



CORPORATE DISCLOSURE POLICY AND PROCEDURES

Date of Approval: 27 November 2014

KAREX BERHAD (201201034091 (1018579-U))
(Incorporated in Malaysia)



CORPORATE DISCLOSURE POLICY AND PROCEDURES

When disclosing corporate information, it is the principle of the Board to ensure that all present and prospective investors and shareholders of the Company enjoy equal access to material information necessary for making informed investing decisions.

Towards this end, the Board has outlined its disclosure policy and procedures in order to:

- a. provide guidelines and policies on disseminating corporate information to shareholders, stakeholders, analysts, media, regulators and the investing public;
- b. ensure compliance with the continuous disclosure obligations in accordance with the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- c. raise awareness and provide guidance to the Board of Directors, management, officers and employees of the Group the relevant disclosure requirements and practices and to ensure that all persons to whom this Policy applies understand their obligations to preserve the confidentiality of material information; and
- d. promote effective communication with shareholders and encourage their participation at general meetings.

1. MATERIAL INFORMATION

Information is considered material, if it is reasonably expected to have a material effect on:

- a) the price, value or market activity of the Company's securities; or
- b) the decision of a holder of securities of the Company or an investor in determining his choice of action.

The material information may include information which:

- i. concerns the Company's assets and liabilities, business, financial condition or prospects;
- ii. relates to dealings with employees, suppliers, customers and others;
- iii. relates to any event affecting the present or potential dilution of the rights or interests of the Company's securities; or
- iv. relates to any event materially affecting the size of the public holding of its securities.

The following are the key events which may require immediate disclosure by the Board:

- a) the entry into a joint venture agreement or merger;
- b) the acquisition or loss of a contract, franchise or distributorship rights;
- c) a change in management;
- d) the borrowing of funds;
- e) the commencement of or the involvement in litigation and any material development arising from such litigation;

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- f) the commencement of arbitration proceedings or proceedings involving alternative dispute resolution methods and any material development arising from such proceedings;
- g) the purchase or sale of an asset;
- h) a change in capital investment plans;
- i) the making of a tender offer for another corporation's securities;
- j) the occurrence of an event of default on interest, principal payments or both in respect of loans;
- k) a change in general business direction;
- l) a change of intellectual property rights;
- m) the entry into a memorandum of understanding; or
- n) the entry into any call or put option or financial futures contract.

1.2 RESPONSIBILITIES AND PROCEDURES FOR DISCLOSURE OF MATERIAL INFORMATION

- i) The Chief Executive Officer and the Company Secretary will manage all of the Company's release of announcements of material information to Bursa Securities.
- ii) The Financial Controller and the Company Secretary will assist in drafting the relevant announcement for review by the Chief Executive Officer to ensure accuracy of the contents in the announcement.
- iii) The Financial Controller has the duty to review and verify the accuracy of all financial data and all information contained in the announcement.
- iv) All announcements must be approved by the Chairman of the Board or the Chief Executive Officer before the release of the announcements to Bursa Securities and subsequently ratified by the Board. To ensure the news or material information are better understood and widely disseminated, the Company may request Bursa Securities for a suspension in the trading of the Company's securities, so that an announcement can be made during trading hours.
- v) For press release, announcement on the same must first be released before releasing to the media and made available on the Company's website.
- vi) The Chief Executive Officer and Financial Controller should after the release of the press release monitor the media reporting to ensure accurate media reporting and to take any corrective measures, if necessary.

1.3 WITHHOLDING OF MATERIAL INFORMATION

The Board may temporarily refrain from publicly disclosing material information, provided that complete confidentiality is maintained.

The Board will only withhold material information from the public:

- i) when immediate disclosure would prejudice the ability of the Board to pursue its corporate objectives;

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- ii) when the facts are in a state of flux and a more appropriate moment for disclosure is imminent; or
- iii) 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.

If material information is being withheld, the Board must ensure that confidentiality is maintained at all times to minimise leakage of information. Nonetheless, the Board must refrain from delaying disclosure for an unreasonable period of time since confidentiality is unlikely to be maintained beyond a short period of time. In case of doubt, the presumption must always be in favour of disclosure.

2. RESPONDING TO MARKET RUMOURS OR REPORTS

Whenever the Company becomes aware of a rumour or report, the Board should consult with its directors, major shareholders and such other persons familiar with the matter, to ascertain whether:

- i) the rumour or report contains undisclosed material information; and
- ii) immediate disclosure is required to clarify, confirm or deny the rumour or report.

The Company shall not respond to or clarify articles or reports that are considered general in nature, unless such information has an impact on the price of its securities or affects investment decision. In any case, if immediate disclosure is not required under the Listing Requirements, the Board should consider if voluntary announcement is appropriate to clarify, confirm or deny the rumour or report.

2.1 RESPONSIBILITIES AND PROCEDURES FOR CLARIFYING RUMOURS AND REPORTS

When clarifying rumours, the Board shall:

- i) bring the relevant announcement to the attention of the particular group that initially distributed the rumour or report.
- ii) In the case of an erroneous newspaper article, send a copy of the announcement to the newspaper's financial editor, or in the case of an erroneous broker's market report, send a copy of the announcement to the broker responsible for the report.
- iii) If the rumour or report contained material information that is correct, prepare and release an announcement setting forth the facts to the public.

However, the Board shall not respond to rumour or report predicting future sales, earnings or other quantitative data, unless such report is manifestly based on or contains erroneous information, or is wrongly attributed to the

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Company. In this case, the Board shall respond promptly to the supposedly factual elements of the rumour or report and include in the announcement a statement to the effect that the Company has made no such prediction and currently knows of no facts that would justify making such a prediction.

3. UNUSUAL MARKET ACTIVITY (“UMA”)

Where unusual price movement and/or trading activity occurs, the Chief Executive Officer must immediately undertake due enquiry with the relevant persons such as its directors, major shareholders and persons familiar with the affairs of the Company, to determine the cause; and issue a clarifying announcement irrespective of whether a written UMA query is issued by Bursa Securities.

3.1 RESPONSIBILITIES AND PROCEDURES FOR CLARIFYING UMA

The Board shall:

- i) Make a public disclosure, if the UMA results from a “leak” of undisclosed information.
- ii) Comply with the procedures stated in 2.1, if the UMA results from a rumour or report.
- iii) If the Company is unable to determine the cause of the UMA, announce that there have been no undisclosed developments which would account for the UMA.

Nonetheless, no further announcement is required if the UMA results from material information that has already been publicly disclosed, unless the Board came to know that such information disclosed has been misinterpreted.

4. COMPANY’S WEBSITE

The Company must publish on its website all announcements made to Bursa Securities as soon as practicable after the same are released on Bursa Securities’ website. In addition, the Board will adopt the suggestions of the Malaysian Code of Corporate Governance on the documents and information to be published in the Company’s website.

The Company’s website shall contain the email address, name(s) of designated person(s) and their contact numbers to enable the public to forward queries to the Company.

The Chief Executive Officer and Financial Controller shall monitor the Company’s website to ensure the website is current, informative and contain all information which may be relevant to the shareholders.

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5. SPOKESPERSON

The designated spokesperson for the Company is the Chairman of the Board and the Chief Executive Officer and any other officers as may be authorised by the Chairman or the Chief Executive Officer.

The spokesperson shall not disclose material information that has not been previously made through bursa announcement. He/she may, from time to time, respond to specific inquiries from the investment community or media.

Employees other than the spokesperson must not respond under any circumstances to inquiries from the investment community or media. All such queries should be referred to the spokesperson immediately.

6. MAINTENANCE OF DISCLOSURE RECORD

The Company Secretary shall maintain all disclosure documents prepared and filed with the relevant authorities.

7. REVIEW OF POLICY

In consultation with the Company Secretary, this Policy shall be reviewed by the Board and updated accordingly to reflect the latest regulatory requirements.