



XINGHE HOLDINGS BERHAD
(643114-X)

**CORPORATE DISCLOSURE POLICY (AND
PROCEDURES)**

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CORPORATE DISCLOSURE POLICY (“DISCLOSURE POLICY”)

1. POLICY STATEMENT

The Board of Directors (“**Board**”) of XINGHE HOLDINGS BERHAD (“**XHB**”) is committed to ensuring that communications to the investing public regarding the businesses, operations and financial performance of the XHB Group of Companies (“**Group**”) are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with the regulators is in accordance with applicable legal and regulatory requirements.

The objectives of the Disclosure Policy are to:

- (a) confirm in writing the Group’s existing disclosure policies, guidelines and procedures and ensure consistent approach to disclosure practices throughout the Group;
- (b) ensure that all persons to whom the Disclosure Policy applies understand their obligations to preserve the confidentiality of material information;
- (c) effectively increase understanding of the Group’s businesses and enhance its corporate image by encouraging practices that reflect openness, accessibility and co-operation; and
- (d) reinforce the Group’s commitment to compliance with the continuing disclosure obligations imposed by the applicable laws and regulations and the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

2. APPLICATION OF DISCLOSURE POLICY

The Disclosure Policy applies to **all directors, officers and employees** of the Group (“**XHB Personnel**”). It covers, but is not limited to the following areas:

- (i) Disclosure documents filed with the regulators and written statements made in the Group’s annual and quarterly reports;
- (ii) Financial and non-financial disclosures;
- (iii) Press releases and conferences, and interviews with the media;
- (iv) Correspondence to shareholders;
- (v) Presentations and speeches by senior management;
- (vi) Information and data uploaded to the Group’s website and other electronic communications;
- (vii) Oral statements made in group meetings, individual meetings and telephone conversations (including conference calls) with members of the investment community (which includes analysts, investors, investment dealers, brokers, investment advisers and investment managers) or with employees of the Group;
- (viii) Industry and investor conferences; and
- (ix) Any other dealings with the general public.

3. COMMUNICATION OF DISCLOSURE POLICY

To ensure that the Disclosure Policy is strictly complied with, copies of the Disclosure Policy will be circulated and made available to all present and new XHB Personnel, either directly to their respective e-mail address allotted by the Group Human Resources Department or by uploading onto the Group's website at www.xingheoil.com. Upon uploading of the Disclosure Policy onto the Group's website, all XHB Personnel shall be bound by it.

Revised versions of the Disclosure Policy will be circulated in accordance with the foregoing methods whenever there are changes to it.

4. ADMINISTRATION OF DISCLOSURE POLICY

4.1 General

Subject to applicable laws and regulations as well as any developments determined by the Board as requiring immediate public disclosure, the Disclosure Policy shall be administered and interpreted by a committee (hereinafter referred as "**Disclosure Committee**") to be headed by the Managing Director ("**MD**").

The Disclosure Committee will be responsible for:

- (i) Determining whether the information is material;
- (ii) Timely disclosure of the material information in accordance with applicable laws and regulations, and the Listing Requirements;
- (iii) Monitoring compliance with the Disclosure Policy; and
- (iv) Overseeing the Group's disclosure controls and procedures.

Each member may appoint an alternate. Decisions of the Disclosure Committee shall be made by a majority of its members or their alternates. Where however, at least two members of the Disclosure Committee or their alternates are not reasonably available for consultation on a particular issue in the time required to make a determination on such issue, the remaining members of the Disclosure Committee, or their alternates, are authorised to make the any determination required to be made by the Disclosure Committee under the Disclosure Policy.

4.2 Disclosure Committee

The members of the Disclosure Committee are:

- (i) MD;
- (ii) Group Chief Financial Officer ("**CFO**"); and
- (iii) Company Secretaries ("**Cosec**").

The CFO will serve as the primary contact person for the Disclosure Committee and will engage other members as necessary and appropriate to the matter at hand. In his or her absence, the Cosec shall serve as the contact person.

5. AUTHORISED SPOKESPERSONS

The Group designates a limited number of spokespersons (“**Authorised Spokespersons**”) responsible for communication with the investment community, regulators or the media.

The list of the Authorised Spokespersons is as follows:

Authorised Spokespersons	Matters in relation to:
Chairman	Group’s operations
MD	Financial matters
Authorised Director	Future prospects
CFO	Strategies
Head of Public and Investor Relations*	Governance
	Management
	Products and services

** For the time being, the CFO shall also act as the Head of Public and Investor Relations*

Note:

An Authorised Spokesperson may, from time to time, designate others within the Group to speak on his/her behalf or to respond to specific inquiries.

XHB Personnel who have not been designated by the Authorised Spokespersons **MUST NOT** respond under any circumstances to inquiries from the investment community, the media or others. All such inquiries should be referred to the Authorised Spokespersons or to those persons designated by the Authorised Spokespersons, from time to time.

6. ANNUAL POLICY REVIEW

The Disclosure Committee will review this Disclosure Policy from time to time and recommend updates to the Board, if necessary. Any material changes proposed to the Disclosure Policy will be subject to the approval of the Board.

7. MAINTAINING CONFIDENTIALITY

Any employee privy to confidential corporate information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business or required by law or authorised by the Disclosure Committee. Efforts will be made to limit access to such confidential information to only those employees on a “**need to know**” basis.

Outside parties privy to undisclosed material information concerning the Group will be told that they must not divulge such information to anyone else. **Management shall ensure** that such outside parties confirm their commitment to non-disclosure under a written confidentiality agreement.

For prevention of misuse or inadvertent disclosure of material information, the following general procedures should be observed at all times:

(i) Security and code names

Documents and files containing confidential information should be kept in a safe place or within the Group's secured IT system, with accessibility restricted to individuals who "**need to know**" in the necessary course of their work. Code names should be used, where necessary.

(ii) No discussion in public places

Confidential matters should not be discussed in places where the discussion may be overheard, including but not limited to, elevators, hallways, restaurants, bars, restrooms, airplanes or taxis.

If confidential matters must, of necessity or urgency, be discussed on wireless devices in public places, caution should be exercised by the participants. In such cases, the identity of any relevant party should be cryptic or in code.

(iii) Exercise caution when reading confidential documents in public places

One should exercise caution when reading of confidential documents or smart phones or other personal digital assistant devices in public places.

(iv) Accompanying visitors

Visitors should be accompanied by Group personnel to ensure that they are not left alone in offices or sites containing confidential information.

(v) Non-participation in social media on matters relating to the Group

To mitigate the risk of inadvertently disclosing or publishing material and non-public information, employees are strictly prohibited from participating in Internet blogs, chat rooms, similar social media forums (such as WeChat, Twitter, LinkedIn or Facebook) or newsgroup discussions on matters pertaining to the Group's business and affairs or its listed securities unless authorised to do so by an Authorised Spokesperson.

8. DISCLOSURE CONTROLS AND PROCEDURES

8.1 Material Information Release Guidelines

Guided by the Listing Requirements, material information is generally considered to be any information relating to the business, operations and financial performance of the Group that results in, or would reasonably be expected to result in a significant change in:

- (i) the market price, value or market activity of the XHB securities; or
- (ii) the decision of a holder of securities of XHB or an investor in determining his choice of action.

For general guidance, the following are some examples of events which may require immediate disclosure to Bursa Securities by the Group (non-exhaustive):

Types of events which may require immediate announcement to Bursa Securities	
<ul style="list-style-type: none"> ▪ the entry into a joint venture agreement or merger; ▪ the acquisition or loss of a contract, franchise or distributorship rights; ▪ the introduction of a new product or discovery; ▪ a change in management; ▪ the borrowing of funds; ▪ the commencement of or the involvement in litigation and any material development arising from such litigation; ▪ the commencement of arbitration proceedings or proceedings involving alternative dispute resolution methods and any material development arising from such proceedings; 	<ul style="list-style-type: none"> ▪ the purchase or sale of an asset; ▪ a change in capital investment plans; ▪ the occurrence of a labour dispute or disputes with sub-contractors or suppliers; ▪ the making of a tender offer for another corporation's securities; ▪ a change in general business direction; ▪ a change of intellectual property rights; ▪ the entry into a memorandum of understanding; or ▪ the entry into any call or put option or financial futures contract.

8.2 Basic Disclosure Principles

In complying with the requirement to disclose all material information under applicable laws and requirements and the Listing Requirements in a timely manner, the Group and XHB Personnel shall adhere to the following basic disclosure principles:

(i) Immediate announcement to Bursa Securities

Subject to the terms of the Disclosure Policy, material information will be announced immediately to Bursa Securities first and thereafter, uploaded onto the Group's website.

(ii) Consistent approach to materiality

The Group should endeavour to take a consistent approach to materiality.

(iii) Material information to be temporarily kept confidential if detrimental to the interest of the Group

Material information may be kept confidential temporarily if the immediate release of the information would be unduly detrimental to the interests of the Group. In such cases, the information will be kept confidential until the Disclosure Committee determines it is appropriate to publicly disclose or that the Group has a legal obligation to do so.

(iv) Factual and non-speculative disclosure

Disclosure must be factual and non-speculative and must include any information the omission of which would make the rest of the disclosure misleading.

(v) **Prompt disclosure of unfavourable material information**

Unfavourable material information must be disclosed as promptly and completely, consistent to favourable information.

(vi) **Inadvertent disclosures to be disclosed immediately via announcements**

If previously undisclosed material information has been inadvertently disclosed, such information must be broadly disclosed immediately via announcements. In certain circumstances, the applicable laws allow for selective disclosure where doing so is in the necessary course of business.

(vii) **Immediate correction of material error in disclosure**

Disclosure must be corrected immediately if the Group subsequently learns that its earlier disclosure contained a material error at the time it was originally announced.

(viii) **Rumours and Reports**

The Group does not comment on rumours unless there is significant reaction in the market of the XHB listed securities. The Authorised Spokespersons or designates will respond consistently to all **verbal** rumours, saying, *“It is our Group’s policy not to comment on market rumours or speculation.”*

However, should rumours be published in the **printed form** and relate to specific material information, the Disclosure Committee shall consider the matter and undertake due enquiry before deciding on the form of statement to be made regarding the rumour.

(ix) **No informal meetings or “off the record” comments**

The Group shall not conduct any **“informal meetings”** or make any **“off the record”** comments.

(x) **Equal access to material information**

All investors must have equal access to material information. Selective disclosure is not allowed.

8.3 Public Disclosure Materials

Announcements to Bursa Securities and where applicable, press releases, responses to public queries or media interviews (**“Public Disclosure Materials”**) must contain sufficient details in plain language to enable investors and media personnel to understand the true substance, importance and relevance of the information so that investors and other important stakeholders may make informed investment decisions.

Once the Disclosure Committee determines that a development is material and must be disclosed, the issuance of an announcement will be authorised. In addition to an announcement made pursuant to the Listing Requirements, a press release may also be issued.

The Public Disclosure Materials must:

- (i) be circulated for review by the Disclosure Committee and/or other individuals as may be designated by the Disclosure Committee;
- (ii) approved by the Disclosure Committee;
- (iii) be checked for content keeping in mind confidentiality and/or approval obligations contained in partnership and joint venture agreements;
- (iv) be issued in accordance with the Listing Requirements; and
- (v) for press releases, include the name and contact details (phone, e-mail and fax) of at least one representative who has been designated by the Disclosure Committee to communicate with the investment community and/or the news media.

All announcements made to Bursa Securities are available on its website at www.bursamalaysia.com. The Group will endeavour to upload all major public announcements immediately upon issuance onto the Group's website at www.xingheoil.com. The announcement and if applicable, the press release page of the website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent announcements and/or news releases.

8.4 Misrepresentations

The Disclosure Committee should be promptly notified if any person, to whom this Disclosure Policy applies, becomes aware that:

- (a) any information publicly disclosed by the Group contained or may have contained a misrepresentation; or
- (b) there has been or may have been a failure to make timely disclosure of material information.

The Disclosure Committee, after conducting a reasonable investigation of the information, shall endeavour to ensure that the material information, or correction thereof, as the case may be, is promptly disclosed in accordance with applicable laws and regulations, and the Listing Requirements.

8.5 Reports, Statements Or Opinions By Experts

Prior to any public statement or disclosure or a filing with a regulatory authority by the Group or by a person on behalf of the Group that includes summaries or quotes from a report, statement or opinion made by an “**expert**” (as defined in the Listing Requirements) and unless the Disclosure Committee determines otherwise, the Group shall obtain the written consent of such expert to such statement, disclosure or filing (which has not been withdrawn in writing by the expert prior to the Group's disclosure or filing).

Adequate measures should be taken to determine that the Group or the relevant person does not know and has no reasonable grounds to believe that there is a misrepresentation in the applicable statement, disclosure or filing made on the authority of the expert and that the statement, disclosure or filing fairly represents the report, statement or opinion made by the expert.

8.6 Insider and Employee Trading

8.6.1 Application

Under Section 188(1) of the Capital Market & Services Act 2007 (“CMSA”), a person is an “insider” if that person:

- (a) possesses information that is not generally available which on becoming generally available a reasonable person would expect it to have a material effect on the price or the value of the securities; and
- (b) knows or reasonably ought to know that the information is generally not available.

In addition, Section 188(2) of the CMSA states that an insider shall not, whether as principal or agent, in respect of any securities to which information in Subsection 188(1) relates:

- (a) acquire or dispose of, or enter into an agreement for or with a view to the acquisition or disposal of such securities; or
- (b) procure, directly or indirectly, an acquisition or disposal of, or the entering into an agreement for or with a view to the acquisition or disposal of such securities.

Based on the above definitions, these persons would include but not limited to the following:

- (i) Directors and officers of the Group;
- (ii) Employees;
- (iii) Persons who provide business or professional services to the Group; and
- (iv) Any other person or company informed about undisclosed material information about XHB by any of the above parties.

As such, the persons stated above with insider knowledge of undisclosed material information, are **prohibited from trading** in XHB securities **until after the information has been publicly disclosed**.

8.6.2 Trading Restrictions

It is prohibited for anyone with knowledge of material information affecting the Group which has not been publicly disclosed, to purchase or sell securities of XHB. Except in the necessary course of business, it is also illegal for anyone to inform or tip any other person of material non-public information. Questions as to whether information is material, potentially material or whether such information has previously been disclosed in accordance with the Disclosure Policy should be directed to the CFO or Cosec.

8.6.3 Blackout Periods

The Group subscribes to the “**Blackout Period**” (also known as “**Closed Period**”) as stated in the Listing Requirements, defined as a period commencing 30 calendar days before the targeted date of announcement up to the date of the announcement of the Group’s quarterly results to Bursa Securities.

During Blackout Periods, all Authorised Spokespersons are **prohibited** from commenting on current period earnings estimates and financial assumptions, other than to cite or refer to existing public guidance. Communications must be limited to commenting on publicly available or non-material information.

All Authorised Spokespersons must also avoid initiating meetings (in person or by phone) with investment analysts, security holders, potential investors and the media on items significant to investors, other than responding to unsolicited inquiries concerning factual information.

The Group does not, however, have to stop all communications with analysts or investors during this period and may, for example, participate in investment meetings and conferences organised by other parties, as long as material information which has not been publicly disclosed, is not selectively disclosed.

8.7 Forward-Looking Information

From time to time, the Group may convey its future direction to the public in order to assist the market to accurately value the XHB securities. The Group shall only discuss general trends, events, commitments and uncertainties that are reasonably expected based on historical and currently known data.

Documents containing forward-looking information will be accompanied by a “**Cautionary Statement**” which cautions the reader on the risks and uncertainties that could cause actual results and developments to differ materially from those envisaged in the forward-looking information. It includes a statement to disclaim the Group’s intention or obligation to update the forward-looking information, whether as a result of new information, future events or otherwise.

9. DEALINGS WITH INVESTMENT COMMUNITY

9.1 Analysts, Investors and the Media

Authorised Spokespersons may meet with analysts, institutional investors, media and other market professionals on an individual or small group basis as needed and will initiate contacts or respond to their calls in a timely, consistent and accurate fashion in accordance with the Disclosure Policy.

If during such meetings or responses to the calls, there is inadvertent selective disclosure of previously undisclosed material information, the Group must immediately disclose such information via Public Disclosure Materials.

9.2 Investor and Industry Conferences

Copies of presentations made during investor and industry conferences will be made available on the Group’s website within one (1) week after the conference or when material information in the presentation becomes superseded by a more recent event.

9.3 Analyst Reports

Analysts may from time to time request the Group to review draft analysts' reports and only Authorised Spokespersons will comment on such reports. Comments will be limited to identifying publicly disclosed factual information that could affect the analyst's model and to pointing out inaccuracies or omissions with reference to publicly available information. The Group must **not attempt to influence** an analyst's conclusions.

The Group must not externally distribute analysts' research reports but, if requested, can advise which analysts cover the Group, accompanied by an appropriate disclaimer that the view expressed in any reports, including all forward-looking information, are the views of the analysts and not those of the Group.

9.4 Review of Presentations and Hand-Out Materials

The Public and Investor Relations Department's personnel should provide an advance copy of all presentation materials to the Disclosure Committee who will review the presentation materials, handouts and speaking notes for accuracy and consistency with other public disclosures. The Disclosure Committee will confirm whether the contents of the said presentation materials are acceptable from a disclosure perspective.

9.5 Corporate Website

All the Group's publicly disclosed material information and presentations to analysts and conferences will be made available through the corporate website for a reasonable period of time. Public and Investor Relations Department is responsible to ensure that the Group's website be kept up-to-date with the Group's latest disclosures.

10. DISCLOSURE RECORD

The Public and Investor Relations Department will maintain the records of all public information about the Group (other than information that are already electronically filed with Bursa Securities), including all press releases, analysts' reports commented on, transcripts or tape recordings of conference calls, investor presentations, executive speeches, and as much as practicable, significant media articles on the Group.

11. ENFORCEMENT

Any employee who violates the Disclosure Policy may be cautioned or face disciplinary action up to and including termination of his or her employment with the Group. If it appears that the employee may have also violated certain laws and regulations, the Group may refer the matter to the appropriate regulatory authorities for further action.

If any XHB Personnel has any doubts as to their responsibilities under the Disclosure Policy, they should seek the requisite clarification and guidance from the Disclosure Committee.

This Corporate Disclosure Policy (and Procedures) was approved by the Board on 21 November 2016.