosa Prosonic Industries Berhad (“FPI”); (ii) any company more than 50% of whose outstanding stocks or interests with voting rights is owned directly or indirectly by FPI; and (iii) such other companies as will from time to time be determined by the Board of Directors of FPI to be included. Any amendment of this Prosonic Group Code of Conduct will be subject to the approval of the Board of Directors of FPI. No exemption or suspension of this Prosonic Group Code of Conduct in whole or part will be permitted unless approved in advance by the Board of Directors of FPI or any other body to which the Board has delegated such authority.
- 1.2 Each Prosonic Group company shall promptly take the necessary steps to adopt this Prosonic Group Code of Conduct including its amendments, if any, as its internal code of conduct and assure that it is reviewed and understood by all of its directors, officers and employees. Each company also must take appropriate steps to assure adherence to this Code of Conduct, including establishing appropriate disciplinary procedures where violations of this Code will result in sanctions up to and including discharge. Each company may adopt its own localised code, incorporating the substance of this Prosonic Group Code of Conduct as may be modified to reflect requirements of local laws and regulations or the social customs and characteristics of its business operations. Such localised code may include additional standards. However, in no event will any term of such localised code contradict or be more lenient than this Prosonic Group Code of Conduct. (The term “Prosonic Group Code of Conduct” shall, when used here in below, include such localised code.)
- 1.3 This Code applies to all the Prosonic Group’s personnel including directors, officers, employees, contractors and consultants who act for us, within all sectors, regions, areas, and functions. This Code is supplemented by Prosonic Group policies and guidance notes.
- 1.4 This Code sets principles for ethical behaviour by all the Prosonic Group’s personnel including directors, employees, contractors and consultants. It draws directly from the Prosonic Group’s Code of Ethics and it is this ethical framework that will provide the foundation for maintaining and enhancing the Prosonic Group’s reputation. It is about establishing common values and setting guidelines for acceptable behaviour.
- 1.5 The principles expressed in this Code govern our conduct wherever we operate and compliance with this Code is a condition of working for the Prosonic Group. These principles are not exhaustive nor are they a restatement of the law. Importantly these principles should not serve as a replacement for basic common sense and responsibility.
- 1.6 Breaches of this Code will be treated seriously and will lead to disciplinary action.

2 BOARD APPROVAL

- 2.1 The Board of Directors has approved this Code. The Board may approve updates and amendments to this Code from time to time.

3 BURSA GUIDELINES

- 3.1 Prosonic Group is listed on the Bursa Malaysia Securities Berhad ("Bursa"). The Prosonic Group is committed to best practice in corporate governance standards and adheres to the Bursa's Listing Requirements of good corporate governance and best practice recommendations.

4 WHAT IS EXPECTED OF YOU?

- 4.1 You are expected to:
- a) Conduct business with honesty and integrity and in an ethical and professional manner that protects our reputation;
 - b) Understand and comply with legal requirements and Prosonic Group policies;
 - c) Avoid any activities that could involve or potentially involve any unethical behaviour, unlawful practices or harm to the Prosonic Group's reputation;
 - d) Avoid actual or potential conflicts of interest;
 - e) Safeguard confidential information of the Prosonic Group and respect the confidential information of other parties with whom we do business or compete; and
 - f) Promptly report to the Prosonic Group any breach of law or regulation, ethical principles or Prosonic Group policies.
- 4.2 These requirements are not just about operating within the law, but are also about acting as responsible citizens, being honest and trustworthy and showing respect for others.
- 4.3 Importantly, these expectations extend beyond Prosonic Group premises and normal working hours to personnel fulfilling their roles while on Prosonic Group business at functions, conferences, social events and training courses and while on business trips. It also extends to any other situation where personnel can be associated with the Prosonic Group.

5 WHAT ARE MANAGERS' RESPONSIBILITIES?

- 5.1 Managers have the additional responsibility of serving as role models for these principles by visibly demonstrating support and by consistently encouraging adherence to them.

- 5.2 Managers must be available to provide their personnel with guidance on ethical behaviour and compliance relevant to their role and responsibilities. Managers are also responsible for creating an environment that encourages open discussion about ethical concerns.

6. COMPLIANCE AND THE CODE OF CONDUCT

- 6.1 The Prosonic Group's Code of Ethics requires all Prosonic Group personnel to observe the spirit and the letter of the law and to exercise high standards of ethical conduct when dealing with:
- a) Shareholders, creditors and general community;
 - b) Customers, consumers and suppliers;
 - c) Employment practices; and
 - d) The community.
- 6.2 The Code of Ethics, as supported by the Code of Conduct, will facilitate the Prosonic Group's compliance with its legal and regulatory obligations and maintenance of high standards and the Prosonic Group's reputation as a good corporate citizen.

7 CONDUCTING BUSINESS WITH INTERGRITY

- 7.1 You must comply with the spirit and letter of the law, and exercise high standards of ethical conduct, in all business dealings, including those with customers, consumers and suppliers.
- 7.2 You must comply with the relevant laws include competition and consumer protection legislation, if any.
- 7.3 In particular, the safety of customers using Prosonic's products and services is of utmost concern to Prosonic Group. In all phases of its operations, including R&D, planning, design, production, sales and after-sales service, Prosonic Group will continually develop and implement programs that meet or exceed legal requirements to help ensure the safety of its products and services. Prosonic Group is committed to giving safety instruction and information to customers that is accurate, understandable and prominently displayed. Should an accident or safety problem be reported in connection with Prosonic Group's products or services, Prosonic Group will promptly investigate the matter and take appropriate action.
- 7.4 In our business dealings, the giving or receiving of unacceptable payments by Prosonic Group personnel, such as inducements, bribes, secret commissions or secret profits, is not permitted under any circumstances.

- 7.5 All records, recordation and reporting of information, including but not limited to books and other financial records, must be accurate, complete, honest and timely and must be a fair representation of facts. Personnel should never cause records to be inaccurate or create records that are misleading or artificial. This policy applies not only to the personnel in charge of finance and accounting but also to all other personnel in the conduct of their respective duties.

8 INTELLECTUAL PROPERTY

- 8.1 In the course of your work you may create items that are protected or protectable under intellectual property laws, such as the laws concerning copyright, patents, trademarks, designs and circuit layouts.
- 8.2 If you are an employee of the Prosonic Group all intellectual property rights created in the course of your work will be owned by the Prosonic Group entity that employs you from the time of their creation. You must co-operate in securing those rights for the Prosonic Group.

9 CONFIDENTIALITY AND PRIVACY

- 9.1 In your work, you may have access to information that is confidential to the Prosonic Group. Reasonable steps must be taken to maintain its confidentiality. You must not use it or disclose it to any person except in the proper performance of your duties for the Prosonic Group, unless you obtain an appropriate Prosonic Group manager's prior written consent or unless you are required by law to disclose it.
- 9.2 Your confidentiality obligations:
- a) Continue after you cease to be engaged by the Prosonic Group; and
 - b) Do not apply to information that is in the public domain or comes into the public domain other than through a breach of your confidentiality obligations.
- 9.3 Examples of information that you must treat as confidential are your password for accessing any Prosonic Group computer system and any Prosonic Group personnel records to which you have access.
- 9.4 In addition, you must comply with privacy laws, particularly in relation to the collection, use and handling of personal information.

10 INSIDE INFORMATION AND SECURITIES TRADING

- 10.1 As part of your role you may have access to inside information that is information which is not generally available and which, if the information were generally available, a reasonable person would expect to have a material effect on the price of FPI shares.
- 10.2 You must not buy, sell or otherwise deal in FPI shares while in possession of inside information. In addition, you must not encourage anyone else to deal in FPI shares while you possess inside information, or pass the inside information to anyone else if you know, or ought reasonably to know, they will deal in FPI shares or encourage someone else to do so.

11 WORKING ENVIRONMENT

11.1 General

- 11.1.1 Workplace safety is a high priority for the Prosonic Group.
- 11.1.2 The Prosonic Group is committed to providing a safe and satisfying working environment in which everyone is treated fairly and with respect and where employment decisions are based upon merit. The Prosonic Group is also committed to observing the spirit and letter of applicable laws.
- 11.1.3 The Prosonic Group has various workplace standards so that it can meet these commitments.

11.2 Anti-Discrimination and Anti-Harassment

- 11.2.1 The Prosonic Group respects the human potential of all personnel and others who work in or visit its workplaces or sites. The Prosonic Group values the diversity of its personnel and endeavours to be fair by hiring, training and rewarding its personnel based on merit, experience or other work-related criteria. The Prosonic Group is committed to creating a workplace:
- where everyone is treated fairly and equally
 - in which no-one is discriminated against on the basis of characteristics such as gender, age, race, religion, sexual preference or marital status; and
 - in which no personnel or others who work in or visit its workplaces or sites is subject to, or commit an act of harassment while engaged in the Prosonic Group's business or on the Prosonic Group's premises.

11.3 Workplace Issue Resolution

11.3.1 You are expected to maintain a harmonious workplace and to contribute to the resolution of workplace issues and disagreements in a prompt, fair and impartial manner. The Prosonic Group will ensure that workplace issues and disagreements are promptly and properly investigated.

11.4 Performance Management

11.4.1 The primary objective of the Prosonic Group's performance management process is to improve performance and to correct inappropriate behaviour. Accordingly:

- a) Performance and behaviour requirements will be clearly communicated so they are understood by all Prosonic Group personnel;
- b) Unsatisfactory performance and inappropriate behaviour will be promptly identified;
- c) Prosonic Group personnel will receive appropriate training in order to properly perform their role; and
- d) Performance management processes will be applied fairly, impartially and with appropriate confidentiality.

11.5 No Forced Labour / Child Labour

11.5.1 Prosonic Group will not use any form of forced or involuntary labour. In addition, Prosonic Group will not use child labour. The term "child" refers to the local legal minimum age for labour.

11.6 Protection of the Company's Assets

11.6.1 You are responsible for protecting the Company's assets, including its proprietary information and the proprietary information of any third party with respect to which the Company has incurred confidentiality and limited use obligations. No director, officer or employee will take for him/herself personally any opportunity that is discovered through the use of Company property, information or position, or use Company property or information for personal gain.

11.6.2 You must protect Prosonic Group property and the belongings of others from theft, misappropriation and misuse.

11.7 Health and Safety

11.7.1 You are expected to protect your health and safety and that of all Prosonic Group personnel and other persons who work in or visit our workplaces.

11.7.2 Our systems and procedures provide for the identification, assessment and management of risks relating to the Prosonic Group's workplaces, sites and business operations. The Prosonic Group is committed to providing support and training for personnel so that they understand their occupational health and safety obligations and have practical guidance for managing risks.

11.8 Environmental Conservation

11.8.1 It is the policy of Prosonic Group to continually seek to minimize the environmental impact of its products, services and operations. To carry out such an environmental policy, Prosonic Group will endeavour to evaluate and, as appropriate, implement programs that meet or exceed legal requirements, and to consider environmental impact as a fundamental criterion when evaluating projects or operations.

11.9 Drugs and Alcohol

11.9.1 It is essential that all personnel who work in or visit the Prosonic Group's workplaces or sites can safely and competently perform their work duties. Your ability to perform your job properly may be affected if you take alcohol or drugs. Taking drugs and alcohol, or misusing medications, may also affect your safety, the safety of others and affect the Prosonic Group's business operations.

11.9.2 The Prosonic Group is committed to having systems and procedures in place so that personnel are fit for work at all times and understand their obligations in relation to alcohol, drugs and prescription medications.

12 CONFLICTS OF INTEREST

12.1 You should avoid placing yourself in situations or entering arrangements involving an actual or potential conflict between your personal interests and those of the Prosonic Group.

12.2 In making business decisions, you must act on an informed basis, in good faith, and in the honest belief that the action taken is in the best interest of Prosonic Group. You must check and ensure that the decision to be made will satisfy at least the following preconditions:

- (i) Lawfulness and legitimacy (i.e., compliance with applicable laws and internal rules and policies);
- (ii) Disinterest (i.e., the absence of personal interest or self-dealing);
- (iii) Authorization (i.e., within individual authority levels given by the corporation);
- (iv) Due care (i.e., an informed decision following a reasonable effort to become familiar with the relevant and available facts);
- (v) Good faith (i.e., the reasonable belief that the best interests of the corporation are served); and
- (vi) No abuse of discretion (i.e., a decision based on a reasonable exercise of discretion).

Structural conflicts may impair the individual's ability to make business decisions as described above. Accordingly, directors, officers and managers of Prosonic Group must exercise appropriate caution in structuring an organization of each Prosonic Group company.

12.3 Examples of conflicts of interest include:

- a) Actively participating in outside business activities which compete with the Prosonic Group;
- b) Utilising commercially sensitive or confidential information of the Prosonic Group for purposes other than those of the Prosonic Group;
- c) Taking a personal advantage of a business opportunity you became aware of through your role in the Prosonic Group; and
- d) Engaging in conduct or activities that conflicts with your ability to perform your duties and responsibilities to the Prosonic Group.

12.4 Prosonic Group personnel must declare outside business activities so that the Prosonic Group can determine whether a conflict of interest may arise.

13 TRANSACTIONS WITH THE PROSONIC GROUP AND DISCLOSURE

13.1 If you are a director or member of senior management, any transactions with the Prosonic Group involving you, your immediate family or any companies or other entities controlled by you or them or in which they have a substantial interest, must first be disclosed to the FPI Board who will decide whether it is appropriate for the transaction to proceed. Examples of transactions requiring disclosure include:

- a) You entering a consulting agreement with a Prosonic Group company; and
- b) You, or a company you or your family controls, entering into a contract to supply goods or services to a Prosonic Group company.

14 HOW DO I REPORT WRONGDOING?

14.1 All personnel are responsible for promptly raising concerns about any possible serious misconduct or unethical behaviour within the Prosonic Group. This includes the potential misconduct of directors, employees, consultants and contract or temporary workers. Ideally, you should raise concerns before problems develop. By stepping forward and raising concerns, you are fulfilling one of your responsibilities to the Prosonic Group.

14.2 You should consider reporting serious misconduct or unethical behaviour to your immediate supervisor and should look to address your concerns through normal internal channels. If this does not result in a satisfactory outcome, or if it is not possible or appropriate to make a report to your immediate supervisor, you should make a report to the Company Secretary.

14.3 All reports made will be thoroughly investigated. The types of things you should report may include any actual or suspected:

- a) Breach of the law;
- b) Breach of the Code of Ethics, Code of Conduct or other Prosonic Group policies;
- c) Corrupt activities;
- d) Significant mismanagement or waste of funds or resources;
- e) Abuse of authority;
- f) Serious harm to public health, safety or environment or the health and safety of you or any Prosonic Group personnel; and
- g) Action taken against, or harm suffered by Prosonic Group personnel as a result of making a report under the Prosonic Group's misconduct reporting policy.

14.4 You will not be disadvantaged in your employment with the Prosonic Group for making a report in accordance with the Prosonic Group's misconduct reporting policy.

15. HOW SHOULD I HANDLE A SITUATION NOT COVERED IN THIS CODE?

15.1 If you have any questions that are not specifically addressed, please speak with your manager. Never hesitate to ask questions, raise concerns, or seek the guidance or assistance you need.

16 WHAT HAPPENS IF I BREACH THIS CODE?

16.1 All Prosonic Group personnel are expected to comply with this Code. Breaches of this Code will lead to disciplinary action.