

JHM CONSOLIDATION BERHAD
(COMPANY NO. 686148-A)

**INTERNAL CORPORATE DISCLOSURE POLICIES AND
PROCEDURES**

1.0 INTRODUCTION

- 1.1 With reference to the Corporate Disclosure Guide issued by Bursa Malaysia Securities Berhad on 22 September 2011, the listed issuers is encouraged to set out its internal Corporate Disclosure Policies and Procedures (“CDPP”) to provide accurate, clear, timely and comprehensive disclosure of material information pertaining to the Company’s performance and operations to the shareholders, stakeholders, analysts, journalists, investing public or other persons in conformity with any all relevant legal and requirements and ensuring equal access to such information to avoid an individual or selective disclosure.
- 1.2 This Disclosure Policy applies to all Directors, management, officers and employees of the Company and its subsidiaries. It outlines the Company’ approach toward the determination and dissemination of material information especially price sensitive information, the circumstances under which the confidentiality of the information will be maintained, restrictions on insider trading and designated a Corporate Disclosure Officer and appointed Spokepersons for the Company to ensure that material information disclosed by the Company is accurate, timely and complete.

2.0 RESPONSIBILITY

- 2.1 The Board of Directors of the Company shall be ultimately responsible for ensuring the effectiveness of this CDPP for the disclosure of material information.
- 2.2 The Corporate Disclosure Officer is responsible for the implementation of this CDPP.
- 2.3 All Department Heads are responsible to forward the relevant and material information to the Company on a timely basis for the preparation of the disclosure.

3.0 SCOPE OF CDPP

3.1 This CDPP covers the following areas:-

- (A) Disclosure of Material Information
- (B) Corporate Disclosure Officer
- (C) Company's Spokesperson
- (D) Responsibilities and procedures for disclosure of material information
- (E) Preparation of Announcement
- (F) Enforcement
- (G) Information Technology
- (H) Review

(A) DISCLOSURE OF MATERIAL INFORMATION

The Company shall disclose all information requiring disclosure under the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This section covers the following areas:-

- (a) Immediate disclosure requirement
- (b) Withholding of disclosure
- (c) Disclosure through public dissemination
- (d) Clarification, confirmation or denial of rumours or reports
- (e) Response to unusual market activity
- (f) Insider trading
- (g) Unauthorised disclosure of information

A(a). Immediate disclosure requirement

- i. Material information is any information about the Company and its subsidiaries which are reasonably expected to have a material effect on:-
 - (a) the market price, value or market activity of the Company's securities; and
 - (b) the decision of a holder of securities or an investor in determining his choice of action.
- ii. The Company shall make immediate public disclosure of any material information. The material information should be disclosed

immediately upon that information becoming known to the management of the Company. All department heads are required to provide relevant and material information to the Company Secretary for preparation of the requisite disclosure.

- iii. Material information may include information which:-
 - (a) Concern the Company's property, business, financial condition or prospects;
 - (b) Relates dealings with employees, suppliers, customers and others;
 - (c) Relates to an event affecting the present or potential dilution of the rights of interests of the Company's securities;
 - (d) Relates to any event materially affecting the size of the public holding of the Company's securities;
- iv. Materiality can be very subjective and the Company will take the approach of assessing the likely effect of the information on the price scope of activities and financial position or performance of the Company's securities, in addition to whether the circumstances or events are measurable and trigger the materiality thresholds in the percentage ratio calculation method as set out in the LR of Bursa Securities
- v. Paragraph 9.04 of LR set out some examples of events which may require immediate disclosure (The list is not exhaustive and the Company has to exercise its own judgement in making materiality determination).

The Group must immediately announce to Bursa Securities the events as set out in Paragraph 9.19 of the LR of Bursa Securities and as amended from time to time.

A(b). Withholding of disclosure

- i. The Company will only withhold material information from the public for legitimate business purpose. These include:-
 - (a) When immediate disclosure would prejudice the ability of the Company to pursue its corporate objectives;
 - (b) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent; and
 - (c) Where the company or securities laws restrict such disclosure.

- ii. The Company shall ensure that the strictest confidentiality is maintained whenever material information is being temporarily withheld.
- iii. The procedures to maintain the confidentiality of material information that has yet to be made generally available are:-
 - (a) Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who “need-to-know” that information in the necessary course of business.
 - (b) Transmission of documents by electronic means shall be made only where it can be made and received under secure conditions.
 - (c) If and when the information is disclosed in the necessary course of business, recipients of such information will be made aware of the need to keep the information confidential inside and outside the Company.
 - (d) The Company may procure confidentiality agreements or undertakings from the Company’s advisers, auditors, lawyers, etc, if needed to ensure protection of the confidentiality.
- iv. The above shall also apply during the period of time when news releases involving material information are being developed, until the information has been released and disseminated to the investing public.
- v. If at any time, confidential material information is inadvertently leaked resulting in selective disclosures, the CDO will initiate a process to ensure that full and accurate public disclosure is made.

A(c). Disclosure through public dissemination

- i. The Company shall release material information to the public in a manner to obtain the widest possible public dissemination.
- ii. The Company shall not disclose material information on an individual or selective basis to analysts, shareholders, journalists or other persons unless such information has been fully disclosed previously and disseminated to the public.

- iii. Any public disclosure of material information shall be made by an announcement first to Bursa Securities or simultaneously to Bursa Securities, the press and newswire services.

A(d). Clarification, confirmation or denial of rumours or reports

- i. Where the Company becomes aware of any rumour or report that contains material information, whether true or false, the Company shall make due enquiry and immediately publicly clarify or deny the rumour or report by making appropriate announcements to the investing public.
- ii. The Company will publicly clarify any rumour or report which is in any form whatsoever and howsoever including that by word-of-mouth and not limited to an article or otherwise, published in a newspaper, newswire, magazine, broker's market report or any other publication.
- iii. Where a rumour or report contains erroneous material information which has been circulated, the Company shall immediately make an announcement to Bursa Securities denying or clarifying the rumour or report and set forth sufficient facts to support the denial or clarify any misleading aspects of the rumour or report.
- iv. Where a rumour or report contains material information which is correct, the Company shall make an announcement to Bursa Securities, setting forth facts for public release, which will include but not limited to, an indication of the state of negotiations or of corporate plans in the rumoured area.
- v. In the case of a rumour or report predicting future sales, earnings or other quantitative data, the Company normally will not respond to the same.

However, if such a report is based on or contains erroneous information, or is wrongly attributed to the Company, the Company will respond promptly to the supposedly factual elements of the rumour or report as required under Paragraph 9.09 and 9.10 of the LR. In addition, the Company will include in the announcements 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.

A(e). Response to unusual market activity

- i. Where “unusual market activity” occurs such as unusual price movement, trading activity or both, the Company shall make due enquiry with the relevant persons such as its directors, major shareholders and persons familiar with the affairs of the Company to seek the cause of the unusual market activity in its securities and issue a clarifying announcement.
- ii. The Company should ensure that the enquiry or information gathering process is carried out efficiently and the announcement is made on an immediate basis.

A(f). Insider trading

- i. The person who has access to material information of the Company, its financial condition and its operations, is regarded as an insider. Material information which is in the possession of an insider and has not been disclosed to the investing public is inside information.
- ii. Insider may not deal in the Company’s securities while in possession of insider information, nor may they pass on that information to help another person deal in the Company’s securities.

A(g). Unauthorised disclosure of information

- i. It is crucial for the Company to prohibit the abuse of material information that has not yet been made generally available.
- ii. Persons in possession of this material information must not use the information to:-
 - Trade in the Company’s securities / enter into any agreement to do so; or
 - Procure another person to acquire / dispose the Company’s securities/ enter into any agreement to do so; or
 - Leak any information to third party so as to cause that third party to trade in the Company’s securities / enter into any agreement to do so/ to procure another to acquire or dispose the Company’s securities / enter into any agreement to do so.

(B) CORPORATE DISCLOSURE OFFICER

- (i) The Corporate Disclosure officer (“CDO”) consists of Executive Chairman/ Managing Director, Financial Controller and the Company Secretary.
- (ii) The functions and responsibilities of the CDO include:-
 - Creating awareness among the directors, management and employees on the CDPP;
 - ascertaining whether corporate developments, transactions and other events constitute material information and if so, ensuring the procedures outlined in CDPP are fully adhered to;
 - overseeing and co-ordinating disclosure of material information to Bursa Securities, analysts, institutional investors, media and investing public.
 - Reviewing and update the CDPP from time to time to ensure compliance with the LR of Bursa Securities and other regulatory requirements.
- (iii) In order to comply the above, the CDO shall work with the persons who is :-
 - Familiar with the area; and
 - Able take over the CDO’s responsibilities in his absence.

(C) COMPANY’S SPOKESPERSON

- (i) The Authorised Spokeperson (“AP”) is the Executive Chairman/ Managing Director and any other officers as may be authorised by Executive Chairman/ Managing Director.
- (ii) The AP shall not disclose material information that has not been previously made public to analysts, financial reporters and institutional investors. He may, from time to time, respond to specific inquiries from the investment community or media.
- (iii) The AS shall consult the CDO first prior to any briefings/ presentations to ensure that material information is disclosed in such a manner to ensure equal access by all parties.
- (iv) Employees other than the AP shall not respond to inquiries from the investment community or media unless authorised to do so by the AP. All such queries should be referred to the AP.

(D) RESPONSIBILITIES AND PROCEDURES FOR DISCLOSURE OF MATERIAL INFORMATION

- i. The Company shall ensure that those responsible for preparing the disclosure and disseminating material information to the public exercise due diligence so that information released is accurate, clear, complete in content and disclosed on a timely manner.
- ii. The Company shall ensure that there is proper verification process that enables material information to be verified by competent designated officers, including CDO, before it is disclosed to the public. CDO shall ensure that the Managing Director or Chief Financial Officer of the Company have verified the material information.
- iii. All announcements will be approved by the AP or his designate before release to Bursa Securities.
- iv. For announcements which are to be released to media, the AP has the overall responsibility to ensure that the content clearly and effectively communicates the intended substance and meaning of the information to the public.

(E) PREPARATION OF ANNOUNCEMENT

- i. The Company shall ensure that each announcement:-
 - (a) is factual, clear, unambiguous, accurate, succinct and contains sufficient information to enable investors to make informed investment decisions;
 - (b) is not false, misleading or deceptive, and does not contain any language which is inflammatory, defamatory or scandalous of another person;
 - (c) is balanced and fair. Thus, the announcement must avoid amongst others –
 - the omission of material facts;
 - the omission of material unfavourable facts, or the slighting of such facts, (e.g. by “burying” them at the end of a press release);
 - the presentation of favourable possibilities as certain, or as more probable than is actually the case;
 - the representation with respect to any future performance, occurrence or matter (including the doing of, or the refusing to do, any act) without adequate justification (supported by proper

bases and assumptions) or any reasonable grounds for making of such representation;

- the presentation of revenue or profit estimate, forecast or projection without sufficient qualification, assumptions or factual basis. If any revenue or profit estimates, forecast or projection is released, it must be prepared carefully, with a reasonable factual basis and be stated realistically, with appropriate assumptions and qualifications, so as to ensure that it is properly understood. In addition, the accounting bases and calculations of the estimate, forecast or projection and the assumptions must be reviewed by the external auditors except where the revenue or profit estimate, forecast or projection is required to be released on an immediate basis;
- negative statements phrased so as to create a positive implication; e.g. "The company cannot now predict whether the development will have a materially favourable effect on its earnings" (creating the implication that the effect will be favourable even if not materially favourable), or "The company expects that the developments will not have a materially favourable effect on earnings in the immediate future" (creating the implication that the development will eventually have a materially favourable effect); or
- the use of promotional jargon calculated to induce investment or create interest in the securities of the listed corporation rather than to inform;

(d) avoids over-technical language, and is expressed to the extent possible in language comprehensible to the layman;

(e) explains, if the consequences or effects of the information on the listed corporation's future prospects cannot be assessed, why this is so; and

(f) explains, in relation to an announcement on internal targets, that the information disclosed are merely internal management targets or aspirations set to be achieved by the listed corporation and not an estimate, forecast or projection.

(F) ENFORCEMENT

An employee who violates the CDPP may face disciplinary action, which may result in the termination of employment. The violation of the CDPP may also violate certain securities laws.

If the Company discovers that an employee has violated such securities laws, it may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

(G) INFORMATION TECHNOLOGY

- (i) This CDPP aims to promote a timely public dissemination of material information. Therefore, the Company should take advantage of the current information technology to disseminate relevant information to the investing public.
- (ii) The Company shall post material information on its website as soon as it is disclosed to the investing public.
- (iii) The Company's website shall also include information of interest to investors that have been made available to the public such as:-
 - (a) Announcements;
 - (b) Periodic financial statements;
 - (c) Annual reports
 - (d) Circulars;
 - (e) Other news for the general information of investors, media or public

(H) REVIEW

The Board of Directors shall review this CDPP on a regular basis to ensure that policies and procedures always remain current, updated, continuously effective and efficient.