



## **DUOPHARMA BIOTECH BERHAD**

### **CORPORATE DISCLOSURE POLICY AND PROCEDURES**

#### **1. INTRODUCTION**

1.1 The purpose of this policy is to

- (a) provide shareholders, investors, analysts, media representatives and other stakeholders with comprehensive, accurate and quality information issued by the Group on a timely and even basis;
- (b) raise awareness and provide guidance to the Board, management, officers and employees on the Group's disclosure requirements and practices;
- (c) ensure that the Group meets its disclosure obligations in accordance with the securities laws and regulations governing corporate disclosure and confidentiality in relation to securities listed on Bursa Malaysia ("the Exchange");
- (d) ensure that the Group observes best practices in relation to disclosure as illustrated in the Corporate Disclosure Guide by the Exchange; and
- (e) promote investor confidence in the integrity of the Company

1.2 The policy is applicable to the conduct of directors, officers, managers and employees of the Group and to all method that the Group uses to communicate with the investing public in the dissemination of material information especially price sensitive information, including but not limited to:

- (a) Documents filed with the regulators, written statements in annual reports, financial statements, quarterly reports, press releases, letters / circulars to shareholders, speeches by senior management, investor presentations, e-mail communication and information on the Group's website;
- (b) Oral statements, individual or group meetings, telephone conversations, interviews and press conferences including video conferencing with financial

analysts, investors and media as well as speeches, industry conferences, and dealings with the public generally.

- 1.3 The policy must in accordance with the requirements of the Listing Requirements of Bursa Malaysia (LR), disclose to the public all material information necessary for informed investing and take reasonable steps to ensure that all who invest in its securities enjoy equal access to such information.
- 1.4 The Company must adhere to the following basis concerning disclosure:  
*(Extracted from LR, Chapter 9, Part B: Corporate Disclosure Policy)*
- (a) Immediate disclosure of material information
  - (b) Thorough public dissemination
  - (c) Clarification, confirmation or denial of rumours or reports
  - (d) Response to unusual market activity
  - (e) Unwarranted promotional disclosure activities
  - (f) Insider trading

## **2. ADMINISTRATION OF THE CORPORATE DISCLOSURE POLICY**

- 2.1 The Board shall delegate the responsibility for overseeing and implementing the Group's disclosure controls, procedures and practices to the Group Managing Director ("GMD") who shall be responsible, among others, for the following:
- (a) maintaining an awareness and understanding of the governing disclosure requirements and any changes thereto;
  - (b) ascertaining the materiality of the corporate development, transactions and other events and if so, ensuring that procedures outlined in the policy are implemented and adhered to;
  - (c) developing, implementing and monitoring compliance with the Policy and regularly reviewing and updating the Policy from time to time to ensure adherence to the regulatory requirements.

## **3. DESIGNATED PERSON(S)**

- 3.1 Designated Person(s) are the individuals responsible for communication with investment analysts, shareholders, potential investors and the media, for initiating and overseeing presentations, conference calls and other communications with analysts and other members of the financial community and the general public and for overseeing the electronic communications aspect of this Policy. He will be
- 3.2 The appointment of **Designated Person(s)** must be on the following basis:

- (a) A senior officer to take the overall responsibility for ensuring compliance with the disclosure obligations under the LR;
  - (b) Alternates who can take the overall responsibilities of the Designated Person in his absence.
- 3.3 The Designated Person(s) shall be the Group Managing Director and in his absence, the Chief Financial Officer shall act as the alternate.
- 3.4 The Designated Person may from time to time designate others to speak on behalf of the Company / Group or to respond to specific inquiries to facilitate effective communication with Bursa Malaysia or Securities Commission.
- 3.5 Individuals designated to be the Designated Person shall be from among the Divisional or Functional Directors, General Manager – Corporate Communications or the Company Secretary.
- 3.5 In carrying out his responsibilities, the Designated Person will seek to ensure that no undisclosed material information is made available to any select group. If, for any reason, undisclosed material information is disclosed to analysts, investors, the media or others, the Group Managing Director and the Chief Financial Officer should be immediately notified.
- 3.6 The Designated Person shall not disclose material information that is not publicly available and shall, from time to time respond to specific inquiries from the investment community and media within the prescribed guidelines of the Policy and regulatory requirements.
- 3.7 Inquiries received by any employee within the Group relating to material information which is not publicly available shall be brought to the attention of the Group Corporate Affairs Department or the Company Secretary who shall then channel the inquiry to the Designated Person to respond in accordance with the Policy.
- 3.8 Advice / clarification shall be sought by any employee from the Designated Person on the appropriateness of supply of any information to an outside party if in doubt.

#### **4 MATERIAL INFORMATION**

- 4.1 Information is considered material to the Company / Group if it is reasonably expected to have material effect on:
- (a) The price, value or market activity of the Company's securities; or
  - (b) The decision of a holder of securities or an investor in determining his choice of action.

4.2 Material information may include information which:

*(LR, Chapter 9.03 & 9.04)*

- (a) Concerns the Company'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 rights or interests of the Company's securities; or
- (d) Relates to any event materially affecting the size of the public holding of its securities.

4.3 Events which require immediate disclosure are set out in Chapter 9.04 and 9.19 of LR as attached in the Appendix. This list is non-exhaustive and the Company/Group will exercise its own judgment in determining the materiality of information.

In addition to the above the following information would also be considered as material and may require immediate disclosure:

- (a) Natural disaster such as fire, flood, landslide, earthquake and the like, or any major market upheaval in the industries, countries, regions where the Group has operation or transactions;
- (b) Any change of accounting policy or adoption of new accounting standards which may have adverse impact on the Group's financials; or
- (d) A significant change in the Group's dividend policy.

4.4 Decisions on the materiality of information will be made within the context of the Company/Group's overall business affairs and dimensions based on certain financial ratios or operational impact as defined in the LR and the Company/Group's policies from time to time. Such decisions must be made based on the guidelines and spirit provided by the relevant statutory requirements. In situation where decisions about materiality are not clear cut and there is doubt as to whether a disclosure should be made, the Company / Group may consult and seek guidance from Bursa Malaysia.

4.5 In making the assessment of whether an event or information is material for the purpose of announcement, it is important for the Company must take into account relevant factors such as the following:

- (a) The anticipated impact of the information on the Company's entire scope of activities;
- (b) The anticipated information on the Company's financial position; or

- (c) The relevance of the information on the factors that determine the price of the listed securities.

4.6 Upon the determination of materiality of information, the Company/ Group must immediately initiate a process to ensure accurate and timely disclosure of such information to Bursa Malaysia and press (where appropriate) as outlined by Chapter 9.08, 9.12, 9.13 and 9.16 of the LR as attached.

However, the above shall not apply and the Company/ Group can refrain from publicly disclosing material information, provided complete confidentiality is maintained, as outlined in Chapter 9.05(3) of the LR:

- (a) Immediate disclosure would prejudice the ability of the Company to pursue its corporate objectives;
- (b) When facts are in a state of flux and a more appropriate moment for disclosure is imminent
- (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.

## **5 RESPONSIBILITIES AND PROCEDURE FOR DISCLOSURE**

5.1 Depending on the nature of announcements, the Corporate Affairs Department, the Group Company Secretary or any other persons as determined from time to time, will prepare and draft the said announcements or news releases based on the requirements of Bursa Malaysia and applicable securities laws and will seek clearance with any of the designated person before submitting the same to the Board of Directors for approval.

5.2 The approved announcements / releases shall then, as soon as practicable, be transmitted to Bursa Malaysia and concurrently to the press through the Group Company Secretary's Office and Corporate Affairs Department, respectively. A copy of the news release shall be made accessible on the Company's corporate website.

5.3 In situation where material information is being withheld as per Item 4.4 above (and outlined in Chapter 9.05(3) of the LR), the Company/ Group will take the following precautions to keep the information confidential:

- (a) The information will only be disclosed to the Company's Board of Directors, officers, employees or advisors in the ordinary course of business, and on a need to know basis.

- (b) If and when the information is disclosed in the ordinary course of business, recipients of such information will be educated and regularly reminded of the need to keep confidential the information, internally and externally.
- (c) Confidentiality agreements will be executed to ensure protection and confidentiality of information by third parties.
- (d) Reasonable care will be taken to ensure appropriate security and protection of the information. The Company / Group shall implement the following measures to maintain confidentiality of the information:
  - (i) Document management
    - Using codenames in correspondences and documents to protect identities of parties involved;
    - Ensure physical copies of documents are securely stored in locked cabinets when not in use, with access restricted to authorized employees only; and
    - Reminding employees or personnel regularly not to read confidential documents or have discussion, in public places.
  - (ii) Secured IT system
    - Using private fax lines, dedicated printers and email accounts;
    - Ensuring only the relevant parties are allowed access to confidential documents using technology such as shared services;
    - Keeping confidential information on protected drives and tightly controlling access through password protection and blocking mechanism; and
    - Installing password protection mechanism for electronic equipments such as laptops and other storage media containing confidential information, and activating locking systems on these equipment after a stipulated period.
  - (iii) Restricted dissemination of information
    - Locating employees and personnel involved in secure areas that are separate from other employees; and
    - Having in place systems and controls to quarantine information from others.

(iv) Internal control policies

- Formulate and implement a code of ethics on confidentiality of information
- Maintain a list of people (which includes senior management, lawyers, reporting accountant, auditor and investment adviser) involved in the transaction or who are in possession of price sensitive information (“Privy List”) and setting out the identity of each person, the reason why the person is on the privy list, and the date on which the privy list was created and updated.
- Update the privy list promptly when any person who is not in the privy list is given access to price sensitive information, or indicating the date when a person in the list no longer has access to price sensitive information;
- Requiring the person on the privy list to sign a confidentiality agreement;
- Regularly reminding all parties involved of the need to keep information strictly confidential;
- Put in place policies that restricts dealings in securities by the Company/Group, its officers, employees, associates or any other persons connected directly or indirectly with the Company / Group;
- Develop a process on how suspected leak is to be investigated; and
- Implement whistle blowing policies that facilitate employees to report misconduct or wrongdoings.

5.4 The above responsibilities and procedures shall apply from the time the information is first discussed until it is released and disseminated to the investing public.

5.5 In situation where confidential material information is inadvertently divulged in a way that it results in **selective disclosure** to any individual of the investing public, journalists, analysts, fund managers etc., the Company/ Group shall ensure that full and immediate disclosure and dissemination of the same material information is made immediately via the Bursa Link or media.

## 6 RESPONDING TO UNUSUAL MARKET ACTIVITIES (UMA) / RUMOUR / REPORT

6.1 In responding to unusual market activities, rumour, speculation or report, the Company/ Group must ensure that the enquiry or information gathering process is carried out efficiently before making any comment to the investing public.

6.2 The Company/ Group must avoid from making evasive announcements that do not clarify, confirm or deny to UMA, rumour or report such as “We are not aware ...” or “We have nothing to disclose...” merely for convenience or expediency.

- 6.3 Where the reason for the UMA, rumour or report arises as a result of a proposal that the Company is working on, the Company/ Group must ascertain the reason for the increase / drop in the share price, rumour or report including undertaking due enquiry with its directors and relevant persons such as its major shareholders to determine the cause of the unusual trading or report. Upon making due enquiry, the Company/ Group shall immediately issue a clarifying announcement and explain that it has made due enquiries with its directors and major shareholders, and that the unusual trading activities, rumour or reports may be attributed to the proposal that the Company/Group is undertaking. The details of the proposals/ information must be disclosed if it is confirmed that the proposal / information is no longer confidential.

## **7 EQUAL ACCESS TO MATERIAL INFORMATION**

- 7.1 In dealing with journalists, analysts and fund managers, the Company / Group may provide any information relating to its business, operations or financial performance, PROVIDED that such information is not undisclosed material information.
- 7.2 The Company / Group must ensure that the following are observed when conducting meetings with journalists, fund managers, institutional investors or other person outside the Company / Group:
- (a) The number of persons authorized to speak on the Company/ Group's behalf at the external meeting is kept to a minimum;
  - (b) The authorized spokesperson must not disclose non-public information;
  - (c) Keep accurate records of the External Meetings and review the record to ensure that no undisclosed information has been revealed;
  - (d) Post any prepared information or materials for the External Meetings (such as slides, speeches, questions and answers) of the Company/Group's website; and
  - (e) Immediately announce to Bursa Malaysia any non-public information which has been inadvertently disclosed during the External Meeting and consider whether a suspension is required to enable release of information.
- 7.3 The Company/ Group shall adopt the following guidance when responding to questions or commenting on reports / financial analysis with journalists, analysts and fund managers:
- (a) Responding to Questions
    - Avoid disclosing non-public material information
    - If a question touches on non-public material information, the Company/ Group shall state that it unable to respond
  - (b) Commenting on draft reports / financial analysis
    - Comment on or correct errors in factual information which may mislead the market;



- Avoid providing forecast or projection of revenue, earnings or other profit indicators;
- Need not comment on opinions made by authors of the reports/ financial analysis such as prediction of future revenue, earnings or other quantitative;
- Avoid amending draft reports/financial analysis if doing so involves providing non-public material information. If fundamental erroneous or misleading information is detected, inform the author that the draft report / financial analysis is erroneous or misleading and should not be released in the present form.

## **8 PROMOTIONAL DISCLOSURE ACTIVITY**

- 8.1 A listed issuer must refrain from promotional disclosure activity in any form whatsoever or howsoever which may mislead investors or cause unwarranted price movement and activity in a listed issuer's securities.
- 8.2 Such activity includes news releases, public announcements, predictions, reports or advertisements which are:-
- (a) Not justified by actual developments concerning a listed issuer;
  - (b) Exaggerated;
  - (c) Flamboyant;
  - (d) Overstated; or
  - (e) Over-zealous

## **9 ELECTRONIC COMMUNICATION**

### **9.1 E-mail & Internet Use**

- 9.1.1 The Company / Group's internet policy and email guidelines specifically prohibits using internet email to transmit or exchange confidential or critical company information, except where a secured method is employed. Internet information and communication is to be an extension of the corporate disclosure record and therefore, is subject to the same disclosure rules, guidelines and procedure as contained in this Policy for other means of disseminating inform
- 9.1.2 Employees are discouraged from participating in discussion about the Company/ Group's securities or its business plans and results to minimize the risks and consequence of inadvertently communicating or contributing to rumours about confidential, material information.

## 9.2 Company's Website

- 9.2.1 The Company / Group shall use its website to disseminate information and enhance its investor relations.
- 9.2.2 The website shall contain information about the Company / Group, its products and businesses, announcements which have been made available to the public as well as other areas of interest to the public.
- 9.2.3 The website contains a section on Investor Relations which provides the investing public with all material information documents which has been released, among others, as follows:
- (i) Annual Reports
  - (ii) Quarterly (Interim) Reports
  - (iii) Bursa Malaysia Announcements
  - (iv) Corporate proposals
  - (v) News releases
  - (vi) Investor Relations presentations
  - (vii) Speeches
  - (viii) Financial highlights for the past five years
- 9.2.4 All timely disclosure and material information documents will be posted on the website as soon as possible after release by the news wire service.
- 9.2.5 The Head of Corporate Affairs Department will ensure that the information contained in the Investor Relations section is accurate and is kept up-to-date.

## 10 RESTRICTIONS ON INSIDER TRADING

- 10.1 The Company /Group is governed by its own Securities Trading Policy. All its Directors, officers, employees, persons who provide business or professional services to the Company / Group and any other person or company informed about undisclosed material information about the Company / Group by any of the parties mentioned herein falls within the Company's definition of an Insider.
- 10.2 Generally, the above persons are discouraged from trading in the shares of the Company or its affiliates on a short term basis and are encouraged to seek advice from the Company Secretary whenever unsure or in doubt about trading securities in certain situation.

- 10.3 The Company/Group has subscribed that the closed period shall commence from the one month prior to the targeted date of announcement to Bursa Malaysia of the quarterly results until one full market day after the date of the announcement is made to Bursa Malaysia. During this period, Insiders are not allowed to trade in the shares of the Company or its affiliates.
- 10.4 On occasions, certain Insiders will be restricted from trading in the Company/ Group securities (even when trading window is opened) when they possess insider knowledge or information about pending events or developments constituting material information about the Company/ Group.
- 10.5 No person having inside information may recommend any other person to enter into any transaction in the Company/ Group's shares.

## **11 NON-COMPLIANCE WITH THE DISCLOSURE POLICY**

An employee who violates the Policy may face disciplinary action which may result in the termination of employment. Actions under the available securities laws may be instituted against the person.