

1 INTRODUCTION

- 1.1 Formosa Prosonic Industries Berhad (“FPI or the Company”) is listed on the Bursa Securities Malaysia Berhad (“Bursa Malaysia”) and must comply with the Bursa Malaysia Listing Requirements (Bursa LR”).
- 1.2 The purpose of this policy is to:
- a) ensure that all directors, officers and employees are aware of the continuous disclosure obligations of the Company; and
 - b) implement a procedure for:
 - 1) the central allocation of all material information (as defined in section 3 of this document);
 - 2) the assessment of whether that material information must be disclosed to the Bursa Malaysia; and
 - 3) the method of release of that material information to the Bursa Malaysia.
- 1.3 The Company expects its directors, officers and employees to make themselves familiar with this policy.

2 POLICY

- 2.1 Bursa LR requires the Company must make immediate public disclosure of any material information.
- 2.2 Information is considered material, if it is reasonably expected to have a material effect on -
- (a) the price, value or market activity of any of the listed issuer’s securities;
or
 - (b) the decision of a holder of securities of the listed issuer or an investor in determining his choice of action.

- 2.3 Without limiting the generality of paragraph 2.2 above, material information may include information which -
- (a) concerns the listed issuer's assets and liabilities, business, financial condition or prospects;
 - (b) relates to dealings with employees, suppliers, customers and others;
 - (c) relates to any event affecting the present or potential dilution of the rights or interests of the listed issuer's securities; or
 - (d) relates to any event materially affecting the size of the public holding of its securities.
- 2.4 The following are some examples of events which may require immediate disclosure by the listed issuer:
- (a) the entry into a joint venture agreement or merger;
 - (b) the acquisition or loss of a contract, franchise or distributorship rights;
 - (c) the introduction of a new product or discovery;
 - (d) a change in management;
 - (e) the borrowing of funds;
 - (f) the commencement of or the involvement in litigation and any material development arising from such litigation;
 - (g) the commencement of arbitration proceedings or proceedings involving alternative dispute resolution methods and any material development arising from such proceedings;
 - (h) the purchase or sale of an asset;
 - (i) a change in capital investment plans;
 - (j) the occurrence of a labour dispute or disputes with sub-contractors or suppliers;
 - (k) the making of a tender offer for another corporation's securities;
 - (l) the occurrence of an event of default on interest, principal payments or both in respect of loans;
 - (m) a change in general business direction;
 - (n) a change of intellectual property rights;
 - (o) the entry into a memorandum of understanding; or
 - (p) the entry into any call or put option or financial futures contract.
- 2.5 Withholding of material information
- 2.5.1 The Company may, in exceptional circumstances, temporarily refrain from publicly disclosing material information, provided that complete confidentiality is maintained. Where material information is withheld, the Company must refrain from delaying disclosure for an unreasonable period of time since it is unlikely that confidentiality can be maintained beyond a short period of time.
- 2.5.2 The exceptional circumstances where disclosures can be withheld are limited and constitute an infrequent exception to the normal requirement of

immediate public disclosure. In cases of doubt, the presumption must always be in favour of disclosure.

2.5.3 The following are some exceptional circumstances where disclosure may be temporarily withheld:

- (a) when immediate disclosure would prejudice the ability of the Company to pursue its corporate objectives. Public disclosure of a plan to acquire certain real estate for example, could result in an increase in the listed issuer's cost of the desired acquisition or could prevent the listed issuer from carrying out the plan at all. In such circumstances, if the unfavourable result to the listed issuer outweighs the undesirable consequences of non-disclosure, disclosure may properly be deferred to a more appropriate time;
- (b) when the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

Occasionally, corporate developments give rise to information which, although material, is subject to rapid change. If the situation is about to stabilise or resolve itself in the near future, it may be proper to withhold public announcement until a firm announcement may be made, since successive public announcements concerning the same subject but based on changing facts may confuse or mislead the public rather than enlighten it. In the course of a successful negotiation for the acquisition of another corporation, for example, the only information known to each party at the outset may be the willingness of the other to hold discussions. Shortly after that, it may become apparent to the parties that it is likely an agreement can be reached. Finally, an agreement in principle may be reached on specific terms. In such circumstances a listed issuer need not issue a public announcement at each stage of the negotiations, describing the current state of constantly changing facts but may await agreement in principle on specific terms. If, on the other hand, progress in the negotiations should stabilise at some other point, disclosure should then be made if the information is material; or

- (c) where company or securities laws may restrict the extent of permissible disclosure before or during a public offering of securities or a solicitation of proxies.

3 RESPONSIBILITIES

3.1 Board of Directors

The Board is responsible for ensuring the Company complies with its continuous disclosure obligations. To this end, the Board is responsible for implementing and overseeing this disclosure policy.

3.2 Company Secretary

The Company Secretary shall be responsible for:

- (a) ensuring the Company complies with the continuous disclosure requirements; and
- (b) communicating with the Bursa Malaysia in relation to the Bursa LR matters including lodging disclosures with the Bursa Malaysia; and
- (c) overseeing and co-ordinating disclosure of information to the Bursa Malaysia, shareholders, analysts, the media and the public;
- (d) educating directors, officers and employees on the Company's disclosure obligations, policies and procedures and raising awareness of the principles underlying continuous disclosure; and
- (e) co-ordination, preparation and approval of all media releases by the Company and its related corporations.

3.3 Designated Person

3.3.1 A designated person to facilitate the execution of the responsibilities is a committee that comprises corporate and finance representatives and approving authorities.

3.4 Authorised Company Spokespersons

3.4.1 Unless otherwise advised, the nominated Company spokespersons are the Chairperson, Managing Director, Company Secretary and any other persons authorised by the Chairperson or Managing Director.

- The spokespersons are entitled to clarify information publicly released through the Bursa Malaysia, but they should not add to or reveal material price sensitive matters. The Company Secretary will liaise with those persons about Company's disclosure history to reduce the likelihood of inadvertent disclosure of such price sensitive matters.
- The Company Secretary should be kept advised of all discussions with the media and consulted in relation to any significant briefings or disclosures.

4 PROCEDURES

4.1 Potentially Disclosable Information

- Any director of the Company or its subsidiaries or related corporations or member of the senior executive team who becomes aware of any information concerning the Company that may be covered by paragraph 2.2 above, shall immediately provide such information to the Company Secretary.
- Any employee of the Company or its subsidiaries or related corporations who becomes aware of any information concerning the Company that may be covered by paragraph 2.2 above and has not been previously released by the Company to the Bursa Malaysia, shall immediately provide such information to the relevant senior executive team member for their business or function.
- Matters of strategic and/or operational importance that are likely to influence an investment decision may, depending on the special circumstances, be considered material information which should be released to the market. Such matters should be brought to the attention of the Company Secretary.
- Decisions regarding whether something is either price sensitive or of strategic or operational importance which should be released to the market shall be made after consultation with the Managing Director, Company Secretary, and any other relevant individuals.

4.2 Communication of Disclosable Information

- All information that would be expected to have a material effect on the price or value of the Company's securities will be released by the Company Secretary to the Bursa Malaysia before any other person.

4.2 Communication of Disclosable Information (continued)

- All information disclosed to the Bursa Malaysia in compliance with this policy will be promptly placed on the Company's website following receipt of confirmation from the Bursa Malaysia.
- If a Company employee becomes aware of an inadvertent disclosure of material price sensitive information (which has not been disclosed to the Bursa Malaysia) or that confidential Company information may have been leaked, he or she should immediately notify the Company Secretary.

4.3 Managing Market Speculation and Rumours

- #### 4.3.1 Market speculation and rumours, whether substantiated or not, have a potential to impact the Company. Speculation may result in the Bursa Malaysia formally requesting disclosure by the Company, may contain factual errors and could materially affect the Company.

The Company does not respond to speculation and market rumours. Employees must observe this policy at all times. Notwithstanding this, the Company may issue a statement where:

- the Company considers it has an obligation to make a statement; or
- the Company is required to respond to a formal request from the Bursa Malaysia.

4.4 Trading Halts

4.4.1 It may be necessary to request a trading halt from the Bursa to ensure orderly trading in the Company's securities. Such circumstances could include:

- if confidential information about the Company is inadvertently made public, to enable it to prepare an appropriate announcement to the market;
- if preparing for a major announcement, the Company may need to arrange briefings in advance of the formal announcement to avoid market uncertainty;
- to prevent an uninformed market pending announcement of a material matter.

4.4.2 The Chairperson and/or the Managing Director will make all decisions in relation to trading halts. No employee is authorised to seek a trading halt except with the approval of the Chairperson and/or Managing Director.

4.5 Review of Analyst/Media Reports

4.5.1 The Company recognises the important role performed by analysts in assisting the establishment of an efficient market with respect to the Company's securities. However, the Company is not responsible for, and does not endorse, analyst reports that contain commentary on the Company.

- Where analysts send draft reports to the Company to comment, they must immediately be referred to the Company Secretary.
- The Company will not provide non-disclosed material price or value sensitive information in response to such reports. The information may be reviewed only to correct factual inaccuracies on historical matters. Any correction of factual inaccuracies by the Company does not imply endorsement of the contents of these reports.

4.6 Responding on Financial Projections and Reports

4.6.1 Comments on the Company's financial projections and reports will only be made in relation to material that has already been publicly disclosed. Responses will be avoided which suggest that the Company or the market's current projections are incorrect. The Company will publicly announce any material change in expectations before commenting to anyone outside the Company.

4.7 Breaches of This Policy

4.7.1 Employees are expected to strictly comply with the continuous disclosure policy and breaches will be subject to disciplinary action, up to and including dismissal.

4.8 Advisers and Consultants

4.8.1 The Company will require consultants and professional advisers engaged by the Company or any of its subsidiaries to adhere to this Policy. The Company may ask such consultants and professional advisers to sign a confidentiality agreement.

5 COMPLIANCE

5.1 The Board of Directors may request the internal and external auditors to audit and report on the Company's compliance with this policy.

6 QUESTIONS

6.1 Any questions relating to this policy should be raised with the Company Secretary.