

## **SECTION 1: FRONT PAGE & INTRODUCTION**

**Strictly for Internal Use Only**

# **CODE OF BUSINESS CONDUCT AND ETHICS**

*(Applicable to all Employees and Directors)*

## **CORPORATE GOVERNANCE PROGRAM**

Version A

July 2010

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## **Section 1.1: Trio-Tech's Corporate Mission**

Our mission is to provide high quality products and services that fulfill the price and quality requirements of our customers, create opportunities for achievement and personal growth for our employees, and enhance value for our shareholders.

## **Section 1.2: Trio-Tech's Quality Policy**

To provide quality products and services that conforms to the requirements of all our customers.

To continually improve our processes to enhance customer satisfaction.

### **Section 1.3: CEO's Message**

At Trio-Tech International Inc. and our subsidiaries (“**Trio-Tech**” or the “**Company**”), our success is defined not just by our excellent products and superior service, but also by our reputation for integrity and fair dealing. In pursuing our business objectives, we must adhere to our core values of honesty and fair dealing.

As an employee or director of the Company, you should become familiar with the provisions of the Code of Business Conduct and Ethics (“**Code of Conduct**”) and comply with its requirements. Adherence to these standards will not only avoid potential civil and criminal exposures, but ensure that our reputation for fair dealing and ethical business conduct remains intact.

I expect every employee and director of the Company to make a conscientious effort to act at all times in accordance with both the letter and spirit embodied in the Code of Conduct. Thank you for your cooperation.

Mr. Siew Wai Yong  
President & Chief Executive Officer

## **SECTION 2: POLICY**

It is the policy of Trio-Tech to conduct its affairs in accordance with all applicable laws and regulations of the countries in which it does business. This Code of Conduct applies to the Company's employees and to its directors. The Code is designed to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;
- compliance with applicable governmental laws, rules and regulations;
- prompt reporting to the appropriate person of violations of laws, rules, regulations, this Code and other Company policies; and
- accountability for adherence to this Code.

Trio-Tech has established standards for behavior that affect the Company, and both employees and directors should comply with these standards. The Company promotes ethical behavior and encourages employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Directors are encouraged to talk to the Chairman of the Board in such situations. Additionally, violations of laws, rules, regulations, this Code or other Company policies should be reported to appropriate personnel. No one will be subject to retaliation for reporting such violations in good faith. Anyone aware of a situation that he or she believes may violate or lead to a violation of this Code should follow the guidelines under the Company's "Whistleblowing Policies & Procedures".

This Code covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide the employees and directors. Specific Company policies and procedures provide details pertinent to many of the provisions of the Code. All the employees are expected to be aware of, and to act in accordance with, both the Code and the Company's other policies and procedures at all times. Although there can be no better course of action than to apply common sense and sound judgment, the employees should not hesitate to use all available resources whenever it is necessary to seek clarification.

## **SECTION 3: WAIVERS AND VIOLATIONS**

### **Section 3.1: Waiver of this Code of Conduct**

Any waiver of this Code of Conduct as it relates to executive officers and directors of the Company must be obtained from the Audit Committee of the Company's Board of Directors. Approvals relating to all other personnel must be granted by the Chief Executive Officer or the Chief Financial Officer. All such approvals should be requested in writing. Such waiver will be disclosed in the manner, to the persons and to the extent required by then applicable law and/or the rules of any exchange or market upon which the Company's stock is then traded or listed.

### **Section 3.2: Violation of this Code of Conduct**

The Board of Directors shall be responsible for, or shall designate a committee to be responsible for, determining the appropriate actions to be taken in the event of a breach of this Code of Conduct. The Board of Directors or such committee shall take into account, in determining the actions to be taken, all relevant information, including without limitation the nature and severity of the breach, the intentions of the individual, past behavior of the individual and whether the breach was a single incident or part of a series of incidences. The actions taken by the Board of Directors or committee shall be reasonably designed to promote adherence to this Code of Conduct.

## **SECTION 4: CODE OF CONDUCT**

### **Section 4.1: Conflict of Interest and Related Matters**

Employees are expected to avoid situations that might involve a conflict between their personal interests and the interests of the Company. All employees are required to disclose to their supervisor any situation that may be a conflict of interest. The employees' participation in any activity which could involve an actual conflict of interest requires the advance approval of the Chief Executive Officer.

The following examples will serve as a guide to activity which should be disclosed to the Company for advance approval or which may be prohibited:

- **Financial Interests in Other Businesses:**

Financial interest in other businesses indicates ownership of a substantial interest in any outside concern that has a present or prospective business relationship with, or is a competitor of, the Company. A "substantial interest" is generally considered to be ownership of more than 1% of a public company, or a controlling interest, either alone or in concert with a group, in a private company. Ownership of a substantial interest, is not necessarily prohibited, but must be disclosed to the Company.

- **Kickbacks and Bribes:**

The receipt of any payment, loan, gift or other benefit by an employee from a customer, supplier or other person having business dealings with the Company as an inducement to take action favorable to such customer, supplier or other person; or the making of any payment, loan, gift or other benefit by an employee to any supplier, customer or other party having business dealings with the Company as an inducement to take actions favorable to the Company are prohibited.

- **Use of Information:**

Disclosing, misappropriating, or using Company confidential information for matters unrelated to the proper performance of assigned duties is prohibited. This particularly includes information concerning the Company's proprietary technology, inventions, software, any improvements of the foregoing, non-public business plans and strategies, non-public

information relating to sales, prospective sales or customers, or financial information. It does not matter whether or not this disclosure or use is motivated by an actual or anticipated personal profit or advantage. Any information about the Company is presumed to be “confidential” until it is made available to the public through the press, periodicals, financial or business publications, or similar sources.

- **Corporate Opportunities:**

Employees, officers and directors are prohibited from (a) taking for themselves opportunities that are discovered through the use of corporate property, information or position; (b) using corporate property, information, or position for personal gain; and (c) competing with the Company while employed by or serving as a director of the Company. Employees, officers and directors owe a duty to the Company to advance its legitimate interest when the opportunity to do so arises.

- **Working for a Competitor, Supplier or Customer:**

It is prohibited for Trio-Tech employees to work for competitors, suppliers or customers simultaneously.

## **Section 4.2: Business Relationships**

Trio-Tech seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance, not unethical or illegal business practices. All the employees must deal fairly with the Company’s customers, suppliers, competitors and employees and must not take advantage of them through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any unfair-dealing practice.

- **Customer Relationships:**

Customers are of utmost importance to Trio-Tech. Customers and potential customers should always be treated according to the highest standards of business conduct.

Employees should follow the following guidelines in selling the Company’s products and services:

- Sell on the strength of the Company and its products and services;



➤ Do not make claims about the Company's products or services unless the claims can be made in good faith.

- **Suppliers:**

Companies that sell products and services to Trio-Tech are important to the business. Suppliers and potential suppliers should always be treated according to the highest standards of business conduct.

- **Sales Representatives:**

Agreements with sales representatives, agents, marketing consultants, distributors and other parties, must adhere to the applicable U.S. and foreign laws and regulations.

- **Contracts and Commitments:**

No employee may enter into any agreement binding Trio-Tech without express authorization.

## **Section 4.3: Business Practices**

- **Accounting and Financial Reporting:**

All funds and other assets and all transactions of the Company must be properly accounted for, documented and promptly recorded in conformity with the Company's accounting policies to enable the preparation of timely management reports and to meet regulatory reporting requirements. The Company's business records must always be prepared accurately and reliably and stored properly.

The financial records of the Company must accurately reflect all transactions, including any payment of money, transfer of property or furnishing of services. All transactions must be executed in accordance with the Company's general or specific authorization.

All employees are expected to give complete cooperation to the Company's internal accountants and independent outside auditors to enable them to perform their duties.

Any employee having information or knowledge of any hidden fund or asset, any false or artificial entry in the books and records of the Company or any inappropriate payment, or any complaint regarding accounting, internal accounting controls or auditing matters should promptly report the matter through the Company's confidential Whistleblower Program or to their immediate supervisors.

- **Protection and proper use of Company Assets:**

All employees, officers and directors should use their best efforts to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected theft, fraud or intentional destruction or waste of Company assets should be promptly reported to the supervisor or other management personnel or the Board of Directors. All Company assets should be used for legitimate purposes for the Company's business (although incidental and minimal personal use may be permitted).

When a director, officer or employee's position requires spending Company funds or obtaining any reimbursement of personal expenses, that individual must use good judgment on the Company's behalf to ensure that good value is received for money spent.

- **Regulatory Compliance:**

The Company is committed to conducting its business in compliance with all applicable federal and state statutes and regulations. The Company promotes compliance with the laws, rules and regulations, including insider-trading laws, of all cities, states, countries and other jurisdictions in which the Company operates. All employees, officers and directors should seek advice from their supervisor or other appropriate Company personnel if they have any questions regarding compliance with any laws, rules or regulations.

- **Safety and Health:**

The Company and its employees are responsible for maintaining a safe workplace by following safety and health rules and practices. Employees should immediately report accidents, injuries and unsafe equipment/practices or conditions to a supervisor or other designated person.

## **Section 4.4: Trade Secrets and Confidential Information**

Employees, officers and directors will maintain the confidentiality of confidential information entrusted to them by the Company or its customers or suppliers, except when the disclosure is authorized or required by law. Confidential information includes all non-public information that might be harmful to the Company or its customers or suppliers if disclosed.

Each Company employee has been upon his or her employment required to execute a written agreement with the Company regarding confidential information and non-disclosure. Confidential and proprietary information such as its technology, know-how, business, finances, personnel, strategies and performance must not be disclosed to third parties. The employee's obligation with respect to keeping such information confidential continues even after termination of employment.

## **Section 4.5: Government Dealings and Investigations**

- **Political Contributions:**

The Company does not make corporate political contributions. Therefore, no contributions of Company funds will be permitted in connection with any federal, state or local election. This prohibition includes performance of services or providing anything of value by an employee as part of his or her duties for the Company. Political activity outside the United States is similarly restricted.

- **Foreign Corrupt Practices Act:**

The Foreign Corrupt Practices Act (FCPA) prohibits U.S. companies from making payments to any foreign official, political party official or candidate for political office in order to influence a business decision.

While certain payments to foreign officials are not necessarily prohibited by the FCPA, it is often difficult to distinguish between legal payments and illegal payments under FCPA rules. Therefore, payments, gifts or entertainment, regardless of amount, to foreign governmental officials and personnel to obtain or keep a business relationship with the Company shall not be allowed without the prior authorization of the Chief Executive Officer.

Requests for special billing or payment procedures which suggest possible violations of law, such as evasion of income tax, currency exchange controls or price profit controls, are contrary to the Company's policies and are prohibited.

- **Government Investigations:**

It is the Company's policy to fully cooperate with government investigations. It is critical, however, that the Company be represented by its own legal counsel during any investigation. If any employee believes that a government investigation or inquiry is imminent, or any inquiries are made, this information should be communicated immediately to the Chief Executive Officer or other members of management before he provides any answers wherever possible, in order to assure that the Company is properly represented by counsel.

## **Section 4.6: Equal Opportunity and Internal Complaint Policy**

- **Employment Discrimination:**

The Company is committed to maintaining a workplace free of discrimination on the basis of any protected characteristic, including race, color, national origin, sex, age, religion or disability and will take appropriate measures to prevent and/or stop it.

- **Internal Complaint Procedure:**

Any employee, who believes that a violation of this policy has occurred, should utilize the guidelines provided in the Whistleblower Program. The Whistleblower Program and the procedures for reporting under the said program are contained in a separate document and is a part of this Corporate Governance Program.

## ACKNOWLEDGEMENT FORM

I hereby acknowledge that I have received and read Trio-Tech's "Code of Business Conduct and Ethics".

I understand that failure to observe and comply with all the Code's provisions will subject me to disciplinary action, up to and including termination of employment and where a violation of the law is involved, prosecution by governmental authorities.

I understand that this Code is not a contract of employment and that my compliance with this Code does not confer any right to continue in the service of the Company, or in any way affect my right to terminate employment with the Company.

Date:

Employee Name:

Employee Number:

Department:

Signature

*Note: Please sign and return to Human Resource Department*