

MTD ACPI ENGINEERING BERHAD

CODE OF ETHICS FOR DIRECTORS

1. Objective

MTD ACPI Engineering Berhad (“**Company**”) and its subsidiaries (“**Group**”) expect all of their directors [“**Director(s)**”] to act in accordance with the highest ethical standards in all aspects of their activities, to comply with all applicable laws, rules and regulations, to deter wrongdoing and to abide by this code of ethics (“**Code**”).

This Code is formulated to enhance the standard of corporate governance and corporate behaviour based on the principles of transparency, integrity, accountability and corporate social responsibility.

2. Directors Responsibilities

- (a) Each Director should at all times act with utmost good faith towards the Group in any transaction and act honestly and responsibly in the exercise of his powers in discharging his duties;
- (b) Each Director should be willing to exercise his judgment and, if necessary, openly oppose if the vital interest of the Group is at stake;
- (c) Each Director should endeavour to deal fairly with the Group’s customers, suppliers, competitors, officers, employees and other third parties. No Director should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice;
- (d) Each Director should neither divert to his own advantage of any business opportunity that the Group is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- (e) Each Director should stay abreast of the affairs of the Group and be kept informed of the Group’s compliance with the relevant legislation and contractual requirements; and
- (f) Each Director should insist on being kept informed on all matters of importance to the Group in order to be effective in corporate management. Director should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Group.

3. Conflicts of Interest and Disclosures

A conflict of interest arises when we put our personal interests in conflict with the interests of the Group. Personal interest also includes the interest of persons connected to him pursuant to Section 122A of the Companies Act, 1965¹. Directors should be conscientious and loyal in representing the Group and in using and conserving its resources. They should report any personal interests or obligations that could conflict with the conscientious performance of their duties or create any suspicion or perception that decisions they make for the Group, might be improperly influenced by their personal interests.

Directors should always report any potential conflicts of interest and disclose immediately all contractual interests whether directly or indirectly with the Group.

Directors are prohibited from:

- (a) taking for themselves personally, opportunities that are discovered through the use of the Group's property, information or position;
- (b) using the Group's property, information or position for personal gain;
- (c) competing with the Group; and
- (d) accepting gifts or favours that could compromise their loyalty.

Directors should bring to the attention of and review with the Board matters that they deem to constitute a conflict or the appearance of a conflict. If the Board of Directors of the Company ("Board") determines a conflict exists, the matter shall be handled appropriately to eliminate the conflict, or shall be referred to the full Board to determine whether waiver as appropriate.

4. Protection of Group Assets

Directors should protect the Group's assets and ensure their efficient use. All assets of the Group should be used for legitimate business purposes only.

Directors are required to uphold the Group's commitment to stakeholders and to ensure the Group at times, conduct internal investigations for various reasons, including, to comply with regulatory requirements.

5. Confidential Information

Directors should maintain the confidentiality of information entrusted to them by the Group and any other confidential information about the Group that comes to them except when disclosure is authorised by the Board or required to do so by law or any securities exchange or regulatory or governmental body.

Proper management of confidential information by the Directors is very important to the Group. Loyalty to the Group includes a commitment not to use or give to others trade secrets or confidential information belonging to the Group or belonging to others with whom the Group does business. Confidential information includes any information not known to outsiders that has value to the Group or whose premature disclosure would help competitors or be harmful to the Group.

6. Records

Directors should ensure the integrity of our system of accounting and internal controls are maintained properly and that the Chief Executive Officer, the Chief Financial Officer and other senior financial officers of the Group should:

- (a) maintain valid, accurate and complete accounting and financial records and all transactions should be accurately and promptly recorded in the Group's books;
- (b) adopt practices and procedures which ensure compliance with all applicable laws and regulations, regarding full, fair, accurate, timely and understandable disclosures of Group information; and
- (c) prepare all public documents in accordance with relevant practices and procedures.

7. Waivers

Only the Board might approve a waiver of the Code that affects the Directors. All such waivers must be disclosed promptly, as required by applicable laws and regulations.

8. Reporting Violations of Applicable Law

Directors should uphold the spirit of responsibility and social accountability in line with the legislation, regulations and guidelines applicable to the Group.

Directors who report a suspected violation in good faith would be shielded from retaliation in accordance to Human Capital Development Department Procedures Manual in relation to Whistle Blowing.

9. Accountability for Adherence to the Code

Directors will be held accountable for adherence to this Code. Information regarding possible infringement of the Code by the Directors will be referred to the Board for handling as appropriate to the circumstances. Violations of the Code will be subject to appropriate action, including potential termination of appointment of directorship, depending upon the particular circumstances involved.

This Code is not intended to supersede or amend policies and procedures implemented within the Group.

10. Relationship with Shareholders, Employees, Creditors and Customers

Directors should be conscious of the interest of shareholders, employees, creditors and customers of the Group. Directors should at all times promote professionalism and improve the competency of management and employees; and ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

11. Social Responsibilities and the Environment

Directors should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies.

Directors also should ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if any company within the Group has not commenced business or has ceased to carry on business and is not likely to commence business in the future or resume business as the case may be.

In addition to the above, Directors should ensure the effective use of natural resources; improve quality of life by promoting corporate social responsibilities; be proactive to the needs of the community and to assist in society-related programmes; and ensure that the activities and the operations of the Group do not jeopardise the interest and well-being of society at large and assist in the fight against inflation.

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ENDORSED FOR AND ON BEHALF OF THE BOARD,

**DATO' DR. NIK HUSSAIN BIN ABDUL RAHMAN
CHAIRMAN
MTD ACPI ENGINEERING BERHAD**

Date: 29 March 2011

Note:

¹ *A person shall be deemed to be connected with a Director pursuant to Section 122A (1) of the Companies Act, 1965 if he is:*

- (a) a member of that director's family; or*
- (b) a body corporate which is associated with that director;*
- (c) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which that director or a member of his family is a beneficiary; or*
- (d) a partner of that director or a partner of a person connected with that director.*

A member of that director's family pursuant to Section 122A (2) of the Companies Act, 1965 shall include his spouse, parent, child (including adopted child and step-child), brother, sister and spouse of his child, brother or sister.