

HAILY GROUP BERHAD

Registration No. 202001006412 (1362732-T)

(Incorporated in Malaysia)

BOARD POLICY PROTOCOLS AND PROCEDURES IN RESPECT OF RESPONSE TO RUMOURS OR REPORTS/ UNUSUAL MARKET ACTIVITY QUERY FROM BURSA MALAYSIA SECURITIES BERHAD

BACKGROUND

Rules 9.03, 9.09, 9.10 and 9.11 of the ACE Market Listing Requirements (“ACE LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) reads as follows:

9.03 Disclosure of material information

- (1) A listed corporation must make immediate public disclosure of any material information, except as set out in Rule 9.05 below.
- (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 corporation’s securities; or
 - (b) the decision of a holder of securities of the listed corporation or an investor in determining his choice of action.
- (3) Without limiting the generality of sub-Rule (2) above, material information may include information which -
 - (a) concerns the listed corporation’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 corporation’s securities; or
 - (d) relates to any event materially affecting the size of the public holding of its securities.

9.09 Clarification, confirmation or denial of rumours or reports

- (1) Whenever a listed corporation becomes aware of any rumour or report, true or false, that contains material information, the listed corporation must make due enquiry and immediately publicly clarify, confirm or deny the rumour or report.
- (2) For the purpose of sub-Rule (1) above, the listed corporation must publicly clarify any rumour or report circulated by any means including by word-of-mouth, an article published in a newspaper, newswire, magazine, a broker’s market report or any other publication.

9.10 Response to rumour or report

- (1) A listed corporation must respond to a rumour or report by making an immediate announcement to the Exchange as follows:

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- (a) If a rumour or report containing erroneous material information, a denial or clarification of the rumour or report together with facts sufficient to support the denial or to clarify any misleading aspects of the rumour or report. The listed corporation must also take reasonable effort to bring the announcement to the attention of the party that initially distributed the erroneous rumour or report; and
 - (b) If the rumour or report contains material information that is correct, a confirmation of the rumour or report together with the facts of the matter and an indication of the state of negotiations or of corporate plans in the rumoured area. Such announcements are essential even if the matter has yet to be presented to the listed corporation's board of directors for consideration.
- (2) In the case of a rumour or report predicting future sales, earnings or other quantitative data, a listed corporation is not ordinarily required to provide a response. However, if such a report is manifestly based on or contains erroneous information, or is wrongly attributed to the listed corporation, the listed corporation must:
- (a) respond promptly to the supposedly factual elements of the rumour or report as required under Rule 9.09 and this Rule 9.10.; and
 - (b) include in the announcement a statement to the effect that the listed corporation itself has made no such prediction and it is unaware of any facts that would justify making such a prediction.

9.11 Unusual market activity

- (1) Where unusual price movement, trading activity, or both ("unusual market activity") occurs, the listed corporation must immediately undertake a due enquiry to seek the cause of the unusual market activity in its securities. The listed corporation must consider in particular whether there is any information concerning the listed corporation which would account for the unusual market activity that –
 - (a) has recently been publicly disclosed;
 - (b) has not been publicly disclosed (in which case the unusual market activity may signify that a "leak" has occurred); or
 - (c) is the subject matter of a rumour or report.
- (2) If the listed corporation determines that the unusual market activity results from material information that has already been publicly disclosed pursuant to these Requirements, generally no further announcement is required, although, if the unusual market activity indicates that such information may have been misinterpreted, the listed corporation must issue a clarifying announcement to the Exchange.
- (3) If the unusual market activity results from a "leak" of previously undisclosed information, the listed corporation must publicly disclosed the information in question in accordance with these Requirements.
- (4) If the unusual market activity results from a rumour or report, the listed corporation must comply with Rules 9.09 and 9.10 above.

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- (5) The listed corporation is unable to determine the cause of the unusual market activity, the listed corporation must announce that there have been no undisclosed developments which would account for the unusual market activity.

Paragraph 3.14 to 3.17 of Bursa Securities's Corporate Disclosure Guide reads as follows:

3.14 One of the indications of leakage of undisclosed material information is where there is unusual trading activity or price movement in a listed issuer's securities. *[Such unusual trading activity or price movement (if it cannot be explained by any recent announcement or corporate activity) may signify trading by investors who are acting on unpublished information or market rumours. If left unchecked, this may mislead uninformed investors, who may presume that the sudden change in share price and trading volume in the listed issuer's securities reflects a corresponding change in its business.]* In such instances, Bursa Securities will issue a written unusual market activity query to the listed issuer concerned to ascertain the cause.

3.15 Where there is unusual trading activity or price movement, the listed issuer is expected to –

- (a) undertake due enquiry with the relevant persons such as its directors, major shareholders and persons familiar with the affairs of the listed issuer, to determine the cause; and
- (b) issue a clarifying announcement.

This should be undertaken irrespective of whether a written unusual market activity query is issued by Bursa Securities.

3.16 The listed issuer should ensure that the enquiry or information gathering process is carried out efficiently and the announcement is made on an immediate basis.

3.17 The listed issuer should avoid making a standard statement in its clarifying announcement or reply to the unusual market activity query such as “we have nothing to disclose” or “we are not aware of anything that may give rise to the unusual market activity”, merely for convenience or expediency, without undertaking the necessary due diligence. For example, where the reason for the unusual market activity arises as a result of a proposal that the listed issuer is working on, this must be disclosed.

A. MONITORING OF SHARE TRADING AND PRICE MOVEMENT

1. The Board of Directors (“Board”) of HAILY GROUP BERHAD (“Haily” or “the Company”) hereby designates responsibility for the monitoring of trading in the Company's securities and market rumours/reports to the following personnel:
 - (i) Mr Yoong Woei Yeh, Chief Executive Officer (also an Executive Director)
 - (ii) Mr See Tin Hai, Executive Director
2. Unusual price movement or trading activity (“UPM/TA”) shall mean:
 - an increase of 30% of the share price each in both the morning and afternoon trading sessions in a single day;

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- an increase of volume of more than 20% of the Company's issued capital in a single day.
3. Market rumours/reports covers and includes all major newspapers and business publications.

B. PROTOCOLS/PROCEDURES WHEN UMA TRIGGERED

1. The following protocols and procedures are to be adhered to when either one of the following events occurs:

Unusual Market Activity Events

- (a) UPM/TA under Clause A(2) above is triggered.
 - (b) An unusual market activity query is received by the Secretary/ Company Secretary(ies) ("Secretary") through Bursa Link.
 - (c) The Company (designated persons) becomes aware of any rumours or reports containing erroneous material information which had been circulated.
2. Any one of the Executive Directors of the Company ("Executive Directors") must be alerted immediately when any of the unusual market activity events under Clause B(1) above occurs and the Secretary be notified at the same time.
3. Following notification to any one of the Executive Directors, the Secretary will circulate details of the unusual market activity event to all Directors and major shareholders where applicable to make due enquiry with the Directors, major shareholders (where applicable) whether:
- (a) There is any corporate development relating to the Company and its subsidiaries (collectively referred to as "the Group") business and affairs that has not been previously announced that may account for the trading activity including those in the stage of negotiation/discussion;
 - (b) There is any rumours or report concerning the business and affairs of the Group that may account for the trading activity and in these circumstances, the need to comply with Rules 9.09 and 9.10 of ACE LR;
 - (c) They are aware of any other possible explanations to account for the trading activity; and/or
 - (d) They are in compliance with ACE LR and in particular, Rule 9.03 on immediate disclosure requirements.
4. All Directors and/or major shareholders are expected to consider and assess the circumstances, consult and discuss with the Executive Directors and Secretary where necessary and forward a reply within an hour of receipt of the circulation from the Secretary by whatever communication channel available.

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5. The designated Executive Directors with the assistance of the Secretary will thereafter draft the appropriate response to the unusual market activity event or relevant announcement to clarify the rumours or report for consensus and endorsement by the Board before the appropriate announcement is released to Bursa Securities through Bursa Link.

The Company Secretaries shall be the main co-ordinator and facilitator to expedite action to ensure that an immediate announcement is made to respond to the unusual market activity event. The announcement when finalised must be cleared with no dissenting view by all members of the Board.

6. The designated Executive Directors are authorised under this Policy to approve and authorise the Secretary to release the appropriate announcements to Bursa Securities.

Where necessary, Bursa Securities will be consulted as to the appropriate action in circumstances where there are major complications or uncertainties encountered.

This Policy was approved and adopted by the Board on 2 September 2020.

This Policy was last reviewed and approved by the Board on 23 February 2022.